

The background of the lower half of the page is a photograph of two women walking on a paved sidewalk. The woman on the left is wearing a bright purple tracksuit and a black jacket, looking down and smiling. The woman on the right is wearing a long black puffer coat over a black top, looking towards the camera. They are walking in front of a modern brick building with large windows and wooden shutters. The foreground shows some green grass and bare trees, suggesting a cool season.

# **AMVEST RESIDENTIAL CORE FUND**

## **Annual Report 2020**





**‘Our mission is to improve our tenants’ lives, by bringing sustainable homes in high quality living environments within the reach of many, while generating healthy, long-term financial returns for our investors’**

**AMVEST RESIDENTIAL CORE FUND**



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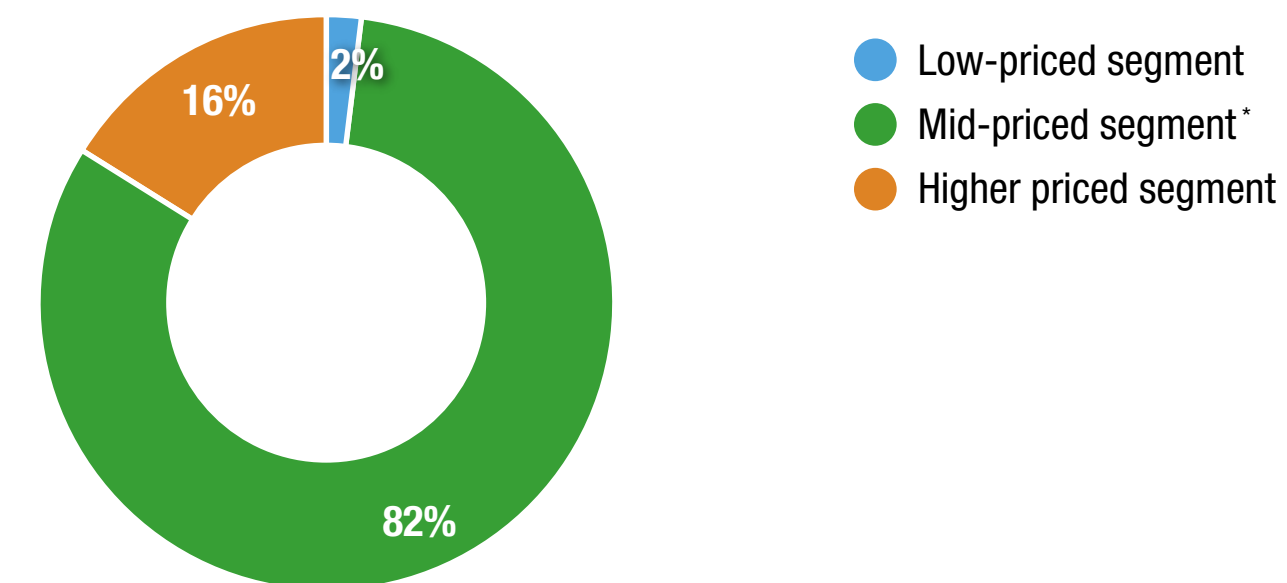


# ABOUT THE AMVEST RESIDENTIAL CORE FUND

## HIGH QUALITY, SUSTAINABLE HOMES

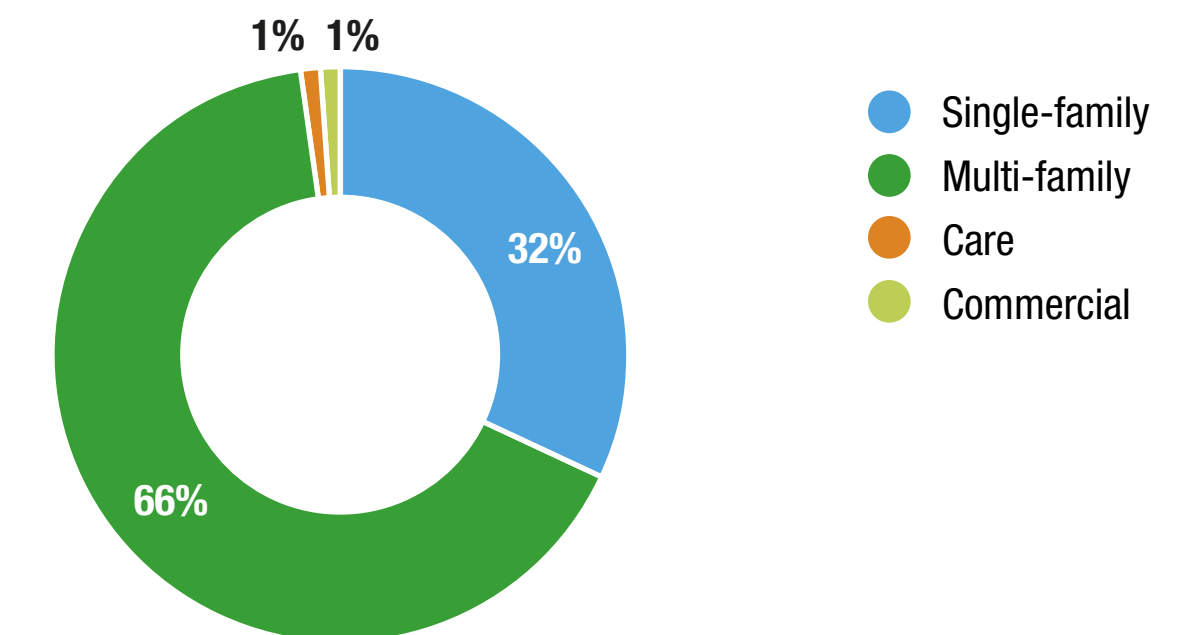
The Amvest Residential Core (ARC) Fund invests in the Dutch residential rental sector. The ARC Fund has a core investment strategy, invests in the mid-priced rental sector and focuses on high-quality, sustainable residential properties located in areas with relatively high economic and demographic potential.

### DISTRIBUTION RENTAL PRICED SEGMENT <sup>2)</sup>



\* Rental price of the segment EUR 752 to EUR 1,345/EUR 1,550 per per month depending on specific region (see table 7 on page 17)

### DISTRIBUTION HOME TYPE



**10,418**

homes  
EUR 3.4 billion



**3,230**

homes in pipeline  
EUR 1.2 billion



**24**

institutional investors,  
broad and international  
investor base



**2.46%**

modest annual  
rental growth<sup>1, 2)</sup>



**5 STAR**

GRESB rating  
5 out of 5<sup>2)</sup>



**7.2**

tenant satisfaction  
benchmark: 7.2<sup>2)</sup>

1) Inflation 2.60%

2) Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 77.



# ABOUT THE AMVEST RESIDENTIAL CORE FUND

**‘OUR AIM IS TO CONTRIBUTE TO THE DEVELOPMENT OF MORE SUSTAINABLE REAL ESTATE PROPERTIES IN THE NETHERLANDS’**



The ARC Fund aims to achieve a stable and attractive return in a sustainable manner, supported by conservative use of leverage. Active portfolio management ensures, that the quality of the portfolio remains at a high level while operating costs remain relatively low.



The ARC Fund plays an active role in taking steps towards a more sustainable world. Based on a materiality survey amongst its stakeholders, the ARC Fund integrated relevant ESG (Environmental, Social and Governance) themes into the Fund’s strategy. In order to meet the Paris Climate targets, energy consumption needs to be reduced substantially. The required focus on reducing energy consumption and carbon emissions is also a material ESG theme and therefore an integral part of the ARC Fund’s strategy.



The ARC Fund has a Right of First Refusal (RoFR) agreement in place, which covers the acquisition of residential properties that are developed by Amvest Development Fund B.V. The RoFR agreement provides the Fund with the opportunity to secure a long-term, high-quality pipeline on an arm’s length basis.

## KEY CHARACTERISTICS

- Dutch non-listed residential core investment fund
- Low risk, stable dividend and long-term value growth
- Right of First Refusal with regard to residential properties developed by Amvest Development Fund B.V.
- Conservative use of leverage with a target loan-to-value of 25%
- INREV and AIFMD compliant
- ISAE 3402 Type II assurance report by Fund Services Provider
- Long-term investment horizon
- Managed by a dedicated fund team
- External appraisals of properties by reputable surveyors
- Professional third-party property management



Koningslaan, Rotterdam



# KEY HIGHLIGHTS 2020



Zuiderhof, Rotterdam

## SUCCESSFUL DELIVERY OF NEW-BUILD HOMES

Despite the COVID-19 measures during much of 2020, a total number of 784 homes were completed and successfully transferred to tenants. This addition further strengthens the portfolio of the ARC Fund. Next to that the ARC Fund acquired an existing, newly built and fully let single-family property in Rotterdam, which resulted in a total of 831 new homes in the portfolio.

## PERFORMANCE STABLE DESPITE COVID-19

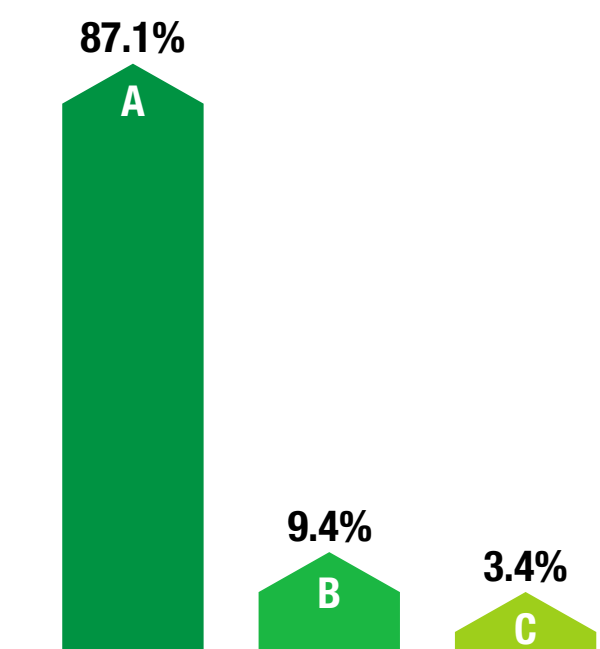
The year 2020 has been marked by the COVID-19 pandemic and its impact on the economy. This affected ARC Fund and its tenants. When necessary we helped people to get out of financial difficulty with tailor-made rental arrangements. However, the overall performance remained relatively stable, despite economic uncertainty, operational challenges and hard to predict risks.

## ENERGY USE INTENSITY

Energy use intensity over 2020 was 132 kWh/m<sup>2</sup>/year (2019: 124 kWh/m<sup>2</sup>/year)<sup>1)</sup>

In 2018, we started our solar power investment program to accelerate our sustainability improvements. As part of this program, almost 2,500 homes so far have been equipped with solar panels.

On average A label portfolio (A: 87.1%, B: 9.4% and C: 3.4%). (2019 A: 85.9%, B: 12.5% and C: 1.6%).



## 5 GREEN STAR RATING GRESB<sup>1)</sup>

As part of the Global Real Estate Sustainability Benchmark (GRESB), the ARC Fund achieved a score of 84 and achieved the highest five-star rating (2019: five-star rating).

## DIVIDEND YIELD<sup>1)</sup>

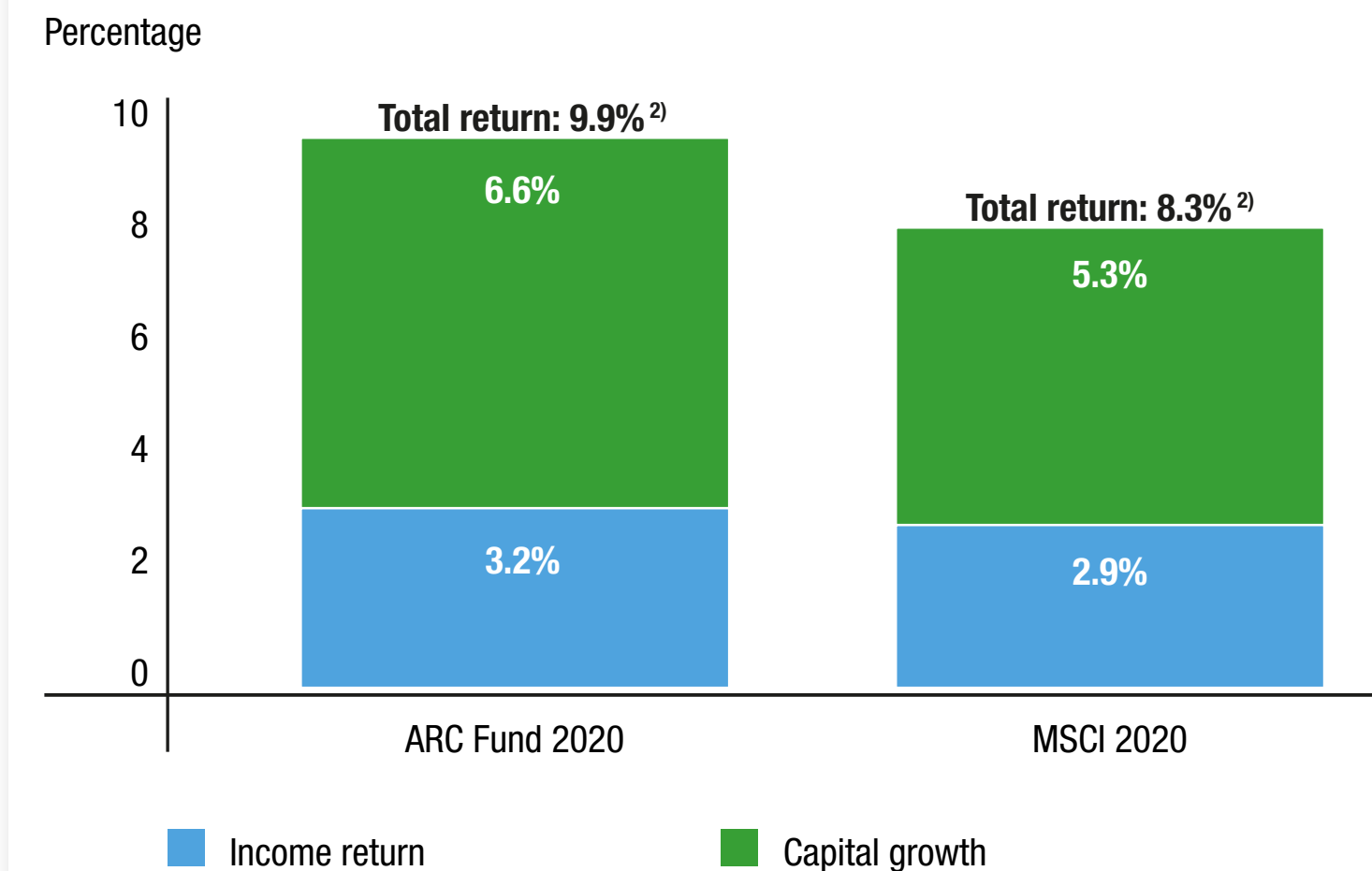
**3.8%**

(2019: 4.0%)

## ON SITE RENEWABLE ENERGY

We have further invested in on-site renewable energy. In 2020, the properties in our portfolio produced 5,385 MWh, lowering our carbon footprint by 2,994 tonnes of CO<sub>2</sub>.

## OUTPERFORMANCE MSCI 1, 3, 5 AND 10 YEAR AVERAGE



Besides the 1-year outperformance, we also outperformed the MSCI benchmark on a 3-year, 5-year and 10-year average.

## CARBON EMISSION DECREASED<sup>1)</sup>

36 kg CO<sub>2</sub>/m<sup>2</sup>/year carbon emission decreased by 6.4%

## AVERAGE OCCUPANCY RATE<sup>1)</sup>

**97.4%**

(2019: 97.2%)

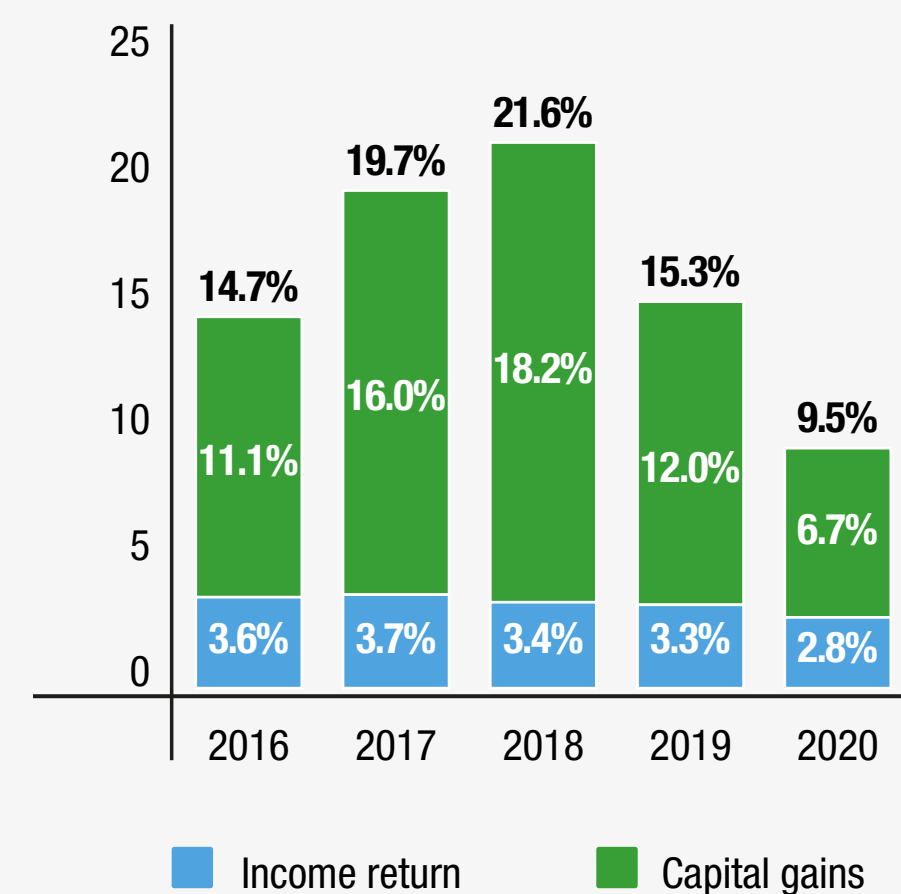
- 1) Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 77.
- 2) Income return, Capital growth and Total return are calculated separately. Due to the calculation method (time weighted) the sum of the Income return and Capital growth does not always equal the Total return.



# KEY FIGURES 2020

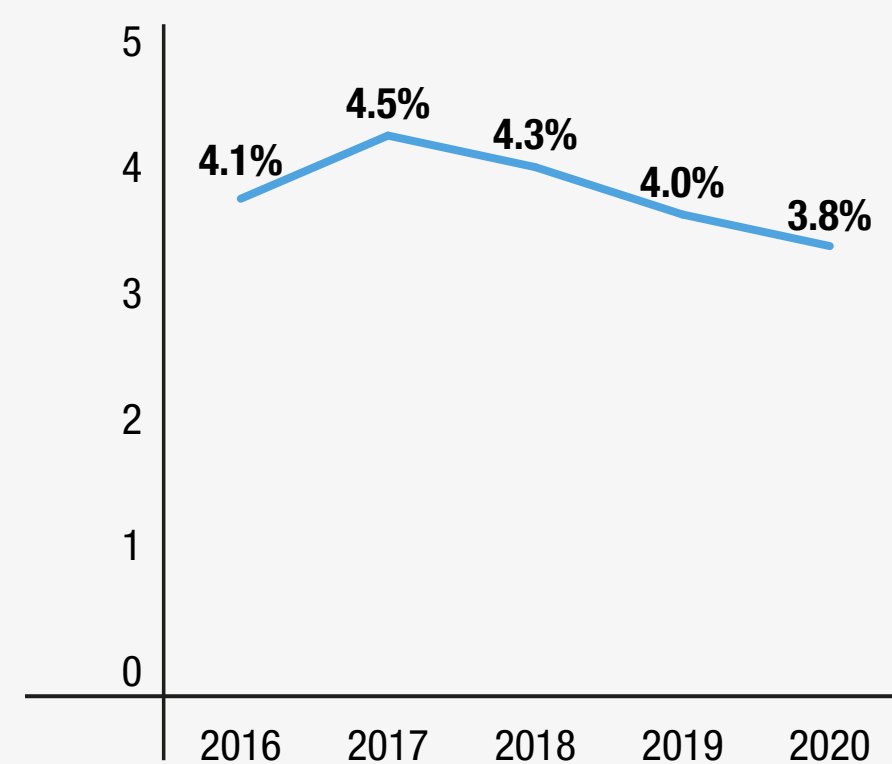
## FUND RETURNS

As a percentage of the INREV NAV as at 1 January



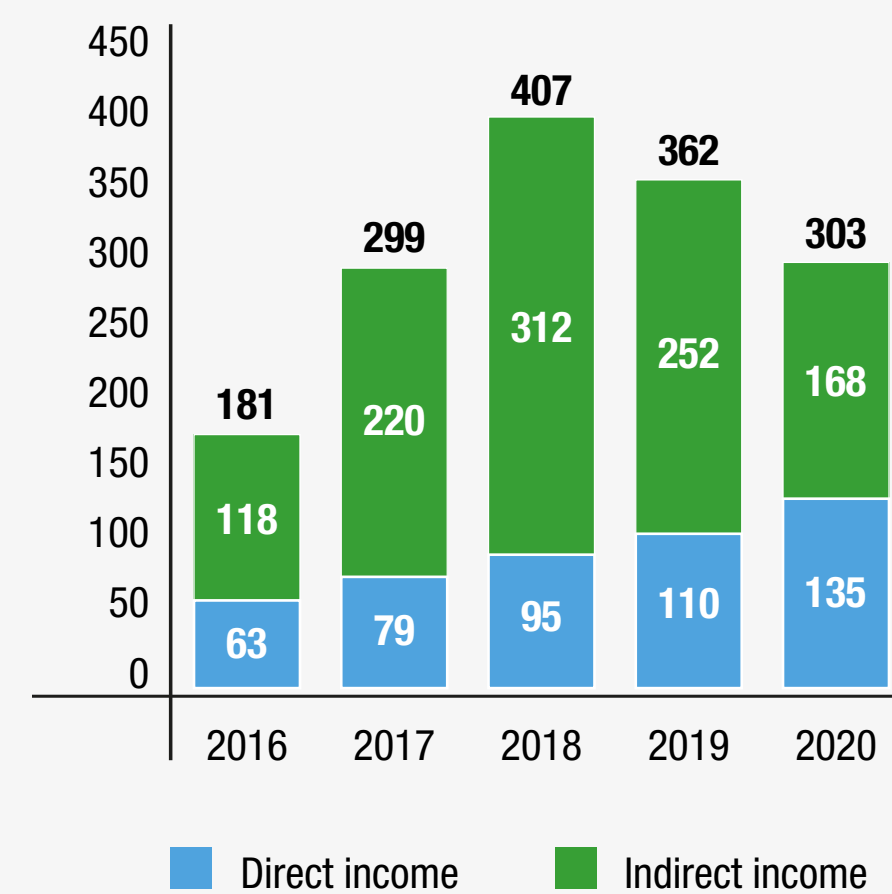
## DIVIDEND YIELD

As a percentage of the INREV NAV as at 1 January



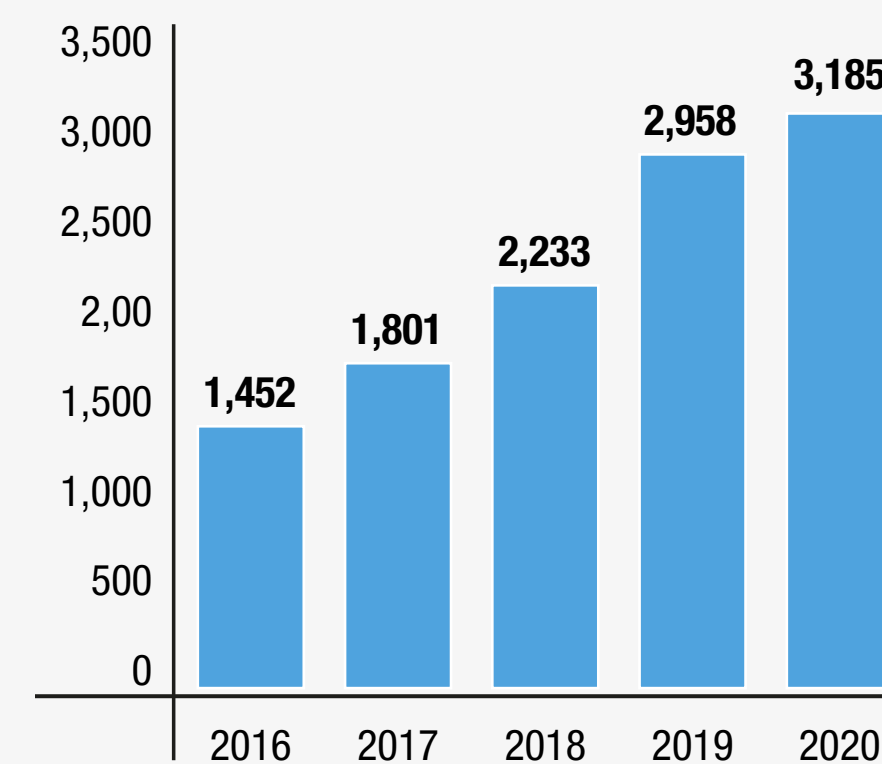
## TOTAL INCOME

In EUR x million



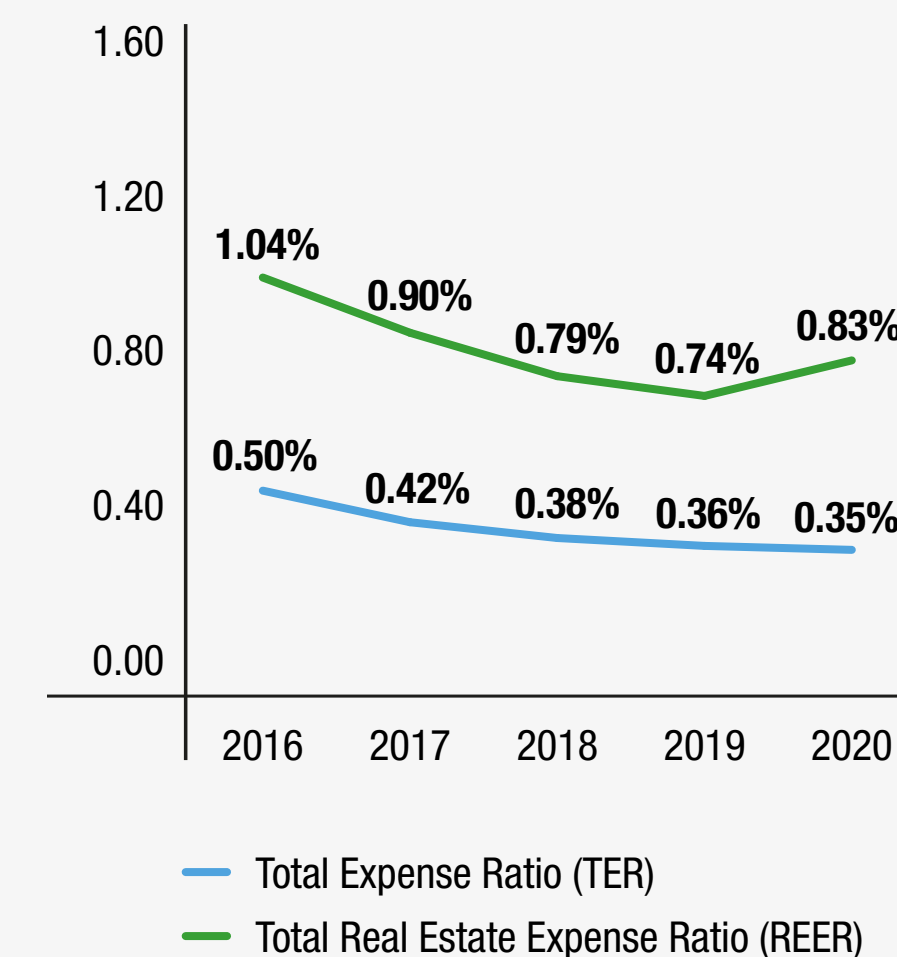
## INREV NAV

In EUR x million



## TER AND REER

As a percentage of the average INREV GAV





# REPORT OF THE FUND MANAGER



Noorderduinoord, Almere





# INTERVIEW WITH THE MANAGEMENT TEAM



# STRONG PERFORMANCE IN A CHALLENGING ENVIRONMENT

**Having a place to feel at home has never been so important as it was in 2020. For the ARC Fund, it was a tumultuous year in which we added a substantial number of new homes to the portfolio. It was a year in which we proved how flexible we are and, thanks to our proven ability to see the right trends and move with them, a year from which we are emerging with confidence about the future.**

2020 was a good year for the ARC Fund, which grew slightly, maintained a healthy financial position, and at the same time substantially increased its sustainability profile. Today's robustly growing investment market with rising values is putting increasing pressure on direct returns. Despite this, we were able to generate a dividend yield of 3.8%<sup>2)</sup>, thanks to our smart investment and divestment decisions. In the past year we added 831 mid-rental homes to the portfolio; we maintained our focus on the Central Circle region and within it the four big cities and their surrounding strong economic areas where people want to live.

## ATTRACTIVE PORTFOLIO AND PIPELINE

In December, the Fund attracted a further EUR 125 million in financing, arranged by ING and Rabobank. The stability, attractive portfolio and pipeline of the ARC Fund represented a sound basis to source financing at competitive terms, which increases the funding flexibility and will be used for financing new acquisitions.

1) [www.dgbc.nl/themas/paris-proof](http://www.dgbc.nl/themas/paris-proof)

2) Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 77.

## SPEED AND FLEXIBILITY

The corona virus pandemic has affected everyone's work, and we have not been spared. The speed and flexibility with which we were able to respond to all measures helped us to manage the situation effectively. A number of projects have been slightly delayed, but in general construction work continued apace. Residents were given the keys to their new homes in compliance with all the new rules. We forged ahead with the digitalisation of the move-in process for residents and started reaping the benefits immediately this year. This enabled us to set up new protocols for viewing and processing very quickly.



## FUTURE-PROOF HOME CHAIN

In 2020, working, learning, recreation and even vacations all happened mainly from home, which meant that having a liveable, comfortable home suddenly became more important than ever. Because residents were at home so much more, we also saw the interaction with residents increase. This gave us more insight into the needs in their home environment in order to increase the comfort and sustainability of their homes. In performing maintenance and delivering new projects, for example, we were able to further advance in achieving the Paris climate targets<sup>1)</sup> with the installation of new systems, solar panels and insulation. In 2020, the Fund once again earned a score of 5 out of 5 stars on the Global Real Estate Sustainability Benchmark (GRESB).<sup>2)</sup> This is the crowning achievement on the investments made in recent years for making our portfolio future-proof.

"We earned a dividend yield of 3.8%, thanks to our smart choices and moving with trends within the housing market."

**Wim Wensing, Fund Director AFC Fund**

## COMMUNITY APPS

Over the past year we intensified the use of community apps to further increase the living comfort of our residents. At newly completed projects, like 2Peer in Cruquius Amsterdam and Sydney in Almere Duin, as well as part of existing properties like Hartje Eindhoven, residents have installed an app that helps them get to know their neighbours easily, organise activities together and submit any repair requests and general suggestions. This year we were able to witness some nice resident initiatives such as fitness classes on the balcony and a silent in-home disco with a DJ in the shared garden. The community apps have proven to offer added value, and we hope that in the coming years we will be able to offer new but also existing properties access to a community app. We also see potential for developing such an app within the areas in which we are investing.

"We forged ahead with the digitalisation of the move-in process for residents and began reaping the benefits immediately in 2020."

**Dennis Wedding, Portfolio Manager**



## FACILITATED LIVING

In addition, we capitalised on the trend of more people choosing to live alone, but not wanting to be alone all the time. In response, we developed a number of new projects around the idea of “community living”. A prominent example is 2Peer, in which residents live together in a single apartment but in their own fully equipped, high-quality personal living space within that unit. The community app and the shared community space give residents the ability to find each other easily within their own property. In parallel with the 2Peer concept, we addressed the need of some residents to rent a fully furnished apartment. We handed over keys to residences as fully furnished as possible so as not to put the burden of furnishing the new units on the residents themselves – not only carpets and curtains, but high-quality furnishing and fittings as well.

“The additional financing increases our funding flexibility for future growth and underscores the attractive portfolio and pipeline of the ARC Fund.”

Niclas von der Thüsen, Director of Finance and Risk ARC Fund

## SOCIAL RESPONSIBILITY

We consider it our responsibility to have a positive impact on the changes in society when it comes to the housing market. We have heard the call for affordable housing, so we make homes available to selected target groups, for example by making multi-year commitments with municipalities to retain housing in the mid-priced rental segment and by actually allocating these units to the people who need them most. As a result of the social debate, there seems to be a political trend towards further regulation of the housing market. This regulation also has a downside. Over-regulation can have a negative effect on the investment climate. It is very important for a healthy housing market to be able to have access to institutional capital and to continue to offer institutional investors a stable investment climate.

## PIPELINE

We have a considerable number of quality projects in our acquisitions pipeline. We have commitments in hand for projects totalling some 1.2 billion euros, and will be building over 3,350 new homes in the coming years, with the majority of projects planned in and around the four big cities. Development of construction projects like Jonas and Dialogue in Amsterdam, KJ-plein in The Hague as well as Clubhouse Boompjes and The Post in Rotterdam are well underway, and in 2021 we will also be completing a number of other projects, including Cruquius and Aan 't IJ in Amsterdam, De Ridder in Leiderdorp and Wilgenrijk in Maassluis. As part of the development process of the Fund, we are growing more and more into the role of area investor, a position that we are eager to build on in the coming years.

## OUTLOOK

As for the majority of 2020, the outlook for 2021 remains challenging, mainly due to the persistence of the COVID-19 outbreak. Although severe consequences so far were successfully mitigated, the situation

poses special and hard-to-predict risks for the global economy and its development in 2021, which can also affect the ARC Fund. Nevertheless, the Dutch housing market fundamentals remain favourable over the long-term. In addition the fund remains well capitalised to cope with any short-term financial impact as well as to fund its acquisition pipeline.

The roll-out of the vaccination program provides encouraging signals, that the health crisis can be successfully managed towards a possible return of a more open society during 2021. However, given the fluid state of developments at this time, the Fund Manager will continue to frequently re-assess the health crisis impact on the execution of the ARC Fund strategy and performance of its portfolio.

Amsterdam, the Netherlands, 22 April 2021

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



Key handover in Volt Delft in compliance with new COVID-19 rules



# MARKET DEVELOPMENTS

## THE DUTCH ECONOMY

### HISTORICAL DEEP ECONOMIC CRISIS FORESEEN

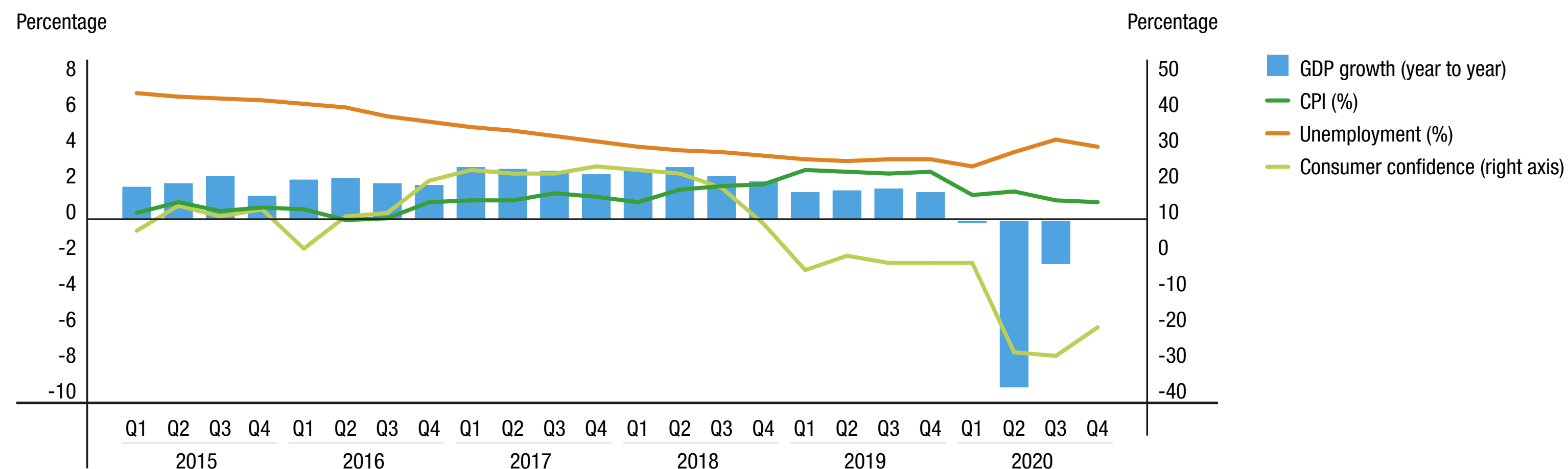
The Corona pandemic has changed our world very rapidly. The intelligent lockdown not only kept people at home for a long period on end, but also largely shut down the economy and therefore, for instance, household consumption showed a sharp decrease. After years of economic growth and the perceived phase of a late cyclical economic situation, GDP growth showed a historically sharp decline as from Q2 2020 due to COVID-19 (CBS, 2020). An immediate effect of the COVID-19 outbreak was an increase in unemployment. In Q1, the level of unemployment was historically low, at only 3%. After the intelligent lockdown an increase was seen. Unemployment stood at 4.1% in Q4 2020, which translates to about 385,000 people. Consumer confidence reacted instantly, falling from -2 at the beginning of 2020 to -20 in Q4 2020.

During 2019, inflation (CPI) had risen to a level of more than 2.5% but 2020 showed levels at or below 1.5% every quarter.

A deep but short economic crisis is foreseen. GDP has declined drastically in 2020 (-4.0%), but is also expected to recover quickly in 2021 (+3.0%) (CPB, November 2020). Unemployment is expected to increase to around 6.1% in 2021. All in all the Netherlands should prepare for a short but historical fierce economic downturn.

### 1. MACRO ECONOMIC INDICATORS

Source: CBS (2021)





## THE DUTCH RESIDENTIAL MARKET

### HOUSING MARKET SHOWS HIGH DEMAND AND INSUFFICIENT CONSTRUCTION

The demographic fundamentals of the Dutch housing market show a continuous increase in housing demand with lagging supply at least for the next few years, and more likely for the next decade. The population is expected to continue growing until 2040. In the most likely scenario, population size is expected to increase from the current 17.5 million (CBS, 2021) to 18 million just before 2030. Future growth is expected to come mainly from migration, as the number of births approaches the number of deaths. Another factor contributing to the increase in housing demand is household composition. As households become smaller, more homes are needed to accommodate the same number of people (CBS, 2020). The ageing population is a large contributor to this trend.

Based on information from the CBS (October, 2019), the current urbanisation trend is expected to continue for the coming decades. Almost the entire growth in the number of households will be concentrated in the 40 largest Dutch cities, and a large part of this will occur in the Big 4 cities, the satellite cities of the Big 4 and the rest of the Randstad conurbation. As a result, divergence within the Netherlands will increase further.

