



**AMVEST RESIDENTIAL
CORE FUND
Annual Report 2021**

‘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

QUALITY, AFFORDABILITY, SUSTAINABILITY

The Amvest Residential Core Fund (hereafter "ARC Fund") invests in Dutch residential real estate, with a focus on quality, affordability, and sustainability, to generate healthy, long-term returns for our investors. We achieve this by establishing a portfolio of high-quality homes for a large target group, from young professionals to elderly singles and couples, in attractive areas with strong economic outlooks. The ARC Fund is driven by its commitment to investors, its role in achieving the Paris Climate goals, and its responsibility to help solve the shortage of affordable housing in the Netherlands.

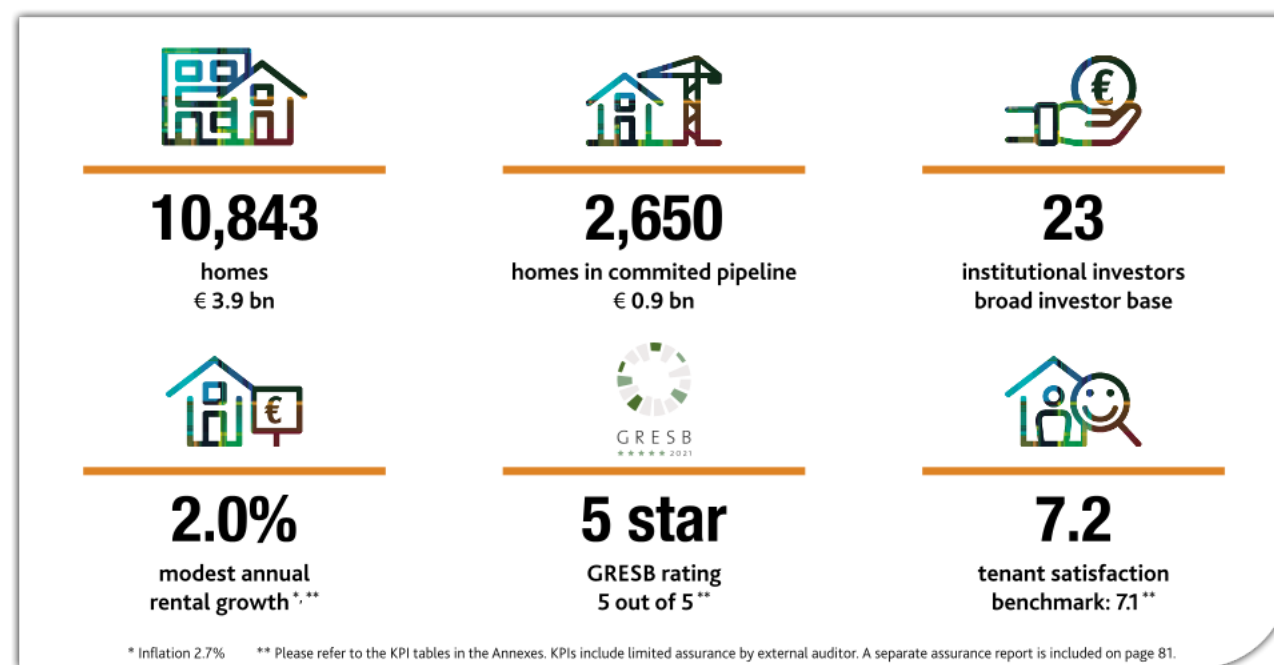


FIGURE 1: DISTRIBUTION RENTAL PRICED SEGMENT

Composition by rental income

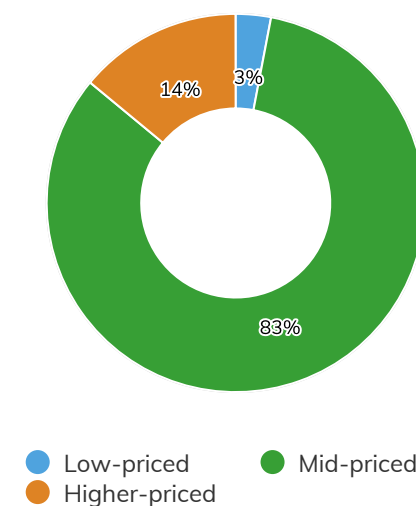
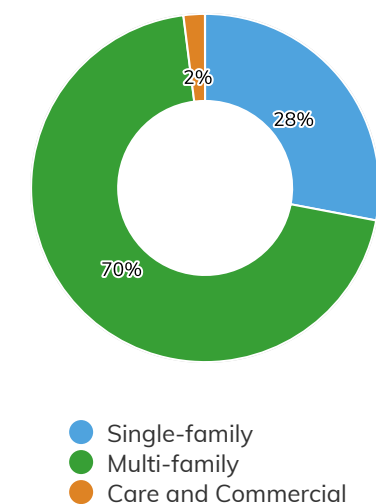


FIGURE 2: DISTRIBUTION HOME TYPE

Composition by book value



'We envision a future in which everyone has access to a comfortable, safe, and healthy living environment'



The ARC Fund has a long-term investment horizon, focused on generating stable, attractive returns. Fund Management actively manages the portfolio towards the target LTV ratio of 25%. Acquisitions, divestments, and (sustainability) improvements contribute to the growth, rejuvenation, and quality of the portfolio.



The ARC Fund has a long-term horizon, which goes beyond our commitment to investors. Sustainability is an integral part of our strategy. ARC Fund designs and builds new homes according to a strict Program of Requirements to guarantee their energy efficiency and low carbon footprint. We monitor the energy use of our properties to set goals for optimisation and use the CRREM (Carbon Risk Real Estate Monitor) framework to determine the steps we must take, and the cost involved, to achieve the Paris Climate Agreement CO₂ targets.



The ARC Fund has a right of First Refusal (RoFR) agreement in place with Amvest Development Fund B.V. (ADF) as part of its access to the acquisition of residential rental properties. The RoFR agreement provides reliable and continuous access to new high-quality rental homes, ensures that investment opportunities are in line with the portfolio strategy, and avoids exposure to development risk as ADF is a separate legal entity.

Key characteristics

- Dutch non-listed residential core investment fund
- Low risk, stable dividend, and long-term value growth
- Right of First Refusal agreement with Amvest Development Fund B.V. provides future access to residential rental properties
- 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



KEY HIGHLIGHTS 2021



MAJOR PROJECTS DELIVERED

The ARC Fund achieved significant growth in 2021. Major projects concentrated in the Big Four regions were delivered, adding 515 homes to the portfolio. Highlights included the partial delivery of the Amsterdam Aan 't IJ project and the completion of over 300 homes on Cruquius Island in the Eastern Port area of Amsterdam, strengthening our portfolio of sustainable homes in high-quality living environments.

AFTERMATH OF COVID-19

Distribution challenges and building material shortages related to the COVID-19 pandemic caused the cost of construction to rise sharply. As the ARC Fund does not exclusively rely on third parties for the acquisition of new rental properties and has access to high-quality investment product through its RoFR with ADF, the current impact is limited. In the long run, the ARC Fund would benefit from the recovery of the supply chain.

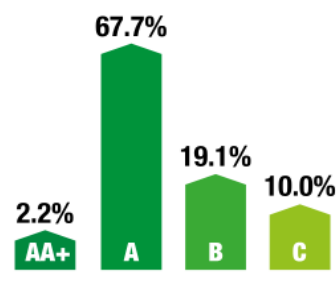
STRONG PERFORMANCE

Despite the challenging market conditions, such as the increase of the transfer tax from 2% to 8% and the growing gap between supply and demand, the ARC Fund showed strong results. The budgeted dividend yield of 2.9% was achieved. Operational costs decreased between from 22.6% in 2020 to 20.6% in 2021 due to careful planning and monitoring.

ENERGY USE INTENSITY¹

In 2021, the average EUI of our properties was 220.9 kWh/m²/year, compared to 197.5 kWh/m²/year in 2020.