At this stage, COVID-19 is expected to have little effect on long-term Dutch demographics. Although foreign migration almost came to a standstill in the first quarters of 2020, it is expected that in the post-COVID-19 period positive migration figures will return, as was already seen in Q3 2020. Having a place to feel at home has becoming increasingly important. The urbanisation trend is also expected to continue. In contrast with media coverage about households moving to less densely populated regions as a result of the pandemic, domestic migration into the large cities still exceeds outflow migration and is expected to continue.

The current housing shortage is estimated at between 300,000 and 330,000 houses while around 1 million additional homes are needed to match existing and future demand for the period 2021-2030. This translates into production of about 100,000 new homes per year. New supply is not expected to keep up with the rising demand over the next few years.

Figure 2 shows the number of completions, demolitions, transformations and building permits over recent years including the EIB forecast for 2021. The number of newly constructed homes in the last three years is relatively high compared to previous years and ranges between 65,000 and 71,500 dwellings (CBS, 2021). In 2020 a total of 69,000 homes were completed.

On average (last three years) annual demolitions amounted to 9,900 homes and annual transformations to almost 12,000. Consequently the total net addition (completions + transformations - demolitions) ranges between 70,000 and 73,000 homes a year, which is (just) under the required average level of 75,000. In 2020, net addition amounted to 70,000 homes, thus increasing the housing shortage further instead of reducing it.

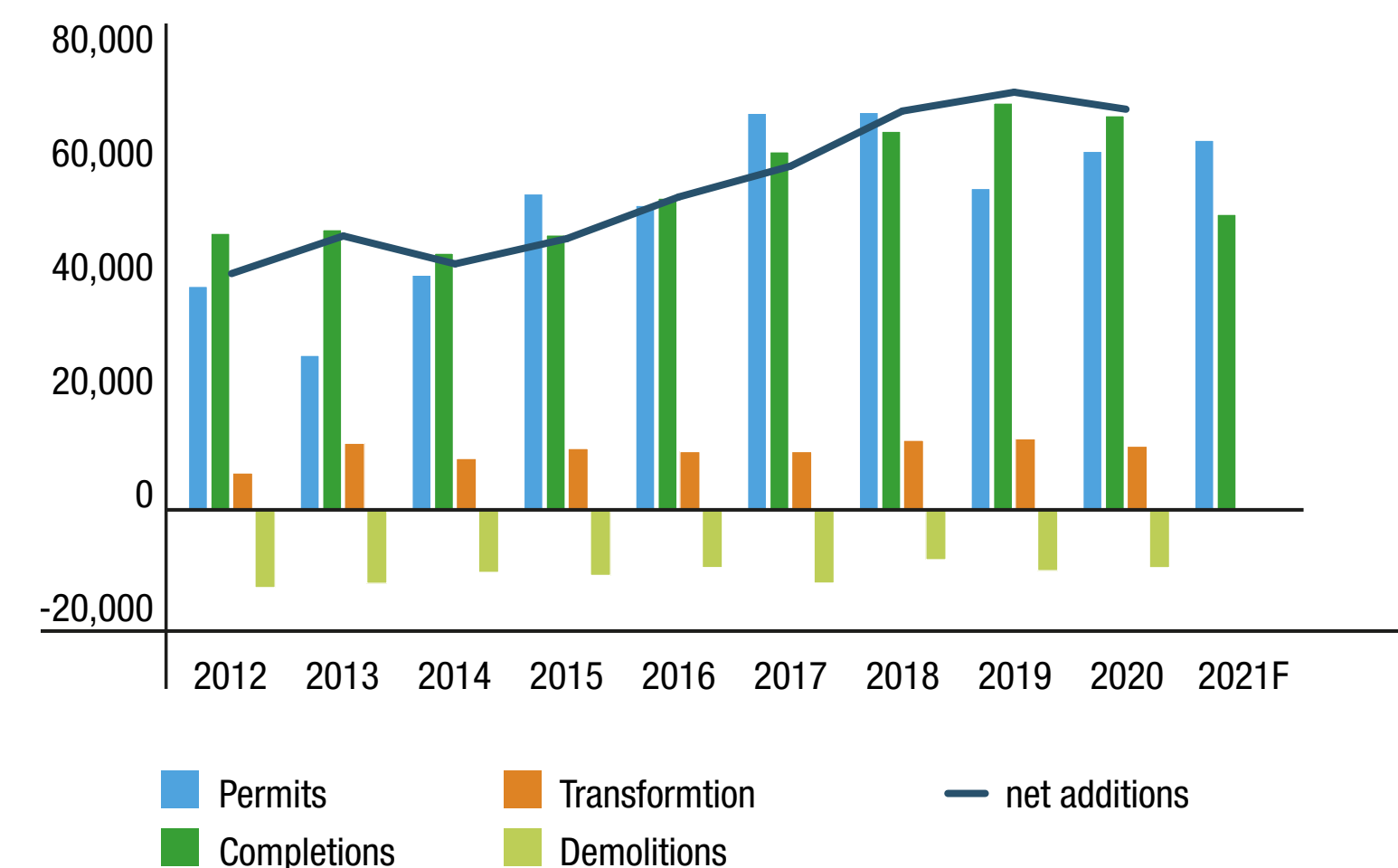
The number of building permits granted in 2020 again stays below the level that is needed to catch up with demand, namely 57,000 (CBS, 2021). As construction typically takes more than one year, the shortage is likely to persist at least in the short- and medium-term.

The EIB also states that until 2025 the overall project development completion pipeline is too small to meet demand (300,000 residential units versus the required 450,000 units). It is therefore important that soft pipeline projects are converted into realisation of development projects.

The number of permits is predicted to increase slightly in 2021 to 65,000. The number of completions is expected to amount to 52,000 in 2021, resulting in a further exacerbation of shortage levels (EIB, 2020).

## 2. PERMITS, COMPLETIONS, TRANSFORMATIONS AND DEMOLITIONS OF HOMES

Source: CBS (2021) and EIB (2020)



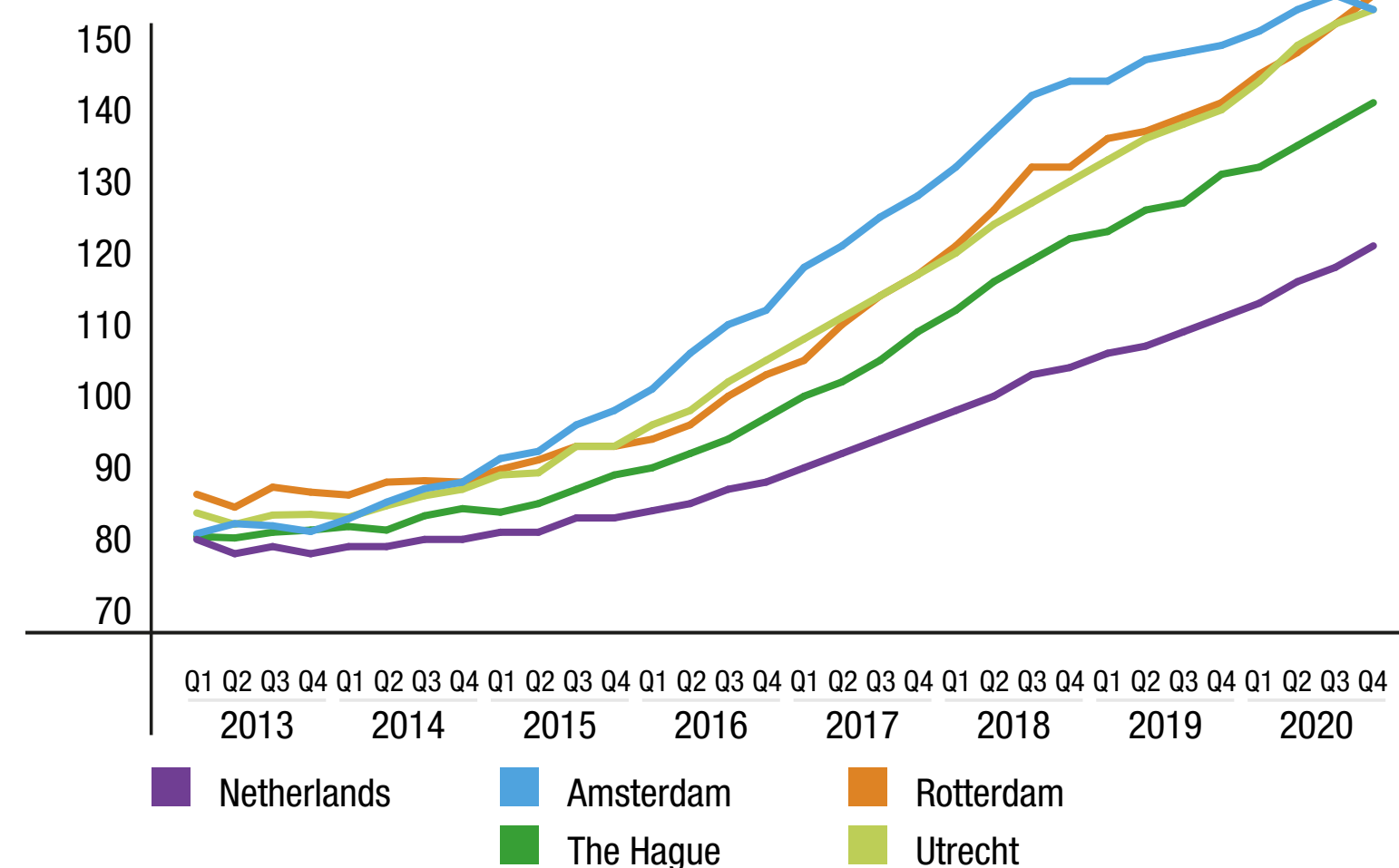


### 3. PRICE DEVELOPMENT (NOMINAL) EXISTING OWNER-OCCUPIED HOMES

2013-2020 (INDEX 2008 = 100)

Source: CBS (2020)

Index: 2008 = 100



### THE OWNER-OCCUPIER MARKET CORONA-PROOF IN 2020

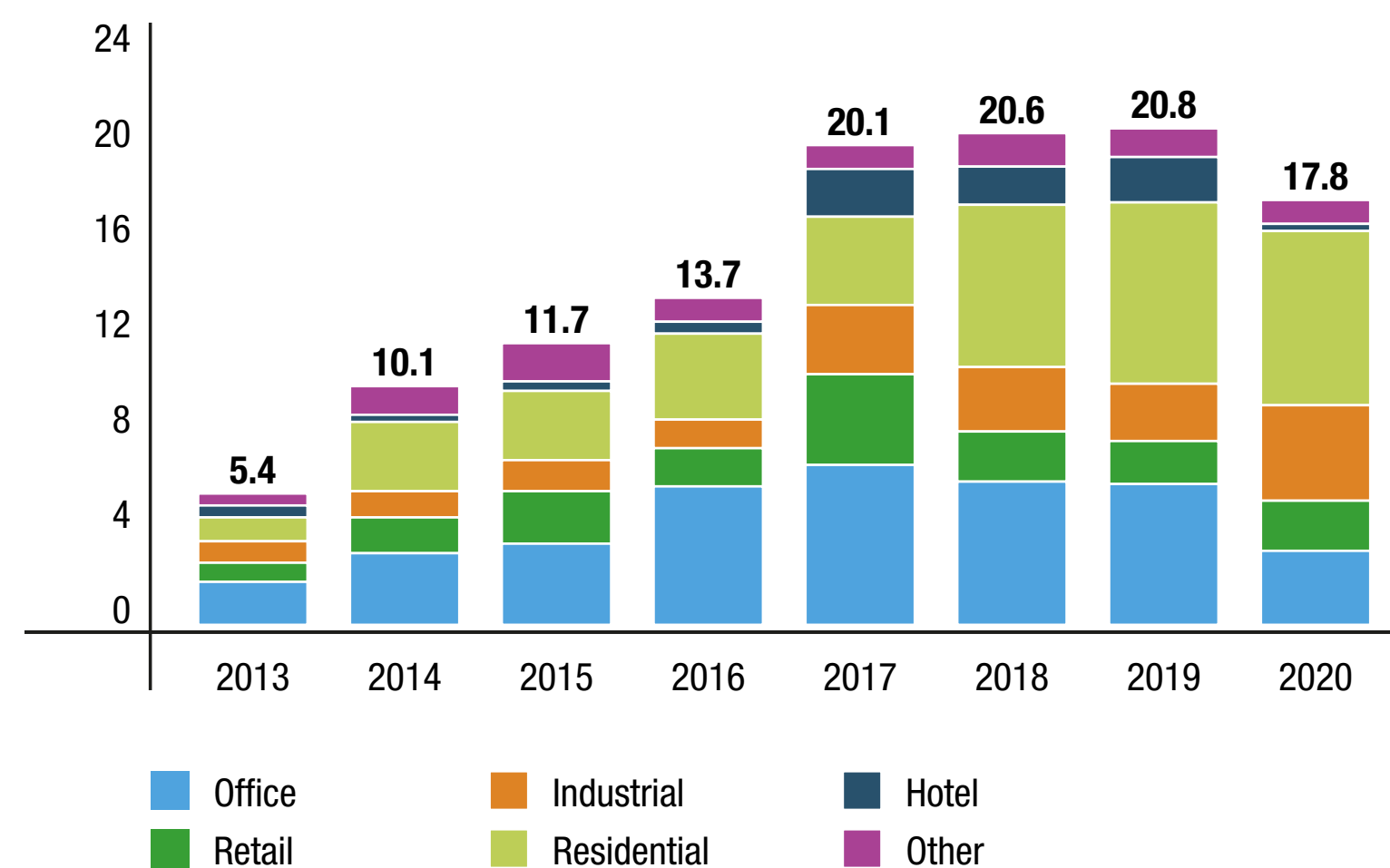
On the owner-occupier residential market, the effect of COVID-19 seems to be limited. The positive demographic developments and the historically low interest rate levels are exerting pressure on the Dutch owner-occupier market. Demand remained high in 2020 and prices again showed a strong increase, especially in the large cities. Prices of existing homes rose by no less than 7.8% in the Netherlands (CBS, 2021). In the city of Amsterdam, the overall 2020 increase was relatively small (3.4%) as it was impacted by negative growth of -1.2% in Q4. In the other Big Four cities, housing price levels rose by 7.7% (The Hague) and about 10.5% (Rotterdam and Utrecht).

As a result, availability and the availability duration decreased last year. The volume of homes available on the market fell by 30% and the average marketing duration fell from 117 days in Q4 2019 to 85 days in Q4 2020 (NVM, 2021). The most recent projections made by

### 4. INVESTMENT VOLUME IN DUTCH REAL ESTATE, IN € BILLION

Source: CBRE (2021)

In EUR billion



banking institutions (mortgage lenders) vary slightly, but the (significant) downturn which was predicted in Q2 and Q3 2020 is no longer part of their projections. It is still expected that the housing price growth will be at a lower level in the coming years, but in general the banks are predicting positive figures again. In the last months of 2020, the leading institutions all published their latest insights: DNB predicted a rate of 2% for 2021 and 1% for 2022. Rabobank is even more positive: 8.0% in 2021 and for 2022 they foresee 4.0%. ABN AMRO and ING Bank are more conservative and are only looking one year ahead. For 2021 these institutions predict a flat growth rate (0%) and -0.5% respectively. In the context of the expected deep but short economic crisis, these all seem relatively positive figures.

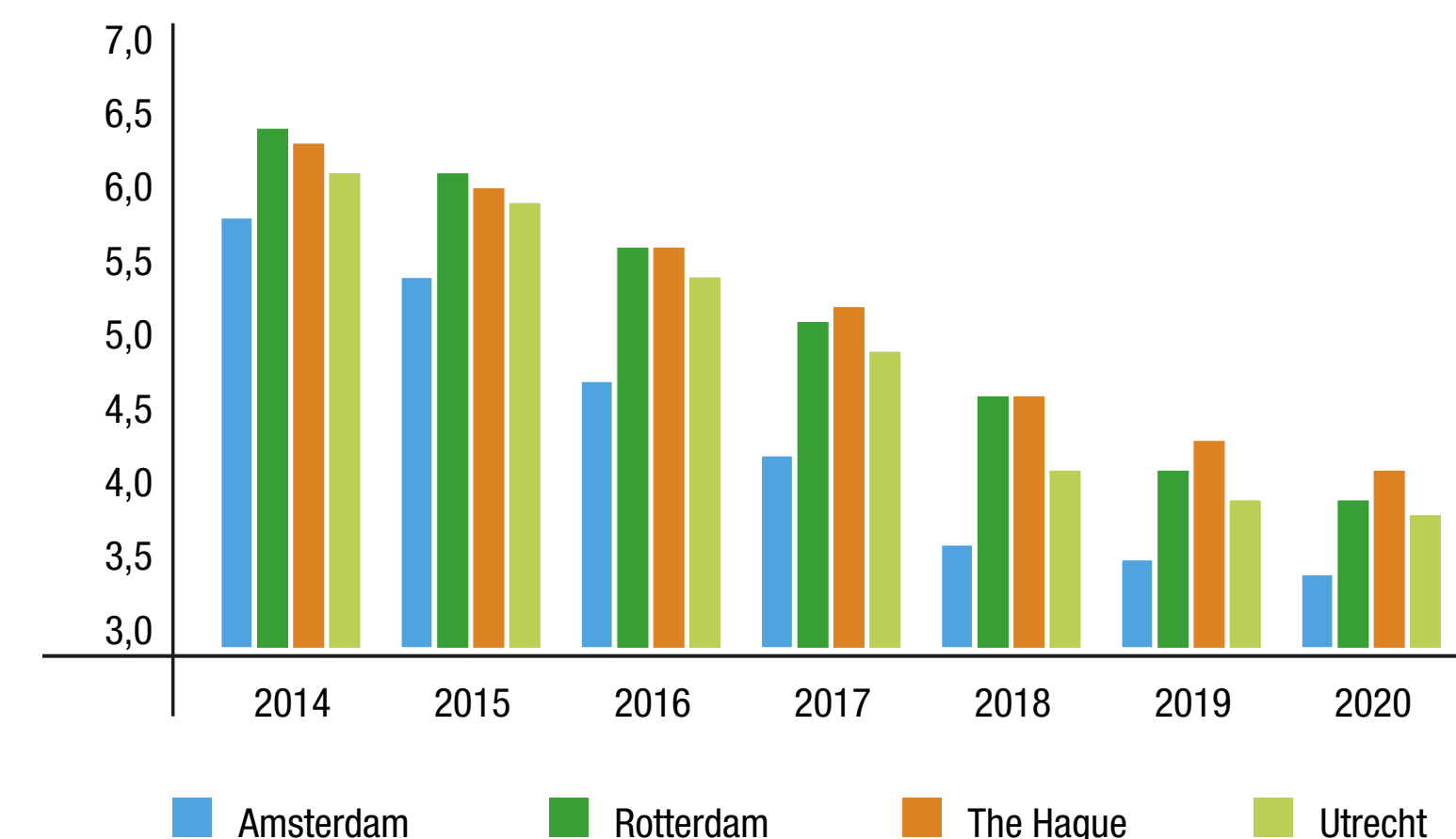
### PRESSURE ON YIELDS BECAUSE OF HIGH INVESTORS' DEMAND

The housing shortage, the historically low interest rates and the growing demand from households are resulting in a substantial interest from

### 5. GROSS INITIAL YIELDS RESIDENTIAL MARKET, BIG FOUR CITIES

Source: MSCI (2020)

In %



investors in rental homes, both domestic and foreign. The investment volume in residential real estate reached a record high in 2019 at approximately EUR 7.6 bln (CBRE, 2020). In 2020, a total of almost EUR 17.8 billion was invested in real estate, about EUR 3.0 billion less than in record year 2019. Residential properties were once again the largest investment category, at no less than EUR 7.3 billion. This investment appetite is exerting further pressure on Gross Initial Yields (GIY).

The GIY's of rental homes in the Big Four cities have seen a continuous decline since 2014. The average gross initial yield of standing investments in the Big Four cities dropped from around 6.25% in 2014 to around 4.25% mid 2020. Traditionally, yields in Amsterdam are even lower and have come down to 3.6% on average during 2020, while prime yields that are even lower. These declining initial yields have a upward effect on property valuations and lead to downward pressure on direct returns.



For 2021, we expect both downward as well as upward pressure on yields; downward pressure due to persistent low interest rates and relatively limited supply of suitable product. The search for yield continues and is been driven by a strong influx of (foreign) capital into the residential investment market. The currently struggling retail, hotel and office (investment) markets could lead to re-allocation to the perceived residential 'safe haven' in 2021. At the same time, there could be some upward pressure on yields as a result of COVID-19 and the effects of the increase in transfer tax for residential investment properties (see also the section about political environment). Overall, both tendencies combined could result in stable yields if the remainder of the COVID-19 crisis remains relatively short, with a limited upward trend being more likely if it lasts relatively long (for example because of COVID-19 mutations that are more infectious).

### POLITICAL ENVIRONMENT AND EXPECTED LEGISLATIVE CHANGES

In the run-up to the elections in March 2021 for the House of Representatives the housing market was high on the national political agenda. The national government as well as local authorities are increasingly looking for ways to address the topics of affordability of housing and a shortage of mid-priced rental homes. Discussions are taking place at a national level regarding general rental restrictions, such as maximising the annual rent increase at CPI+1% and maximising the share of the WOZ-value in the WWS<sup>2)</sup>-points to 33%. In addition, several municipalities including Amsterdam, The Hague and Utrecht, are looking for ways to increase accessibility to the local housing markets for middle-income households. Besides imposing rent cap regulations on new building projects, some municipalities are focussing on regulating the way existing rental homes are rented out. The municipality of The Hague recently implemented new rules for the allocation of private sector rental homes to specific (income-based) target groups.

Relevant legislative changes and governmental policy includes:

- The central government is trying to stimulate housing construction. One of the measures that is currently being discussed is the possibility of a 'build-on' guarantee in order to prevent standstill of housing construction, as occurred during the financial crisis.
- The central government is targeting a more active role in directing

large-scale housing planning. This is a change from the recent past, when central government increasingly delegated the responsibility for planning to local authorities.

- Solutions to the nitrogen emission problem such as lower threshold values for the construction of new homes, is another hot topic. Discussions regarding this subject are still taking place and have not yet led to a final policy and regulation.
- The legislation regarding transfer tax changed as per 1 January 2021. For buyers aged 18 to 35, the rate will be reduced to 0% for the next five years. Private buyers older than 35 will pay the existing 2% duty. However, all investors in real estate (both private and institutional) are subject to an 8% transfer tax (instead of the previous 2% level). It is expected that this will have some negative effect on the capital value of residential investment properties, as buyers on the investment market will discount (part of) these extra costs into their prices.
- As from 2021, the negative effect of personal student loans on the maximum amount of mortgage for young professionals will be reduced. The Minister of Finance proposed to make the 'weighting factor', which caps maximum mortgage amounts, more flexible by linking it to the interest rate (which is almost zero) instead of only the amount of outstanding debt.
- The factor for the second household income will be increased for determining the maximum mortgage (90% instead of 80%), so that double-income couples become eligible for a higher mortgage. Recently, the central bank warned that the housing price remains strongly correlated with the financing possibilities for private households. Driven by lower interest rates, buyers can take out higher mortgages and are willing to pay more to acquire a house. This might increase the price of homes even more.
- Ministers Ollongren of Housing and Hoekstra of Finance recently (November 2020) reached a final agreement with two opposition parties. Meanwhile this has been accepted by the House of Representatives: the yearly rent increase for the liberalized rental segment will be limited to CPI+1% for the next three years.
- In order to ensure the continuous development of and investment in, rental homes is secured the industry's umbrella organisation IVBN reached agreements with the municipalities of Utrecht

and Amsterdam on behalf of its (institutional) members. These agreements cover volume of new production, rental indexation and assignment of homes to rental target groups.

### CONCLUSIONS REGARDING THE ECONOMY AND HOUSING MARKET

- The effects of COVID-19 have become clearly visible in the economic figures during 2020 and impact forecasts.
- A historically deep but short economic crisis is expected as the second COVID wave and/or the virus mutations could lengthen and deepen the economic downturn.
- The demographic fundamentals of the Dutch housing market are strong, with increasing regional differentiation. The pandemic is however expected to have little effect on the long-term Dutch demographic growth and urbanisation trend.
- General housing shortage remains high with expected upward pressure if construction activity continues to lag, as seen by a lack of granted permits.
- Owner-occupier prices increased in 2020, namely by 7.7%. It is expected that further growth will flatten in the coming years, but in general financial institutions are predicting positive figures. The previously predicted (large) negative downturn in Q2 and Q3 2020 is no longer included in more recent forecasts.
- Strong demand and competition on the residential investment market remains ongoing, resulting in falling initial yields during the first half of 2020.
- Yields are expected to continue to record downward pressure but some upward pressure is possible if the economic downturn and uncertainty – caused by the Corona pandemic – should last relatively long.
- The political discussions regarding regulation, affordability, price levels and nitrogen emissions are still ongoing.

1) Tax related property value  
2) Home valuation system



# PORTFOLIO STRATEGY

The ARC Fund invests in the Dutch residential rental sector and has a long-term horizon. The ARC Fund targets an attractive, stable dividend yield available for distribution and long-term value growth for its Investors. This will be achieved by investing in a portfolio consisting of residential rental properties in the mid-priced segment, located predominantly in strong economic regions.

As an investment fund with a client base of institutional investors and a large portfolio rented out to many households, the ARC Fund has a significant societal impact. It is therefore of great importance that the ARC Fund sets high standards for sustainability. The Fund's strategy needs to be in line with stakeholder expectations. To identify the most important Environmental, Social and Governance (ESG) themes for the ARC Fund, a materiality study was conducted among the stakeholders of the ARC Fund. The themes that emerged from this materiality study are integrated into the Fund's strategy. The individual aspects per theme, based on stakeholder interviews, are reflected in Key Performance Indicators (KPI's). The full materiality analysis, including all KPI's is included in the appendix.

## PORTFOLIO POLICY

The ARC Fund has a core investment strategy and focuses on modern, high-quality, sustainable residential properties, located in areas with the best economic and demographic potential (the ARC Fund focus areas).

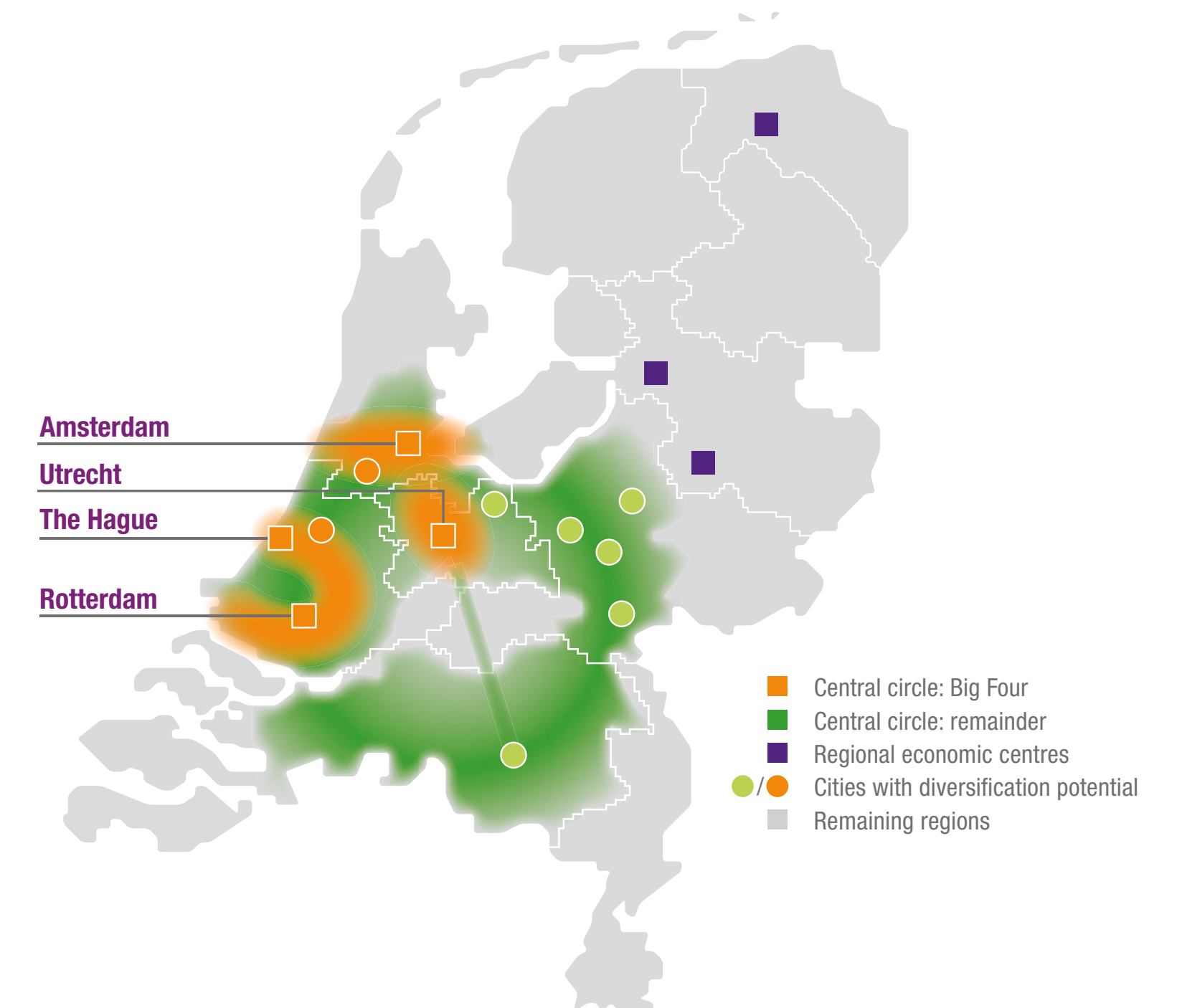
### FOCUS AREAS

The ARC Fund has a clearly defined regional investment policy which is based on the ARC Fund focus areas. The portfolio has a substantial allocation towards the four largest cities (Amsterdam, Rotterdam, The Hague and Utrecht) as well as other cities that are located in the 'Central Circle' region. This region is characterised by strong urbanisation prospects. Outside the Central Circle, the ARC Fund invests selectively in economically strong cities including Groningen and Zwolle.

The ARC Fund identified the following three focus areas:

- **Central Circle – Big Four:** the four largest cities in the Netherlands (Amsterdam, Utrecht, The Hague, Rotterdam) including their suburbs and satellite cities (including Amstelveen, Haarlem, Delft and Almere);
- **Central Circle - Remainder:** remaining urban regions in the Randstad, Brabant and Gelderland (including Amersfoort, Apeldoorn, Arnhem, Nijmegen, Delft, Leiden and Eindhoven);
- **Regional Economic Centres:** the urban regions of Groningen, Zwolle and Deventer.

## 6. FOCUS AREAS





WELL DIVERSIFIED YOUNG PORTFOLIO

With an average age of around ten years, the portfolio is relatively young. Active portfolio management ensures that the quality of the portfolio remains at a high level and operating costs remain relatively low. As the current portfolio of the ARC Fund is well positioned and diversified, the objective for the coming years is to optimise, enhance and maintain the modern and sustainable portfolio. The ARC Fund strives to rotate a modest proportion of the portfolio each year, in order to rejuvenate the portfolio and maintain its quality at a high level.

MID-PRICED RENTAL SEGMENT

Availability and affordability have become increasingly important over recent years as rental levels increase and demand outstrips supply. The ARC Fund focuses on the mid-priced rental segment which is based on market fundamentals: the most sought-after core residential investment product in the Netherlands. By creating more supply in the mid-priced private rental sector, the ARC Fund is contributing to the availability of homes. Since this segment is suffering the most pressing shortage in supply, increasing the investment in the mid-priced segment makes sense both from a societal and economical perspective.

The lower limit of the mid-price segment represents the maximum level of the regulated segment and start of the privatised rental sector, at EUR 752 per month as of January 2021 (2020: EUR 737).

7. MID-PRICED SEGMENT PER FOCUS AREA

MID-PRICED SEGMENT *	
Central Circle: Big Four	** EUR 752 - 1,345 - 1,550
Central Circle: Remainder	EUR 752 - 1,240
Regional Economic Centres	EUR 752 - 1,135
Remaining Regions	EUR 752 - 1,035

\* Monthly rent excluding parking space.  
\*\* Amsterdam deviates from other Big Four cities; mid-priced segment upper level is EUR 1,550 for Amsterdam (other Big Four: EUR 1,345).

TARGET GROUPS

The target groups provide the guidelines for product-market combinations that the ARC Fund aims to offer to the market. Based on current market developments, four main target groups have been identified:

- Young professionals;
- Elderly singles and couples;
- Families;
- Expats.

Each target group has different preferences and therefore requires different product characteristics.

The private rental sector is popular among **young professionals** in mid-sized and large cities. This group prefers the flexibility of a rental home and generally has an income level that is too high to be eligible for a home in the social housing segment. The high level of amenities in cities is of value to this group.

The number of **people aged over 65** is expected to grow strongly in the forthcoming decade. The increase is most pronounced in the age category of 75+. In the past, physical constraints caused elderly singles and couples to move out of their homes to more suitable care homes, but technological developments and changes in the health care system have substantially reduced this group’s willingness to move into traditional care homes. The focus of the ARC Fund is on elderly households with no or only very limited need for care.

Despite the fact that the size of the target group of **families** will decrease slightly in the coming years, the total number of family households will remain substantial. Families increasingly depend on the private rental segment, due to the increasingly strict income requirements granting access to the social housing segment. Approximately one third of the total number of households consists of families, which makes this an important group for the ARC Fund.

There has been a growing trend in recent years for the expats target group. As **expats** normally reside in a country for a limited period of time, they are more inclined to choose a rental home. Due to their relatively high income level, expats do not normally qualify for a social housing rental home. The mid-tier expats in particular form an important target group for the ARC Fund. A potential downside of the expat segment is its sensitivity to the state of the economy. The expat market and its housing demand fell sharply in 2020 as a result of the COVID-19 crisis, but it is expected that the positive trend line will pick up again in 2021 and beyond.

KEY WORKERS

The ARC Fund recognises that good urban dynamism is supported by a balanced representation of a number of essential sectors. The ARC Fund wants to help people in these sectors because affordability is an issue for them. Whilst affordability in general is already high on the agenda, special attention is given to the housing of key workers in local markets with the most pressing shortage of supply. In a number of selected properties in the lower part of the mid-priced segment (rental price up to a maximum of EUR 1,250), up to 50% of the homes are assigned with priority to key workers. These properties are located in areas with the most pressing shortage of supply and there has to be a substantial waiting list for these rental homes. Priority is given to candidates who are willing, as a result of increased income, to take the next step in their housing career and leave a social rental home in the area, in order to improve circulation in the housing market.

QUALITATIVE FOCUS

To ensure an attractive portfolio in terms of market demand (and consequently a stable rental income as well as a long-term attractive capital growth), a thorough understanding of trends and new markets is required. It is important to gain insight into how the housing market and residential environment of the future will be affected by increasing urbanisation, ageing, green cities, digital services, automation and sustainability. The following trends have been identified and will be given special attention in the years to come.



## SHARED SPACES AND SERVICES: CO-LIVING

Rental homes are becoming increasingly unaffordable for (young) people who want to live in or close to the core of the Big Four cities. A growing group, in particular the millennial generation, is prepared to make concessions in terms of privacy and/or space in return for a more favourable all-in rental price. The ARC Fund responds to this trend by exploring opportunities for co-living: the 2Peer concept, apartments that are shared between friends or roommates. Each tenant has his or her own bedroom and private bathroom, but the living room and kitchen are shared.

In this way, the ARC Fund is making a contribution towards providing affordable housing for single people.

There are four reasons / trends why co-living is attractive for single-person households:

1. Reduce loneliness: more and more millennials, but also the elderly feel lonely;
2. From possession to use: millennials place much less value on possession. Many things can easily be shared. This is cheaper and has less impact on the environment;
3. Urbanisation: large cities have become increasingly popular and, as a result, house prices and rents have risen considerably, while living together reduces cost;
4. International and location-independent lifestyle: more and more people want to explore the world and many jobs can now be performed independently of location. The number of 'digital nomads' is increasing as a result.

With a large range of social amenities on offer in close proximity, the size of individual apartments in some properties of the ARC Fund is reduced substantially, in combination with the rental price. In these properties, the living room and/or a guest room is placed outside the private apartment. Communal spaces such as an indoor (rooftop) garden, community kitchen, flexible workplace, a launderette and other services can also be located inside the building, thus creating what is termed a co-living environment. In addition to single-person households, these properties are especially popular among two-person households, who are consciously dealing with their footprint and are part of the sharing economy.

## AREA MANAGEMENT

The immediate environment of a building has an impact on the quality of a property and therefore its rental prices and asset value. The right combination of functions like living, working, shops, and leisure in an area can make a property more attractive for tenants. Integrating multiple functions into the apartment building itself (mixed use, but also co-living) can be categorised as area management. Properties that are rented out largely to singles can benefit from places where people can meet up. Day-to-day amenities are important for areas with more elderly people. Seeking collaboration with other parties can be efficient in those areas where the ARC Fund itself does not have a large presence. If the ARC Fund has a large number of properties in close proximity to each other, it pays to provide a service and community concept to the whole area at once. Properly integrated area management, including control over the quality of the (green) surroundings, adds value to the individual projects, resulting in more attractive homes. Tenants will benefit, resulting in increased demand.

## COMMUNITY AND SERVICE CONCEPT: LIVVIN

The living experience of tenants goes beyond their home nowadays and is increasingly determined by the environment, facilities in the neighbourhood, additional services and contact with their neighbours. The ARC Fund endorses this trend and is keen to take advantage of this. In order to be able to offer the desired service level, Amvest has decided to develop its own Community concept: the Livvin concept. Livvin is assembled as a combination of services with sufficient flexibility so that it can be used and adapted for different projects. This flexibility might be achieved by working on a network structure, in which essential elements of this concept might be outsourced to partners or specialists, but can also be changed or closed down if necessary.

Livvin is based on three conceptual pillars:

1. the Community Space – a meeting place for residents and (where relevant and possible) other neighbours from the surrounding area. Somewhere to work, socialise, organise events and also locate the Community Manager who is assigned to the building;

2. the Community Manager – who will be involved on-site with forging links and connections between residents as well as between them and the building. The Community Manager will initiate and facilitate activities and events (from jogging groups to neighbourhood parties), connect residents with each other and encourage neighbourhood initiatives. Everything that can be done to give the building its own unique – and authentic – identity. The Community Manager will be there to assist tenants and do all he or she can to help them;
3. the Community App – a user-friendly app for residents that can be used to benefit from every facet of the tenancy: taking part in events, filing repair requests and keeping up-to-date with the status of the request, ordering services, getting neighbourhood news or taking up the opening offer of a new local restaurant. The community app turned out to be a good move during the COVID-19 period, people organized 'covid-proof' events among themselves, which increased their enjoyment of living.

## FUTURE-PROOF PORTFOLIO

In addition to high-quality homes, a future-proof portfolio also means that specific action must be taken structurally to reduce carbon emissions in order to meet the Paris Climate targets. To become Paris-proof, energy consumption needs to be reduced substantially, and since the built environment is responsible for 40% of energy consumption, this reduction will be achieved largely by making buildings more energy efficient. The focus on reducing energy consumption and carbon emissions is therefore an integral part of the ARC Fund's strategy.

The sustainable strategy of the ARC Fund starts with the design of new homes. This is reflected in a Program of Requirements (PoR) that has been established by the ARC Fund for new homes. This PoR includes low energy consumption and options for monitoring and adjusting energy consumption.



The operational phase may even be more important in terms of environmental impact than the construction phase of the property. That is why the ARC Fund strives for maximum data insight into energy consumption within the portfolio.

## PROGRAMME OF REQUIREMENTS

The ARC Fund sets high standards for the quality of new-build homes. These standards are set out in the ARC Fund PoR, which forms the basis for every new residential property to be acquired. The PoR includes an extensive technical description for each building component, which specifies minimum standards and guarantees.

Important elements of the PoR are the sustainability and safety requirements that the ARC Fund requires. To this end, the GPR<sup>1)</sup> label has been incorporated as part of the PoR.

The PoR includes a preference for the generation of renewable energy in the property. The common spaces already have to be fully energy neutral. A preference for thermal energy installations (WKO) has also been added. The technical developments in heat supply are monitored closely in order to be responsive to any innovative breakthroughs.

## ENERGY CONSUMPTION

The ARC Fund is keen to gain an insight into the consumption and generation of energy in all its properties. This goal has been attained for common spaces, but is pending for entire properties. The ARC Fund does not have access to smart meters for individual units due to privacy regulations. The Fund Manager proactively asks new tenants for permission to read out their smart meter as preparation for the future, in which the ARC Fund may become eligible to read out the smart meters of individual tenants and therefore increase the amount of collected data and insight into tenants' energy consumption.

It is not yet necessary to collect all detailed information, as publicly available data from energy companies about energy consumption at a postcode level provides sufficient insight at the individual tenant level

for now. Based on this data, the ARC Fund is able to identify and analyse the properties in the portfolio with different (high) usage figures, so that targeted measures can then be taken to structurally reduce the energy use intensity (EUI)<sup>2)</sup> of the ARC Fund in the coming years.

The reduction of carbon emissions and climate change is addressed by increasing the use of energy generated by solar panels and by using (purchased) green energy. For all common spaces, the ARC Fund purchases green energy from a selected energy provider.

## ROADMAP TO PARIS-PROOF

Defining a pathway towards a 'highly efficient and decarbonised building stock by 2050' is a fundamental pillar of the Paris-proof commitment, requiring the transformation of the majority of buildings from (less) inefficient to at least nearly zero-energy consumption buildings.

Since the ARC Fund considers it important to contribute structurally to this commitment, a specialist sustainability consultancy firm is in the process of drawing up a renovation roadmap for the entire portfolio of the ARC Fund. This roadmap is at its core a long-term property improvement plan. The roadmap is based on the CRREM targets and provides the ARC Fund with an insight into the possibilities for implementing various sustainability measures, while offering the tools to manage the costs. In this way, the quality of the portfolio will improve significantly and energy consumption will be reduced structurally.

The first goal of the ARC Fund's sustainability improvement process is to make a substantial contribution to the 50% carbon emission reduction target (by 2030) of the Paris-proof commitment.

This roadmap will be a dynamic document in which implemented measures are processed. This will allow the Fund to monitor progress in reducing carbon emissions.

1) GPR Gebouw charts the sustainability of buildings based on an assessment of five themes: energy, the environment, health, quality of use and future value.

2) The EUI is expressed as energy per square meter per year and is calculated by dividing the total energy consumed by the ARC Fund in one year by the total gross floor area of the portfolio.



# PORTFOLIO DEVELOPMENTS IN 2020

In 2020, the ARC Fund has again shown a strong operational performance. Despite the large number of newly built homes delivered to the portfolio, the average occupancy rate was over 97.4%.<sup>1)</sup> Partially due to COVID-19, operating costs were just above 22.6% of the theoretical income and therefore higher than in other years but still low in absolute terms, mainly due to the young portfolio.

The portfolio grew slightly in 2020. On balance, the size of the portfolio increased by 248 homes. In addition, the secured pipeline of the ARC Fund consists of more than 3,000 new homes to be added to the portfolio in the coming years. The RoFR Agreement with Amvest Development Fund B.V. ensures a sufficient and constant future access to new, high quality residential rental properties developed by Amvest Development Fund B.V.

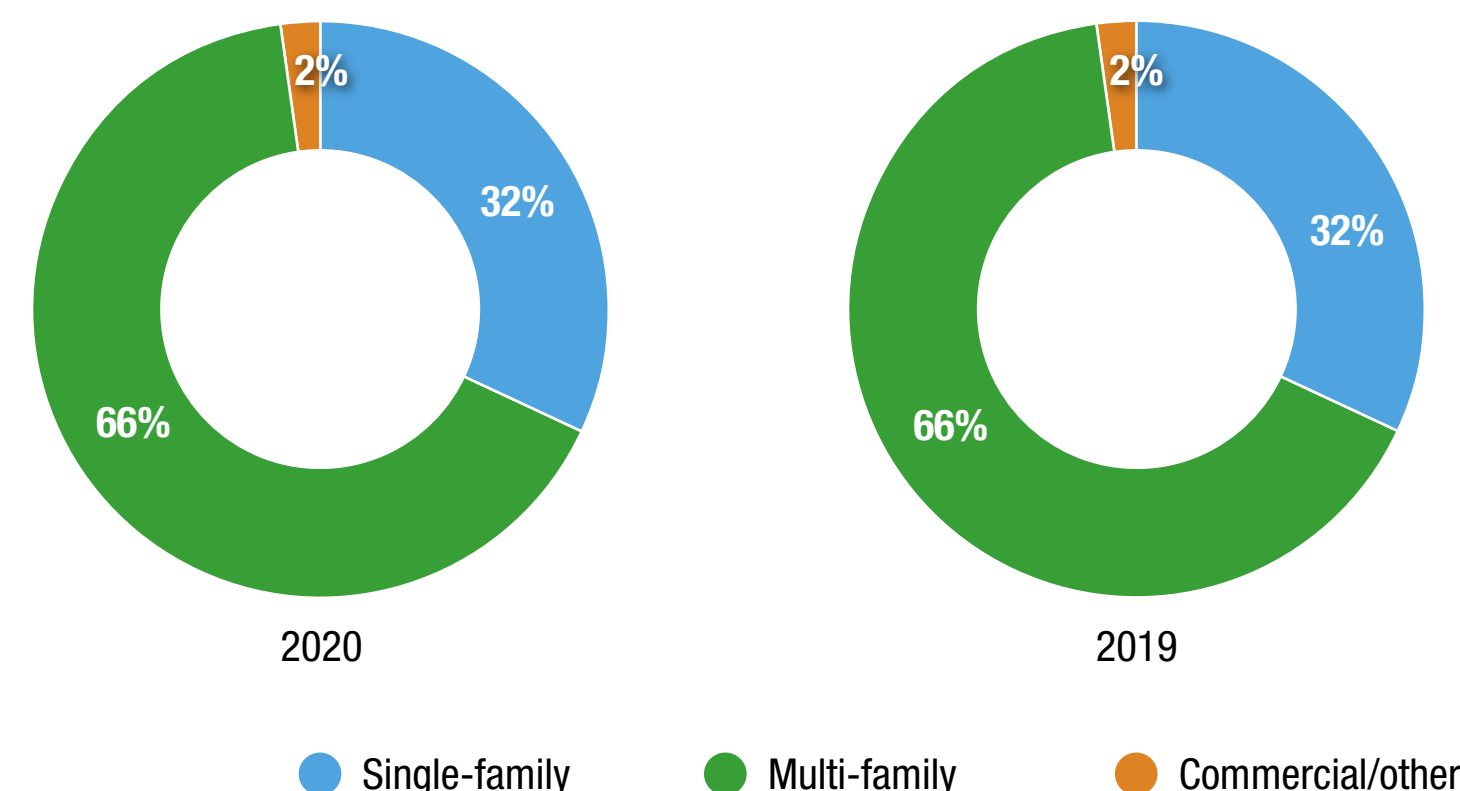
The following sections further explain the portfolio composition, operation and dynamics, as well as the portfolio's and the Fund's performance in relation to the portfolio strategy.

## PORTFOLIO - COMPOSITION

At the end of 2020, the total residential investment portfolio of the ARC Fund consisted of 10,418 homes with a book value of EUR 3.4 billion. The average book value per home increased by 4.1%, from EUR 315,670 as at year-end 2019 to EUR 328,699 as at year-end 2020.

### 8. TOTAL PORTFOLIO BY TYPE

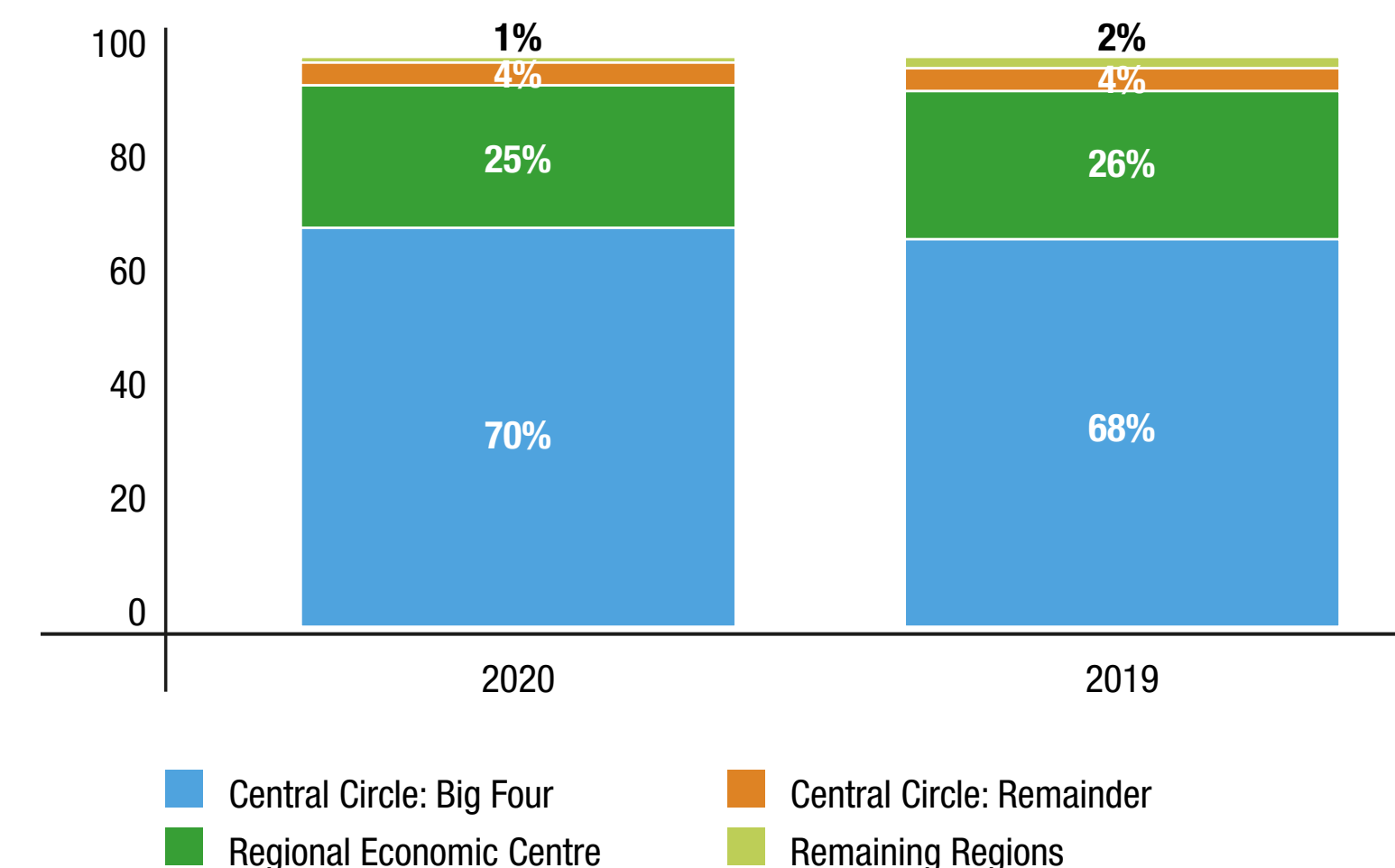
Composition by book value



Around one third of the portfolio consists of single-family homes. These ratios have remained relatively stable since 2010, but as the secured pipeline consists mainly of multi-family homes, the relative share of apartments is expected to increase in the coming years. Approximately 2% of the total investment portfolio value consists of commercial real estate and these units are always part of residential buildings in the portfolio.

### 9. TOTAL PORTFOLIO BY REGION

Composition by book value



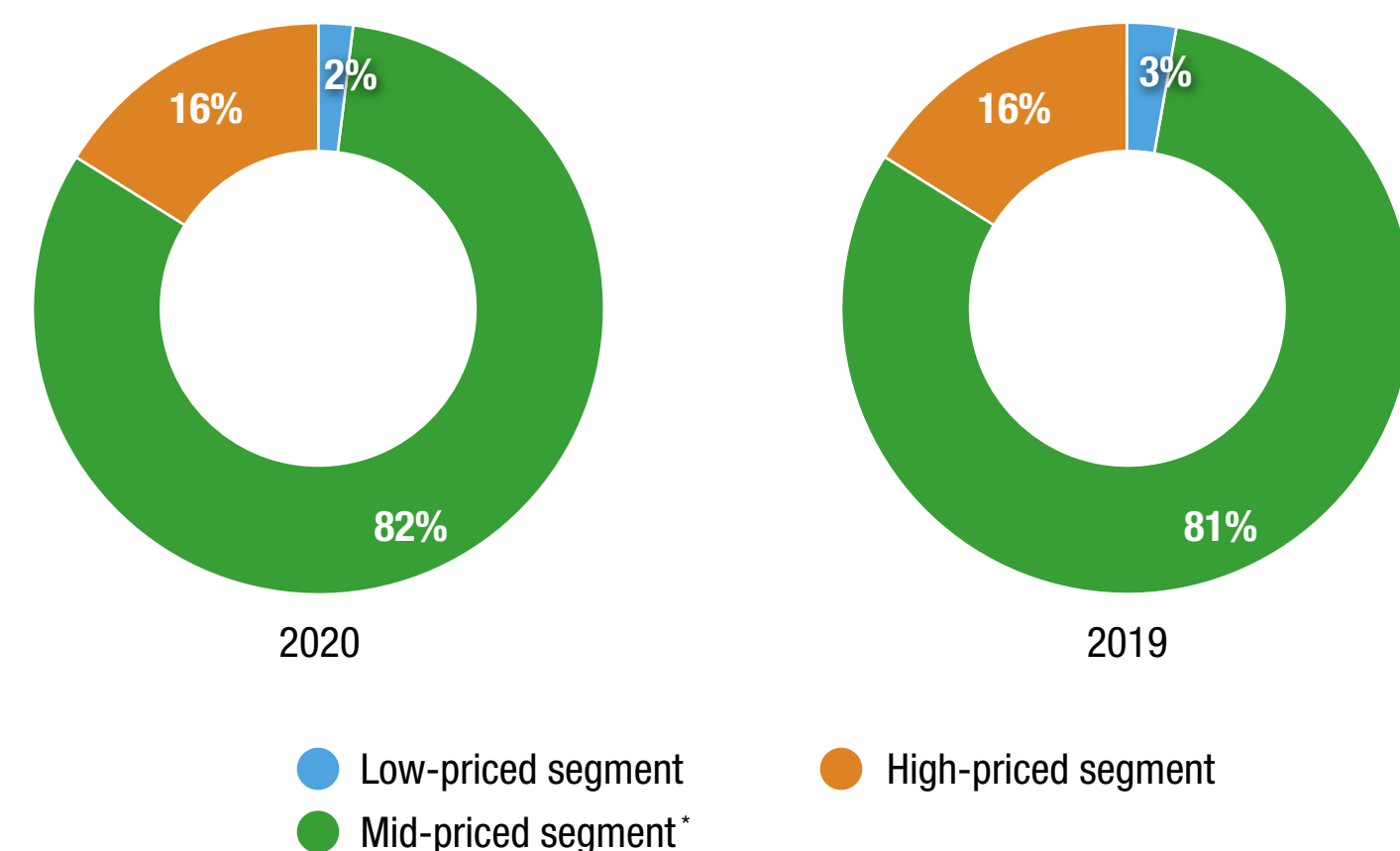
The portfolio is strongly concentrated in the focus areas. Around 70% of the portfolio's allocation is in the four largest cities and their suburbs. Other properties within the Central Circle are situated in regions with attractive prospects, for example Leiden, Breda and Eindhoven.

1) Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 77.



## 10. RESIDENTIAL PORTFOLIO BY PRICE SEGMENT

Composition by rental income

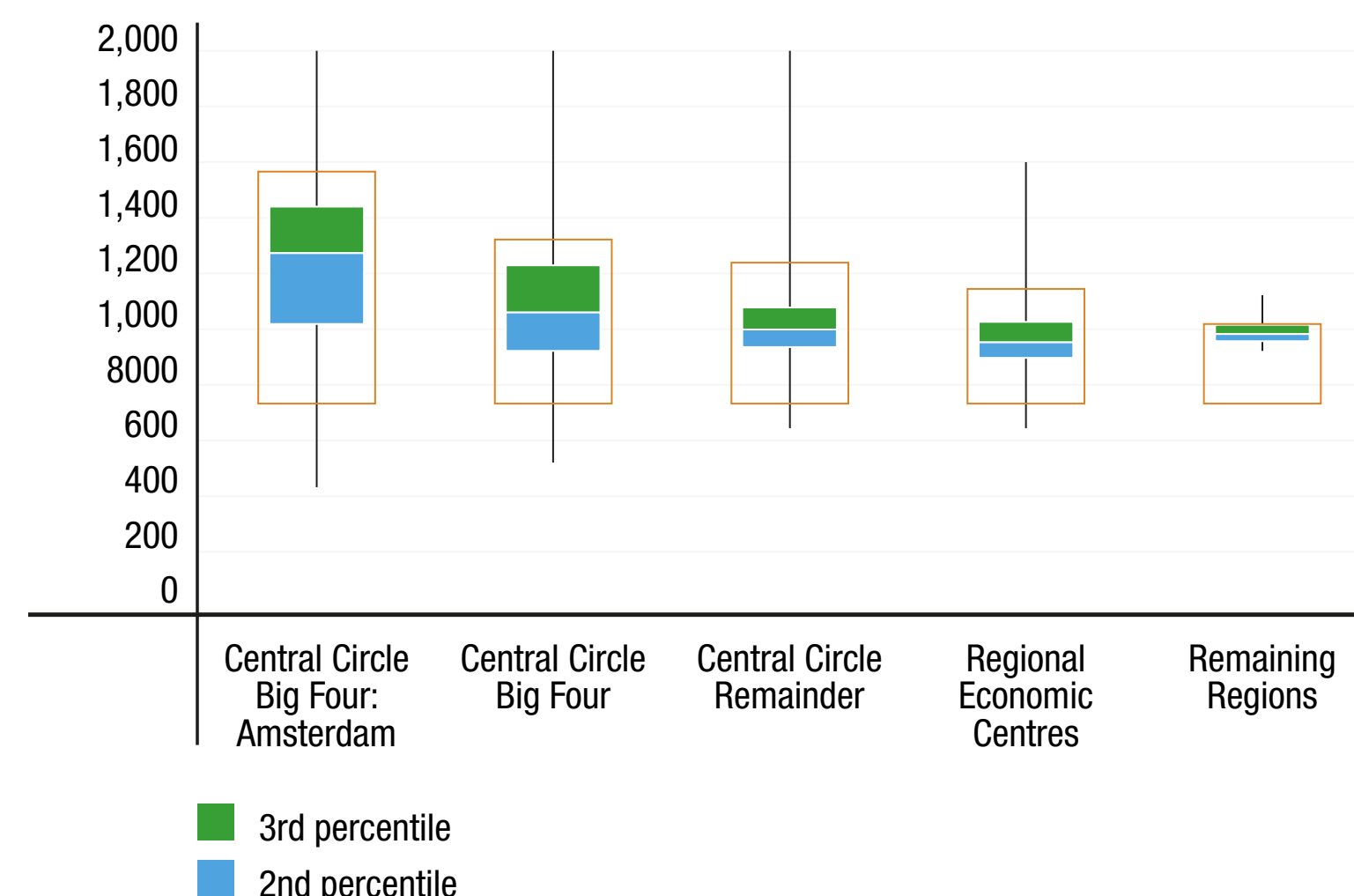


\* Rental price of the segment EUR 752 to EUR 1,345 / EUR 1,550 per home per month depending on specific region

Due to the focus on the mid-priced private rental sector, the ARC Fund's exposure to the social sector is limited mostly to homes with rent levels below EUR 752 due to agreements with municipalities. As these agreements expire over the years to come, the rent can be increased to mid-rental market levels until market rent is achieved.

The ARC Fund actively targets the mid-priced segment by setting a minimum long-term residential portfolio allocation of 75% of the total portfolio rental income to this segment. Currently, 82% <sup>1)</sup> of the ARC Fund's portfolio consist of homes with mid-priced rentals. The mid-priced rental segment limits vary per region. Except for Amsterdam, the

## 11. PRICE SEGMENT BY REGION

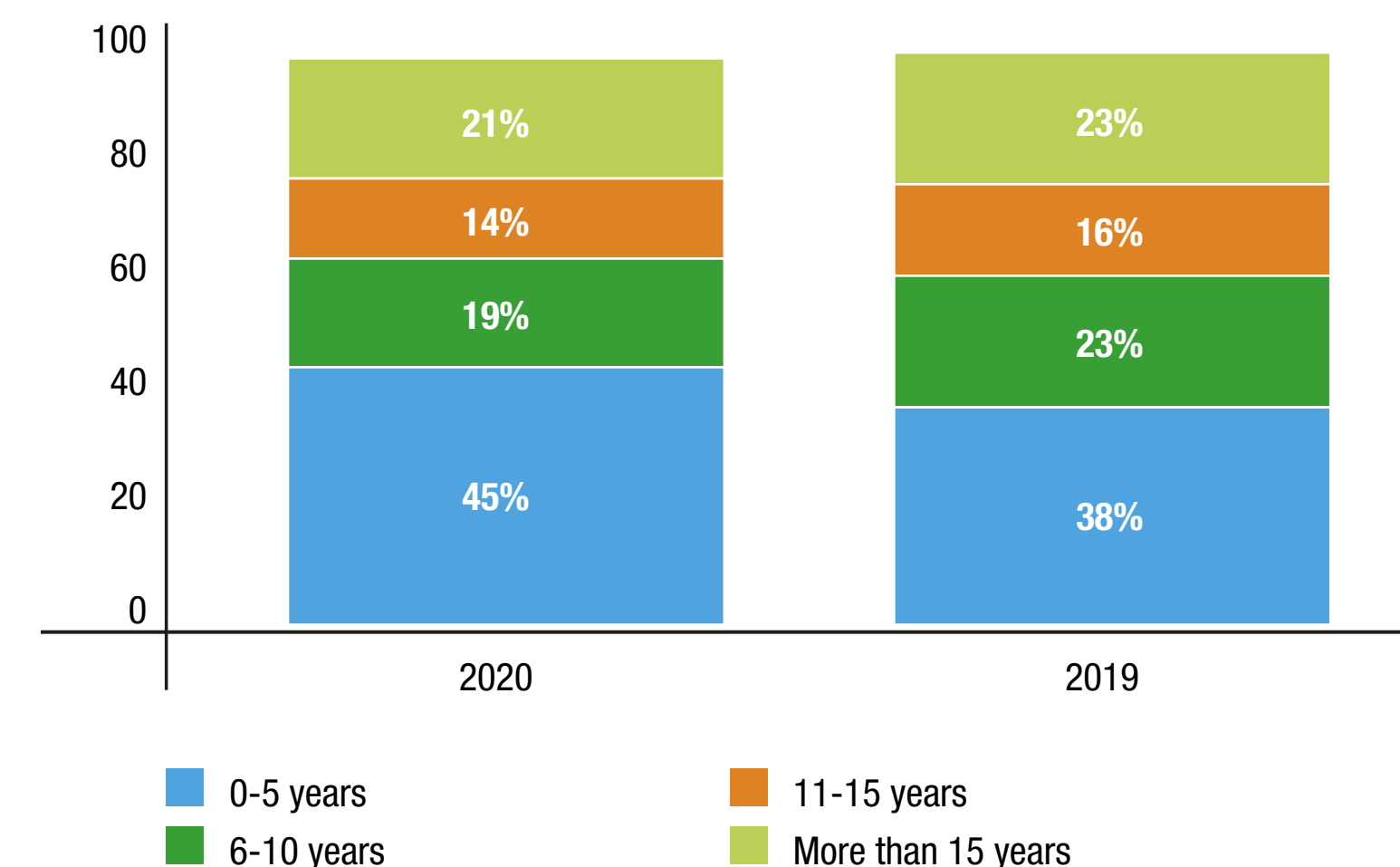


median of the mid-priced segment is around EUR 1,000 per month. In the Central Circle Big Four: Amsterdam region, the median is slightly above EUR 1,200 per month as is shown in figure 11. Exposure to the higher-priced rental segment applies to 16% of the portfolio.

At year-end 2020, the weighted average age of the portfolio was around ten years. Only 21% of the portfolio is older than 15 years. Properties in this category that contribute positively to the total Fund return are kept up-to-date through the renovation of kitchens and sanitary facilities in combination with measures to improve the energy performance and to reduce energy consumption and CO<sub>2</sub> emissions.

## 12. TOTAL PORTFOLIO BY AGE

Composition by book value

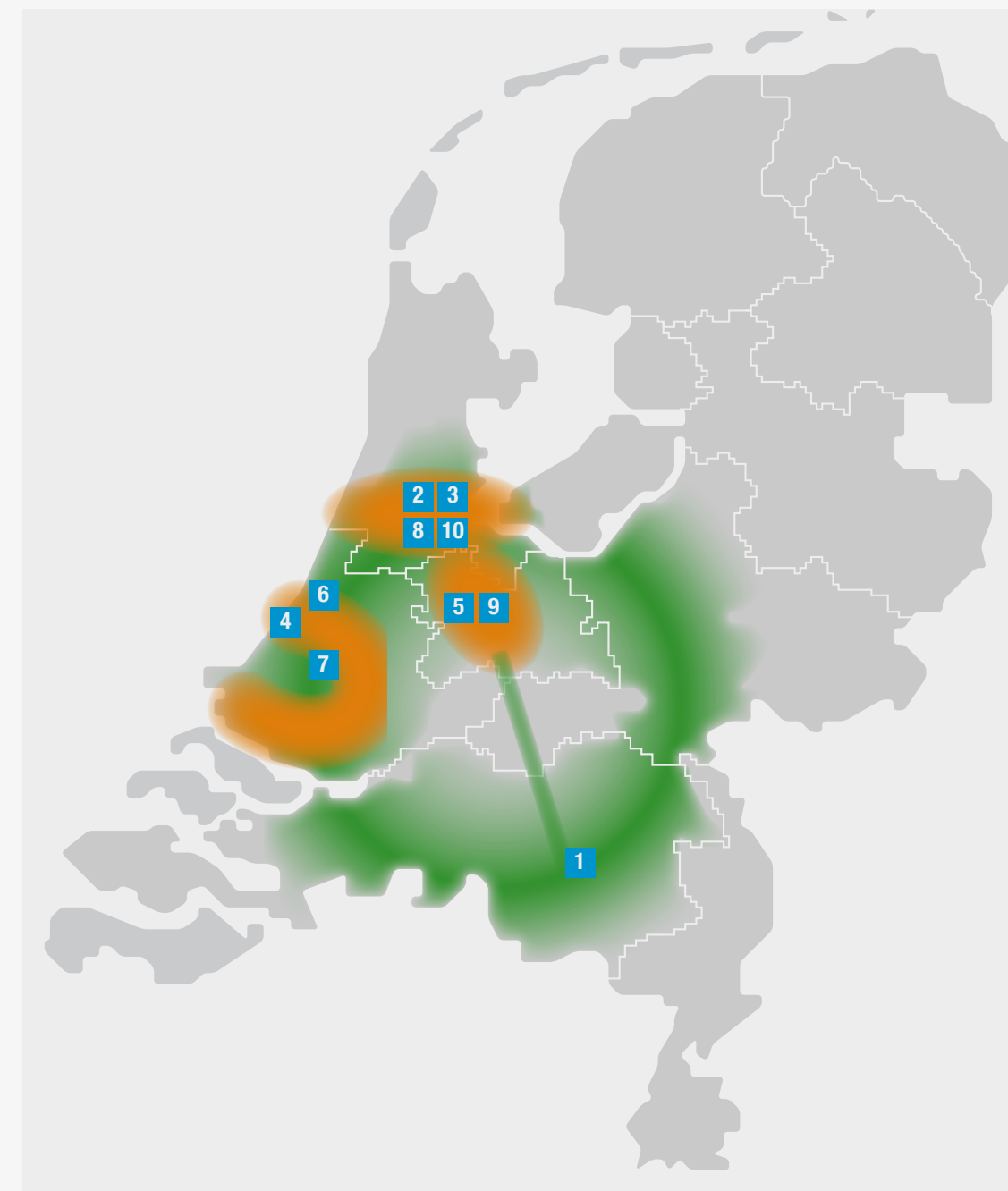
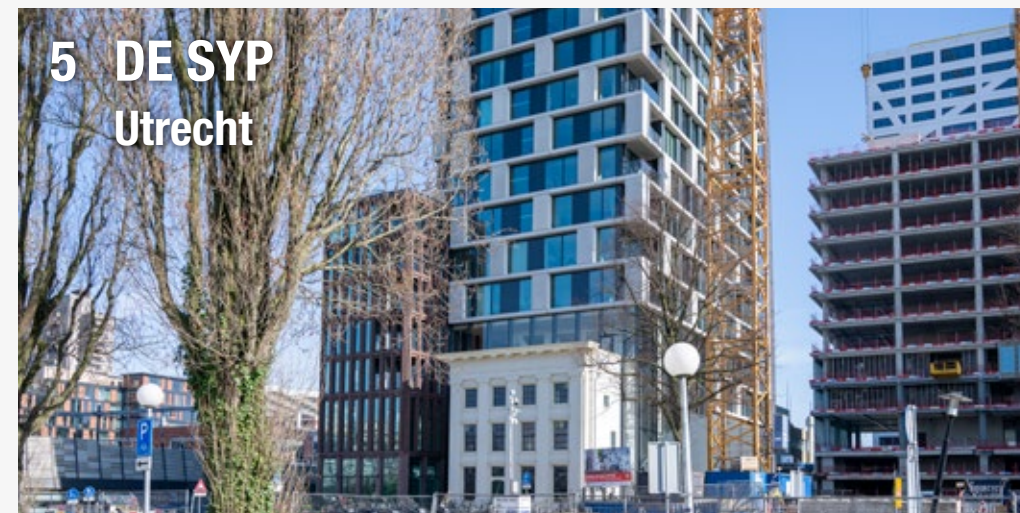


## LARGEST PROPERTIES

The portfolio is well diversified across properties in terms of book value per property. As a result of this diversity, the portfolio's overall performance and risk are only minimally affected by individual properties. Based on book value, the largest concentration of homes (the residential district "Hartje Eindhoven") has a 3.4% share of total portfolio value. The ten largest properties based on book value together represent 21.7% of the total portfolio value.



## LARGEST PROPERTIES/DISTRICTS





## PORTFOLIO - OPERATION

### RENTAL POLICY

Net rental income from the portfolio in 2020 was EUR 103.9 million (2019: EUR 95.1 million). The ARC Fund aims to rent out every new rental contract at the prevailing market rent levels. The growth of rental income is driven by the annual rental increase, rental turnover and portfolio dynamics. The ARC Fund pursues a responsible rent increase policy for its existing tenants. Every year, the rental contracts can be increased by at least the inflation level of the previous year. The ARC Fund limited the annual rent increase for 2020 to a maximum of the inflation rate + 1%, due to the COVID-19 crisis. This resulted in an average annual rental increase of 2.46%<sup>1)</sup>, equivalent to 0.14% below inflation (2019: 2.53%; 0.83% above inflation). In the context of affordability, the ARC Fund will also pursue a moderate rent increase policy for its tenants for 2021. Excluding portfolio dynamics (same-store), the total rental growth of the standing properties was 2.2%.

### OCCUPANCY

Optimising the occupancy rate is one of the main tasks within asset management. This entails a proactive approach in marketing vacant homes and an active approach to the customer and the local rental market. These leasing activities are carried out by both the property managers and the external brokers under the supervision of the Fund Manager. The financial occupancy rate based on the operational and initial vacancy in 2020 averaged 97.4%<sup>1)</sup> (2019: 97.2%). Due to the extra effort of the rental teams and property managers and the quick respond to the modifications required due to COVID-19, the occupancy rate has remained stable, despite the restrictive measures hindering letting processes as a result of COVID-19.

The total vacancy rate in 2020 was provided for at a maximum of 2.5% of the theoretical rental. This includes operational vacancy (existing portfolio) and initial vacancy (newly built properties).

1) Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 77.

### 13. THE TEN PROPERTIES WITH THE HIGHEST VACANCY RATE

TOWN	NAME	NUMBER OF HOMES	OPERATIONAL VACANCY RELATIVE TO TOTAL VACANCY (%)	OPERATIONAL VACANCY RELATIVE TO PROPERTY THEORETICAL INCOME (%)
The Hague	Anna van Buerenplein/Bezuidenhoutseweg (New Babylon City/Park Tower)	156	12.0%	6.5%
Amsterdam	Emmy Andriessestraat/Jan Vrijmanstraat (Terrazze/Mura)	102 *	7.1%	7.6%
The Hague	Koningin Sophiestraat	67	3.9%	7.2%
Haarlem	Bellevuelaan	93	3.7%	3.9%
The Hague	Vroondaal	22 *	3.5%	15.8%
Amsterdam	Krijn Taconiskade (Havenmeester)	117	2.9%	9.6%
Rotterdam	Boezemkade	102 *	2.8%	4.4%
Utrecht	Nijenoord	95	2.6%	2.0%
Diemen	Holland Park	202	2.6%	1.6%
Amsterdam	Bottelarijstraat (Cruquius)	158	2.3%	1.7%

\* sold per December 2020

Due to COVID-19 and the large quantity of newly built homes in 2020, the overall vacancy rate was slightly higher. However, almost all newly built properties were rented out quickly.

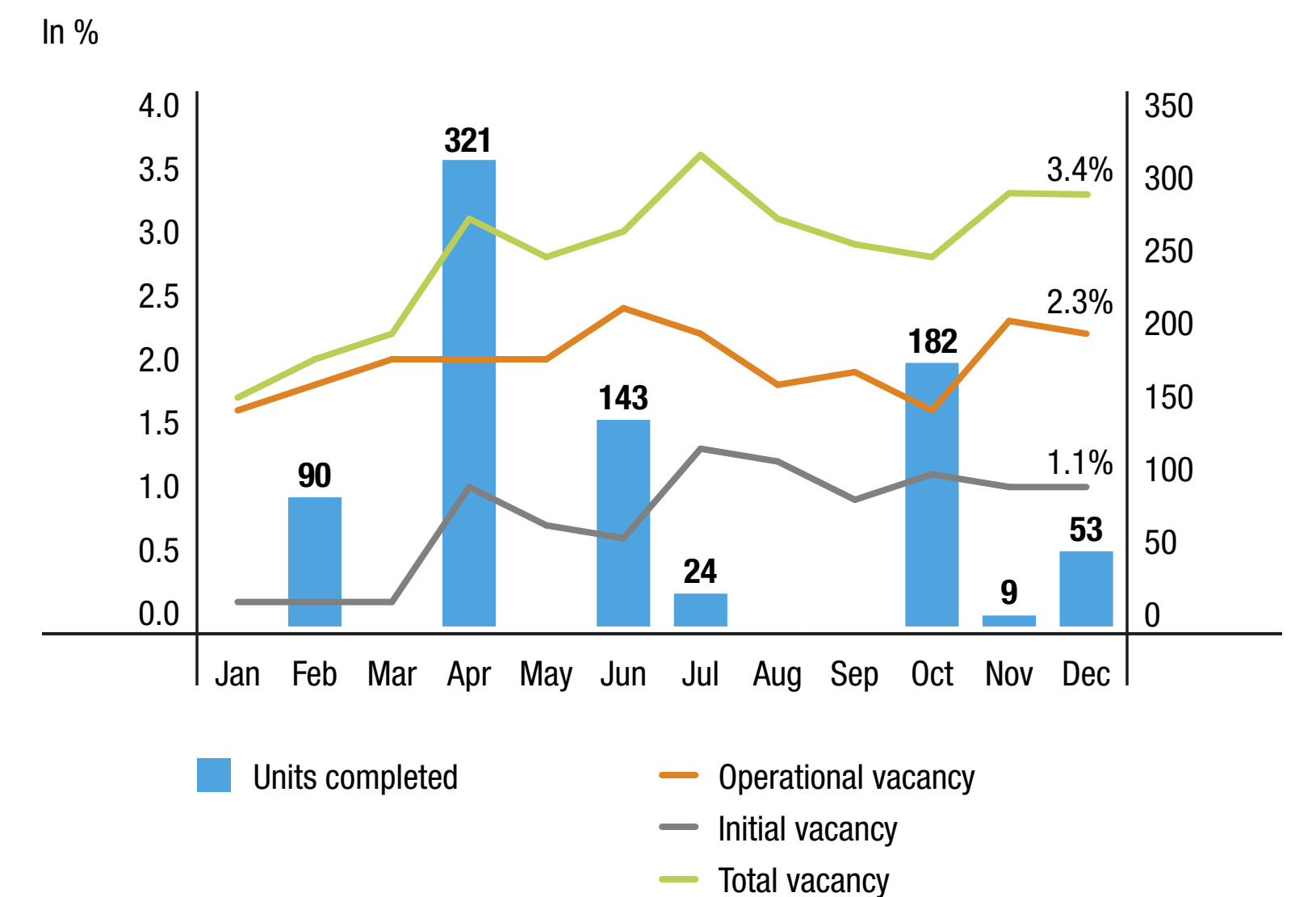
Table 13 shows the ten investment properties with the highest operational vacancy as a percentage of the total portfolio vacancy.

### OPERATING COSTS

Property management has been outsourced to six external property managers with a local footprint. These dedicated property managers are carefully selected by and under direct supervision of the portfolio manager (who is supported by the asset managers and technical managers). Important criteria for the selection procedure of these external property managers include tenant satisfaction scores, local market expertise and ISAE 3402.

Operating costs as a percentage of the theoretical rental income increased in 2020 to 22.6% (2019: 19.5%). This increase is largely related to the COVID-19 pandemic. Maintenance costs were higher largely as a result of the COVID-19 measures. In addition, letting

### 14. VACANCY





expenses were relatively higher in 2020, as the rental process was more complicated and labour-intensive. Finally, as a result of some delay in the delivery of newly built homes, less rent was received in 2020 compared to the budget. For a further breakdown of the operating costs, we refer to note 2 in the financial statements.

## HOME COMFORT

Tenant satisfaction is of great importance to the ARC Fund. The property managers are the first point of contact for the tenants and therefore have a significant impact on the tenants' satisfaction scores. Each year, the ARC Fund sets the challenging target to obtain a grade of 7.5 or higher and outperform our IVBN peers in the Customise benchmark. With a score of 7.2 <sup>1)</sup> in 2020, the ARC Fund did not reach the targeted minimum grade, but remained at the same level as 2019 and performed in line with the overall tenant satisfaction benchmark. The overall score of 7.2 is the average of the three components: quality of home, living environment and property management, as these are the components which directly reflect the Amvest management performance.

Compared to 2019, the tenants are slightly more satisfied about the property management, repair requests and complaints management. However, the complaints management score still is very low. The scores are available for each property manager, which makes it possible to monitor the performance for each manager. Property managers who currently score poorly on tenant satisfaction are under stricter supervision by the Fund Manager and receive a lower fee, since the property management fee is linked to performance on tenant satisfaction.

Another important part of home comfort is safeguarding health and safety for tenants. To ensure a healthy indoor climate, it is important that air treatment and ventilation systems are maintained and cleaned periodically.

1) Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 77.

## 15. TENANT SATISFACTION

Source: Customeyes

	SCORES ARC FUND 2020	SCORES BENCHMARK 2020
Overall score	7.2	7.2
- Quality of home	7.6	7.4
- Living environment	7.5	7.5
- Property Management	6.6	6.6
Repair requests	6.4	6.4
Complaints management	4.6	4.8

Since 2019, the GPR label has been part of the PoR. One of the five GPR themes is Health. A score of 1 to 10 can be achieved for each theme. The ARC Fund requires a minimum GPR score of 8 on this theme for new projects to be acquired.

Finally, fire safety is an important topic for tenants. It is important that all homes are equipped with smoke detectors. These detectors and also dry fire extinguishing pipes in apartment blocks need to be checked and maintained periodically. Property managers also have an SLA target to inform tenants at least once a year about fire safety in and around their home, for example alerting tenants about the escape plans for apartment buildings.

## INVESTING IN A FUTURE-PROOF PORTFOLIO

In order to be future-proof, it is also important to invest in measures that reduce energy consumption and carbon emissions. The investments are in the properties with the best future prospects based on the property analysis or in properties where significant increases can be achieved in expected direct returns.

In 2020, several actions were undertaken to improve the quality of the portfolio. Besides renovation investments, these also included sustainability improvements. Amongst other actions, the installation of solar panels on several properties was continued. This reduces the carbon

emissions of the tenant homes. Solar panels have now been installed on nearly 2,500 single-family homes, which represents 71% of the total single-family homes.

In order to make the common spaces energy neutral, the installation of solar panels on apartment buildings and LED lights in these buildings was also continued.

## ENERGY CONSUMPTION AND GENERATION, CARBON EMISSIONS AND ENERGY SAVING

The energy label and GPR label provide a good indication of energy efficiency. The best indicator is the energy consumption in relation to the size of the building. The goal for 2020 was to improve the coverage rate of all smart and conventional energy meters to improve our insight into the consumption and generation of energy of all properties.<sup>1)</sup> This insight is necessary to devise realistic goals for the portfolio with regard to reducing the CO2 footprint. At this moment, a specialist sustainability consultancy firm has been commissioned to develop a renovation roadmap for all properties in the portfolio of the ARC Fund, which includes sustainability measures for a structural reduction in carbon emissions.

The energy use intensity (EUI) is used as the unit of measurement. The average EUI of the ARC Fund in 2020 was 132 kWh/m<sup>2</sup>/year.<sup>1)</sup> Based on this figure, as well as other data from the portfolio and the portfolio characteristics, it can be determined how far the average EUI of the ARC Fund needs to be reduced in order to meet the Paris Climate targets in 2030. Annual targets can then be set on the basis of this long-term objective.

The use of green energy also contributes to reducing the carbon footprint of the ARC Fund. For the common spaces, the ARC Fund only uses green energy. For the residential units, the ARC Fund is currently examining the possibility of negotiating lower energy prices by bundling energy demand, so that optional green energy contracts can be offered to all tenants on favourable conditions.



## GRESB

The ARC Fund has been participating in the Global Real Estate Sustainability Benchmark (GRESB) since 2013. Participating in the GRESB allows for an objective assessment of the extent to which the ARC Fund portfolio is future-proof.

The ARC Fund's GRESB score of 84<sup>1)</sup> in 2020, combined with an outperformance on most themes, shows a continued high sustainability performance. The ARC Fund maintained the highest five-star rating, indicating that the ARC Fund is amongst the best performers worldwide. Since measuring and understanding the energy performance of assets is considered key to environmental improvements, this is the area the ARC Fund wants to improve over the next few years. The aim of the ARC Fund is to remain among the best-performing residential funds in the field of sustainability and to increase the GRESB score.

## PORTFOLIO - DYNAMICS

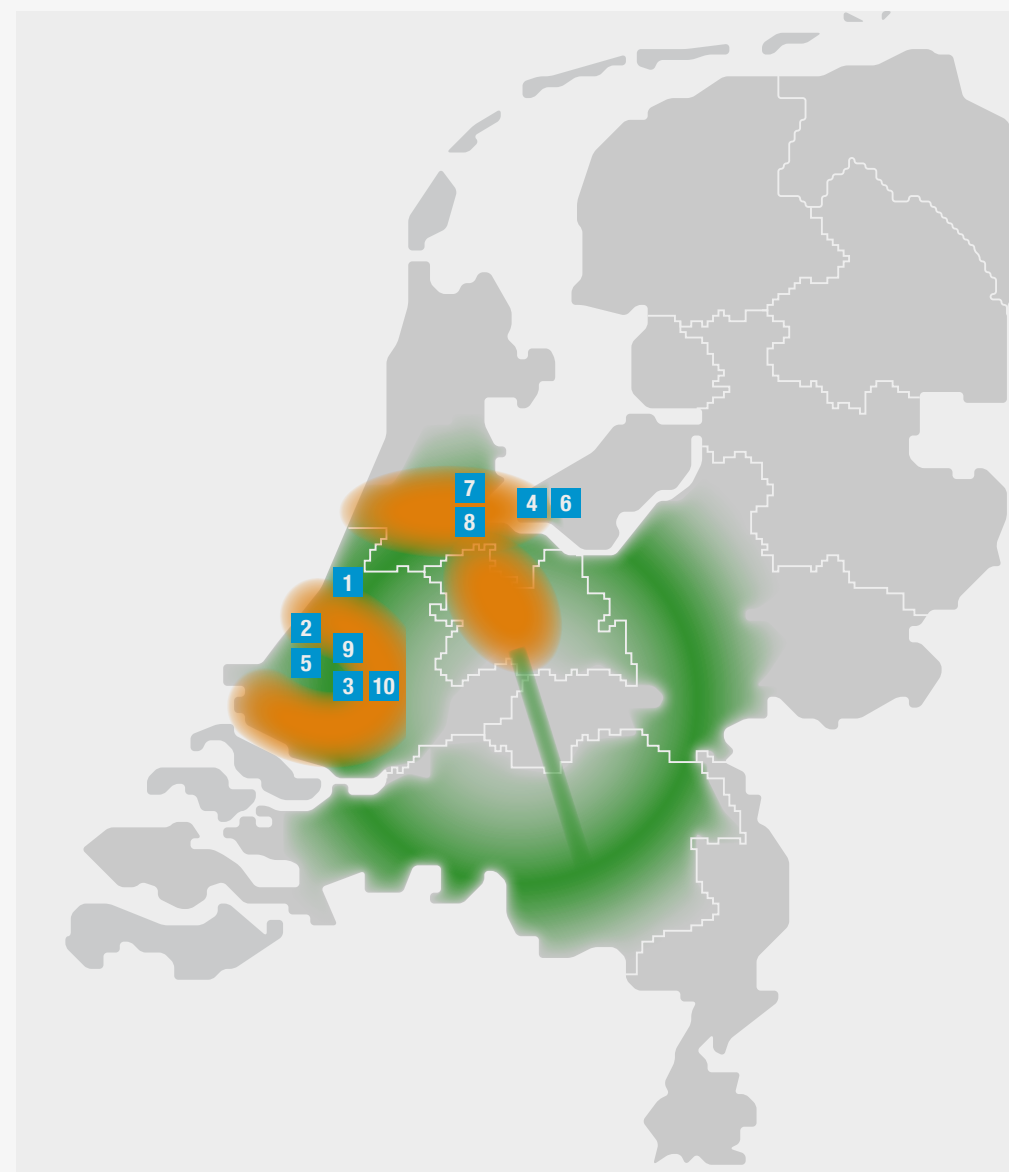
In line with expectations, the ARC Fund has renewed and strengthened its portfolio. During 2020, the ARC Fund invested EUR 231 million in nine new turn-key acquisition projects and added 784 homes to the portfolio. In addition to these new acquisitions from the assets under construction category, the ARC Fund acquired 47 existing homes in Rotterdam.

In 2020, transaction volume (excluding assets under construction) was 15.4% (2019: 38.2%, mainly UFCV portfolio). Compared to the book value as at 1 January 2020, 9.0% of the portfolio value was added to the portfolio and 6.4% of the portfolio value was divested (2019: 34.8% added and 3.4% divested).

The map shows the new properties added (total of 831 homes) to the investment portfolio. The number of homes sold in 2020 amounted to 583, of which 505 were sold through block sales and 78 individual sales.

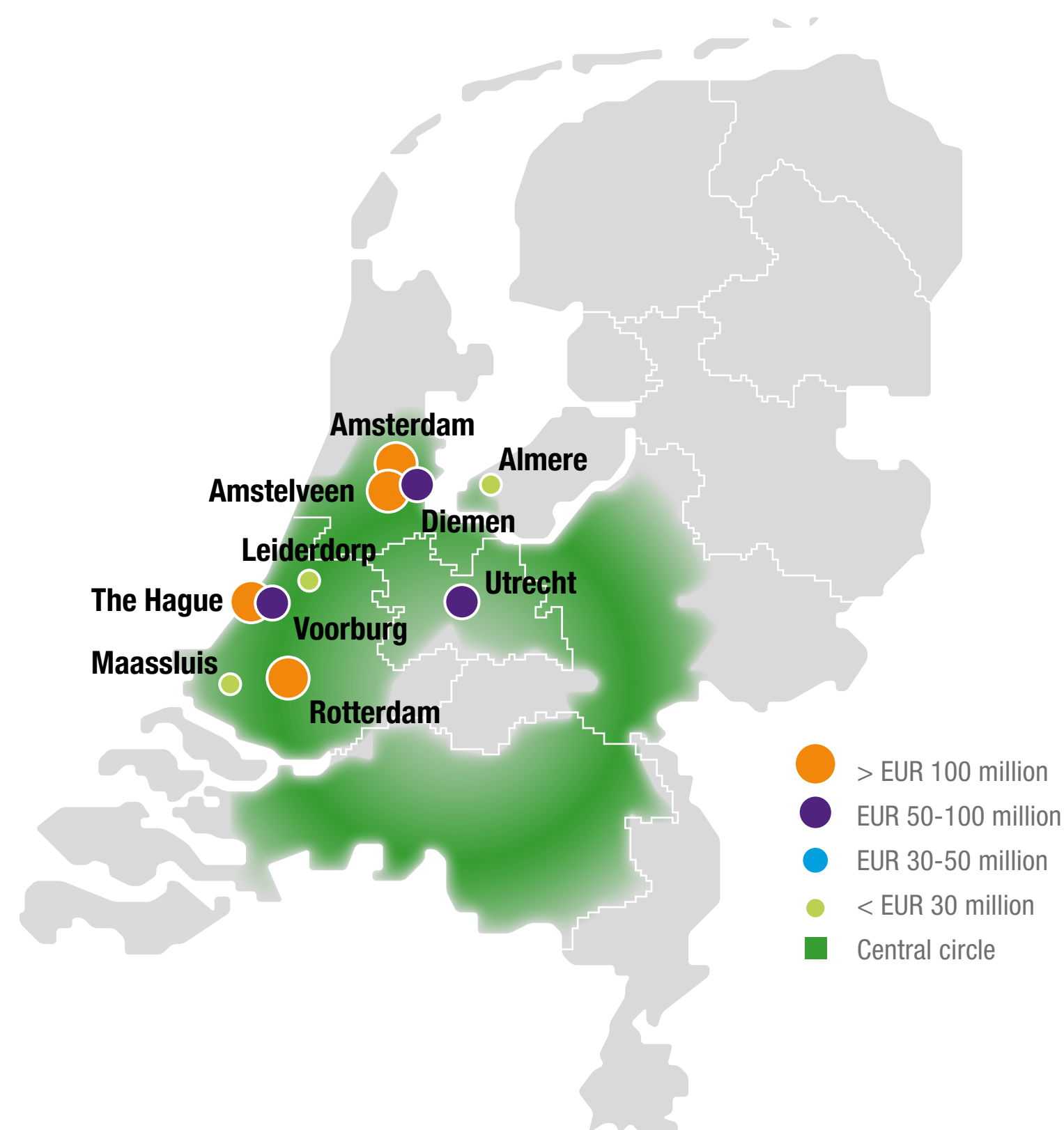
1) Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 77.

## INVESTMENTS





## 16. PIPELINE PROPERTIES



### INVESTMENT PIPELINE

At year-end 2020, the ARC Fund has a total committed pipeline of EUR 1.19 billion (2019: EUR 932 million). On top of these commitments, investment proposals have been approved for the development at Amsterdam Overhoeks Bow & Stack, adding up to a total pipeline of EUR 1.25 billion.

Several turn-key developments in the pipeline are conducted in collaboration with Amvest Development Fund B.V. As at year-end 2020, 13 developments with a combined investment value of over EUR 495 million had been acquired as part of the Right of First Refusal (RoFR) agreement from Amvest Development Fund B.V. (ADF). The ADF partnership provides the ARC Fund with access to a development company, which increases its strength to acquire attractive projects with a strategic fit.

The pipeline properties contribute positively to the portfolio's quality and structure. The portfolio's allocation in the mid-priced rental segment is increasing as the pipeline properties are predominantly positioned in that segment. The portfolio's allocation to the Big Four cities is also increasing, since more than 75% of the pipeline is situated in Amsterdam, Utrecht, The Hague and Rotterdam. In addition, the pipeline investments in attractive cities such as Amstelveen, Voorburg and Almere are contributing to the geographical diversification of the ARC Fund.

As a result of the continuous rejuvenation, the portfolio continues to be high quality, low age and well diversified.

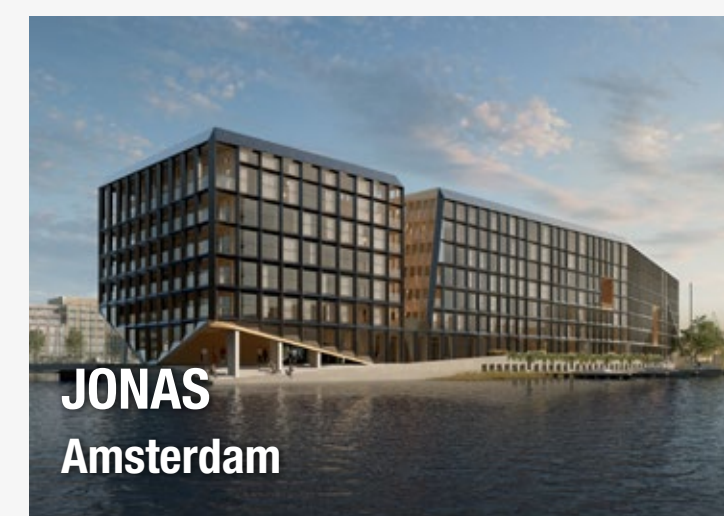
### DIVESTMENTS

The ARC Fund strives to rotate a proportion of the portfolio each year, in order to rejuvenate the portfolio. Properties that may no longer meet the requirements of the investment strategy of the ARC Fund are eligible for sale. Property divestments consist of sales of individual homes to private individuals (individual sales) or the disposition of entire properties to professional investors (block sales).

During 2020, 78 homes from the portfolio were privatised at a net profit of EUR 2.8 million (11.6%) (2019: 113 individual sales at a net profit of EUR 4.7 million (13.1%).

In 2020, a total of 505 homes were sold by block sales. This relatively high number is mainly driven by block sales in December, also covering block sales that were planned for 2021 but which were undertaken in 2020 due to the unfavourable change in transfer tax regime for investors from 1 January 2021. These block sales are in line with the rejuvenation strategy of the ARC Fund.

The total net result on sales is part of the operational result and was distributed to the Investors.





# FINANCIAL PERFORMANCE IN 2020

In 2020, the portfolio value (including assets under construction) rose by EUR 234.8 million (6.4%; 2019: 32.7%). The increase in 2020 was the result of acquisitions and revaluation. The revaluation was driven by increasing price levels due to high demand in both the private housing market and the institutional market, which has led to decreasing yields for residential real estate investments.

In 2020, the gross initial yield of the ARC Fund portfolio fell by 0.2% to 4.1% (compared to 4.3% in 2019). The average vacant possession value per home rose by 9.5% from EUR 328,000 per home in 2019 to EUR 359,034 in 2020. The vacant value ratio (leegwaarderatio) represents the ratio between the investment value of a let property and its vacant possession value. This ratio decreased from 93.5% in 2019 to 90.0% in 2020.

## FUND PERFORMANCE

### RETURN ON INVESTMENT (LEVERAGED)

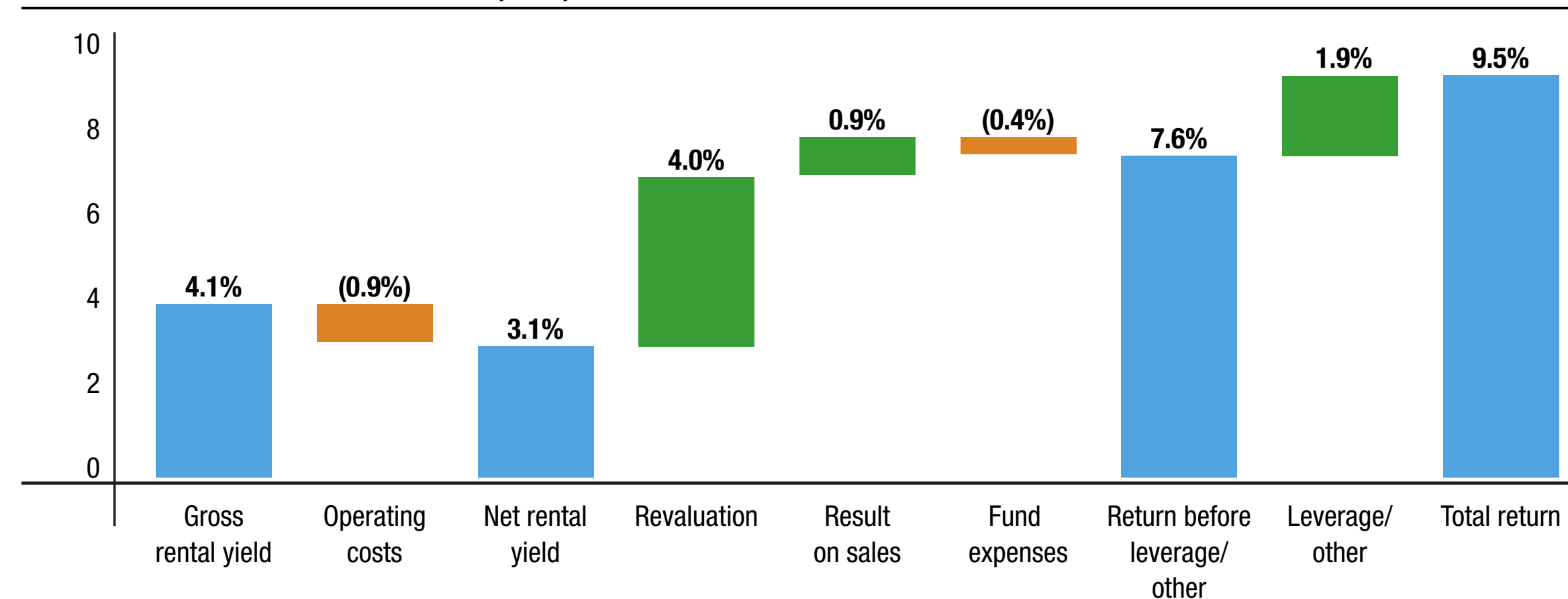
Total fund return for 2020, expressed as a percentage of the NAV based on the INREV Guidelines as at 1 January 2020, was 9.5% (2019: 15.3%). This return comprises an income return of 2.8% and 6.7% from capital gains.

The dividend yield, i.e. the operational result to be distributed as a percentage of the INREV NAV as at 1 January 2020, was 3.8% (2019: 4.0%). The graph on the right shows a summary with a complete breakdown of the total return at a fund level. It starts level. The contribution of every single component is shown.

### RETURN ON OPERATIONAL PROPERTY (UNLEVERED)

The total return on real estate property, expressed as a percentage of the average operational real estate portfolio value, was 8.0% in 2020 (2019: 11.5%). Direct return from leasing activities was 3.1% (2019:

### 17. BREAK DOWN OF TOTAL RETURN (IN %)



3.5%). Indirect return from disposals (realised) was 0.9% (2019: 0.5%) and changes in value (unrealised) was 4.0% (2019: 7.5%).

## LIKE-FOR-LIKE

A performance analysis based on like-for-like (LfL) figures is provided in order to provide a year on year comparison of the performance of the ARC Fund. The LfL figures only take into account the residential properties that were part of the portfolio during the full year (2020), excluding individual homes sold during that period.

### 18. LIKE-FOR-LIKE FIGURES

	2020	2019
Direct return *	3.2%	3.6%
Indirect return *	4.3%	7.8%
<b>Total return</b>	<b>7.6%</b>	<b>11.7%</b>
Vacancy	2.0%	1.8%

\* Direct return, Indirect return and Total return are calculated separately. Due to the calculation method (time weighted) the sum of the Direct return and Indirect return does not always equal the Total return.



As table 18 shows, on a LfL basis (same store), the ARC Fund had a total return of 7.6%. The main element of direct return was the net rental revenue. Yield movements are predominantly the driver for the indirect return.

## MSCI NETHERLANDS RESIDENTIAL ANNUAL PROPERTY INDEX

Based on the MSCI methodology for the all residential index, the ARC Fund's 2020 income return amounted to 3.2% (MSCI: 2.9%). Its capital growth amounted 6.6% (MSCI: 5.3%). This resulted in a total performance of 9.9% (MSCI 8.3%). The ARC Fund also outperformed the MSCI all residential benchmark in the longer term (3, 5 and 10 years).

Due to higher rental receivables and lower operating costs, the ARC Fund's income return is structurally outperforming the benchmark. The strong focus on high-quality mid-priced rental properties resulted in a strong increase in value last year. The completion of new properties in Utrecht and other large cities, as well as the strategic disposal of several properties, led to a strong capital growth over 2020. With a substantial pipeline, the portfolio of the ARC Fund retains its strong potential into 2021 and beyond.

A complete breakdown of the MSCI benchmark for 2020 and the last 3 and 5 years is provided in the Annexes.



Xavier, Amsterdam



# STRUCTURE AND GOVERNANCE

## STRUCTURE

Amvest Residential Core Fund is structured as a (semi) open fiscally transparent fund for joint account (FGR) with a broad institutional investor base. As such, the economic title to the fund assets is held by the investors pro rata to their investment. Amvest REIM B.V. is the Fund Manager and Amvest RCF Custodian B.V. is the custodian. The ARC Fund's legal structure can be found in the Annexes.

## TERM, INVESTORS, UNITS

Initial closing of the ARC Fund took place on 17 January 2012 with a 10-year term. Subsequently, the term of the Fund was extended to 17 January 2026.

After closing, the ARC Fund was opened to new investors, alongside Cornerstone Investors AEGON and PfZW. The Cornerstone Investors express their long-term commitment by retaining a minimal stake of at least EUR 200 million.

As at 31 December 2020, the ARC Fund has twenty-four Investors and EUR 150 million of undrawn equity commitments. During 2020, 1,629 new units were issued amounting to EUR 59 million.

## PARTNERSHIP WITH AMVEST DEVELOPMENT FUND B.V.

Amvest Development Fund B.V. (ADF) is one of the leading property developers in the Dutch residential market.

The ARC Fund has a Right of First Refusal (RoFR) agreement in place with ADF. This means that ADF has the obligation to offer all residential rental homes developed by ADF to the ARC Fund, granting the ARC Fund the right to acquire these residential rental homes, that are aligned with the ARC Fund investment strategy, on arm's length conditions.

ADF has extensive experience with integrated area development and complex co-development projects. Its expertise and links with long-term investment funds like the ARC Fund make ADF an attractive development partner for municipalities and public-private partnerships.

## FUND MANAGEMENT AND GOVERNANCE

The authorities and responsibilities of the ARC Fund are set out in the ARC Fund's fund documents: the Private Placement Memorandum 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 and divestment volume and required returns for new investments and annual budgets.

The Fund's 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 risk management of the ARC Fund.

For decisions as set out in the Terms and Conditions (such as the Portfolio Plan and larger acquisitions and sales), the Fund Manager will seek advice or approval from the Investment Committee, which consists of three independent members with expertise in development, investment management and the Dutch residential market. The Investment Committee and the Fund Manager held seven formal meetings in 2020.

The Advisory Board also plays a key role. Its duties include the monitoring of the handling of conflicts of interest, approving the Portfolio Plan, approving changes of the risk management policies and appointing the members of the Investment Committee. The Advisory Board held eight formal meetings in 2020.

In addition to the regular meetings, several conference call meetings were held with both the Investment Committee and the Advisory Board. These include several meetings that were scheduled to discuss the potential impact of COVID-19 on the Fund's performance and outlook.

Investors' Meetings were held twice in 2020, there was one extra informal meeting regarding the impact of COVID-19.



# RISK MANAGEMENT

## RISK & COMPLIANCE OFFICER

In 2018 Mr. Maarten van der Lienden was appointed as corporate Risk & Compliance Officer (RCO) of Amvest. The RCO position is organised as an independent (2nd line) position which is remunerated independently of the performance of the ARC Fund. The RCO can escalate to the Advisory Board if deemed necessary.

The RCO coordinates, facilitates, reviews and advises on risk management procedures in close consultation with the Director Finance and Risk. The policies and procedures are designed to safeguard that the Fund Manager adequately manages, controls and reports on risks.

## CORPORATE RISK STRATEGY AMVEST

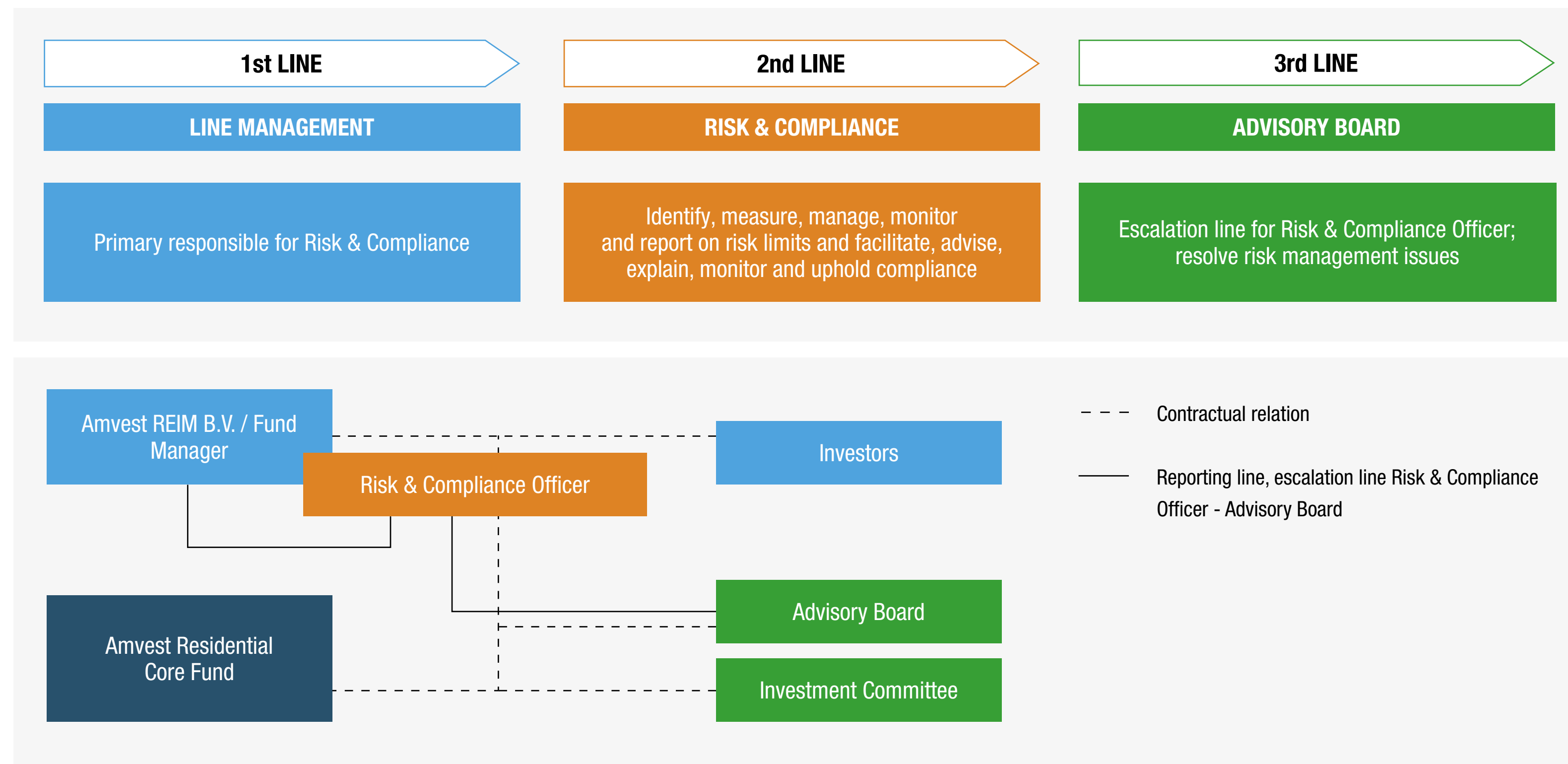
Risk management is fully integrated into Amvest's processes. Amvest's strategy focuses on two key activities:

- Dutch residential area and property development activities in economically attractive 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.

As part of this strategy, the 'Conflict of interest risk' is one of the risks that needs to be mitigated. In part, this risk is mitigated by the structure and governance of the ARC Fund and the oversight role from the auditor, the depositary and the AFM.

## 19. THREE LINES OF DEFENCE ARC FUND



## THREE LINES OF DEFENCE

The functional and hierarchical separation of the risk management function from financial and portfolio management safeguards against conflicts of interest and forms the basis of a solid risk management system.

Amvest group is committed to a dedicated culture of risk management in combination with using a 'three lines of defence model':

- The first line of defence: line management (financial and portfolio management).

- The second line of defence: risk management (RCO; independent of line management).
- The third line of defence: Advisory Board operating in its capacity as an escalation line for the Risk & Compliance Officer. The Advisory Board acts independently of line and risk management and is not part of the Amvest organisation.

The three lines of defence model within the Amvest organisation is visualised in graph 19.



## 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. An ISAE 3402 Type II framework is in place which supports a consistent, high-quality level of services by the Fund Services Provider to the Fund Manager.

Relevant 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 as part of these processes are defined. These controls are assessed periodically. An external auditor is appointed to provide assurance on the ISAE 3402 Type II report.

The ISAE process and control framework are evaluated on an annual basis.

Fund Management undertakes a review in close consultation with the fund team, the RCO, the Fund Services Provider and the external auditor of the ARC Fund.

For 2020 (1 January 2020 - 30 November 2020) an unqualified ISAE 3402 type II report was issued by the external auditor.

## RISK MANAGEMENT FRAMEWORK

The Fund Manager uses a Risk Management Framework to appropriately identify, measure, manage, monitor and report on risks and sets the risk indicators, risk limits and risk appetite for the defined risks.

The risk management performance of the ARC Fund is assessed on a quarterly basis (and is event-driven more often if appropriate). Assessment findings are reported in the quarterly Investor report (or separate risk management reports if appropriate) by way of a Risk Management Dashboard.

The Director Finance and Risk (in close consultation with the RCO) is responsible for (quarterly) reporting to all relevant stakeholders.

### IDENTIFIED RISKS OF THE ARC FUND

1. **Sales / rental risk:** the risk that a home or a property cannot be sold / rented out within the envisaged period at the targeted sales / rental price.
2. **Operational risk:** the risk that daily management (commercial, technical, administrative) is not performed in accordance with Fund documents, Service Level Agreements (SLA), management contracts and budgets. The risk arising from inadequate or failed operational processes and / or systems.
3. **Matching risk:** the risk that there is a mismatch between available liquidity and new investment opportunities.
4. **Financing risk:** the risk that the ARC Fund is unable to (re-) finance its portfolio on the desired conditions (flexibility, pricing, term, collateral).
5. **Portfolio risk:** the risk that the portfolio policy and operational results are not in line with the Portfolio Plan.
6. **Counterparty risk:** the risk that a counterparty fails to fulfil contractual or other agreed obligations. The main counterparties for the ARC Fund are Investors, banks, developers, appraisers, property managers, tenants, and buyers.

7. **Conflict of interest risk:** the risk that the ARC Fund or ARC Fund structure (in the perception of Investors) is inadequately equipped (governance, checks and balances) to operate in the event of a conflict of interest, and / or the risk that a conflict of interest arises as a result of inadequate governance, checks and balances.
8. **Liquidity risk:** the risk that liquidity shortages occur due to lack of coordination (by timing and amount) of cash inflows and outflows in managing the ARC Fund.
9. **Performance risk:** the risk that the targeted return of the ARC Fund is not achieved.
10. **Valuation risk:** the risk that the value of the real estate portfolio in the financial reports of the ARC Fund does not represent the fair value and / or is not in line with the IFRS accounting principles.
11. **Strategic risk:** the risk that developments outside of the ARC Fund, including economic, political, and demographic developments and disasters force changes in the strategic objectives of the ARC Fund and adjustments in the target portfolio

1) Due to the size of the Amvest organisation, Amvest has no internal audit function.



## EVALUATION 2020

In 2020, the risk indicators and risk limits set by the Fund Manager for the defined risk categories were closely monitored.

As a result of the COVID-19 outbreak and its possible negative impact on the ARC Fund's business and strategy execution, more frequent (event-driven) risk reviews and scenario analyses were undertaken.

The majority of financial and operational risks increased at the start of the pandemic and gradually declined during the remainder of the year as the effects of the pandemic on the ARC Fund's performance were limited or actively mitigated. Consequently, none of the risk limits set by the Fund Manager for the defined risk categories were exceeded.

In line with previous years, (local) political legislation designed to interfere in the residential investment market is still perceived as an elevated risk, which could impact ARC Fund's overall strategic risk.

In 2020, the ARC Fund's pipeline remained relatively shielded from new regulations as acquisition agreements were made either prior to any new legislation (municipal level) or the ARC Fund was able to source new projects selectively with limited impact of new regulations on the investment rationale.

Compared to 2019, the counterparty risk as well as performance risk remain at slightly elevated levels, mainly as a result of the more uncertain economic outlook as well as upward pressure on operational costs as a result of the pandemic.

For the identified risks relating to mismatching and potential conflicts (including liquidity risk, valuation risk, conflict of interest risk), there were no significant changes.

For liquidity, various scenarios on liquidity covering the expected realisation time of the acquisition pipeline and going beyond 2022 (the 2020 Portfolio Plan horizon), were calculated and monitored.

Uncalled commitments, the availability of undrawn debt, the cash position as well as proceeds of planned sales of properties ensure that no liquidity constraints occurred or are expected.

## UPDATED RISK MANAGEMENT FRAMEWORK

The ARC Fund's Risk Management Framework is a dynamic framework. The Fund Manager assesses, monitors, and reviews the risk management function, policy, framework and its risk appetite, indicators and limits on an annual basis and reports on these matters to the Advisory Board and Investors of the ARC Fund. If necessary, the Fund Manager adjusts previously described risk categories in close consultation with the RCO and its stakeholders.

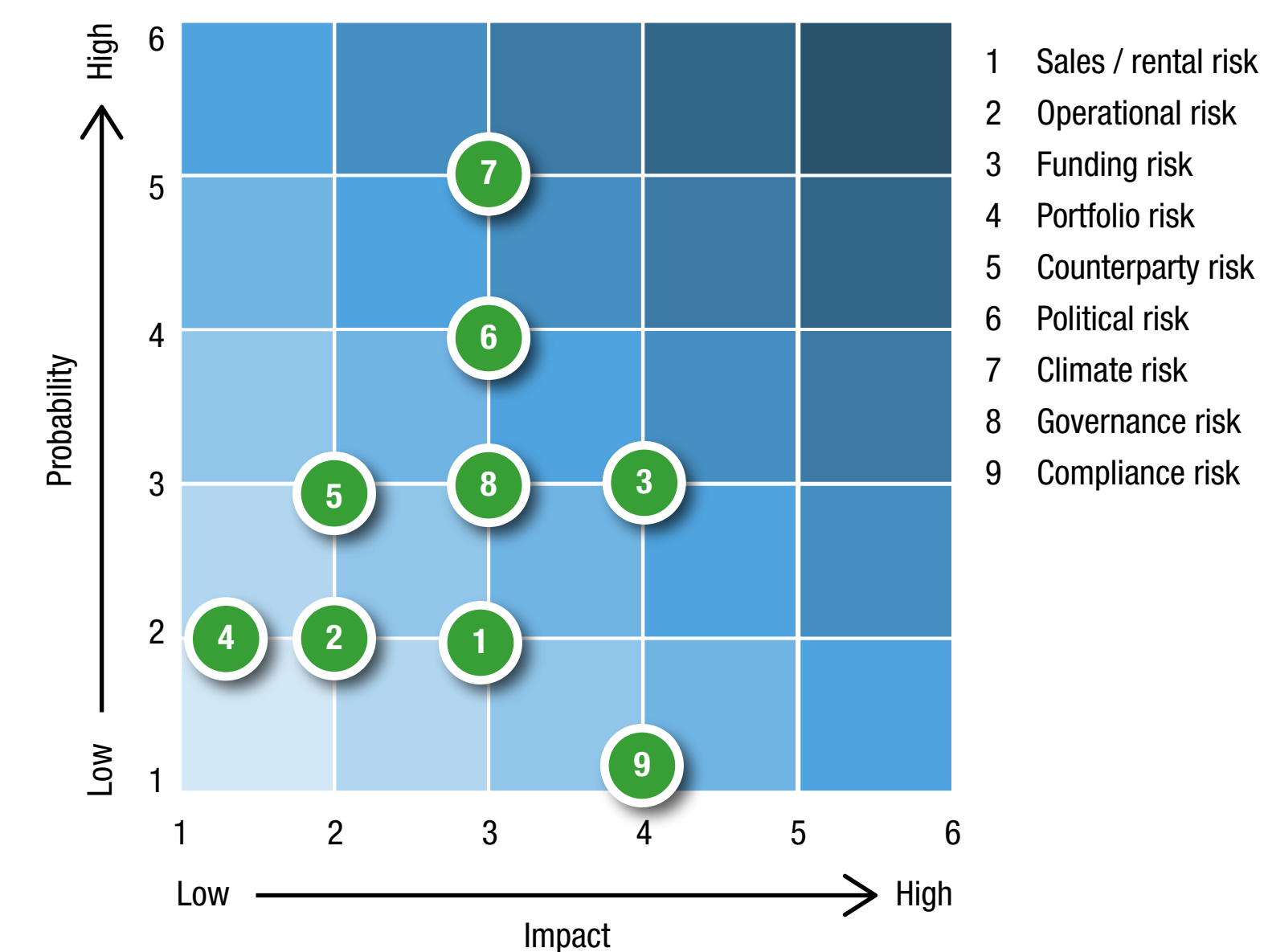
An evaluation and assessment of the existing Risk Management Framework of the ARC Fund was undertaken in the second half of 2020. In cooperation with an external risk consultancy firm, risk categories, underlying risks, risk indicators, risk limits and the internal reporting process were reassessed. The update of identified risks and clustering in risk categories is reflected in an impact/probability map.

In the fourth quarter of 2020, the Fund Manager presented the updated Risk Management Framework for evaluation to the Advisory Board.

## Impact/probability 'heat map'

The graph below plots the adjusted risk categories on an impact/probability axis.

### 20. PLOTTED RISKS, (IMPACT/PROBABILITY)





## UPDATED RISK CATEGORIES OF THE ARC FUND 2021

The risk categories that will be used to assess risks as of 2021:

1. **Sales / rental risk:** the risk that a home or a property cannot be sold / rented out within the envisaged period at the targeted sales / rental price.
2. **Operational risk:** the risk following from inadequate or failed operational processes and/or systems.
3. **Funding Risk:** the risk that funding shortages occur and a mismatch with its commitments arises since the ARC Fund is:
  - unable to timely fund its commitments with new or existing equity and/or debt commitments at the desired conditions and/or from divestment proceeds;
  - in breach of its contractual obligations for its debt funding, which results in defaults and mandatory repayments; or
  - incurs short-term liquidity shortages due to the insufficient coordination (by timing and amount) of cash inflows and outflows.
4. **Portfolio risk:** the risk that the portfolio policy and operational results are not in line with the Portfolio Plan and as a result targeted returns are not achieved.
5. **Counterparty risk:** the risk that a counterparty fails to fulfil contractual or other agreed obligations. The main counterparties for the ARC Fund are Investors, banks, developers, appraisers, property managers, tenants, and buyers.
6. **Political risk:** the risk that policy changes and regulations by (local) authorities or governmental bodies affect the strategic objectives and business of the ARC Fund.
7. **Climate risk:** the risk that the ARC Fund is not adequately adapting to constraints resulting from climate change and/or fails to adequately report on its actions to address climate change.
8. **Governance risk:** the risk that a conflict of interest is not adequately addressed by means of governance as well as checks and balances and/or the risk that the ARC Fund is inadequately equipped to operate in the event of a conflict of interest.
9. **Compliance risk:** the risk that the ARC Fund and its operation are in breach of legislation and regulations, one result of which would be to endanger the Fund's AIF status.

## 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 forecasts all real estate and fund-related cash flows. In addition, the Fund Manager employs several 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 test results.

As at 31 December 2020, the balance of cash and cash equivalents, receivables and payables amounts to EUR 7.4 million (positive). In addition, EUR 350 million of the revolving credit loan facility is fully available within three working days.

Apart from this, the ARC Fund has undrawn capital commitments from Investors amounting to EUR 150 million and no redemption requests pending.

In conclusion, there is no direct need for additional external funding in the short term. However, due to the size of the pipeline and investment opportunities, liquidity needs beyond 2021 are also being closely monitored.



# COMPLIANCE

## COMPLIANCE PROGRAM

The corporate Compliance Program forms the structured basis for all relevant compliance related themes. This program consists of a Compliance Charter, an annual Compliance Plan and a Compliance Manual with all policies and procedures.

The Compliance Program provides insight into the activities that Amvest carries out to comply with legislation and regulations and has an informative function for everyone involved. This includes not only employees, but also shareholders, investors, regulators, auditors, and other stakeholders.

The RCO, as the internal supervisor of compliance with compliance regulations, is responsible for the execution of the Compliance Program.

## INTEGRITY, CUSTOMER DUE DILIGENCE

Integrity and customer due diligence are key elements of Amvest's Compliance Program. In 2020, the Customer Due Diligence Policy and Anti Money Laundering Policy was updated following the relevant adjustments in the Anti-Money Laundering and Counter-Terrorist Financing Act (Wwft).

Amvest maintains an internal complaints procedure as well as a confidant and an incident reporting system that is reviewed by the external auditor.

Integrity is a recurring agenda item at the Management Board and Supervisory Board meetings of Amvest.

At the ARC Fund level, the RCO regularly attends the management team meetings with a minimum of one meeting per quarter.

The Fund Manager maintains a transaction register which is compliant with both the IVBN and NEPROM guidelines. The register is used to document the ARC 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.

## CODE OF CONDUCT

In 2020, as in previous years, all employees of Amvest were asked to sign the internal Amvest Code of Conduct. The Code of Conduct forms an inseparable part of the employment contract. An annual recurring moment creates integrity awareness and gives the opportunity to adjust the code when necessary.

The Code of Conduct is available on the Amvest website. Active compliance with the Code of Conduct is required by all Amvest employees and the Management Board.

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

In 2020, there were no noteworthy incidents in relation to 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.

## 'WWFT/SW'

In 2020, as in 2019, the identified staff of the ARC Fund and all other employees involved with transactions, Investors and other relevant business relations attended the annual training sessions on the provisions of the Anti-Money Laundering and Counter-Terrorist Financing Act ('Wwft')) and the Dutch Sanctions Act ('Sw'). It's important for client-related employees to be aware of related risks and the latest adjustments.

## AIFMD AND DEPOSITARY

The ARC 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 ARC Fund, the Fund Manager also manages the licensed De Utrechtse Fondsen Vastgoed C.V. and the Amvest Living & Care Fund.

The Fund Manager has appointed Intertrust Depositary Services B.V. to act as depositary for the ARC Fund and has entered into a depositary services agreement with the depositary for the benefit of the ARC 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.



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

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

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

The Fund Manager selected the first option when setting up the ARC Fund. The amount of the additional 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 ARC Fund:  $(3,910 + 0 -/- 28) / 3,185 = 1.22$  (2019: 1.23).

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

Leverage - commitment ARC Fund:  $3,910 / 3,185 = 1.23$  (2019: 1.24).

## DUTCH LAW

The AIFMD requires investment funds to prepare an annual 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 ARC Fund complies with these requirements. Requirements that are not applicable due to the nature and structure of the ARC 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.

## 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 (last significant revision in 2014 with subsequent updates of modules). The ARC Fund follows 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 ARC Fund is fully compliant with the INREV Guidelines and undertaken by external appraisers.

## SUSTAINABLE FINANCE DISCLOSURE REGULATION

The European Union has set in motion a legislative program regarding environmental, social and governance (ESG) for the financial services industry. Part of this package is the Sustainable Finance Disclosure Regulation (or "SFDR"). The SFDR consists of two levels. The first level concerns high level disclosures on sustainability and has come into effect as of 10 March 2021. The second level concerns regulatory technical standards ("RTS") which underpin the SFDR and demand more detail in disclosure. As it stands, the RTS will come into effect per January 2022.

One of the consequences of the SFDR coming into effect is that Amvest REIM B.V., as fund manager of alternative investment funds is required to disclose sustainability information to its (potential) investors and funds under its management should be classified ('grey'/'light green'/'dark green'). Although the RTS are still lacking clarity, based on our current knowledge, ARC Fund has been classified as a 'light green' (article 8) fund. An article 8 fund promotes environmental or social characteristics and incorporates ESG themes in its strategy, acquisition and investment decision process and operations. This classification affects pre-contractual disclosure, website disclosure and periodic reports. The Level 1 disclosures have timely been processed. For more details we refer to the website of Amvest.



# PORTFOLIO FUNDING

## LEVERAGE

As a result of ongoing positive revaluations of the ARC Fund's portfolio during 2020 in combination with portfolio sales proceeds that were used to temporarily repay debt, the leverage level decreased to 16.1% as at 31 December 2020. Fund Management will continue to actively manage the leverage towards the target LTV ratio of 25%.

The existing debt funding position provides adequate funding flexibility while interest rate risk is kept at very low levels. Interest costs are at low levels while financial covenants are comfortably met.

### EUR 850 MILLION LOAN FACILITY

The existing loan facility of the ARC Fund comprises EUR 500 million of term loans with a bullet repayment profile as well as a EUR 350 million revolving credit facility. The facilities are provided by a banking consortium of four banks, consisting of ABN AMRO Bank N.V. acting as Facility Agent, Deutsche Hypotheken Bank AG acting as Valuation and Security Agent, ING-DiBa AG and ING Bank N.V.

As at 31 December 2020, an amount of EUR 500 million in term loans had been drawn, with EUR 350 million of the committed revolving credit facility remaining undrawn and available on demand. As at year end, the loan facility had a weighted average maturity of ca. 4.1 years.

### EUR 125 MILLION TERM LOAN FACILITY

On 30 November 2020, the ARC Fund obtained a new EUR 125 million term loan facility with a bullet repayment profile and 5 year term. The facility is provided by a banking consortium of two banks, consisting of Coöperatieve Rabobank U.A. acting as Facility and Security Agent and ING Bank N.V. The term loan was fully drawn in 2020. As at year end, the loan facility had a weighted average maturity of ca. 4.9 years.

### FINANCIAL COVENANTS

The terms of both loan facilities comprise financial covenants, including a maximum loan to value of 40% and a minimum interest coverage ratio of 2.5 times. During 2020, the ARC Fund was performing well within the financial covenants of the loan facility.

### SECURITY

As a borrower, the ARC Fund grants security to its lenders. As at 31 December 2020, EUR 2.2 billion of the investment portfolio was encumbered with security rights in the form of mortgages. The security pool was well within the agreed limits of the agreed loan to mortgage value of a maximum of 50%.

### INTEREST RATE RISK

The ARC Fund's policy is to limit interest rate risk exposure at reasonable costs, keeping the interest rate level low and at the same time retaining flexibility for future investments and divestments.

As at 31 December 2020, EUR 575 million of term loans had a fixed interest rate. EUR 290 million of term loans had a fixed annual interest rate of 1.218% up to 1.318% (depending on the LTMV ratio). EUR 60 million of term loans had a fixed annual interest rate of 1.596% up to 1.696% (depending on the LTMV ratio). The annual interest for the additional EUR 150 million of term loans was fixed at a rate of 1.733% up to 1.833% (depending on the LTMV ratio) until its maturity in 2026.

The annual interest for the EUR 75 million of term loans of the new facility was fixed at a rate of 1.20% up to 1.40% (depending on the LTMV ratio) until its maturity in 2025.

Amsterdam, the Netherlands, 22 April 2021

H-W. Wensing, Fund Director  
G.N. von der Thüsen, Director Finance and Risk  
D. Wedding, Portfolio Manager





# Residents' stories





# “AN EXCEPTIONALLY BEAUTIFUL VIEW”

It was actually pure coincidence that Wilke found his home in the Gorter complex in Leiden. “We were living in Singapore, but really wanted to return to the Netherlands. They found the Gorter complex through an internet search. “When we saw this, at this location, we responded immediately.”

While still in Singapore, Wilke and his partner actively searched the internet for a new home. They scoured various websites looking for rental property in Leiden. They had lived there for twenty years and knew the city well. As soon as they saw the Gorter complex, they signed up immediately. We really wanted to return to Leiden and this complex is wonderfully located. It’s close to the central station and the city centre, and there are a number of great spots just around the corner. We soon heard that we had been allocated a flat. It was quite easy, actually. But it feels like a happy coincidence.” They now live on one of the upper floors of one of the residential towers of the Gorter complex and have a great view from all three sides of their home.

“It’s wonderfully light in our flat. We look out over the historic city centre of Leiden, but we can also see all the way from The Hague to Amsterdam. An exceptionally beautiful view.” Wilke loves their home. “The Gorter complex is a very comfortable and nice place to live. The flat is well-insulated and wonderfully warm. Everything is new.” In these corona times, the home space and work space have merged. Fortunately, the flat has several bedrooms, so Wilke and his partner have each been able to create their own work space in their home. “This ensures that we can keep our working life and private life somewhat separate and that once we have finished work for the day, we can actually close the door behind us. That is very important to me. The complex is also equipped with fibre-optic internet, which makes working from home a breeze. As far as we’re concerned, things couldn’t have worked out better.”



G

WILKE

RESIDENT OF THE GORTER  
COMPLEX IN LEIDEN



# “BEST OF BOTH WORLDS”

Lara and Annemijn dreamed of living in Amsterdam for years. When they saw the flat on Funda, they seized the opportunity. “Co-living with someone else is a great concept for starters. There’s also a community space, so you get to know new people.”

In fact, Lara’s father was the one who found 2Peer. “He said: You should check out Funda, because I saw something nice there. It’s a two-person concept. Maybe you can get Annemijn in on it.” The two had already been looking for something for quite some years, preferably in Amsterdam. “We met at the PABO, a teacher training college,” Lara continues. “Right now, we’re both working as beginning primary school teachers, five days a week. So we are in the same situation, which is nice. It lets us do things together, but also alone.”

Once they had made an appointment for a viewing, things moved quickly. Lara: “We basically knew right away: this is really great. Because you’re living in the middle of Amsterdam, but it’s still reasonably quiet. When they asked us: ‘is this what you really want?’ and we said ‘yes’, it was settled.” Another thing they liked was that the key handover was arranged by the manager, Van der Linden. “We don’t really know much about this stuff ourselves,” Annemijn continues. “We’d already seen the flat a few times, so your first thought isn’t to test everything again. It turned out that some things weren’t working yet. It’s nice that they check this for you.”

They both grew up in a village. To go from that to renting a room in Amsterdam was quite a change. “It is a big city, and while you might know a couple of people, you don’t really know that many,” says Annemijn. “I think that feeling is shared throughout the complex. Everyone is open to make new contacts in order to get the most out of the community.” The concept offers the best of both worlds. It has a common space where you can meet other people and attend the occasional event, like a fire basket in the square. At the same time, you have your own space that you can retreat to.

So far, they’ve liked living at 2Peer a lot. Annemijn: “It’s nice and quiet here, with no trams, buses or cars. Everyone is relaxed. And you’re just five minutes away from the buzz of Amsterdam-Oost.” The flat itself is also perfect. “If you see what it looks like: we have no complaints,” she laughs.



2

**LARA & ANNEMIJN**
**RESIDENTS OF 2PEER IN  
AMSTERDAM**



# “WE ENJOY THE COMFORT”

“After living in several different places, we are back in Leiden, and this is probably the place I like best,” says Margriet. “I grew up in Leiden and we now live very close to family, friends and all our favourite familiar places again.” Cor adds: “We moved so we could enjoy city life again, and the atmosphere here is lovely.”

After having lived in terraced housing for years, Cor and Margriet now live in a flat. They especially enjoy the comforts of their home on the tenth floor of one of the residential towers of the Gorter complex. Margriet: “Our home is well-insulated, so it’s always wonderfully warm. Everything is new, all the cleaning is done in no time. No more stairs, you just take the lift up to the flat. As you get older, you realise that these comforts become more and more important. And that’s what we have now learned.” Cor agrees wholeheartedly. “In the past year, we have spent a lot of time at home because of the coronavirus crisis. Then you realise that a comfortable home is very important.” The couple decided on a large flat with multiple bedrooms, so their student daughters could always come and stay over. And when Cor and Margriet suddenly had to create two workplaces at home because of the coronavirus crisis, there was more than enough room to do so.

Living in the Gorter complex means that Cor and Margriet can walk to work. It takes Margriet five minutes to get to her work at the nearby Mytyl school, a school for physically disabled children. Cor can reach the Leiden University Medical Center where he works in no time. He found their new home on one of his walks during his lunchbreaks. “I noticed that there was construction work very close from where we both work and immediately went looking on the internet. And then it was just a matter of signing up. We were certainly not the first as there were only a few flats left. But fortunately, we were able to move in March last year.” Both Margriet and Cor are extremely enthusiastic about the light and the large windows down to ground level. They look out over the entire North Sea coast. Every day they overlook the beach at Katwijk, and on clear days they can see all the way from Scheveningen to IJmuiden. And thanks to that great view, the couple gets to enjoy beautiful evening sunsets.



## COR & MARGRIET

RESIDENTS OF THE GORTER  
COMPLEX IN LEIDEN





# FINANCIAL STATEMENTS 2020



Volt, Delft



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

EUR X 1,000	NOTES	2020	2019
<b>Income from investments</b>			
Gross rental income	1	135,298	118,993
Service charges income		5,270	4,758
Operating costs	2	(31,084)	(23,557)
Service charges costs		(5,620)	(5,122)
<b>Net rental income</b>		<b>103,864</b>	<b>95,072</b>
Other income		548	117
Realised capital gains on investments	3	30,619	14,822
Unrealised capital gains on investments	4	168,367	252,216
<b>Net gains on investments</b>		<b>198,986</b>	<b>267,038</b>
Management expenses	5	(13,175)	(11,503)
<b>Result from operating activities</b>		<b>290,223</b>	<b>350,724</b>
Financial income and expenditures	6	(9,641)	(9,180)
<b>Total profit for the period</b>		<b>280,582</b>	<b>341,544</b>

The notes are an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*Before appropriation of the profit of the year*

EUR X 1,000	NOTES	31-12-2020	31-12-2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment property	7	3,405,695	3,161,398
Assets under construction	8	441,149	431,211
		<b>3,846,844</b>	<b>3,592,609</b>
<b>Current assets</b>			
Trade and other receivables	9	6,233	5,927
Cash and cash equivalents	10	27,513	22,460
Assets held for sale	11	29,502	48,966
		<b>63,248</b>	<b>77,353</b>
<b>Total assets</b>			
		<b>3,910,092</b>	<b>3,669,962</b>

EUR X 1,000	NOTES	31-12-2020	31-12-2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity (attributable to the investors)</b>			
Capital contributions	12	86	84
Share premium reserve	13	1,575,374	1,627,860
Retained earnings	14	1,327,821	986,277
Total comprehensive income of the period		280,582	341,544
		<b>3,183,863</b>	<b>2,955,766</b>
<b>Non-current liabilities</b>			
Syndicated loan	15	625,000	620,000
Other long term liabilities	16	45,342	36,059
		<b>670,342</b>	<b>656,059</b>
<b>Current liabilities</b>			
Trade and other payables	17	55,887	58,137
		<b>55,887</b>	<b>58,137</b>
<b>Total equity and liabilities</b>			
		<b>3,910,092</b>	<b>3,669,962</b>

The notes are an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR X 1,000	NOTES	CAPITAL CONTRI- BUTIONS	SHARE PREMIUM RESERVE	RETAINED EARNINGS	PROFIT OF THE YEAR	TOTAL EQUITY
<b>2020</b>						
Balance as at 1 January 2020		84	1,627,860	986,277	341,544	2,955,766
Profit of the year					280,582	280,582
Capital contributions	12	2	(2)			-
Subscriptions	13		59,766			59,766
Retained earnings	14			341,544	(341,544)	-
<b>Total comprehensive income for the year attributable to Investors of the ARC Fund</b>		<b>2</b>	<b>59,764</b>	<b>341,544</b>	<b>(60,962)</b>	<b>340,348</b>
Transactions with Investors of the ARC Fund						
- Redemptions			-			-
- Dividend			(112,250)			(112,250)
		<b>2</b>	<b>(52,486)</b>	<b>341,544</b>	<b>(60,962)</b>	<b>228,098</b>
<b>Balance as at 31 December 2020</b>		<b>86</b>	<b>1,575,374</b>	<b>1,327,821</b>	<b>280,582</b>	<b>3,183,863</b>

EUR X 1,000	NOTES	CAPITAL CONTRI- BUTIONS	SHARE PREMIUM RESERVE	RETAINED EARNINGS	PROFIT OF THE YEAR	TOTAL EQUITY
<b>2019</b>						
Balance as at 1 January 2019		70	1,242,485	595,869	390,408	2,228,832
Profit of the year					341,544	341,544
Capital contributions	12	14	(14)	-		-
Subscriptions	13		474,640			474,640
Retained earnings	14			390,408	(390,408)	-
<b>Total comprehensive income for the year attributable to Investors of the ARC Fund</b>		<b>14</b>	<b>474,626</b>	<b>390,408</b>	<b>(48,864)</b>	<b>816,184</b>
Transactions with Investors of the ARC Fund						
- Redemptions			-			-
- Dividend			(89,250)			(89,250)
		<b>14</b>	<b>385,376</b>	<b>390,408</b>	<b>(48,864)</b>	<b>726,934</b>
<b>Balance as at 31 December 2019</b>		<b>84</b>	<b>1,627,860</b>	<b>986,277</b>	<b>341,544</b>	<b>2,955,766</b>

The notes are an integral part of these financial statements.



# CONSOLIDATED CASH FLOW STATEMENT

EUR X 1,000	NOTES	2020	2019
<b>Cash flows from operating activities</b>			
Total comprehensive income of the period		280,582	341,544
Adjustments for			
- Changes in fair value of investments		(168,367)	(252,217)
- Changes in provision for onerous contracts		-	-
- Results on sale of investments	3	(30,619)	(14,822)
- Net financial income and expenditures		9,641	9,180
<b>Operating cash flow before change in working capital</b>		<b>91,237</b>	<b>83,685</b>
Change in			
- Trade and other receivables		(306)	(1,813)
- Trade and other payables		(5,587)	4,665
<b>Change in working capital</b>		<b>(5,587)</b>	<b>2,852</b>
Paid interest		(9,228)	(8,807)
Received interest		-	-
		<b>(9,228)</b>	<b>(8,807)</b>
<b>Net cash flow from operating activities</b>		<b>76,421</b>	<b>77,730</b>
<b>Cash flows from investing activities</b>			
Investments in completed investment property	7	(16,674)	(101,767)
Investments in capitalised subsequent expenditure in investment property		(10,948)	(8,833)
Divestments of investment property and assets held for sale		235,602	90,526
Prepayments for assets under construction		(239,612)	(231,412)
<b>Net cash flow from investing activities</b>		<b>(31,633)</b>	<b>(251,485)</b>

EUR X 1,000	NOTES	2020	2019
<b>Cash flows from financing activities</b>			
Increase/(decrease) in capital contributions		58,847	128,881
Redemption of units	13	-	-
Dividend paid to Investors		(103,583)	(85,888)
Proceeds from loans and borrowings	14	5,000	120,000
<b>Net cash flow from financing activities</b>		<b>(39,736)</b>	<b>162,992</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5,053</b>	<b>(10,763)</b>
Cash and cash equivalents at the beginning of the period		22,460	33,223
Cash and cash equivalents at end of the period		27,513	22,460
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>5,053</b>	<b>(10,763)</b>

The notes are an integral part of these financial statements.



# ACCOUNTING PRINCIPLES AND COMMON NOTES TO THE FINANCIAL STATEMENTS

## 1 REPORTING ENTITY

The Amvest Residential Core Fund (the Fund) consists of two combined funds for joint account domiciled in the Netherlands. The Fund operates as a fund under the laws of the Netherlands. The address of the Fund's registered office is Zeeburgerkade 1184, 1019 VK, Amsterdam. The Fund is an investment fund investing in a diversified portfolio of residential rental properties located in the Netherlands. On 17 January 2012, the Fund was converted from a limited partnership (C.V.) into two fiscally transparent funds (FGR), which marked the closing date of the Fund. On 1 January 2016, FGR2 was terminated due to the fact that the fiscal advantage of the structure with two separate funds for joint account no longer existed. All assets and liabilities of FGR2 were transferred to FGR1.

On 26 November 2014, an AIFMD licence was granted by the AFM. The licence was granted to Amvest REIM B.V. being the Fund Manager of all funds that act under the AIFM Directive. The Fund Manager has no employees. All personnel are employed by Amvest Management B.V., the Fund Services Provider of the ARC Fund.

The Fund is not a legal entity. These financial statements represent the consolidated financial information of the Fund and the companies it economically controls (collectively, the ARC Fund).

Management considered whether the ARC Fund represents a reporting entity. Although there is no legal parent company, management believes that the ARC Fund including economically controlled companies meets the definition of a reporting entity under IFRS, taking into account the revised conceptual framework issued by the IASB on 29 March 2018. The conceptual framework states that if a reporting entity is not a legal entity, the boundary of the reporting entity needs to be set in such a

way that the financial statements (a) provide the relevant financial information needed by the existing and potential investors, lenders and other creditors who rely on the financial statements, and (b) faithfully represent the economic activities of the entity.

The ARC Fund represents a defined area of economic activities whose financial information provides relevant information to users of financial statements.

As a result, management believes that this basis of preparation results in a true and fair presentation of the ARC Fund's financial position, financial performance and cash flows, and that the consolidated financial statements comply in all material aspects with International Financial Reporting Standards as endorsed by the European Union and Part 9 of Book 2 of the Dutch Civil Code and the Dutch Financial Supervision Act (Wft, s. 4:85).

In addition, based on the requirements of Part 9 of Book 2 of the Dutch Civil Code, the ARC Fund prepared the 2020 separate financial statements for Amvest Residential Core Fund. These financial statements are included in the final section of this report.

The financial statements were authorised for issue by the Fund Manager on 22 April 2021.

## 2 BASIS OF PREPARATION

### (A) BASIS FOR CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Fund and the companies it controls as at 31 December 2020. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the ARC Fund obtained control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

The following entities are included in the consolidated financial statements:

- Amvest Residential Core Fund – **Parent entity**
- Utrechtse Fondsen CV – **100%**

Westflank ARC CV was liquidated by its participants on 25 May 2020. Financial year 2020 did not include a result for the CV and therefore Westflank ARC CV is only represented in the comparable figures (100%).

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are entities (directly or indirectly) controlled by the Fund. Control exists when the Fund is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Fund controls an investee if, and only if, the Fund has all of the following:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.



Generally, there is a presumption that a majority of voting rights results in control. When the Fund has less than a majority of the voting or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the ARC Fund's voting rights and potential voting rights.

The relevant activities are those which significantly affect the subsidiary's returns. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Fund has the existing rights to direct the relevant activities of a subsidiary.

The Fund reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Fund obtains control over the subsidiary and ceases when the Fund loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Fund gains control until the date the Fund ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the ARC Fund's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the ARC Fund are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the ARC Fund loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss.

Any investment retained is recognised at fair value.

## (B) ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS). The ARC Fund applied all standards effective on or before 31 December 2020 to these IFRS financial statements.

A number of new standards, amendments to standards, and interpretations are effective for annual periods beginning after 1 January 2021, and have not been applied in preparing these financial statements.

Of those standards that are not yet effective, no standards are expected to have a material impact on the ARC Fund in the period of initial application.

The following amended standards and interpretations are not expected to have a significant impact.

Effective date 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Effective date 1 January 2022:

- Annual Improvements to IFRS Standards 2018–2020.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3).

Effective date 1 January 2023:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts

## (C) BASIS OF ACCOUNTING

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- investment property including assets held for sale and assets under construction are measured at fair value.

## (D) FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in euros (EUR), which is the ARC Fund's functional currency. All financial information presented in euros has been rounded to the nearest thousand.

## (E) USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the paragraph regarding investment property.

## (F) CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The ARC Fund initially applied a number of other new standards, with effect from 1 January 2020, but they do not have a material effect on the ARC Fund's financial statements.

## (G) GOING CONCERN

The financial statements have been prepared on a going concern basis.



### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the ARC Fund.

#### (A) INVESTMENT PROPERTY

Investment property, which includes all properties held to earn rentals and/or for capital appreciation, is initially accounted for at cost (including purchase expenses like transfer tax, broker fees, civil notary, if applicable).

After initial recognition, investment properties are measured at fair value, assuming a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction. Gains or losses arising from changes in the fair value of investment property are included in the statement of profit or loss and other comprehensive income for the period in which they arise.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property are recognised in the statement of profit or loss and comprehensive income in the year of derecognition.

Fair value is based on quarterly external appraisals and updates of the appraised portfolio by independent external appraisers, based on the MSCI guidelines. The portfolio was externally appraised in 2020 by independent appraisers in order to determine the fair value. The full portfolio is externally appraised every quarter. A representative part of 25% of the total portfolio is appraised by a "full" valuation, and the remaining portfolio (75%) is updated at the same time using a "desktop" valuation. The appraisals are based on both the yield method (BAR/NAR) and a DCF calculation with an average discount rate of 5.1% (2019: 5.4%).

The yield method on MSCI guidelines is based on:

- cash flows estimated on the basis of market rent;
- allowable deductions for owners' charges in line with market conditions;
- capitalisation at net initial yields (minus purchasing costs payable by the purchaser) of similar transactions;
- adjusting entries for (initial) vacancy, overdue maintenance, and future renovations.

Investments made in existing properties since the last appraisal was carried out are capitalised at cost price in addition to the carrying amount of the investment until the next appraisal.

In the statement of profit or loss and comprehensive income, changes in fair value are recorded as unrealised capital gains on investments.

#### ASSETS UNDER CONSTRUCTION

Assets under construction are initially recognised when a turnkey contract is signed with a development company and are recognised at fair value.

There are two types of turnkey contracts:

- a clear turnkey contract;
- a quasi-turnkey contract.

Within a clear turnkey contract, the property is bought (in ownership) after completion by paying the entire turnkey amount.

Within a quasi-turnkey contract, the land is sold and legally transferred to the ARC Fund first and construction starts after this transaction. Through accession, everything built on the land becomes the property of the ARC Fund. The economic risk of capital growth fluctuations lies with the ARC Fund. All construction risks are borne by the developer until completion of the construction.

Fair value is determined as the most probable price reasonably obtainable in the market on the reporting date (therefore not on a date in either the past or the future). Fair value is based on current prices in an active market for similar properties in the same location and

condition. Since this information is not available for unfinished property, the best estimate of the fair value is determined to be at cost unless the property is nearly completed. For assets under construction which are nearly completed, the fair value is determined using the discounted cash flow valuation method or a conventional method. Conventional methods determine the value on the basis of capitalisation at net initial yields of similar transactions.

Any gain or loss arising from a change in fair value is recognised through profit or loss. When the fair value of the unrealised part of an asset under construction is expected to be lower than future prepayments according to the turnkey contract, a separate provision is recognised.

Assets under construction include prepayments incurred directly in relation to projects for which the feasibility of development has been established and where there is a high probability that the project will be successful.

Assets under construction are classified as not in operation until the time when the construction is completed. At that time, they are transferred into the caption "investment property".

#### (B) ASSETS HELD FOR SALE

Investment property is transferred to "assets held for sale" when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use.

For this to be the case, the property must be available for immediate sale in its present condition and its sale must be highly probable. For the sale to be highly probable:

- the Fund Manager must be committed to a plan to sell the property and an active program to locate a buyer and complete the plan must have been initiated;
- the property must be actively marketed for sale at a price that is reasonable in relation to its current fair value;
- the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets held for sale are stated at fair value.



## (C) FINANCIAL INSTRUMENTS

Financial assets and liabilities within the ARC Fund comprise:

- **Trade and other receivables**  
Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at transaction price. Subsequent to initial recognition, trade and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.
- **Cash and cash equivalents**  
Cash and cash equivalents comprise cash balances. Cash and cash equivalents are measured at nominal value. If cash and cash equivalents are not readily available, this fact is taken into account in the measurement. Cash and cash equivalents that are not readily available to the Company within 12 months are presented under financial fixed assets.
- **Syndicated loan**  
Long-term liabilities are initially measured at fair value plus transaction costs. The difference between the determined book value and the ultimate repayment value, along with the interest payable, is determined in such a way that the effective interest is incorporated in the income statement during the term of the liabilities.

### (i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the ARC Fund becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit or Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

### (ii) Classification and subsequent measurement

#### Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the ARC Fund changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the ARC Fund may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the ARC Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Financial assets – Business model assessment

The ARC Fund makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to ARC Fund management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the ARC Fund's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

#### Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.



In assessing whether the contractual cash flows are solely payments of principal and interest, the ARC Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the ARC Fund considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the 'solely payments of principal and interest' criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

#### **Financial assets – Subsequent measurement and gains and losses**

- **Financial assets at FVTP**  
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
- **Financial assets at amortised cost**  
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

- **Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

- **Equity investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

#### **Financial liabilities – Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expenses and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### **(iii) Derecognition**

##### **Financial assets**

The ARC Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the ARC Fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

#### **Financial liabilities**

The ARC Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The ARC Fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### **(iv) Offsetting**

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### **(D) EQUITY**

Capital contributions are classified as equity. The dividend paid to Investors has been deducted from the share premium reserve.

The revaluation reserve includes positive revaluations from consolidated subsidiaries as per date of acquiring control.

#### **(E) PROVISIONS**

Provisions are recognised when the ARC Fund has a current obligation as a result of a past event, when it is probable that the ARC Fund will have to settle the obligation and a reliable estimate can be made of the amount of the obligation.



Provision on onerous contracts includes turnkey contracts from which the ARC Fund can no longer withdraw without a penalty. A provision is recognised if all the following criteria have been met:

- there is a signed contract with a development or construction company;
- there is a high degree of certainty that the project will be acquired and can be operational within an agreed period;
- the project is expected to be completed within six quarters after the reference date (the first day of the first of six consecutive quarters).

## (F) IMPAIRMENT OF FINANCIAL ASSETS

The ARC Fund recognises loss allowances for ECLs on financial assets measured at amortised cost.

The ARC Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the ARC Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the ARC Fund's historical experience and informed credit assessment and including forward-looking information. The ARC Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The ARC Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the ARC Fund in full, without recourse by the ARC Fund to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

### Credit-impaired financial assets

At each reporting date, the ARC Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the ARC Fund on terms that the ARC Fund would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

### Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

### Write-off

The gross carrying amount of a financial asset is written off when the ARC Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual and corporate customers, the ARC Fund individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The ARC Fund expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the ARC Fund's procedures for recovery of amounts due.

## (G) LEASES

At inception of a contract, the ARC Fund assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the ARC Fund uses the definition of a lease in IFRS 16.

This policy is applied to leasehold contracts entered into on or after 1 January 2020.

### As a lessee

The ARC Fund recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is part of investment property and is therefore subsequently measured at fair value.



The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the ARC Fund's incremental borrowing rate. Generally, the ARC Fund uses a leasehold-specific rate representing the incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- annual leasehold payments to local government as included in leasehold agreement and set for a specified period.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate or if there is a revised in-substance fixed lease payment.

## (H) INCOME FROM INVESTMENTS

### (i) Revenue from contracts with customers

#### Net rental income

Rental income from investment property relates to the rents charged to tenants during the year under review and is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

Operating costs are the costs that can be directly allocated to the rental income.

#### Service charges income

Service charges relate to advances included in rental contracts. Service advances charged to tenants during the year under review are recognised in profit or loss as Service charges income. Service charges costs are the costs that can be directly allocated to the Service charges income.

### (ii) Capital gains on investments

Results realised through the sale of investment property are recorded in relation to the book value after deduction of sales costs. These results are recognised as realised capital gains on investments.

Unrealised gains on investments include the movements in value of investment property in relation to the previous year, as mentioned under the paragraph investment property.

### (i) Management expenses

Management expenses consist of the fees of the Fund Manager as well as costs such as auditors, legal and other costs, including appraisal costs.

## (I) FINANCIAL INCOME AND EXPENDITURES

on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Financial costs comprise interest expenses on loans and borrowings, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction, or production of a qualifying asset are recognised in profit or loss using the effective interest method.

## (J) INCOME TAX

The ARC Fund is transparent in the fiscal sense with respect to corporate income tax.

## 4 DETERMINATION OF FAIR VALUE

A number of the ARC Fund's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair value has been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

### (I) INVESTMENT PROPERTY/ASSETS UNDER CONSTRUCTION/ASSETS HELD FOR SALE

The ARC Fund's portfolio is appraised every quarter by external, independent appraisal companies having appropriate recognised professional qualifications and recent experience in the location and category of property (residential real estate) being appraised. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the appraisal between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in an active market, the appraisals are prepared by considering the actual rental value of the property. A market yield is applied to the actual rental value to arrive at the gross property valuation.

Appraisals reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the ARC Fund and the tenant, and the remaining economic life of the property.

When rental reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.



The Fund Manager has established a control framework with respect to the measurement of fair values.

This includes real estate analysts who have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and report directly to Fund Management.

The real estate analysts regularly review significant unobservable inputs and valuation adjustments and assess the evidence obtained from the external independent appraisers to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Fund Management.

When measuring the fair value, the company uses observable market data as much as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: valuation on the basis of quoted prices in active markets for identical assets.
- Level 2: values based on (external) observable information.
- Level 3: values based wholly or partially on non (external) observable information.

If the inputs used to measure the fair value of an asset or a liability might be categorised at different levels of the fair value hierarchy, then the fair value measurement is categorised at its level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Table E on page 58.

## 5 PRINCIPLES FOR THE CASH FLOW STATEMENT

The cash flow statement has been drawn up according to the indirect method, separating the cash flows from operating activities, investment activities, and financing activities.

The result has been adjusted for accounts in the statement of profit or loss and comprehensive income and movements in the statement of financial position that have not resulted in cash flows in the financial year.

The cash and cash equivalents and bank overdraft amounts in the cash flow statement include those assets that can be converted into cash without any restrictions and with insignificant changes in the value as a result of the transaction.

Distributions are included in the cash flow from financing activities.

## 6 FINANCIAL RISK MANAGEMENT

### OVERVIEW

The section 'Report of the Fund Manager' describes the Risk Management Framework of the ARC Fund with eleven defined risks. In this section, risks are grouped with an emphasis on financial risk and its impact on the financial statements.

The ARC Fund is exposed to the following financial risks:

- a) market risk;
  - i real estate risk
  - ii interest rate risk
- b) credit risk;
- c) liquidity risk (including funding risk).

The ARC Fund manages these risks using the services provided by the Fund Services Provider. The Fund Services Provider has in-house knowledge and expertise in order not to depend entirely on third parties. This is very important for mitigating risks.

The Fund Services Provider delivers various services such as Compliance, Legal, Human Resources Management, Payment Process, Business Continuity Management, Information Management, and Research. An internal control system according to the International Standards of Assurance Engagements 3402 Type II is in place. An external auditor has tested this.

The ARC Fund invests in residential properties in the Netherlands. The following describes the risks involved and the risk management applied.

### (A) MARKET RISK

#### (i) Real estate risks

The yields available from investments in residential real estate depend primarily on the amount of income earned and capital appreciation generated by the relevant properties, as well as expenses incurred. If properties do not generate revenues sufficient to meet expenses, including debt service and capital expenditures, the ARC Fund's income will be adversely affected.

Income from properties may be adversely affected by the general economic climate, local conditions such as oversupply of properties or a reduction in demand for properties in the market in which the ARC Fund operates, the attractiveness of the properties to tenants, the quality of the management, competition from other available properties, and increased operating costs (including real estate taxes).

In addition, income from properties and/or real estate values is also affected by factors such as the cost of regulatory compliance, interest rate levels, and the availability of financing.

Investments made by the ARC Fund are generally illiquid. The eventual liquidity of all investments of the ARC Fund will be dependent upon the success of the realisation strategy proposed for each investment, which could be adversely affected by a variety of risk factors. Realisation of the ARC Fund's assets, for instance in connection with redemption requests, on termination or otherwise could be a process of uncertain duration.



In addition, the ARC Fund's income would be adversely affected if a significant number of tenants were unable to pay rentals or if its properties could not be rented on favourable terms.

Certain significant expenditures associated with each equity investment in real estate (such as real estate taxes and maintenance costs) are generally not reduced when circumstances cause a reduction in income from properties.

The report from the management describes the main aspects of the ARC Fund's portfolio strategy. By implementing the described strategy, management expects to mitigate the above real estate risks to an acceptable level.

Management expects to lower the portfolio's risk profile by diversifying and concentrating on focus areas, the mid-priced rental segment, the type of real estate (residential), and risk categories.

All properties are appraised externally by the end of each quarter by independent residential experts. CBRE Valuation & Advisory Services, Cushman & Wakefield, Dynamis Taxaties and MVGM Vastgoedtaxaties appraised all properties in the portfolio using both the yield method (BAR/NAR) and a DCF calculation in accordance with the MSCI guidelines applicable in the Netherlands.

The appraisals per property are executed by two independent experts from each appraiser, whereby both independent experts have to agree on the value of the individual property. Every year, approximately 25% of all properties circulate among the external appraisers.

A complete overview of all properties in the ARC Fund's portfolio is given in the Annexes.

The impact of a possible yield shift in the market values of the investment property (including assets held for sale) is included in Table A. The total fee charged by the external appraisers for 2020 was EUR 688,000.

## (ii) Interest rate risk

The ARC Fund is exposed to interest rate risk as the ARC Fund borrows funds at both fixed and floating interest rates.

As of 26 September 2016, the ARC Fund refinanced the old facility by a EUR 700 million loan facility. This facility was concluded with a syndicate of three banks and consists of a bullet part of EUR 350 million with a fixed interest rate (no risk) and a revolving part with a floating interest rate (3-month Euribor). The 3-month Euribor rate is monitored closely. As at 28 September 2018, the EUR 700 million loan facility was increased to a EUR 850 million loan facility and consists of a bullet part of EUR 500 million.

As of 30 November 2020, the ARC Fund secured an additional EUR 125 million debt facility, concluded with a syndicate of two banks. This facility consists of a bullet part of EUR 75 million with a fixed interest rate (no risk) and a bullet part of EUR 50 million with a floating interest rate (3-month Euribor).

As at 31 December 2020, EUR 625 million of the EUR 975 million loan had been drawn. Reference is made to note 16.

The inherent risks related to these debts are outlined in Table B. This Table shows the impact on the net result of the ARC Fund's interest due to a 1% parallel shift in the interest rates, holding all other variables constant. The financial derivatives are included in this calculation; changes in fair value are not.

Table C on page 56 sets out the carrying amount, by maturity, of the ARC Fund's financial instruments that are exposed to interest rate risk on 31 December 2020.

The ARC Fund's policy is to manage exposure to rising interest rates.

## (B) CREDIT RISK

Credit risk is the risk of financial loss to ARC Fund if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from ARC Fund receivables from customers and investments in debt securities.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure. Impairment losses on financial assets and contract assets recognised in profit or loss are included in relevant notes.

The ARC Fund has adopted a policy of dealing only with creditworthy counterparties and of obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The ARC Fund's exposure is monitored and the compliance officer of the Fund Services Providers checks parties concerning relevant contracts before signing any of them (customer due diligence).

### Credit risk management for tenants and property managers

Receivables from tenants and property managers consist of large numbers of counterparties spread across geographical areas. Ongoing credit evaluation is performed for the financial condition of accounts receivable, and where appropriate, a bank guarantee or a deposit is obtained.

The ARC Fund's credit risk is primarily attributable to its rental receivables and lease receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the ARC Fund's management based on prior experience and their assessment of the economic environment.

At the reporting date, there are no significant concentrations of credit risk. The carrying amount reflected in the statement of financial position represents the ARC Fund's maximum exposure to credit risk for tenants and property managers.



## Credit risk management for financial instruments

The ARC Fund does not have any significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics. The ARC Fund adopted the policy of minimising the credit risk by dealing only with banks with positive credit ratings assigned by international credit rating agencies.

Except as detailed in Table D on page 57, the carrying amount of the financial assets recorded in the financial statements, grossed up for allowances for losses, represents the ARC Fund's maximum credit risk exposure without taking account of the value of any collateral obtained. The ARC Fund has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

## Expected credit loss assessment as at 31 December 2020

For trade receivables, the ARC Fund allocates each exposure to a credit risk grade based on historical data combined with information received from property managers.

For exposures within each credit risk grade, an ECL rate is calculated based on delinquency status and actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the ARC Fund's view of economic conditions over the expected lives of the receivables.

The ARC Fund held cash and cash equivalents of EUR 27,513 thousand at 31 December 2020 (2019: EUR 22,460 thousand). The cash and cash equivalents are held with a bank, which is rated A, based on S&P ratings. Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The ARC Fund considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for trade receivables.

On initial application of IFRS 9, the ARC Fund did not recognise an impairment allowance. The amount of the allowance did not change during 2020.

## (C) LIQUIDITY RISK

Ultimate responsibility for liquidity risk management rests with the management, which has built an appropriate liquidity Risk Management Framework for the management of the ARC Fund's short, medium and

long-term funding and liquidity management requirements. The ARC Fund manages liquidity risk by maintaining adequate reserves, banking facilities, and reserve borrowing facilities and by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The ARC Fund has credit facilities available with banks and is allowed to obtain debt from credit institutions within its leverage ratio limits as stated in the PPM. The year-end LTV of the ARC Fund amounts to 17.0%, while the maximum ratio as defined by the ARC Fund is 40.0%. The maturity overview of financial instruments of the ARC Fund is provided in Table C on page 56.

## Funding risk

The ARC Fund undertakes external borrowings in connection with its investments to increase potential equity performance. There can be no assurance that the ARC Fund will be able to secure the necessary external financing. Although the use of leverage may enhance returns and increase the number of investments that can be made, it may also increase the risk of loss. This includes the risk that available funds will be insufficient to meet required payments and the risk that existing datedness will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness.

Subject to the expected future trends of interest rates and the nature of the real estate, the policy of the ARC Fund is to make use of a certain level of debt financing.



## REAL ESTATE SENSITIVITY ANALYSIS

### A. REAL ESTATE SENSITIVITY ANALYSIS BY MOVEMENT IN GROSS CURRENT YIELD

EUR X 1,000	MOVEMENT IN GROSS CURRENT YIELD				
	-25 BPS	-12,5 BPS	0 BPS	+12,5 BPS	+25 BPS
<b>As at 31 December 2020</b>					
Market value property*	3,650,808	3,539,722	3,435,197	3,336,668	3,243,633
Gross current yield based on theoretical rent**	4.0%	4.1%	4.2%	4.4%	4.5%
Revaluation of investment property in EUR*	215,611	104,525	-	(98,529)	(191,564)
Revaluation of investment property in %*	6.3%	3.0%	0.0%	(2.9%)	(5.6%)
Effect on total return	7.3%	3.5%	0.0%	(3.3%)	(6.5%)
Loan-to-value***	15.3%	15.7%	16.1%	16.5%	17.0%

EUR X 1,000	MOVEMENT IN GROSS CURRENT YIELD				
	-25 BPS	-12,5 BPS	0 BPS	+12,5 BPS	+25 BPS
<b>As at 31 December 2019</b>					
Market value property*	3,409,262	3,306,824	3,210,363	3,119,370	3,033,393
Gross current yield based on theoretical rent**	4.0%	4.2%	4.3%	4.4%	4.5%
Revaluation of investment property in EUR*	198,898	96,461	-	(90,993)	(176,970)
Revaluation of investment property in %*	6.2%	3.0%	0.0%	(2.8%)	(5.5%)
Effect on total return	8.9%	4.3%	0.0%	(4.1%)	(7.9%)
Loan-to-value***	16.3%	16.7%	17.0%	17.6%	18.0%

\* Property and investment property include assets held for sale

\*\* The gross current yield is based on the theoretical rent as stated in the overview of the portfolio (annexes)

\*\*\* Long-term liabilities compared to total property investments (including assets held for sale and assets under construction)

### B. SENSITIVITY TO A 1% PARALLEL SHIFT IN INTEREST RATES

EUR X 1,000	+1%	-1%
<b>2020</b>		
Interest debts	2,074	(2,074)
<b>Total impact on net result</b>	<b>2,074</b>	<b>(2,074)</b>

EUR X 1,000	+1%	-1%
<b>2019</b>		
Interest debts	714	(714)
<b>Total impact on net result</b>	<b>714</b>	<b>(714)</b>

### C. UNDISCOUNTED AMOUNT BY CONTRACTUAL MATURITY OF FINANCIAL INSTRUMENTS

EUR X 1,000	< 1 YEAR	1-5 YEARS	> 5 YEARS
<b>As at 31 December 2020</b>			
Cash and cash equivalents	27,513		
Secured bank loans		(125,000)	(500,000)

EUR X 1,000	< 1 YEAR	1-5 YEARS	> 5 YEARS
<b>As at 31 December 2019</b>			
Cash and cash equivalents	22,460		
Secured bank loans			(620,000)



D. FAIR VALUE HIERARCHY TO REFLECT THE LEVEL OF JUDGMENT INVOLVED IN ESTIMATING FAIR VALUES

EUR X 1,000	LEVEL 1	LEVEL 2	LEVEL 3
2020			
Investment property, assets held for sale and assets under construction			3,876,346
Trade and other receivables		6,233	
Cash and cash equivalents	27,513		
Syndicated loan		(625,000)	
Trade and other payables		(55,887)	

(Level 1: quoted prices; Level 2: market observables; Level 3: unobservable)

EUR X 1,000	LEVEL 1	LEVEL 2	LEVEL 3
2019			
Investment property, assets held for sale and assets under construction			3,641,574
Trade and other receivables		5,928	
Cash and cash equivalents	22,460		
Syndicated loan		(620,000)	
Trade and other payables		(58,137)	

(Level 1: quoted prices; Level 2: market observables; Level 3: unobservable)



E. VALUATION TECHNIQUES USED IN MEASURING THE LEVEL 2 AND 3 FAIR VALUES AS WELL AS THE UNOBSERVABLE INPUTS USED

VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUT	INTER-RELATIONSHIP BETWEEN KEY UNOBSERVABLE INPUTS AND FAIR VALUE MEASUREMENT
<b>Investment property, assets held for sale and assets under construction</b>		
The appraisal has to be carried out using the 'Rental Value Capitalisation' (BAR/NAR) method which must be confirmed with the outcome of a 'Discounted Cash Flow' method including the 'reletting' scenario and the 'unit based sale' scenario. The Fund Manager has decided that the appraisal has to be carried out using both methods to ensure that the appraisal is as accurate as possible.	<b>Rental Value Capitalisation</b> (BAR/NAR) <ul style="list-style-type: none"><li>cash flows estimated on the basis of market rent;</li><li>allowable deductions for owners charges in line with market conditions;</li><li>capitalisation at net initial yields (minus purchasing costs payable by the purchaser) of similar transactions;</li><li>adjusting entries for (initial) vacancy, overdue maintenance and future renovations.</li></ul>	The estimated fair value carried out using the Rental Value method (BAR/NAR) would increase (decrease) if: <ul style="list-style-type: none"><li>cash flows estimated on the basis of market rent were higher (lower);</li><li>allowable deductions for owners charges in line with market conditions were lower (higher);</li><li>capitalisation at net initial yields (minus purchasing costs payable by the purchaser) of similar transactions were lower (higher);</li><li>adjusting entries for (initial) vacancy, overdue maintenance and future renovations were lower (higher).</li></ul>
	<b>Discounted Cash Flow</b> <ul style="list-style-type: none"><li>an estimated average increase in value of vacant possession, the rent and the operating costs;</li><li>a property specific rental turnover rate;</li><li>the exit value, which is the estimated realisable value at the end of the review period;</li><li>the estimated yield (mostly recent 10-year government bonds, plus a risk premium).</li></ul>	The estimated fair value carried out using the Discounted Cash Flow method would increase (decrease) if: <ul style="list-style-type: none"><li>an estimated average increase in value of vacant possession is higher (lower), the rent is higher (lower) and the operating costs are lower (higher);</li><li>a property specific rental turnover rate is lower (higher);</li><li>the exit value, which is the estimated realisable value at the end of the review period is higher (lower);</li><li>the estimated yield (mostly recent 10-year government bonds, plus a risk premium) is lower (higher).</li></ul>
<b>Trade and other receivables/payables</b>		
Trade and other receivables/payables are measured at amortised cost using the effective interest method, less any impairment losses.	Effective interest	



# NOTES TO THE FINANCIAL STATEMENTS 2020

## NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### 1 GROSS RENTAL INCOME

EUR X 1,000	2020	2019
Theoretical rental income	139,500	122,747
Incentives	(638)	(349)
Vacancy	(3,564)	(3,405)
<b>Gross rental income</b>	<b>135,298</b>	<b>118,993</b>

Theoretical rental income from residential properties (including parking spaces) represents EUR 135,975 thousand (2019: EUR 119,315 thousand) and commercial real estate income represents EUR 3,525 thousand (2019: EUR 3,432 thousand).

The nature of the theoretical rental has an indefinite duration because there are no fixed contract periods.

### 2 OPERATING COSTS

EUR X 1,000	2020	2019
Maintenance costs	(15,249)	(10,317)
Property management costs	(2,954)	(2,651)
Fixed charges	(6,401)	(5,454)
Letting expenses	(1,639)	(1,152)
Contributions to owners associations	(3,629)	(3,560)
Other expenses	(1,212)	(423)
<b>Operating costs</b>	<b>(31,084)</b>	<b>(23,557)</b>

In the fixed charges for 2020, an amount of EUR 242 thousand relates to the landlord tax (2019: EUR 564 thousand).

### 3 REALISED CAPITAL GAINS ON INVESTMENTS

EUR X 1,000	2020	2019
Realised gains on investments	32,264	27,228
Realised losses on investments	(1,645)	-
<b>Realised capital gains on investments</b>	<b>30,619</b>	<b>14,822</b>



#### 4 UNREALISED CAPITAL GAINS ON INVESTMENTS

EUR X 1,000	2020	2019
Unrealised capital gains on investments	188,429	253,680
Unrealised capital losses on investments	(20,062)	(1,464)
<b>Unrealised capital gains on investments</b>	<b>168,367</b>	<b>252,216</b>

#### 5 MANAGEMENT EXPENSES

EUR X 1,000	2020	2019
Management fee Amvest REIM BV	(11,047)	(9,824)
Auditor's fee	(248)	(214)
Legal and tax expenses	(544)	(647)
Valuation expenses	(688)	(489)
Other expenses	(648)	(329)
<b>Management expenses</b>	<b>(13,175)</b>	<b>(11,503)</b>

#### Remuneration

Amvest REIM B.V. is the Fund Manager of the ARC Fund. The management fee paid for the year 2020 amounted to EUR 11,047 thousand (2019: EUR 9,824 thousand). In consideration of the management activities with respect to the ARC Fund, the Fund Manager receives an annual management fee; up to EUR 90 million of gross rental income, the management fee equals 8.5% per annum and for every euro of gross rental income above EUR 90 million, the management fee equals 7.5%. The management fee is payable quarterly in advance.

All fund team members, (identified) staff and board members are employed by Amvest Management B.V., the Fund Services Provider of the ARC Fund. The Fund Services Agreement between the Fund Manager and Amvest Management B.V., contains agreements on the fees payable to the Fund Services Provider for the services provided. The remuneration of the members of the statutory board (2) of the Fund Manager is included in the management fee.

In accordance with Article 13 of the AIFM Directive, a remuneration policy is in place for the identified staff and other staff members who provide services for the ARC Fund.

In 2020, the members of the Advisory Board (5) did not receive any fee; the members of the Investment Committee (3) each received a fee of EUR 20,000 (excluding VAT).

#### 6 FINANCIAL INCOME AND EXPENDITURES

EUR X 1,000	2020	2019
Interest expenses on syndicated loan facility	(8,133)	(7,804)
Other expenses	(1,508)	(1,376)
<b>Financial income and expenditures</b>	<b>(9,641)</b>	<b>(9,180)</b>



## NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 8 INVESTMENT PROPERTY

EUR X 1,000	2020	2019
At 1 January	3,161,398	2,289,232
Investments in completed investment property	16,674	445,233
Transferred from assets under construction	262,363	321,881
Investments in capitalised subsequent expenditure in IP	10,948	8,833
Divestments of investment property	(156,017)	(62,321)
Transferred to assets held for sale	(29,502)	(47,783)
Transferred from assets held for sale	-	-
Right of use asset (IFRS 16) adjustments	5,307	162
Fair value adjustments	134,523	206,161
	<b>244,296</b>	<b>872,166</b>
<b>At end of period</b>	<b>3,405,693</b>	<b>3,161,398</b>

The ARC Fund's investment properties are appraised by independent professionally qualified appraisal experts, who provide an IFRS Level 3 valuation. There has been no change to the valuation technique during the year and there were no transfers between levels 2 and 3 during the year.

A mortgage on part of the ARC Fund's property portfolio serves as security for the loan. The total value of the residential portfolio mortgaged as at 31 December 2020 is EUR 2,190,972 thousand (2019: EUR 1,859,742 thousand) (also see note 16).

### 9 ASSETS UNDER CONSTRUCTION

EUR X 1,000	2020	2019
At 1 January	431,211	474,029
Prepayments for assets under construction	231,089	233,007
Transferred to investment property	(262,363)	(321,881)
Right of use asset (IFRS 16) adjustments	7,369	
Fair value adjustments	33,843	46,056
	<b>9,938</b>	<b>(42,818)</b>
<b>At end of period</b>	<b>441,149</b>	<b>431,211</b>

Prepayments were made in accordance with the completion of investment property under construction. All risks regarding the development of new properties remain with the developer, as the ARC Fund cannot take on development risks.

The legal ownership of the land on which the property is constructed was transferred to the ARC Fund together with the first payment.



## 10 TRADE AND OTHER RECEIVABLES

EUR X 1,000	31-12-2020	31-12-2019
Accounts receivable	1,217	1,811
Prepayments on borrowing costs	2,789	2,334
Amvest REIM BV	698	242
Other receivables and prepayments	1,529	1,540
	<b>6,233</b>	<b>5,927</b>

Borrowing costs for the syndicated loan amounted to EUR 2,789 thousand as at 31 December 2020 (2019: EUR 2,334 thousand). The capitalised expenses are amortised during the term of the loan facility. The ARC Fund's management fee has been prepaid to the Fund Manager Amvest REIM B.V. During the year, final settlement resulted in a restitution of EUR 698 thousand.

### PROVISIONS ON ACCOUNTS RECEIVABLE

EUR X 1,000	2020	2019
At 1 January	546	270
Amounts written off	-	(15)
Increase/(decrease) in allowance	686	291
	<b>686</b>	<b>270</b>
<b>At 31 December</b>	<b>1,232</b>	<b>546</b>

All accounts receivable are non-interest bearing and are typically due within 30 days. As at 31 December 2020, receivables with a nominal value of EUR 1,232 thousand (2019: EUR 546 thousand) were impaired due to tenant defaults and were fully provided for. In 2020, no receivables were directly written off (2019: EUR 15 thousand).

The ARC Fund holds EUR 7,294 thousand (2019: EUR 7,283 thousand) as collateral in the form of tenants' deposits (also see note 18).

## 11 CASH AND CASH EQUIVALENTS

EUR X 1,000	31-12-2020	31-12-2019
ABN AMRO Bank NV	22,456	15,929
ING Bank NV	5,057	6,531
<b>Cash and cash equivalents</b>	<b>27,513</b>	<b>22,460</b>

All balances are available on demand. Cash and cash equivalents serve as a pledge for the syndicated loan; reference is made to note 16.

## 12 ASSETS HELD FOR SALE

EUR X 1,000	2020	2019
At 1 January	48,966	14,566
Divestments of assets held for sale	(48,966)	(13,383)
Transferred to investment property	-	-
Transferred from investment property	29,502	47,783
	<b>(19,463)</b>	<b>34,400</b>
<b>At end of period</b>	<b>29,502</b>	<b>48,966</b>

As at 31 December 2020, 149 homes (2019: 191) were actively being marketed, under offer, or conditionally sold to third parties, with all transactions expected to be finalised during 2021. The assessed fair value of these properties as at 31 December 2020 was EUR 29,502 thousand (2019: EUR 48,966 thousand).



### 13 CAPITAL CONTRIBUTIONS

The ARC Fund's capital is divided into participating units with a nominal value of EUR 1 per participating unit. Each FGR unit is entitled to distributions from the Fund. All Investors in the ARC Fund participate in the ARC Fund's capital in the following manner:

	31-12-2020	31-12-2020	31-12-2019	31-12-2019
	NO.OF PARTICIP. INTERESTS	NOMINAL VALUE	NO.OF PARTICIP. INTERESTS	NOMINAL VALUE
EUR X 1,000				
<b>Capital</b>				
AEGON Levensverzekering N.V.	24,812	24	23,859	24
PGGM Core Fund Participations B.V.	19,772	20	19,772	20
Investor A	456	-	456	-
Investor C	1,376	1	1,376	1
Investor D	3,278	3	3,278	3
Investor E	1,010	1	1,010	1
Investor F	871	1	871	1
Investor G	2,013	2	2,000	2
Investor H	2,710	3	2,710	3
Investor I	1,581	2	1,581	2
Investor J	1,473	1	1,463	1
Investor K	677	1	677	1
Investor L	8,633	9	8,335	8
Investor M	616	1	616	1
Investor N	410	-	410	-
Investor O	1,832	2	1,832	2
Investor P	1,832	2	1,832	2
Investor Q	3,504	4	3,151	3
Investor R	1,664	2	1,664	2
Investor S	1,098	1	1,098	1
Investor T	420	-	418	-
Investor U	5,929	6	5,929	6
	<b>85,967</b>	<b>86</b>	<b>84,338</b>	<b>84</b>

### 14 SHARE PREMIUM RESERVE

EUR X 1,000	2020	2019
At 1 January	1,627,860	1,242,485
AEGON Levensverzekering N.V.	34,963	69,977
Subscription Investor C		883
Subscription Investor F		883
Subscription Investor G	477	
Subscription Investor J	367	1,1121
Subscription Investor L	10,933	21,840
Subscription Investor O		4,122
Subscription Investor P		4,122
Subscription Investor Q	12,951	64,176
Subscription Investor R		56,178
Subscription Investor S		37,069
Subscription Investor T	73	14,112
Subscription Investor U		200,166
Transfer from/to capital	(2)	(14)
Dividend paid to Investors	(112,250)	(89,250)
	<b>(52,486)</b>	<b>385,376</b>
<b>At end of period</b>	<b>1,575,374</b>	<b>1,627,860</b>

For 2020, a total amount of EUR 112,250 thousand (2019: EUR 89,250 thousand ) of the share premium reserve was distributed to the Investors, being the final dividend distribution for 2020. Dividend per unit was EUR 1,305 in 2020 (2019: EUR 1,058).

Within the share premium reserve, EUR 1,068,128 thousand is restricted from distribution due to cumulative net positive unrealised changes in the fair value of investment property (including assets held for sale) (2019: EUR 951,117 thousand).



### 15 RETAINED EARNINGS

EUR X 1,000	2020	2019
At 1 January	986,277	595,869
Total comprehensive income of the previous year	341,544	390,408
	<b>341,544</b>	<b>390,408</b>
<b>At end of period</b>	<b>1,327,821</b>	<b>986,277</b>

The net result for 2019 was added to the retained earnings. The dividend distributed to the Investors has been deducted from the share premium reserve. Retained earnings only shows the total comprehensive income of prior years.

### 16 SYNDICATED LOAN

This note provides information about the contractual terms of the ARC Fund’s interest bearing loan, which is measured at amortised cost. For more information about the ARC Fund’s exposure to interest rate, foreign currency and liquidity risks, see the previously mentioned accounting principles and information about the financial statements.

EUR X 1,000	2020	2019
At 1 January	620,000	500,000
Loans taken	290,000	260,000
Repayments	(285,000)	(140,000)
	<b>5,000</b>	<b>120,000</b>
<b>At end of period</b>	<b>625,000</b>	<b>620,000</b>

The key elements of the EUR 850 million facility are mentioned below.

<b>Principal amount</b>	Initial amount: EUR 850 million (EUR 500m bullet, EUR 350m revolving)
<b>Term</b>	Bullet: 17 January 2026; revolving: initially 5 years with three extension options of 1 year
<b>Lenders</b>	Bullet: Deutsche Hypothekenbank (Security Agent, Valuation Agent)/ING Diba/ING N.V./ABN AMRO (EUR 350m/EUR 100m/ EUR 50m/EUR 50m) Revolving: ABN AMRO Bank (EUR 350m) (Facility Agent)
<b>Interest period</b>	3 months
<b>Interest</b>	Bullet EUR 290m: 1.218%-1.318% (depending on LTMV ratio); Bullet EUR 60m: 1.596%-1.696% (depending on LTMV ratio); Bullet EUR 150m: 1.733%-1.833% (depending on LTMV ratio); revolving 3-month Euribor + 80 base points
<b>Repayment</b>	Bullet: in full, upon repayment date (17 January 2026); penalty free repayment after 5 years
<b>LTV ratio</b>	Maximised at 40%
<b>LTMV ratio</b>	Maximised at 50%
<b>Ratio of net rental income to gross interest</b>	At least 2.5

The key elements of the EUR 125 million facility are mentioned below.

<b>Principal amount</b>	Initial amount: EUR 125 million
<b>Term</b>	Bullet: 3 December 2025
<b>Lenders</b>	Bullet: Coöperatieve Rabobank U.A. (Security Agent, Facility Agent)/ING Bank N.V. (EUR 50m/ EUR 75m)
<b>Interest period</b>	3 months
<b>Interest</b>	Bullet EUR 75m: 1.200%-1.500% (depending on LTMV ratio) Bullet EUR 50m: 5-year IRS (if >0%) + 120-150 base points (depending on LTMV ratio) revolving 3-month Euribor + 80 base points
<b>Repayment</b>	In full, upon repayment date (3 December 2025)
<b>LTV ratio</b>	Maximised at 40%
<b>LTMV ratio</b>	Maximised at 50%
<b>Ratio of net rental income to gross interest</b>	At least 2.5



LOAN SPECIFICATION

EUR X 1,000	PRINCIPAL 31-12-2020	RE-PAYMENTS < 1 YEAR	RE-PAYMENTS > 1 YEAR	END DATE	INTEREST MATURITY	EFFECTIVE INTEREST RATE	FIXED/FLOATING	FAIR VALUE
2020								
Counterparty								
Syndicated bullet loan 850M	500,000	-	500,000	17 January 2026	Quarter	1,418%	fixed	522,730
Syndicated bullet loan 125M	125,000		125,000	3 December 2025	Quarter	1,300%	fixed 75,000 floating 50,000	77,892 50,00
Syndicated revolving credit facility	-	-	-	26 September 2023	Quarter	0,000%	floating	-
Total loans As at 31 December 2020	625,000		625,000					650,622

EUR X 1,000	PRINCIPAL 31-12-2019	RE-PAYMENTS < 1 YEAR	RE-PAYMENTS > 1 YEAR	END DATE	INTEREST MATURITY	EFFECTIVE INTEREST RATE	FIXED/FLOATING	FAIR VALUE
2019								
Counterparty								
Syndicated bullet loan	500,000	-	500,000	17 January 2026	Quarter	1,460%	fixed	516,157
Syndicated revolving credit facility	120,000	-	120,000	26 September 2025	Quarter	0,460%	floating	120,000
Total loans As at 31 December 2019	620,000		620,000					636,157



A mortgage on part of the ARC Fund's property portfolio serves as security for the loan. The total value of the residential portfolio mortgaged as at 31 December 2020 was EUR 2,190,972 thousand (2019: EUR 1,859,742 thousand). As at 31 December 2020 the LTV ratio was 16.1% (2019: 17.0%), the LTMV ratios were 27.7% (2019: 33.3%) and 32.6%.

## COLLATERAL

EUR X 1,000	31-12-2020	31-12-2019
Investment property mortgaged in relation to syndicated loan	2,190,972	1,859,742
Investment property* not mortgaged in relation to syndicated loan	1,244,223	1,350,621
	<b>3,435,195</b>	<b>3,210,363</b>

\* Investment property including assets held for sale

The EUR 850 million loan facility agreement contains the following covenants:

## COVENANTS

EUR X 1,000	COVENANTS	AS AT 31-12-2020
The loan-to-value ratio (including MtM value derivatives)	< 40%	16.1%
The loan-to-value mortgaged properties ratio	< 50%	27.7%
Ratio of net rental income to gross interest	> 2.5	10.9

The EUR 125 million loan facility agreement contains the following covenants:

## COVENANTS

EUR X 1,000	COVENANTS	AS AT 31-12-2020
The loan-to-value ratio (including MtM value derivatives)	< 40%	16.1%
The loan-to-value mortgaged properties ratio	< 50%	32.6%
Ratio of net rental income to gross interest	> 2.5	10.9

As at 31 December 2020, there are no breaches of any of these covenants.

Apart from the mortgage, all receivables pertaining to the property portfolio as well as all bank accounts are pledged.

## 17 OTHER LONG TERM PAYABLES

EUR X 1,000	2020	2019
Long term lease payables (IFRS 16)	45,341	32,666
Other long term payables*	1	3,393
<b>At end of period</b>	<b>45,342</b>	<b>36,059</b>

\* Comparative figures contain long-term provision of EUR 3.4 million to be settled with former UFCV participants if agreed terms are met.



## 18 TRADE AND OTHER PAYABLES

EUR X 1,000	31-12-2020	31-12-2019
AEGON Levensverzekering N.V.	11,184	8,770
PGGM Core Fund Participations B.V.	8,911	7,268
Investor A	206	168
Investor C	620	506
Investor D	1,478	1,205
Investor E	455	371
Investor F	393	320
Investor G	907	735
Investor H	1,222	996
Investor I	713	581
Investor J	664	538
Investor K	305	249
Investor L	3,891	3,064
Investor M	278	226
Investor N	185	151
Investor O	826	673
Investor P	826	673
Investor Q	1,579	1,158
Investor R	750	612
Investor S	495	404
Investor T	189	154
Investor U	2,673	2,179
	<b>38,750</b>	<b>31,000</b>
Tenants deposits	7,294	7,283
Accounts payable	626	4,331
VAT	17	50
Lease payables (IFRS 16)	500	500
Other payables and prepayments	8,700	14,973
	<b>55,887</b>	<b>58,137</b>

The amount of EUR 38,750 thousand consists of the distributions (dividend for the fourth quarter of 2020) to the Investors (2019: EUR 31,000 thousand).



# ADDITIONAL NOTES

## TRANSACTIONS WITH RELATED PARTIES

The following table provides the details of transactions that have been entered into with related parties for the relevant financial years. All transactions with related parties were made on terms equivalent to those that prevail in arm’s length transactions.

### RELATED PARTY TRANSACTIONS

	AMOUNT OF TRANSACTION	AMOUNTS DUE FROM RELATED PARTIES AT YEAR-END	AMOUNTS DUE TO RELATED PARTIES AT YEAR-END
EUR X 1,000			
<b>Fund management fee</b>			
2020	(11,047)	698	-
2019	(9,824)	242	-
<b>Other receivables and interest</b>			
2020	-	-	-
2019	9	-	-
<b>Prepayments on assets under construction</b>			
2020	99,859	-	-
2019	193,828	-	(507)

## FUND MANAGEMENT FEE

TThe ARC Fund’s management fee has been paid to the Fund Manager, Amvest REIM B.V.

## TRANSACTIONS WITH DIRECT STAKEHOLDERS

The Investors of the ARC Fund and/or their shareholders or regulators did not have any personal interest in investments by the ARC Fund in 2020. As far as the ARC Fund is aware, no property transactions took place during the year under review with persons and/or organisations that can be regarded as direct stakeholders of the ARC Fund, other than as mentioned in the paragraph “Transactions with related parties”.

## OFF-BALANCE SHEET COMMITMENTS

As at 31 December 2020, the ARC Fund has obligations with respect to new investment property. The total amount with respect to these obligations for 2020 onwards adds up to EUR 714 million.

## OFF-BALANCE SHEET RIGHTS

In 2020, the ARC Fund has received no new subscription forms (2019: 2 forms). The total amount of off balance sheet rights for 2020 amounts to EUR 150 million relating to existing commitments (2019: EUR 286 million).



# ADDITIONAL NOTES

## AUDITOR’S FEE

With reference to Articles 2:382a (1) and (2) of the Dutch Civil Code, the following fees for the financial year as well as the previous year have been charged by KPMG Accountants N.V. and PwC to the ARC Fund.

### AUDITOR’S FEE

	KPMG ACCOUNTANTS N.V. 2020	PWC 2020	TOTAL 2020
EUR X 1,000			
<b>2020</b>			
Statutory audit of annual accounts	(220)	-	(220)
Other assurance services	(28)	-	(28)
Tax advisory services	-	-	-
Other non-audit services	-	-	-
	<b>(248)</b>	<b>-</b>	<b>(248)</b>

	KPMG ACCOUNTANTS N.V. 2019	PWC 2019	TOTAL 2019
EUR X 1,000			
<b>2019</b>			
Statutory audit of annual accounts	(181)	-	(181)
Other assurance services	-	(33)	(33)
Tax advisory services	-	-	-
Other non-audit services	-	-	-
	<b>(181)</b>	<b>(33)</b>	<b>(214)</b>

## COVID-19

COVID-19 is having a significant impact on the global economy and markets. At this time, the impact of COVID-19 on our business has been limited and we have currently not witnessed significant changes in operations and demand, whereas rental contracts are not affected and liquidity remains healthy. However going forward, COVID-19 may negatively impact our business and at this time determining the precise impact is challenging.

In this respect ARC Fund developed and implemented contingency plans and is closely and continuously evaluating the developments. We will take necessary actions to keep our operations running and protect our tenants and stakeholders. Based on our current knowledge and available information, we do not expect COVID-19 to have an impact on our ability to continue as a going concern in the future.

## SUBSEQUENT EVENTS

There were no significant subsequent events at the reporting date that require reporting.

Amsterdam, the Netherlands, 22 April 2021

H-W. Wensing, Fund Director  
G.N. von der Thüsen, Director Finance and Risk  
D. Wedding, Portfolio Manager



# COMPANY FINANCIAL STATEMENTS



Guus Hermussingel, Berkel en Rodenrijs



# ACCOUNTING PRINCIPLES

## ACCOUNTING POLICIES

The company financial statements of the Amvest Residential Core Fund have been prepared in accordance with the requirements in Book 2, Part 9 of the Dutch Civil Code. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies applied in the company financial statements are identical to those applied in the consolidated financial statements in accordance with the option provided in Book 9, Part 2, Article 362.8 of the Dutch Civil Code. Subsidiaries and joint ventures (jointly the 'participating interests in group companies') are valued using the equity method, which is based on IFRS as adopted by the EU.

Pursuant to the option offered in Book 2, Part 9, Article 402 of the Dutch Civil Code, the Amvest Residential Core Fund includes a summarized statement of profit or loss in its company financial statements.

## BASIS OF PREPARATION

The financial statements are presented in euros, rounded to the nearest thousand, unless stated otherwise. The euro is the Amvest Residential Core Fund's reporting and functional currency.



# SUMMARIZED COMPANY STATEMENT OF PROFIT OR LOSS

EUR X 1,000	2020	2019
Result of associates after tax	12,587	11,623
Other result after tax	267,995	329,921
<b>Total profit for the period</b>	<b>280,582</b>	<b>341,544</b>



# COMPANY STATEMENT OF FINANCIAL POSITION

EUR X 1,000	NOTES	31-12-2020	31-12-2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Subsidiaries	A	422,829	474,800
Investment property		2,985,613	2,710,826
Assets under construction		441,149	410,941
		<b>3,849,591</b>	<b>3,596,567</b>
<b>Current assets</b>			
Trade and other receivables		5,621	5,540
Cash and cash equivalents		22,456	15,929
Assets held for sale		29,502	48,966
		<b>57,579</b>	<b>70,435</b>
<b>Total assets</b>			
		<b>3,907,170</b>	<b>3,667,002</b>

Refer to notes included in consolidated statement of financial position for disclosures on line items included in company statement of financial position.

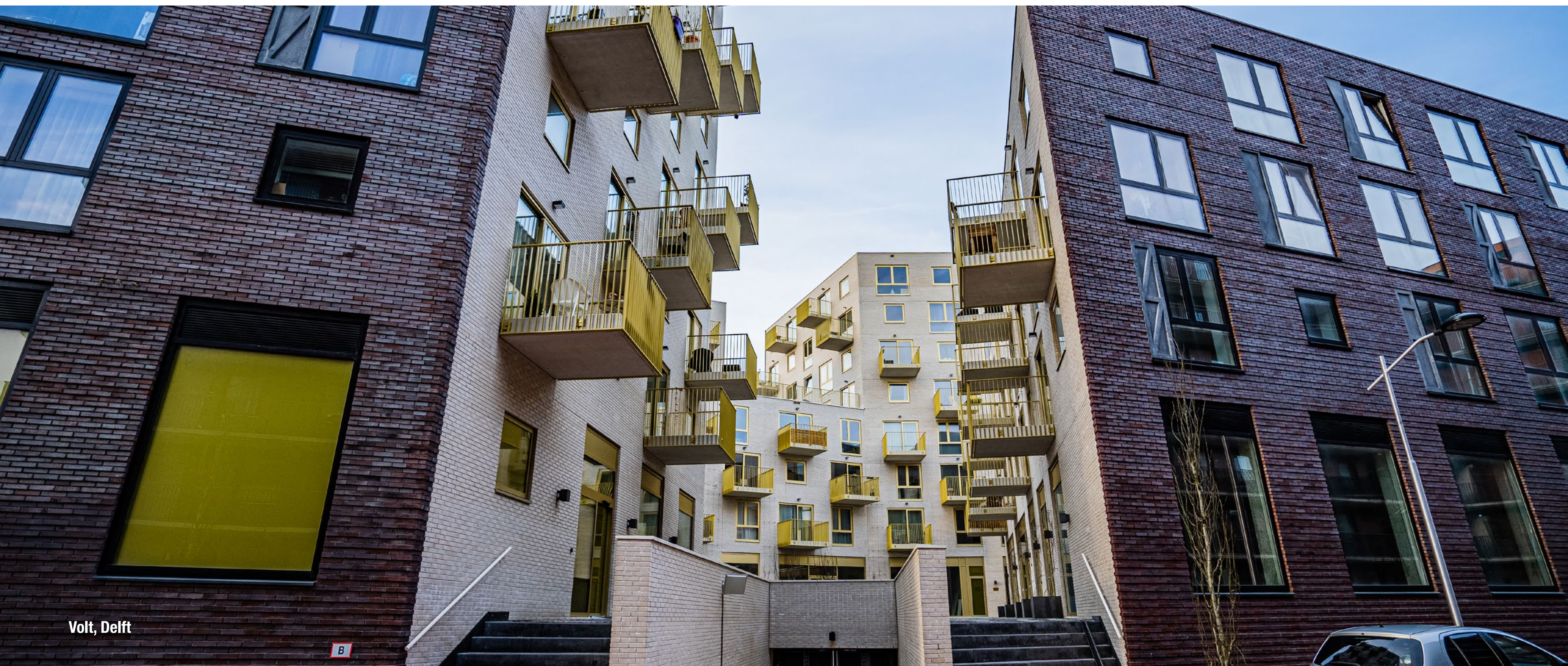
## A SUBSIDIARIES

The Amvest Residential Core Fund obtained economic control over Utrechtse Fondsen Vastgoed CV (UFCV) as per 1 July 2019. UFCV is an AIFMD licensed Limited Partnership which contains an investment property portfolio which, as per 1 July 2019, contained 1,352 residential units. Control over Westflank ARC CV was obtained in 2018 and was dissolved in 2020. This Limited Partnership contained a construction site and was not leveraged. The construction site valuation was equal to the valuation of the subsidiary.

EUR X 1,000	NOTES	31-12-2020	31-12-2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity (attributable to the investors)</b>			
Capital contributions		86	84
Share premium reserve		1,575,374	1,627,860
Retained earnings		1,327,821	986,277
Total comprehensive income of the period		280,582	341,544
		<b>3,183,863</b>	<b>2,955,766</b>
<b>Non-current liabilities</b>			
Syndicated loan		625,000	620,000
Other long term liabilities		44,030	34,816
		<b>669,030</b>	<b>654,816</b>
<b>Current liabilities</b>			
Trade and other payables		54,277	56,420
		<b>54,277</b>	<b>56,420</b>
<b>Total equity and liabilities</b>			
		<b>3,907,170</b>	<b>3,667,002</b>



# OTHER INFORMATION



Volt, Delft

B



# INDEPENDENT AUDITOR'S REPORT

## TO: THE FUND MANAGER OF AMVEST RESIDENTIAL CORE FUND

### REPORT ON THE ACCOMPANYING FINANCIAL STATEMENTS

#### Our opinion

We have audited the financial statements 2020 of Amvest Residential Core Fund, based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Amvest Residential Core Fund as at 31 December 2020 and of its result and its cash flows for 2020 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Amvest Residential Core Fund as at 31 December 2020 and of its result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- 1 the consolidated statement of financial position as at 31 December 2020;
- 2 the following consolidated statements for 2020: the statement of profit or loss and other comprehensive income, changes in equity and cash flows; and
- 3 the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- 1 the company statement of financial position as at 31 December 2020;
- 2 the summarized company statement of profit or loss account for 2020; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

#### Basis for our opinion

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

We are independent of Amvest Residential Core Fund in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- About the Amvest Residential Core Fund;
- Key highlights 2020;
- Key figures 2020;
- Report of the Fund Manager;
- Residents' stories;
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code;
- Annexes.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Fund Manager is responsible for the preparation of the other information, including the Report of the Fund Manager, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.



## DESCRIPTION OF THE RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

### Responsibilities of the Fund Manager for the financial statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Fund Manager is responsible for such internal control as the Fund Manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the Fund Manager is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Fund Manager should prepare the financial statements using the going concern basis of accounting unless the Fund Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so. The Fund Manager should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

### Our responsibilities for the audit of the financial statements

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

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

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

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

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager;
- concluding on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Rotterdam, 22 April 2021

KPMG Accountants N.V.

S. van Oostenbrugge RA



# ASSURANCE REPORT OF THE INDEPENDENT AUDITOR

## TO: THE FUND MANAGER OF AMVEST RESIDENTIAL CORE FUND

### OUR CONCLUSION

We have reviewed the selected sustainability indicators in the Annual Report 2020 ('the annual report') of Amvest Residential Core Fund, based in Amsterdam ('Amvest' or 'the Company').

Based on the procedures performed nothing has come to our attention that causes us to believe that the selected sustainability indicators in the annual report are not, in all material respects, prepared in accordance with the internal reporting criteria of Amvest as described in the 'Reporting criteria' section below.

The selected sustainability indicators are the following:

- Tenant satisfaction
- GRESB score
- Energy use intensity (EUI)
- Improve insight in energy consumption (coverage rate)
- Renewable energy
- Carbon emission
- Generated economic value
- Vacancy rate
- Investing in mid-priced rental segment
- Limit rental increases

### BASIS FOR OUR CONCLUSION

We performed our examination in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten) (assurance engagements other than audits or reviews of historical financial information (attestation engagements)). This engagement is aimed to obtain limited assurance. Our responsibilities in

this regard are further described in the 'Auditor's responsibilities' section of our report.

We are independent of Amvest in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in The Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

### REPORTING CRITERIA

The selected sustainability indicators need to be read and understood together with the internal reporting criteria of Amvest. Amvest is solely responsible for selecting and applying these reporting criteria, taking into account applicable laws and regulations related to reporting.

The reporting criteria used for the preparation of the selected sustainability indicators are the applied internal reporting criteria as disclosed in the Annex 'KPIs for the purpose of non-financial data in the annual report' of the annual report.

### MATERIALITY

Based on our professional judgement we determined materiality levels for each of the sustainability indicators. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and the company.

### THE MANAGEMENT BOARD'S RESPONSIBILITIES

The Management Board of Amvest is responsible for the preparation of the selected sustainability indicators in the report in accordance with the internal reporting criteria of Amvest.

Furthermore, the Management Board is responsible for such internal control as it determines is necessary to enable the preparation of the selected sustainability indicators is free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITIES

Our responsibility is to plan and perform our review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determining the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review engagements with a limited level of assurance is therefore substantially less than the reasonable assurance obtained in audit engagements.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



Our examination included among others:

- performing an analysis of the external environment and obtaining an understanding of relevant societal themes and issues, and the characteristics of the company;
- evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the report. This includes the reasonableness of estimates made by the Management Board;
- obtaining an understanding of the reporting processes for the selected sustainability indicators, including obtaining a general understanding of internal control relevant to our review;
- identifying areas of the sustainability indicators with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability indicators responsive to this risk analysis. These procedures included among others:
  - interviewing relevant staff responsible for providing the information for, carrying out internal control procedures over, and consolidating the selected sustainability indicators in the report;
  - obtaining assurance information that the disclosures on the selected sustainability indicators in the report reconcile with underlying records of the company;
  - reviewing, on a limited test basis, relevant internal and external documentation;
  - performing an analytical review of the data and trends in relation to the selected sustainability indicators.
- evaluating the consistency of the selected sustainability indicators with other information in the report which is not included in the scope of our review;
- evaluating the presentation, structure and content of the selected sustainability indicators in the report;
- considering whether the selected sustainability indicators as a whole, including the disclosures, sufficiently reflects the purpose of the reporting criteria used.

We communicated with the Fund Manager our planned scope and timing of the review and significant findings that we identified following our review.

Rotterdam, 22 April 2021

KPMG Accountants N.V.

S. van Oostenbrugge RA



# PROVISIONS IN THE ARTICLES OF ASSOCIATION GOVERNING THE APPROPRIATION OF PROFIT

Article 28 of the Terms and Conditions of Management and Custody of the ARC Fund stipulate that Net Proceeds are distributed among the Investors in proportion to their participation in the ARC Fund's capital. In accordance with the Dutch Civil Code, article 13.4 of the Terms and Conditions of Management and Custody of the ARC Fund stipulates that the liability of the Investors does not exceed their commitment to the ARC Fund's capital.



# ANNEXES



2Peer, Amsterdam



# KEY FIGURES 2020

AMOUNTS IN EUR X MILLION

	2020	2019	2018	2017	2016
<b>Fund returns (as a percentage of the INREV NAV as at 1 January)</b>					
Income return	2.8%	3.3%	3.4%	3.7%	3.6%
Capital gains	6.7%	12.0%	18.2%	16.0%	11.1%
<b>Total return</b>	<b>9.5%</b>	<b>15.3%</b>	<b>21.6%</b>	<b>19.7%</b>	<b>14.7%</b>
Dividend yield (dividend/INREV NAV as at 1 January)	3.8%	4.0%	4.3%	4.5%	4.1%
Dividend	112.3	89.3	78.3	64.8	45.0
Total comprehensive income of the year	280.6	341.5	390.4	285.0	163.2
<b>Real estate returns (as a percentage of the average real estate portfolio value)</b>					
Direct return (1)	3.1%	3.5%	3.7%	4.0%	4.3%
Indirect return by selling (2)	0.9%	0.5%	0.8%	0.7%	0.4%
Indirect return by value changes	4.0%	7.5%	11.8%	10.8%	7.1%
<b>Total return</b>	<b>8.0%</b>	<b>11.5%</b>	<b>16.3%</b>	<b>15.5%</b>	<b>11.8%</b>
Cash yield (= 1 + 2)	4.0%	4.0%	4.5%	4.7%	4.7%
Gross initial yield	4.1%	4.3%	4.7%	5.1%	5.5%
<b>Real estate results</b>					
Net rental income (1)	103.9	95.1	78.6	67.7	57.4
Other income (1)	0.5	0.1	-	-	-
Realised capital gains (2)	30.6	14.8	16.5	11.6	5.0
Unrealised capital gains	168.4	252.2	312.1	220.0	118.2
<b>Total capital gains</b>	<b>199.0</b>	<b>267.0</b>	<b>328.6</b>	<b>231.6</b>	<b>123.2</b>
<b>Total income</b>	<b>303.4</b>	<b>362.2</b>	<b>407.0</b>	<b>299.3</b>	<b>180.6</b>
Cash (= 1 + 2)	135.0	110.0	95.1	79.3	62.4



AMOUNTS IN EUR X MILLION

	2020	2019	2018	2017	2016
<b>Balance sheet</b>					
<b>Investment property as at 31 December after revaluation</b>	<b>3,405.7</b>	<b>3,161.4</b>	<b>2,261.4</b>	<b>1,921.7</b>	<b>1,445.9</b>
Assets under construction as at 31 December	441.1	431.2	468.9	277.6	264.8
Assets held for sale as at 31 December	29.5	49.0	14.6	10.3	10.0
<b>Total property investments including assets under construction and assets held for sale</b>	<b>3,876.3</b>	<b>3,641.6</b>	<b>2,744.8</b>	<b>2,209.6</b>	<b>1,720.7</b>
<b>Total assets (balance sheet total)</b>	<b>3,910.1</b>	<b>3,670.0</b>	<b>2,782.2</b>	<b>2,270.7</b>	<b>1,775.7</b>
Equity capital	3,138.9	2,955.8	2,228.8	1,796.0	1,449.4
Syndicated loan (drawn)	625.0	620.0	500.0	440.0	290.0
Financial income and expenditures	9.6	9.2	7.2	5.9	9.9 *
<b>Key indicators/ratios</b>					
Equity capital divided by balance sheet total	81.4%	80.5%	80.1%	79.1%	81.6%
Long-term liabilities compared to total property investments (loan-to-value) (< 30.0%)	16.1%	17.0%	18.2%	19.9%	16.9%
Average interest rate on long-term liabilities (including costs and interest rate swaps)	1.3%	1.5%	1.3%	1.5%	3.9% **
<b>Bank covenants (Loan from 26 September 2016)</b>					
Long-term liabilities including MtM value IRS compared to total property investments (loan-to-value) (<40.0%)	16.1%	17.0%	18.2%	19.9%	16.9%
Long-term liabilities compared to mortgaged property investments (loan-to-mortgage-value EUR 850M loan) (<50.0%)	27.7%	33.3%	37.3%	32.7%	27.5%
Long-term liabilities compared to mortgaged property investments (loan-to-mortgage-value EUR 125M loan) (<50.0%)	32.6%				
Ratio of net rental income to gross interest (>2.5)	10.9	10.1	10.9	12.7	7.3
Occupancy rate (as a percentage of the theoretical rental income)	97.4%	97.2%	98.3%	97.8%	97.3%
Cost percentage excluding the landlord tax (as a percentage of the theoretical rental income)	22.2%	19.1%	19.4%	20.0%	20.5%
Cost percentage including the landlord tax (as a percentage of the theoretical rental income)	22.6%	19.5%	20.0%	20.8%	21.4%
INREV NAV as at 1 January	2,958.2	2,232.5	1,800.9	1,451.5	1,106.1 ***
INREV NAV as at 31 December	3,185.2	2,958.2	2,232.5	1,800.9	1,451.5

\* The total cost for unwinding the interest rate swap contracts is included (EUR 2.9 million).

\*\* Excluding the total cost for unwinding the interest rate swap contracts (EUR 2.9 million), the average interest rate would be 2.8%.

\*\*\* As per 1 January 2016 new Investors joined the ARC Fund.



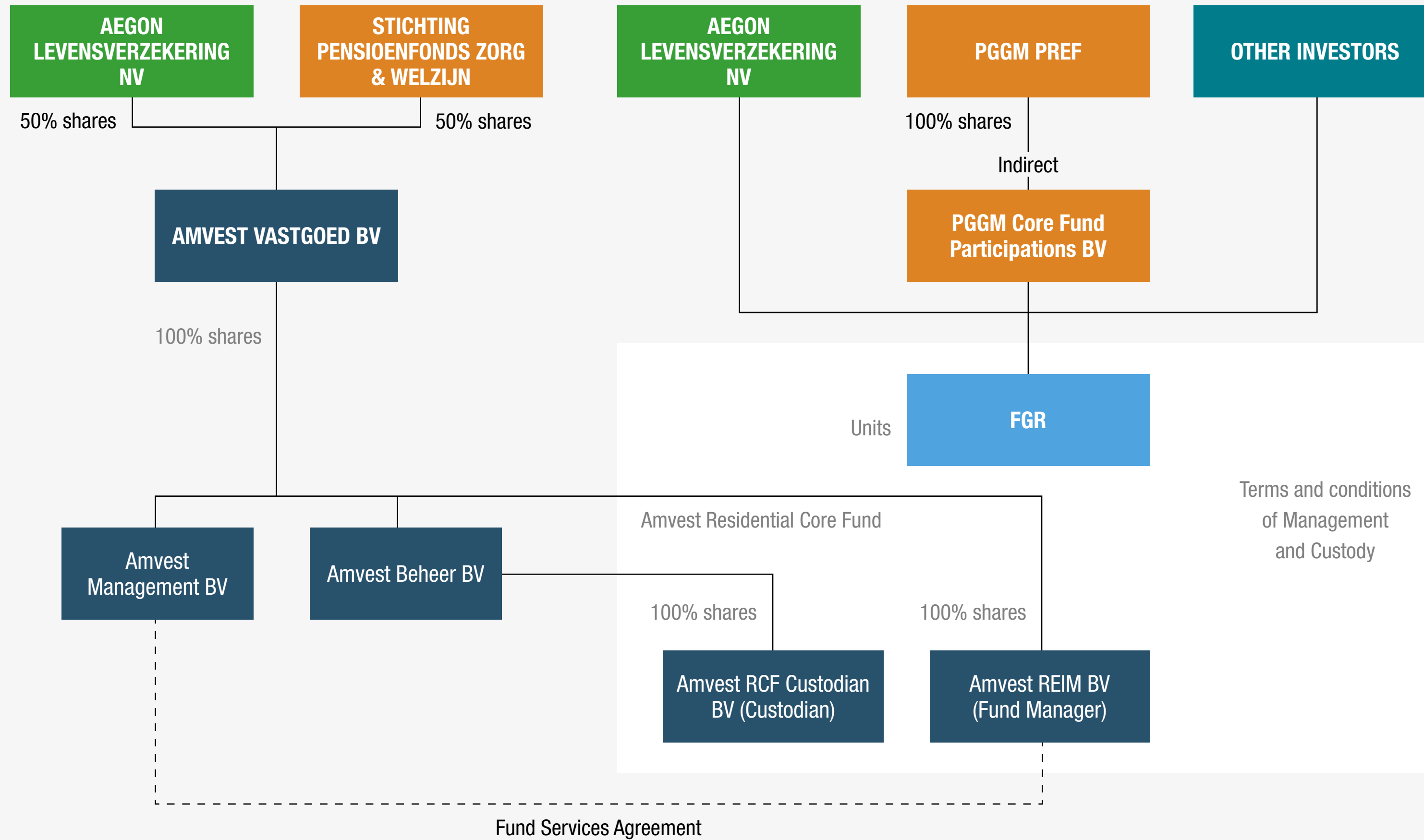
AMOUNTS IN EUR X MILLION

	2020	2019	2018	2017	2016
Total Expense Ratio (TER) (INREV GAV) (management expenses/average INREV GAV)	0.35%	0.36%	0.38%	0.42%	0.50%
Total Expense Ratio (TER) (INREV NAV) (management expenses/average INREV NAV)	0.43%	0.44%	0.47%	0.52%	0.60%
Total Real Estate Expense Ratio (REER) (INREV GAV) (operating costs/average INREV GAV)	0.83%	0.74%	0.79%	0.90%	1.04%
Letting portfolio (number of homes)	10,418	10,170	8,055	7,804	6,743
<b>MSCI property indexes</b>					
<i>All residential assets</i>					
MSCI	8.3%	13.6%	18.6%	16.9%	15.2%
Amvest Residential Core Fund	9.9%	15.3%	18.4%	19.1%	12.7%



# LEGAL STRUCTURE

As at December 2020





# COMPOSITION OF THE PROPERTY PORTFOLIO

## PROPERTY ASSETS

AMOUNTS IN EUR X MILLION	BOOK VALUE
Investment property	3,406
Assets held for sale	29
	3,435
Assets under construction	441
Total	3,876

## COMPOSITION OF THE PORTFOLIO

AMOUNTS IN EUR X MILLION	NUMBER OF HOMES	BOOK VALUE
Residential portfolio (individually rented)	10,418	3,375
Commercial /other	-	60
Total	10,418	3,435

## COMPOSITION OF THE RESIDENTIAL PORTFOLIO BY TYPE

AMOUNTS IN EUR X MILLION	NUMBER OF HOMES	BOOK VALUE
Single-family	3,521	1,091
Multi-family	6,897	2,284
Mixed	-	-
Total	10,418	3,375

## COMPOSITION OF THE RESIDENTIAL PORTFOLIO BY REGION \*

AMOUNTS IN EUR X MILLION	NUMBER OF HOMES	BOOK VALUE
Central Circle: Big Four	6,860	2,349
Central Circle: Remainder	2,917	856
Regional Economic Centres	478	124
Remaining Regions	163	46
Total	10,418	3,375

### Region \*

**Central Circle: Big Four** - Four largest centres in the Netherlands (Amsterdam, Utrecht, The Hague and Rotterdam) and their suburbs

**Central Circle: Remainder** - Remaining urban regions in the Randstad, Brabant and Gelderland (including, Leiden, Delft, Arnhem, Nijmegen, 's-Hertogenbosch and Eindhoven)

**Regional Economic Centrals** - Urban regions of Zwolle, Groningen and Deventer

**Remaining Regions** - Remaining regions

## COMPOSITION OF THE RESIDENTIAL PORTFOLIO BY RENT CLASS

AMOUNTS IN EUR X MILLION	NUMBER OF HOMES	BOOK VALUE
Homes with a monthly rent below the rent control limit (1 January 2021: EUR 752)	429	111
Homes with a monthly rent above the rent control limit	9,989	3,264
Total	10,418	3,375



YIELD ACCORDING TO THE MSCI RESIDENTIAL INDEX

	ARC FUND TOTAL	MSCI TOTAL	ARC FUND SI**	MSCI SI**
Income return 2020	3.2%	2.9%	3.2%	3.1%
Capital growth 2020	6.6%	5.3%	4.3%	4.5%
Total return 2020 *	9.9%	8.3%	7.6%	7.8%
Income return 3-year average	3.5%	3.2%	3.5%	3.4%
Capital growth 3-year average	10.7%	10.0%	8.1%	9.0%
Total return 3-year average *	14.5%	13.4%	11.8%	12.7%
Income return 5-year average	3.8%	3.5%	3.8%	3.8%
Capital growth 5-year average	10.8%	10.6%	8.7%	9.5%
Total return 5-year average *	15.0%	14.5%	12.8%	13.6%

\* Income return, Capital growth and Total return are calculated seperately. Due to the calculation method (time weighted) the sum of the Income return and Capital growth

\*\* Standing Investments

COMPOSITION OF THE COMMITED PIPELINE BY RESIDENTIAL TYPE

AMOUNTS IN EUR X MILLION	NUMBER OF HOMES	BOOK VALUE
Single-family	55	20
Multi-family	3,175	1,166
Total	3,230	1,186

COMPOSITION OF THE COMMITED PIPELINE BY REGION \*

AMOUNTS IN EUR X MILLION	NUMBER OF HOMES	BOOK VALUE
Central Circle: Big Four	2,780	1,037
Central Circle: Remainder	450	149
Regional Economic Centres	-	-
Remaining Regions	-	-
Total	3,230	1,186

Region \*

**Central Circle: Big Four** - Four largest centres in the Netherlands (Amsterdam, Utrecht, The Hague and Rotterdam) and their suburbs

**Central Circle: Remainder** - Remaining urban regions in the Randstad, Brabant and Gelderland (including, Leiden, Delft, Arnhem, Nijmegen, 's-Hertogenbosch and Eindhoven)

**Regional Economic Centrals** - Urban regions of Zwolle, Groningen and Deventer

**Remaining Regions** - Remaining regions



# MATERIALITY MATRIX AND MATERIAL THEMES

## MATERIALITY ANALYSIS

The ARC Fund attaches great value to corporate social responsibility and sustainable entrepreneurship. The Fund Manager believes that this can be achieved by permanently adhering to the wishes and expectations of the stakeholders and society. In order to assess the interests of the tenants, investors, developers, maintenance companies, real estate managers and employees of the Fund Manager, a materiality analysis has been conducted. An extensive survey (based on the GRI Standards, GRESB, the INREV guidelines and a peer analysis) was sent to the stakeholders of the ARC Fund questioning the materiality of a wide range of themes and the performance of the Fund on these themes. The materiality survey was broadly composed, covered ESG factors and consisted of six sections:

- economic aspect;
- home comfort;
- social aspects;
- internal operations;
- environmental aspects;
- the living environment.

The output of the survey is reflected in a materiality matrix that shows which themes are material according to the external stakeholders and the employees of the Fund Manager. This matrix is drawn up in accordance with the guidelines of the Global Reporting Initiative (GRI), an independent international organisation that set (inter alia) the Sustainability Reporting Standards (SRS). The GRI SRS are considered to be the worldwide standard in the field of sustainability reporting. In order to be able to report on sustainability, ESG factors should be fully embedded in the Fund’s strategy.

In the materiality matrix, which is represented in graph 21, all themes are plotted on two axes:

- on the vertical axis, the importance of the theme to the stakeholders (0-10);
- on the horizontal axis, the importance of the theme to the employees of the Fund Manager (0-10).

## ESG MEASURES

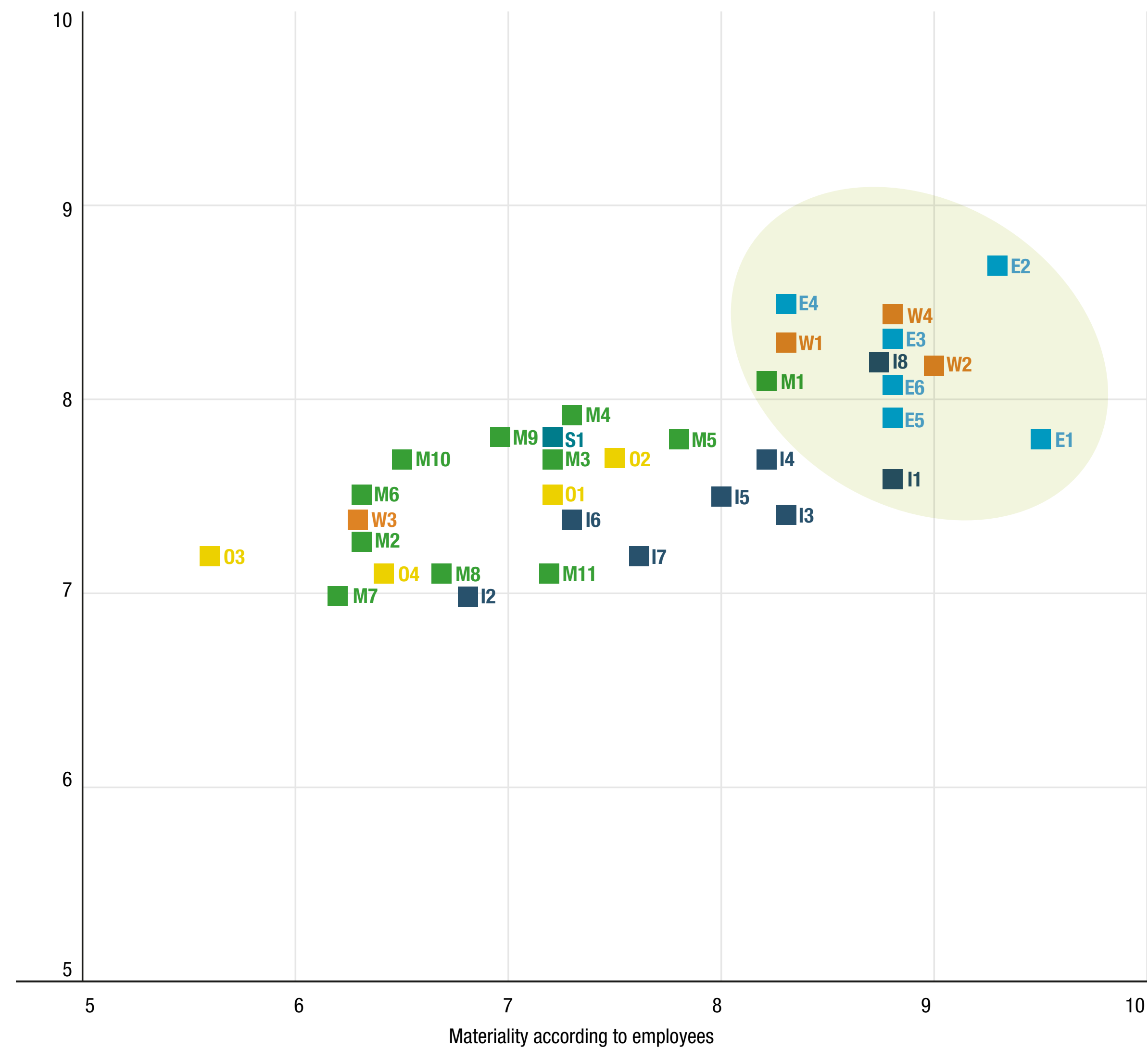
From the extensive list of material themes, twelve themes were selected as most material for the Fund in the coming years (items in the green shaded area of graph 20). These most material themes were selected in the following manner:

- themes which scored 8.0/10 or higher by both the stakeholders of the ARC Fund and the employees of the Fund Manager;
- themes which scored 8.5/10 or higher by the stakeholders or the employees of the Fund Manager;
- themes which are closely related to other selected themes (M4 and M5, see graph 20 and table 21).



## 21. MATERIALITY MATRIX ARC FUND

Materiality according to stakeholders



## 22. MATERIAL THEMES FOR THE ARC FUND

ECONOMIC ASPECTS	HOME COMFORT	SOCIAL ASPECTS	INTERNAL OPERATIONS	ENVIRONMENTAL ASPECTS	LIVING ENVIRONMENT
<b>E1</b> Generated economic value	<b>W1</b> Health and safety for inhabitants	<b>S1</b> Health and safety	<b>I1</b> Training and education of staff	<b>M1</b> Energy consumption and energy saving	<b>O1</b> Engagement and dialogue with local stakeholders
<b>E2</b> Integrity and anti-corruption	<b>W2</b> Tenant satisfaction		<b>I2</b> Diversity	<b>M2</b> Energy consumption and energy saving of the Amvest office	<b>O2</b> Liveability and living environment
<b>E3</b> Prevention of vacancy and occupancy rate	<b>W3</b> Flexibility during building and living		<b>I3</b> Primary and secondary tenms of employment	<b>M3</b> Materials and circularity	<b>O3</b> Biodiversity and nature
<b>E4</b> Compliance to legislation	<b>W4</b> Fire safety		<b>I4</b> Health of employees	<b>M4</b> Carbon emissions and climate change	<b>O4</b> Climate adaptation
<b>E5</b> Supply of sufficient high quality and affordable private sector rental homes			<b>I5</b> Membership of industry associations and knowledge sharing	<b>M5</b> Generation of renewable energy	
<b>E6</b> Shareholder rights			<b>I6</b> Innovation and knowledge sharing	<b>M6</b> Water	
			<b>I7</b> Employee satisfaction	<b>M7</b> Environmental certificates for residences	
			<b>I8</b> Fair marketing and communication	<b>M8</b> Supplier environmental assessment	
				<b>M9</b> Sustainable renovations	
				<b>M10</b> Waste	
				<b>M11</b> Clean air	



# OVERVIEW OF THE PROPERTY PORTFOLIO

COMPLEX	TOWN	NUMBER OF HOMES	HOUSING TYPE/COMMERCIAL	CONSTRUCTION YEAR	REGION*
Boelijn	Almere	22	Multi-family	2008	Central Circle Big Four City Amsterdam
De Diagonaal (Smaragd)	Almere	72	Multi-family	2007	Central Circle Big Four City Amsterdam
Duinbeekstraat	Almere	44	Single-family	2017	Central Circle Big Four City Amsterdam
Duinbosstraat	Almere	48	Single-family	2015	Central Circle Big Four City Amsterdam
Noorderduinoord	Almere	16	Single-family	2020	Central Circle Big Four City Amsterdam
Ouverture	Almere	48	Multi-family	1993	Central Circle Big Four City Amsterdam
Spinnakerplantsoen	Almere	36	Single-family	2008	Central Circle Big Four City Amsterdam
Thérèse Schwartzestraat	Almere	24	Single-family	2001	Central Circle Big Four City Amsterdam
Zeeduinweg (Het Anker)	Almere	26	Multi-family	2017	Central Circle Big Four City Amsterdam
Zeeduinweg (Sydney)	Almere	107	Multi-family	2020	Central Circle Big Four City Amsterdam
Andromedastraat	Alphen aan den Rijn	81	Multi-family	2006	Central Circle Remainder
Watermunt	Alphen aan den Rijn	45	Single-family	2016	Central Circle Remainder
Baak van Breskens	Amersfoort	35	Single-family	2014	Central Circle Remainder
Sint Jorisplein	Amersfoort	93	Multi-family	1998	Central Circle Remainder
Nieuw Loopveld	Amstelveen	8	Multi-family	2004	Central Circle Big Four City Amsterdam
Bert Haanstrakade (Het IJland)	Amsterdam	271	Multi-family	2018	Central Circle Big Four City Amsterdam
Bottelarijstraat (Cruquius)	Amsterdam	158	Multi-family/commercial	2017	Central Circle Big Four City Amsterdam
Cruquiusweg (2Peer)	Amsterdam	23	Multi-family	2020	Central Circle Big Four City Amsterdam
Fred Roeskestraat (De Fred)	Amsterdam	110	Multi-family	2017	Central Circle Big Four City Amsterdam
Gaasterlandstraat (RIV)	Amsterdam	23	Multi-family	2017	Central Circle Big Four City Amsterdam
Gustav Mahlerlaan (Xavier)	Amsterdam	110	Multi-family	2019	Central Circle Big Four City Amsterdam
Jan Tooropstraat (De Nieuwe Meester)	Amsterdam	66	Multi-family	2020	Central Circle Big Four City Amsterdam
Krijn Taconiskade (Havenmeester)	Amsterdam	117	Multi-family/commercial	2007	Central Circle Big Four City Amsterdam
Spaklerweg (De Spakler)	Amsterdam	160	Multi-family/commercial	2017	Central Circle Big Four City Amsterdam
Westerdoksdiijk (Mauritius)	Amsterdam	40	Multi-family/commercial	2008	Central Circle Big Four City Amsterdam
Westerdoksdiijk (Westerkaap)	Amsterdam	7	Multi-family	2007	Central Circle Big Four City Amsterdam
Haringvliet (Deltakwartier)	Arnhem	151	Single-family	2017	Central Circle Remainder
Het Haam	Arnhem	34	Single-family	2008	Central Circle Remainder
Kea Boumanstraat	Arnhem	2	Single-family	2006	Central Circle Remainder
Laan van de Vrede	Arnhem	41	Single-family	2014	Central Circle Remainder



COMPLEX	TOWN	NUMBER OF HOMES	HOUSING TYPE/COMMERCIAL	CONSTRUCTION YEAR	REGION*
Stadswaardenlaan	Arnhem	10	Single-family	2008	Central Circle Remainder
Franklinstraat (Zuiderbogen)	Badhoevedorp	26	Multi-family	2007	Central Circle Big Four City Amsterdam
Irislaan	Badhoevedorp	48	Single-family	2015	Central Circle Big Four City Amsterdam
Brielsemeer	Barendrecht	52	Single-family	2000	Central Circle Big Four Cities
Drogerij	Barendrecht	47	Single-family	2001	Central Circle Big Four Cities
Koperslagerij	Barendrecht	23	Single-family	1998	Central Circle Big Four Cities
Waddenring	Barendrecht	18	Single-family	2001	Central Circle Big Four Cities
Felix Timmermanshof (Gouden Uil)	Berkel en Rodenrijs	53	Multi-family	2011	Central Circle Big Four Cities
Gouden Griffelplantsoen	Berkel en Rodenrijs	119	Single-family	2006	Central Circle Big Four Cities
Gouden Uillaan	Berkel en Rodenrijs	61	Single-family	2011	Central Circle Big Four Cities
Guus Hermussingel (Gouden Podium)	Berkel en Rodenrijs	9	Single-family	2019	Central Circle Big Four Cities
Sacha Bulthuisstraat (Gouden Podium)	Berkel en Rodenrijs	18	Single-family	2020	Central Circle Big Four Cities
Rokebrandlaan	Blaricum	34	Single-family	2015	Central Circle Remainder
Luciastraat (Haga Lucia)	Breda	70	Multi-family/other	2017	Central Circle Remainder
Stationslaan	Breda	124	Multi-family/commercial	2016	Central Circle Remainder
Stationsweg (Heren van Breda)	Breda	93	Multi-family	2007	Central Circle Remainder
Antoon van Wijngaardenweg/Satijnvlinderlaan (Parijsch Zuid)	Culemborg	42	Single-family	2016	Remaining Regions
De Groene Haven (Volt)	Delft	130	Multi-family/commercial	2020	Central Circle Big Four Cities
Boschveldweg (Perron 073)	's-Hertogenbosch	38	Multi-family	2017	Central Circle Remainder
Daliënwaard	's-Hertogenbosch	44	Single-family	2006	Central Circle Remainder
Verlengde Kazernestraat	Deventer	33	Single-family	2013	Regional Economic Centres
Gerrit Rietveldsingel (Holland Park)	Diemen	202	Multi-family	2017	Central Circle Big Four City Amsterdam
Ansinghstraat	Ede	46	Single-family	2018	Central Circle Remainder
Enkalaan	Ede	46	Single-family	2014	Central Circle Remainder
Wadestein	Ede	107	Multi-family	2009	Central Circle Remainder
Anton Philipslaan (Hartje Eindhoven)	Eindhoven	395	Multi-family/commercial	2013	Central Circle Remainder
Diodehof	Eindhoven	39	Single-family	2013	Central Circle Remainder
Flowcoatstraat	Eindhoven	20	Multi-family	2018	Central Circle Remainder
Fosforstraat (Strijp R)	Eindhoven	24	Multi-family	2017	Central Circle Remainder
Paalspoor	Eindhoven	50	Single-family	2015	Central Circle Remainder
Waterfront	Eindhoven	33	Single-family	2017	Central Circle Remainder
Waterlinie	Eindhoven	30	Single-family	2017	Central Circle Remainder
Aureus	Elst	35	Single-family	2007	Central Circle Remainder
Basilica	Elst	36	Multi-family	2007	Central Circle Remainder
Brugwachter	Elst	32	Single-family	2012	Central Circle Remainder



COMPLEX	TOWN	NUMBER OF HOMES	HOUSING TYPE/COMMERCIAL	CONSTRUCTION YEAR	REGION*
Lingegraaf	Elst	12	Single-family	2013	Central Circle Remainder
Tempellaan	Elst	38	Multi-family	2007	Central Circle Remainder
Lingedonk	Geldermalsen	55	Single-family	2017	Remaining Regions
Graaf Florisweg (Ambachtsschool)	Gouda	64	Multi-family	2017	Central Circle Remainder
Graaf Florisweg (Ambachtsschool)	Gouda	1	Single-family	2017	Central Circle Remainder
Boterdiep	Groningen	145	Multi-family	2002	Regional Economic Centres
Hanzeplein	Groningen	65	Multi-family	1998	Regional Economic Centres
Melisseweg	Groningen	49	Single-family	2017	Regional Economic Centres
Bellevuelaan (Hoge Hout)	Haarlem	93	Multi-family	2010	Central Circle Big Four City Amsterdam
Botterboulevard (Aquaverde)	Haarlem	54	Multi-family	2016	Central Circle Big Four City Amsterdam
Pim Mulierlaan (The Umpire)	Haarlem	59	Multi-family	2017	Central Circle Big Four City Amsterdam
Zalm	Hendrik Ido Ambacht	47	Multi-family	2010	Central Circle Remainder
Antje Breijerstraat (Chicago)	Hoofddorp	97	Multi-family/commercial	2003	Central Circle Big Four City Amsterdam
Antje Breijerstraat (Stockholm)	Hoofddorp	16	Multi-family	2003	Central Circle Big Four City Amsterdam
Burg. van Stamplein	Hoofddorp	4	Single-family	2004	Central Circle Big Four City Amsterdam
Cor van de Meerstraat	Hoofddorp	39	Multi-family	2001	Central Circle Big Four City Amsterdam
Juf van Kempenstraat	Hoofddorp	60	Multi-family	2001	Central Circle Big Four City Amsterdam
Raadhuisplein (Lugano)	Hoofddorp	75	Multi-family	2013	Central Circle Big Four City Amsterdam
Tuinweg (Geneve)	Hoofddorp	55	Multi-family	2004	Central Circle Big Four City Amsterdam
Pieter Belsstraat	Horst	8	Single-family	2008	Remaining Regions
Piazza	Houten	14	Multi-family	2012	Central Circle Big Four Cities
Plaza	Huissen	50	Single-family	2013	Central Circle Remainder
Surastraat	Huissen	32	Single-family	2017	Central Circle Remainder
Bangkoksingel	IJsselstein	62	Single-family	2000	Central Circle Big Four Cities
Praagsingel	IJsselstein	44	Multi-family	2000	Central Circle Big Four Cities
Jansoniusstraat	Leeuwarden	17	Single-family	2007	Remaining Regions
Arthur van Schendelpad	Leiden	77	Multi-family	2018	Central Circle Remainder
Simon Vestdijkpad	Leiden	30	Single-family	2015	Central Circle Remainder
Slauerhoffpad	Leiden	22	Multi-family	2018	Central Circle Remainder
Zaaijerplein (Gortercomplex)	Leiden	213	Multi-family	2020	Central Circle Remainder
Navarrastraat	Lent	33	Single-family	2013	Central Circle Remainder
Kaaisjouwerskade	Nijmegen	111	Multi-family	2017	Central Circle Remainder
Kleine Boel	Nijmegen	33	Single-family	2016	Central Circle Remainder
Fellowshiplaan	Nootdorp	26	Single-family	2007	Central Circle Big Four Cities
Gilze Rijenhof	Nootdorp	26	Single-family	2008	Central Circle Big Four Cities



COMPLEX	TOWN	NUMBER OF HOMES	HOUSING TYPE/COMMERCIAL	CONSTRUCTION YEAR	REGION*
Laan van Nootdorp	Nootdorp	36	Multi-family	2004	Central Circle Big Four Cities
Operatie Mannahof	Nootdorp	44	Single-family	2004	Central Circle Big Four Cities
Soesterberghof	Nootdorp	10	Single-family	2008	Central Circle Big Four Cities
Startbaan	Nootdorp	20	Multi-family	2008	Central Circle Big Four Cities
Woensdrecht(hof)	Nootdorp	63	Multi-family	2008	Central Circle Big Four Cities
Woensdrecht(hof)	Nootdorp	14	Single-family	2008	Central Circle Big Four Cities
Zonnehof	Nootdorp	43	Single-family	2007	Central Circle Big Four Cities
Steenakker	Nuenen	30	Single-family	2014	Central Circle Remainder
Wassende Maan	Oegstgeest	44	Single-family	2015	Central Circle Remainder
Gebint	Oosterhout	31	Single-family	2014	Central Circle Remainder
Aviolandaplein	Papendrecht	17	Multi-family	2009	Central Circle Remainder
Slobbengorsweg	Papendrecht	26	Multi-family	2010	Central Circle Remainder
Thurelede	Pijnacker	28	Multi-family	2005	Central Circle Big Four Cities
Adriaan Kooningsstraat (Mondriaan)	Rotterdam	160	Multi-family/commercial	2002	Central Circle Big Four Cities
Cor Ditewegstraat (Het Zuiderhof)	Rotterdam	47	Single-family	2017	Central Circle Big Four Cities
Joost Banckertsplaats	Rotterdam	242	Multi-family/commercial	2013 <sup>1</sup>	Central Circle Big Four Cities
Koningslaan	Rotterdam	68	Multi-family	2020	Central Circle Big Four Cities
Leo Gestelstraat	Rotterdam	15	Single-family	2009	Central Circle Big Four Cities
Van der Duijn van Maasdamweg (Parkmeester)	Rotterdam	70	Multi-family/commercial	2017	Central Circle Big Four Cities
Wilhelminakade (De Rotterdam)	Rotterdam	108	Multi-family	2013	Central Circle Big Four Cities
Houtrustweg (De Zuid)	Scheveningen	33	Multi-family	2017	Central Circle Big Four Cities
Aalscholversingel	The Hague	6	Single-family	2000	Central Circle Big Four Cities
Anna van Buurenplein/Bezuidenhoutseweg (New Babylon City/Park Tower)	The Hague	156	Multi-family	2012	Central Circle Big Four Cities
Backeswater	The Hague	112	Single-family	2001	Central Circle Big Four Cities
Berkebroeklaan	The Hague	41	Single-family	2003	Central Circle Big Four Cities
Blauwe Reigersingel	The Hague	76	Single-family	2000	Central Circle Big Four Cities
Cornelis de Wittlaan (Staten I en II)	The Hague	168	Multi-family	2000	Central Circle Big Four Cities
De Bruijnvaart	The Hague	29	Single-family	2004	Central Circle Big Four Cities
De Mok	The Hague	2	Single-family	1997	Central Circle Big Four Cities
De Vroomedijk	The Hague	36	Single-family	2002	Central Circle Big Four Cities
Douglaslaan	The Hague	9	Single-family	1998	Central Circle Big Four Cities
Ellertseveldlaan	The Hague	47	Single-family	2015	Central Circle Big Four Cities

1) Construction year 1956, completely renovated in 2013.



COMPLEX	TOWN	NUMBER OF HOMES	HOUSING TYPE/COMMERCIAL	CONSTRUCTION YEAR	REGION*
Ganzenplantsoen	The Hague	29	Single-family	2000	Central Circle Big Four Cities
Goudplevierlaan	The Hague	27	Single-family	2000	Central Circle Big Four Cities
Goudvinklaan	The Hague	38	Single-family	2003	Central Circle Big Four Cities
Katschiplaan	The Hague	38	Multi-family	2010	Central Circle Big Four Cities
Kerkuillaan	The Hague	32	Single-family	2000	Central Circle Big Four Cities
Koningin Sophiestraat (De Sophie)	The Hague	67	Multi-family	2017	Central Circle Big Four Cities
Koolhovenlaan	The Hague	53	Single-family	2000	Central Circle Big Four Cities
Laan van Wateringseveld	The Hague	14	Multi-family	2005	Central Circle Big Four Cities
Noordwest Buitensingel	The Hague	67	Multi-family	2001	Central Circle Big Four Cities
Nootdorpse Landingslaan	The Hague	23	Multi-family	2000	Central Circle Big Four Cities
Pluimzege	The Hague	88	Single-family	2004	Central Circle Big Four Cities
Rietzangerstraat	The Hague	44	Single-family	2002	Central Circle Big Four Cities
Scheveningseweg (Haegh)	The Hague	143	Multi-family	2020	Central Circle Big Four Cities
Van Campenvaart	The Hague	32	Single-family	2001	Central Circle Big Four Cities
Van Essendijk	The Hague	34	Single-family	2002	Central Circle Big Four Cities
Weidevogellaan	The Hague	30	Multi-family	2003	Central Circle Big Four Cities
Windjammersingel	The Hague	49	Multi-family	2009	Central Circle Big Four Cities
Wrightlaan	The Hague	30	Single-family	1998	Central Circle Big Four Cities
Schelling	Uden	39	Single-family	2014	Central Circle Remainder
Ransuil	Uithoorn	32	Single-family	2014	Central Circle Remainder
Europaplein (Lux)	Utrecht	97	Multi-family	2016	Central Circle Big Four Cities
Godfried Bomansstraat	Utrecht	45	Single-family	2015	Central Circle Big Four Cities
Kanaalstraat (Los Angeles)	Utrecht	93	Multi-family	2017	Central Circle Big Four Cities
Ketjapweg	Utrecht	41	Single-family	2016	Central Circle Big Four Cities
Nijenoord	Utrecht	195	Multi-family	2017	Central Circle Big Four Cities
Paul Gauguinhof	Utrecht	32	Single-family	2012	Central Circle Big Four Cities
Van Sijpesteijnkade (De Syp)	Utrecht	266	Multi-family/commercial	2018	Central Circle Big Four Cities
Tuinstraat	Veenendaal	41	Multi-family	2016	Central Circle Remainder
Churchillplein	Velp	75	Multi-family/commercial	2012	Central Circle Remainder
Beukenburg	Vleuten	51	Single-family/other	2007	Central Circle Big Four Cities
Beurszwam	Vleuten	44	Single-family	2010	Central Circle Big Four Cities
Droomtuinlaan (Bouquet)	Vleuten	32	Multi-family	2013	Central Circle Big Four Cities
Dwergbieslaan	Vleuten	33	Single-family	2005	Central Circle Big Four Cities
Herfsttuinlaan	Vleuten	32	Single-family	2001	Central Circle Big Four Cities
Leersumseveld	Vleuten	41	Single-family/other	2010	Central Circle Big Four Cities



COMPLEX	TOWN	NUMBER OF HOMES	HOUSING TYPE/COMMERCIAL	CONSTRUCTION YEAR	REGION*
Lentetuinlaan	Vleuten		Commercial	2012	Central Circle Big Four Cities
Moerasvaren (De Scheg)	Vleuten	14	Multi-family	2010	Central Circle Big Four Cities
Moerasvaren (De Scheg)	Vleuten	41	Single-family/other	2010	Central Circle Big Four Cities
Veldbloemlaan	Vleuten	78	Single-family	2006	Central Circle Big Four Cities
Voor de Burchten (De Burchtheer)	Vleuten	63	Multi-family	2010	Central Circle Big Four Cities
Prinses Beatrixlaan ('t Loo)	Voorburg	38	Multi-family	2017	Central Circle Big Four Cities
Singel	Wateringen	31	Single-family	2015	Central Circle Remainder
Handzaag	Zaandam	37	Multi-family	2002	Central Circle Big Four City Amsterdam
Canadasingel	Zutphen	41	Single-family	2011	Remaining Regions
Frankenhuizenallee	Zwolle	17	Single-family	2006	Regional Economic Centres
Fruitweidestraat	Zwolle	3	Single-family	2006	Regional Economic Centres
Havezathenallee	Zwolle	30	Single-family	2014	Regional Economic Centres
Sprengpad	Zwolle	42	Single-family	2004	Regional Economic Centres
Zwaardvegerstraat	Zwolle	94	Multi-family	1996	Regional Economic Centres
Total		10,418			

Region \*

**Central Circle: Big Four** - Four largest centres in the Netherlands (Amsterdam, Utrecht, The Hague and Rotterdam) and their suburbs

**Central Circle: Remainder** - Remaining urban regions in the Randstad, Brabant and Gelderland (including, Leiden, Delft, Arnhem, Nijmegen, 's-Hertogenbosch and Eindhoven)

**Regional Economic Centrals** - Urban regions of Zwolle, Groningen and Deventer

**Remaining Regions** - Remaining regions



# OVERVIEW OF THE PIPELINE PORTFOLIO

TOWN	NAME	NUMBER OF HOMES	HOUSING TYPE/ COMMERCIAL	YEAR OF COMPLETION	TITLE TO THE LAND *	REGION **
Amvest Development Fund B.V. (RoFR)						
Almere	Duin Boomrijk II	12	Single-family	2021	Freehold	Central Circle: Big Four
Amsterdam	Berkhout	44	Multi-family	2021	Leasehold	Central Circle: Big Four
Amsterdam	City Icoon	117	Multi-family	2022	Leasehold	Central Circle: Big Four
Amsterdam	Cruquius 1.3	52	Multi-family	2021	Leasehold	Central Circle: Big Four
Amsterdam	Cruquius 1.4	81	Multi-family	2021	Leasehold	Central Circle: Big Four
Amsterdam	Cruquius Binnenbocht	85	Multi-family	2021	Leasehold	Central Circle: Big Four
Amsterdam	Cruquius Sigma	43	Multi-family	2021	Leasehold	Central Circle: Big Four
Amsterdam	Jonas	190	Multi-family	2022	Leasehold	Central Circle: Big Four
Amsterdam	Overhoeks	164	Multi-family	2021	Leasehold	Central Circle: Big Four
Amsterdam	Overhoeks blok M fase 3.2	128	Multi-family	2022	Leasehold	Central Circle: Big Four
Amsterdam	Wenckebachweg	197	Multi-family	2024	Leasehold	Central Circle: Big Four
Diemen	Hollandpark Toren 6 Blok 8	144	Multi-family	2022	Freehold	Central Circle: Big Four
Maassluis	Wilgenrijk	43	Multi-family	2021	Freehold	Central Circle: Remainder
Third parties/Combi						
Almere	Floriade	80	Multi-family	2022	Freehold	Central Circle: Big Four
Amstelveen	Olympiade	358	Multi-family	2024	Freehold	Central Circle: Remainder
Leiderdorp	De Ridder	49	Multi-family	2021	Freehold	Central Circle: Remainder
Rotterdam	De Boompjes	342	Multi-family	2023	Freehold	Central Circle: Big Four
Rotterdam	The Post	203	Multi-family	2024	Freehold	Central Circle: Big Four
The Hague	KJ Plein	396	Multi-family	2024	Freehold	Central Circle: Big Four
Utrecht	Sijpesteijn Parking	-	Parking	2022	Freehold	Central Circle: Big Four
Utrecht	Van Sijpesteijnkade Fase 3B en 3C	120	Multi-family	2022	Freehold	Central Circle: Big Four
Voorburg	Damsigt	382	Multi-family	2022	Freehold	Central Circle: Big Four
Total		3,230				

**Title to the land \***  
Freehold: the title to the land is held by Amvest RCF Custodian B.V.  
Leasehold: the land was acquired on a long lease.

**Region \*\***  
**Central Circle: Big Four** - Four largest centres in the Netherlands (Amsterdam, Utrecht, The Hague and Rotterdam) and their suburbs  
**Central Circle: Remainder** - Remaining urban regions in the Randstad, Brabant and Gelderland (including, Leiden, Delft, Arnhem, Nijmegen, 's-Hertogenbosch and Eindhoven)  
**Regional Economic Centrals** - Urban regions of Zwolle, Groningen and Deventer  
**Remaining Regions** - Remaining regions



# INREV NAV CALCULATION

The INREV NAV is the basis for unit price calculations for new investors. The Total Expense Ratio (TER) and the Real Estate Expense Ratio (REER) also use the NAV according the INREV Guidelines. The reconciliation from the IFRS NAV (= Equity attributable to Investors of the ARC Fund) to the INREV NAV is shown below.

## RECONCILIATION FROM REPORTED IFRS NAV TO INREV NAV

EUR X 1,000	31-12-20	31-12-19
NAV (Intrinsic value) of the ARC Fund (= IFRS NAV = Equity)	3,183,863	2,955,766
a) Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders long-term interests in a vehicle		
b) Effect of dividends recorded as a liability which have not been distributed	38,750	31,000
<b>Diluted NAV</b>	<b>3,222,613</b>	<b>2,986,766</b>
c) Revaluation to fair value of investments properties		
d) Revaluation to fair value of self constructed or developed investment property		
e) Revaluation to fair value of property held for sale		
f) Revaluation to fair value of property that is leased to tenants under a finance lease		
g) Revaluation to fair value of real estate held as inventory		
h) Revaluation to fair value of other investments in real assets		
i) Revaluation to fair value of indirect investments not consolidated		
j) Revaluation to fair value of financial assets and financial liabilities		
k) Revaluation to fair value of construction contracts for third parties		
l) Set-up costs		
m) Acquisition expenses *	1,358	2,468
n) Contractual fees		
o) Revaluation to fair value of savings of purchaser’s costs such as transfer taxes		
p) Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments		
q) Effect of subsidiaries having a negative equity (non-recourse)		
r) Goodwill		
s) Non-controlling interest effects of INREV adjustments		
<b>Diluted INREV NAV</b>	<b>3,223,971</b>	<b>2,989,234</b>
Effect of dividends recorded as a liability which have not been distributed	(38,750)	(31,000)
<b>NAV as per 1/1 (basis for subscription price)</b>	<b>3,185,221</b>	<b>2,958,234</b>

\* A five-year amortisation term is used.

The acquisition expenses of EUR 1,358 thousand relate to the acquisition of completed properties in operation (2019: EUR 2,468 thousand).



# KPI’S FOR THE PURPOSE OF NON-FINANCIAL DATA IN THE ANNUAL REPORT

## TENANT SATISFACTION

Objective	Determine resident satisfaction
KPI owner	Customeyes
Definition	Through an annual tenant survey the ARC Fund measures the property management quality and the customer satisfaction amongst its tenants. This concerns in particular the degree of satisfaction regarding the rented property, the surroundings and the service level. Important elements are the contact moments and availability of staff of the property manager, the service performance, the letting process (intake) and repair requests
Scale/unity	Absolute score on a scale from 0 (minimum) to 10 (maximum)
Calculation	<ul style="list-style-type: none"><li>• The satisfaction score is calculated by Customeyes based on the answers provided by the participant in the survey</li><li>• For each question a maximum number of points is possible to be achieved (scale 1-10)</li><li>• The survey is a quantitative research and fully digital</li><li>• Each respondent counts even heavily when calculating averages</li><li>• The benchmark consists of 7 investors</li></ul>
Target	To achieve a tenant satisfaction score of at least 7.5 and outperform its peers in the IVBN benchmark. The grade is determined by the average of three components: quality of home, living environment and property management.
Scope	A sample of all the tenants from the ARC Fund who participated the questionnaire relating to tenant satisfaction
Frequency	Once a year
Reporting process	<ul style="list-style-type: none"><li>• The tenants fill out a score on a total of five components</li><li>• Customeyes measures the responses</li><li>• Customeyes delivers a report (dashboard) with the average score per component, property manager and complex including the number of responses</li></ul>
Systems and sources	Survey tool
Audit process	The tenant satisfaction score is measured completely independently by Customeyes based on the address list provided by Amvest. Adresses with no current tenants are not included. The same holds true for addresses for which the rental agreement has been signed less than 1 year prior to the start of the survey
Result 2020	The average score of three components measured in the tenant satisfaction score for the ARC Fund was 7.2, which is below the target, but equal to the benchmark (benchmark: 7.2) The scores for the three components were as follows: <ul style="list-style-type: none"><li>• Quality of home: 7.6</li><li>• Quality of living environment: 7.5</li><li>• Quality of property manager: 6.6</li></ul>



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	<ul style="list-style-type: none"><li>• 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.</li><li>• The number of stars are awarded based on the relative score in comparison with the other participants.</li></ul>
Target	To achieve the maximum 5 stars
Scope	The complete ARC Fund
Frequency	Once a year
Reporting process	<ul style="list-style-type: none"><li>• The survey is filled in by the ARC 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 ARC 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 2020	<ul style="list-style-type: none"><li>• GRESB score of 84</li><li>• Retained 5-star status from previous year</li></ul>



## ENERGY USE INTENSITY (EUI)

Objective	Measure the energy consumption of the objects in the ARC Fund portfolio
KPI owner	Cushman & Wakefield
Definition	The total energy consumption in kWh per m <sup>2</sup> 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), disctrict heating in GJ and gas (in m <sup>3</sup> ) which is converted to kWh
Scale/unity	kWh/m <sup>2</sup> /year
Calculation	<p>Electricity:</p> <ul style="list-style-type: none"> <li>• The total energy consumption (kWh) per building is divided by the total Gross Floor Area in m<sup>2</sup></li> <li>• Depending on the type of energy consumption, up to 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> <p>Gas:</p> <ul style="list-style-type: none"> <li>• Gas consumption in m<sup>3</sup> is converted into kWh (factor 1 m<sup>3</sup> = 9.769 kWh)</li> <li>• District steam generated in a centralized location for residential heating requirements in GJ is converted into kWh (factor 1 GJ = 277.78 kWh)</li> </ul>
Target	To achieve a percentage decrease in our Energy Use Intensity compared to 2019
Scope	All buildings in the ARC Fund that are included in the annual report of the specific year (only buildings with a 100% data coverage are included). 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. Furthermore, when energy consumption deviates more than 25% from previous year, the data is regarded as an outlier and removed from the final calculation.
Frequency	Once a year
Reporting process	<ul style="list-style-type: none"> <li>• Before the completion of a new building, all connections are entered in the Eview system of Innax (for new buildings, 'smart' meters are delivered directly (readable remotely))</li> <li>• From the date of completion, gas and electricity consumption are measured per 15 minutes on the basis of smart meters (automatically imported, implemented by INNAX)</li> <li>• In 2020, consumption is partly added manually on the basis of invoices from the property managers and the Standard Year Volumes received from regional grid operators. Property managers are required to provide evidence of the manual data as to ensure its validity</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 associated EUI</li> </ul>
Systems and sources	Eview (managed by INNAX, ARC Fund has access), CWING (managed by C&W, ARC Fund has access) Excel for renewable energy
Audit process	<ul style="list-style-type: none"> <li>• Amvest will check all manual input to ensure sufficient evidence has been provided by the property managers</li> <li>• A sample will be checked for data provided through CWING, Eview and Sungevity portal to ensure all data is accurate</li> <li>• The accountant will have access to the final calculation sheet</li> </ul>
Result 2020	<ul style="list-style-type: none"> <li>• Average Energy Use Intensity 2020: 132 kWh/m2/year</li> <li>• The change percentage between 2019 and 2020 is +6.6%</li> </ul>



IMPROVE INSIGHT IN ENERGY CONSUMPTION (COVERAGE RATE)

Objective	Improve the insight within the portfolio of energy usage (improving the coverage rate of energy consumption)
KPI owner	Cushman & Wakefield
Definition	The total coverage rate of energy/water/gas in all ARC Fund properties
Scale/unity	Percentage
Calculation	<ul style="list-style-type: none"><li>Cushman &amp; Wakefield</li></ul>
Target	Improve upon last year (long term target 100%)
Scope	All buildings in the ARC Fund
Frequency	Once a year
Reporting process	<ul style="list-style-type: none"><li>All energy/water/gas meter readings will be made available to Amvest through eView (smart meters) and the property managers (providing proof) after which it will be calculated against all such meters in the portfolio</li><li>Meter readings behind the front door are approached using usage rates on postal code level (standard annual consumption)</li></ul>
Systems and sources	Manual data from property managers, Eview, CWING, SJV's
Audit process	When all data becomes available, KPMG will be able to take a sample selection to ensure data is correct and verified
Result 2020	Coverage rate: 83% (2019: 85%)



RENEWABLE ENERGY

Objective	Reduce carbon emissions by increasing the renewable energy produced by installing solar panels
KPI owner	Sungevity
Definition	The reduction of carbon emissions and climate change is addressed by increasing the production of renewable energy by installing solar panels.
Scale/unity	# solar panels/ single-family homes # MWh/year
Calculation	<ul style="list-style-type: none"><li>• The number of solar panels/homes is registered via the Sungevity dashboard</li><li>• The amount of energy generated by solar panels is registered via the Sungevity dashboard</li><li>• The total amount of kWh of electricity generated by solar panels is converted to kg of CO<sub>2</sub> in accordance with the emission factors of <a href="http://www.co2emissiefactoren.nl">www.co2emissiefactoren.nl</a>. 1 kWh = 0.556 kg of CO<sub>2</sub></li></ul>
Target	> 500 single-family homes
Scope	All single-family homes which are suitable for the installation of solar panels
Frequency	Once a year
Reporting process	<ul style="list-style-type: none"><li>• From the date of installing the new solar panels, electricity which is generated by the panels is measured on the basis of smart meters (automatically read, implemented by Sungevity)</li><li>• Every 6 weeks an overview is drafted of all homes/solar panels that are in operation</li><li>• Furthermore the data (number of solar panels/energy generated by the solar panels) in the Sungevity dashboard is part of the CWING dashboard by exporting the data</li></ul>
Systems and sources	Tool (dashboard) Sungevity
Audit process	<ul style="list-style-type: none"><li>• The data for the # solar panels/homes and the data for the generation of energy is checked by Sungevity and 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></ul>
Result 2020	<ul style="list-style-type: none"><li>• 805 homes were equipped with solar panels in 2020 by Sungevity, bringing the total amount of single family homes equipped from 2018 until now to almost 2,500</li><li>• In 2020, the properties in our portfolio produced 5,385 MWh, lowering our carbon footprint by 2,994 tonnes of CO<sub>2</sub>.</li></ul>



## CARBON EMISSION

Objective	Measure carbon emissions from the ARC Fund
KPI owner	Amvest
Definition	The total CO <sub>2</sub> emissions in kg or tonnes of the buildings of the ARC Fund
Scale/unity	# kg CO <sub>2</sub> /m <sup>2</sup> /year
Calculation	<p>Electricity:</p> <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.co2emissiefactoren.nl">www.co2emissiefactoren.nl</a>. 1 kWh = 0.556 kg of CO<sub>2</sub></li> </ul> <p>Gas:</p> <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>. 1 m<sup>3</sup> natural gas = 1.88 kg CO<sub>2</sub></li> <li>• District steam generated in a centralized location for residential heating requirements in GJ is converted into 35.97 kg CO<sub>2</sub></li> </ul>
Target	Improving kg CO <sub>2</sub> reduction compared to previous year
Scope	All buildings in the ARC Fund that are included in the annual report of the specific year (only buildings with a 100% data coverage are included). 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 ARC Fund)</li> </ul>
Result 2020	<ul style="list-style-type: none"> <li>• Average carbon emission Intensity 2020: 36 kg CO<sub>2</sub>/m<sup>2</sup>/year</li> <li>• This shows an improvement of 6.4% on carbon emissions</li> </ul>



GENERATED ECONOMIC VALUE

Objective	Create a stable dividend yield for the Fund investors
KPI owner	Amvest
Definition	The realised dividend yield of the ARC Fund per calendar year
Scale/unity	Absolute percentage
Calculation	The dividend of a calendar year that is reserved for payment to the investors of the ARC Fund as percentage of the INREV NAV per 1/1
Target	Stable dividend yield of 4%
Scope	The dividend yield of the ARC Fund
Frequency	Once a year
Reporting process	The financial staff of the Fund calculates the yearly dividend yield and reports about it in the annual report
Systems and sources	Amvest financial systems
Audit process	Financial process of Amvest
Result 2020	3.8%



VACANCY RATE

Objective	Maintain a minimal stable vacancy rate
KPI owner	Amvest
Definition	The realised vacancy rate of the ARC Fund per calendar year
Scale/unity	Absolute percentage
Calculation	The average vacancy rate of all existing properties of the ARC Fund, corrected for property size (excluding properties built in 2019/2020)
Target	< 2.5%
Scope	The vacancy rate of the ARC Fund
Frequency	Once a year
Reporting process	The financial staff of the Fund calculates the vacancy rate for all properties and reports about it in the annual report
Systems and sources	Amvest financial systems
Audit process	Financial process of Amvest
Result 2020	2.6%



INVESTING IN MID-PRICED RENTAL SEGMENT

Objective	Maintaining a minimum portfolio allocation in the mid-priced segment (mid-priced formulated in ARC Fund Portfolio Plan 2020)
KPI owner	Amvest
Definition	The end-year portfolio allocation of the ARC Fund in the mid-priced segment
Scale/unity	Absolute percentage
Calculation	The percentage of homes (both single-family and multi-family) in percentage of rental income of the ARC Fund allocated in the mid-priced segment compared to the ARC Fund portfolio
Target	Minimum of 80%
Scope	The allocation in mid-prized houses of the ARC Fund
Frequency	Once a year
Reporting process	The financial staff of the Fund calculates the portfolio allocation of the Fund and reports about it in the annual report
Systems and sources	Amvest financial systems
Audit process	Financial process of Amvest
Result 2020	82%



LIMIT RENTAL INCREASES

Objective	Ensuring that no property has an average increase in rent exceeding the advised rental increase of the IVBN
KPI owner	Amvest
Definition	The rental increase of the ARC Fund per property
Scale/unity	Absolute percentage
Calculation	The average percentage of rental increase in all standing residential properties, and compare it to the advised rental increase from the IVBN
Target	Equal to or below IVBN recommendation
Scope	ARCF rental increases
Frequency	Once a year
Reporting process	The financial staff of the fund has an overview of the rental increase per property
Systems and sources	Amvest financial systems
Audit process	Financial process of Amvest
Result 2020	2.46%, IVBN recommendation 2.6%



# EXTERNAL APPRAISERS AND PROPERTY MANAGERS

## APPRAISERS (INVESTMENT PROPERTY, ASSETS HELD FOR SALE, ASSETS UNDER CONSTRUCTION)

CBRE Valuation & Advisory Services  
Cushman & Wakefield  
Dynamis Taxaties  
Jones Lang LaSalle  
MVGM Vastgoedtaxaties

## PROPERTY MANAGERS

NMG (former ACM)  
MVGM  
Van der Linden  
Van 't Hof Rijnland  
VB&T  
Hoekstra  
REBO



# 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 (2011-2016)
- Board member Stichting ROZ Vastgoedindex (2017-2019)
- 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)
- UvA Amsterdam, Postgraduate Register Controller/ (RC EMFC)
- 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)



**DENNIS WEDDING**

(Portfolio Manager)

- University of Technology Eindhoven, Architecture, Building and Planning
- Amsterdam School of Real Estate, Master of Science in Real Estate
- Policy adviser IVBN (Dutch Association of Institutional Real Estate Investors) (2003-2005)
- Portfolio Manager Residential Real Estate, Interpolis Real Estate (2005-2007)
- Portfolio Manager Amvest Residential Dynamic Fund and various separate account (2007 - February 2016)
- Portfolio Manager Amvest Residential Core Fund (since February 2016)

## Ancillary position

- Member Royal Institution of Chartered Surveyors



# DEFINITIONS

## AEGON

AEGON Levensverzekering N.V., a public company under the laws of the Netherlands with its registered office in The Hague and its principal offices at AEGONplein 50, 2591 TV The Hague, the Netherlands.

## AIFMD

The Alternative Investment Fund Managers Directive. (Directive 2011/61/EU of the European Parliament).

## AFM

The Dutch Authority for the Financial Markets (AFM). The AFM has been responsible for supervising the operation of the financial markets since 1 March 2002.

## Amvest

Amvest Vastgoed B.V. or any of its subsidiaries (Amvest Development Fund B.V., Amvest Management B.V., Amvest RCF Custodian B.V., Amvest RCF Management B.V., all private limited liability companies (besloten vennootschap met beperkte aansprakelijkheid) under the laws of the Netherlands) with its principal offices at Zeeburgerkade 1184, 1019 VK Amsterdam, the Netherlands.

## Amvest Development B.V.

The former development company of Amvest.

## Amvest Development Fund B.V.

A newly incorporated company that was set up by the launching Investors AEGON and PfZW (as per 16 February 2018) following a restructuring of Amvest. This restructuring was prompted by management to make a more clear separation between development and management activities.

## Amvest Management B.V.

The Fund Services Provider (also see Fund Services Agreement).

## Amvest RCF Custodian B.V.

The Custodian of the ARC Fund. The key responsibility of the Custodian is to hold and dispose of legal title to all assets of the FGR at the Investors’ risk and expense. The Custodian will do so on the instructions of the Fund Manager, but will not engage actively in the management of the ARC Fund.

## Amvest REIM B.V.

The AIFMD licensed Fund Manager of the ARC Fund.

## Amvest Residential Core Fund (ARC Fund)

The investment fund consisting of (as of 1 January 2016) one fund for joint account (FGR), Amvest RCF Custodian B.V. and Amvest REIM B.V. The FGR holds the economic ownership of the portfolio. Amvest RCF Custodian B.V. is the legal owner of the portfolio and Amvest REIM B.V. is the Fund Manager.

## Asset management

The management of all properties and real estate items at property level in accordance with the ARC Fund’s strategy.

## Auditor

KPMG Accountants N.V. or such other registered auditor or other expert as referred to in Section 2:393, sub-section 1 of the Dutch Civil Code as appointed from time to time by the Fund Manager, subject to the approval of the Advisory Board.

## BAR/NAR-method (yield method)

The appraisal method based on:

1. cash flow estimated based on market rent;
2. deductible items for market-level owners’ charges;
3. value appraisal, through capitalisation of expected cash flows (this is possible based on the gross initial yield or net initial yield of comparable transactions);
4. correcting entries for, among other things, initial vacancy and for the present value of the difference between actual rent and market rent, overdue maintenance, potential future renovations, buyout of ground lease, etc.

## Bullet loan

Loan where a payment of the entire principal of the loan and sometimes the principal and interest is due at the end of the loan term.

## Capital gains/losses

Profit (or loss) that results from investments in a capital asset, such as stocks, bonds or real estate, which exceeds (or are less than) the purchase price.

## CBS

Het Centraal Bureau voor de Statistiek; the Dutch statistics agency (Statistics Netherlands) that provides statistical information for the government, the industry and science.

## Central Circle (Randstad)

The agglomeration of cities in Netherlands



**Cornerstone Investor**

Means each of AEGON Levensverzekering N.V. and Stichting Depositary PGGM Private Real Estate Fund, in its capacity as title holder of PGGM Private Real Estate Fund, and /or, as required by the context, the feeder entity or entities through which hold their Units.

**COROP**

COROP stands for Coördinatie Commissie Regionaal OnderzoeksProgramma; the name of the committee that divided the Netherlands into 40 COROP regions. COROP regions are a subdivision of a province and are used for example by the CBS for its statistical analysis.

**CPB**

Het Centraal PlanBureau; the Dutch bureau for economic policy analysis (CPB Netherlands Bureau for Economic Policy Analysis) that does scientific research aimed at contributing to the economic decision-making process of politicians and policymakers.

**Custodian**

Also see Amvest RCF Custodian B.V.

**Customer Due Diligence**

Customer Due Diligence (CDD) is an important part of 'knowing your customer'. CDD is executed for new but also existing customers/relations. Important questions with regard to a (potential) customer:

1. financial position;
2. overview of business activities;
3. integrity issues (if any);
4. ultimate beneficial ownership (in some cases).

**DCF calculation**

DCF calculation is an acronym for Discounted Cash Flow calculation, whereby all future cash flows are estimated at a given rate of return and discounted to give their present value.

**Depositary**

Also see Intertrust Depositary Services.

**Direct yield/result**

Yield/result from rental income of the letting portfolio.

**Divestment, Disposal**

Any sale of property by the ARC Fund including, but not limited to, individual homes and complete properties (block sales).

**Dividend yield**

The dividend yield is the ARC Fund's total annual dividend payments divided by the INREV NAV as at the first day of the year (1 January).

**Euro (EUR)**

The euro, the single currency of the participating Member States of the European Union.

**FGR**

Fund for joint account (fonds voor gemene rekening) under the laws of the Netherlands.

**FMSA**

The Dutch Financial Markets Supervision Act (Wet op het financieel toezicht, Wft).

**Fund Manager**

Also see Amvest REIM B.V.

**Fund Services Agreement**

Agreement between Amvest Management B.V. and Amvest REIM B.V. (the Fund Manager) under the terms of which Amvest Management B.V. provides back office services to the ARC Fund.

**GRESB**

The Global Real Estate Sustainability Benchmark (GRESB) is an industry-led organisation committed to rigorous and independent evaluation of real estate portfolios. GRESB works in tandem with institutional investors and their fund managers to identify and implement sustainability and best practices, in order to enhance and protect shareholder value.

**Gross Asset Value**

The total fund assets.

**Gross Initial Yield**

The gross initial yield (GIY) is the passing rent divided by the gross property value.

**IFRS**

International Financial Reporting Standards.

**Income return**

Net result excluding the capital gains/losses on investments.

**Indirect yield/result**

Yield/result from movements in the value of the portfolio.

**INREV**

European Association for Investors in Non-listed Real Estate Vehicles. The INREV's stated goal is to improve the accessibility of non-listed real estate funds by promoting greater transparency, accessibility, professionalism, and standards of best practice. As a pan-European body, it represents a platform for the sharing and dissemination of knowledge on the non-listed real estate fund market.

**INREV Guidelines**

The INREV Guidelines adopted by the European Association for Investors in Non-listed Real Estate Vehicles (INREV) as published in December 2008 and revised in 2014.



### INREV NAV

Net Asset Value as determined in accordance with the INREV Guidelines.

### Interest cover ratio (ICR)

The interest cover ratio is used to determine the ability to meet interest payments on outstanding debts.

### Intertrust Depositary Services B.V.

The depositary of the ARC Fund which acts (following the AIFM Directive) as independent depositary as defined in section 1:1 of the FMSA for the benefit of the Investors.

Main responsibilities:

1. safeguard or otherwise verify ownership of assets;
2. monitor cash flows;
3. perform overall oversight (risk assessment, investor transactions, commitments and distributions, valuation, legal and fund compliance, outsourcing).

### Investment

Any investment made by the ARC Fund, including, but not limited to, direct or indirect investments in properties and real estate items, bonds, notes, debentures, loans and other debt instruments, shares, convertible securities and other securities, interests in public or private companies and other assets.

### Investor

A person who, as a participant, is subject to the Terms and Conditions and participates in the ARC Fund in accordance with its Subscription Form and the Terms and Conditions of the PPM (Private Placement Memorandum).

### IRR

Internal Rate of Return, which is used in capital budgeting to measure and compare the profitability of investments. The ARC Fund calculates with a 10-year period.

### IRS (Interest Rate Swap)

An IRS is a financial derivative instrument in which two parties agree to exchange interest rate cash flows, based on a specified notional amount from a fixed rate to a floating rate (or vice versa) or from one floating rate to another. Interest rate swaps are commonly used for hedging.

### ISAE 3402

Number 3402 of the International Standard on Assurance Engagements of the International Auditing and Assurance Standards Board of the International Federation of Accountants. This is an attestation procedure for assessing service organisations' compliance with process controls and IT. Before ISAE 3402 was introduced, SAS70 was in place.

### IVBN

The Dutch association of institutional real estate investors.

### Leveraged/unleveraged

Leverage (sometimes referred to as "gearing") is a general term for any technique to multiply gains and losses. Common ways to attain leverage are borrowing money, buying fixed assets, and using derivatives.

### LTMV

Loan-to-mortgage-value; the consolidated total external leverage at the ARC Fund level as a percentage of the mortgaged part of the property investments.

### LTV

Loan-to-value; the consolidated total external leverage at the ARC Fund level as a percentage of the total property investments.

### Management Fee

The fixed part of the fee payable by the ARC Fund to the Fund Manager as remuneration for its management of the ARC Fund.

### MSCI all residential assets

The MSCI index figure for the yield of all residential properties, including purchase and sale transactions and development/redevelopment activities.

### MSCI index

The MSCI property index (formerly known as IPD/ROZ property index) measures the returns on real estate properties and property portfolios.

### MSCI standing investments (SI) residential

The MSCI index figure for residential standing investments. A standing investment is a property that has been part of the letting portfolio throughout the year (from 1 January until 31 December) without any transactions or developments/redevelopments related to that property.

### NAV

The Net Asset Value used to describe the value of an entity's assets less the value of its liabilities.

### Net Proceeds

Total rental income, realisation proceeds, and other direct and indirect investment proceeds, and all other income and proceeds of the ARC Fund, net of taxes, fees, costs, and other charges to be borne by the ARC Fund, and after payment of or making reasonable reservation for any obligations and liabilities of the ARC Fund.

### NEPROM

The Dutch association of real estate developers.

### NHG (Nationale Hypotheek Garantie)

Mortgage guarantee under which the "Stichting Waarborgfonds Eigen Woningen" (homeownership guarantee fund) acts as surety for the loan.

### Participation

A participation right, not having a nominal value, in the ARC Fund consisting of one (1) unit in the FGR.

### PfZW

An acronym for Stichting Pensioenfonds Zorg en Welzijn; the pension fund for healthcare and social welfare sectors.



## Portfolio management

The management and monitoring of real estate assets and property investments of the portfolio.

## Portfolio Plan

The ARC Fund’s annual strategic investment plan.

## Portfolio value

Total gross value of the ARC Fund’s investment portfolio.

## Realised capital gains on investments

Also see “realised indirect return”.

## Realised indirect yield/return

Yield/return from book profits following divestments.

## REER

Real Estate Expense Ratio as determined in accordance with the INREV Guidelines.

## Revolving credit facility

A type of credit facility that does not have a fixed number of payments, in contrast to instalment credit. Until the maturity of the facility, money can be withdrawn or paid at any time.

## Rent control limit

The price ceiling for regulated rental homes determined annually by the Ministry of the Interior and Kingdom Relations.

## RoFR (Right of First Refusal) Agreement

The ARC Fund has a Right of First Refusal (RoFR) agreement with Amvest Development Fund B.V. This means that all rental homes developed by Amvest Development Fund B.V. (and previously Amvest Development B.V.) must first be offered to the ARC Fund, which has the right to acquire them on arm’s length conditions.

## Set-up costs

Any costs incurred in connection with the formation of the ARC Fund, including promotion, establishment, legal, and closing costs of the ARC Fund, professional and consulting fees, research costs, and printing costs.

## TER

Total Expense Ratio as determined in accordance with the INREV Guidelines.

## Terms and Conditions

The terms and conditions of the ARC Fund.

## Theoretical income

Passing rent for rented units and market rent for vacant units.

## Unrealised capital gains on investments

Also see unrealised indirect return.

## Unrealised indirect yield/return

Yield/return from unrealised movements in the value of the portfolio.

## VAT

Value Added Tax.

## Wft

Also see FMSA.

## WOZ

WOZ stands for wet Waardering Onroerende Zaken (Valuation of Immovable Property Act). A WOZ value is available for all real estate in the Netherlands. The WOZ value is the basis for property taxes.



# AMVEST



Sydney, Almere