Portfolio composition by energy label:



FIVE-STAR GRESB RATING¹

The ARC Fund's GRESB score increased from 84 points in 2020 to 87 points in 2021 and maintained its five-star rating.

DIVIDEND YIELD¹

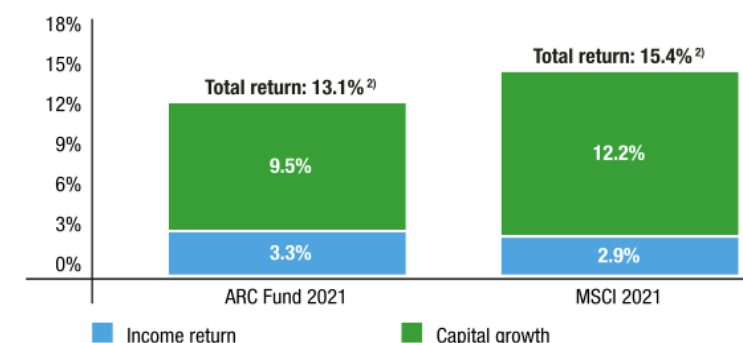
2.9%

2020: 3.8%

ROADMAP TO PARIS-PROOF¹

We applied the CRREM framework to analyse the impact and costs of various scenarios for further reducing our carbon emissions, resulting in a roadmap.

OUTPERFORMANCE MSCI 3 AND 5-YEAR AVERAGE



The ARC Fund outperformed the 3 and 5-year MSCI all residential benchmarks.

CO₂ EMISSIONS¹

Carbon emissions 2021: 48.6 kg CO₂/m²/year
Carbon emissions 2020: 43.7 kg CO₂/m²/year

AVERAGE OCCUPANCY RATE¹

97.2%

2020: 97.4%

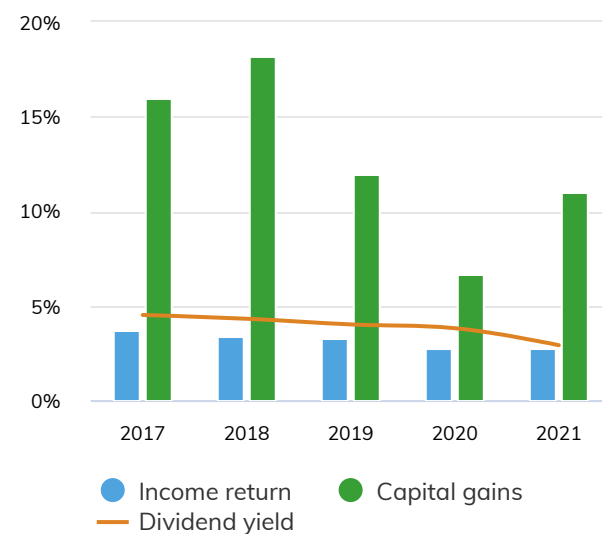
1) Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 81.

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.

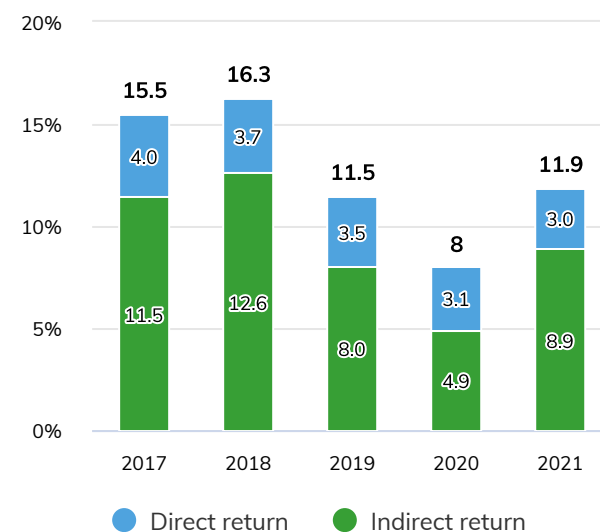
KEY FIGURES 2021

FIGURE 3: FUND RETURNS AND DIVIDEND YIELD

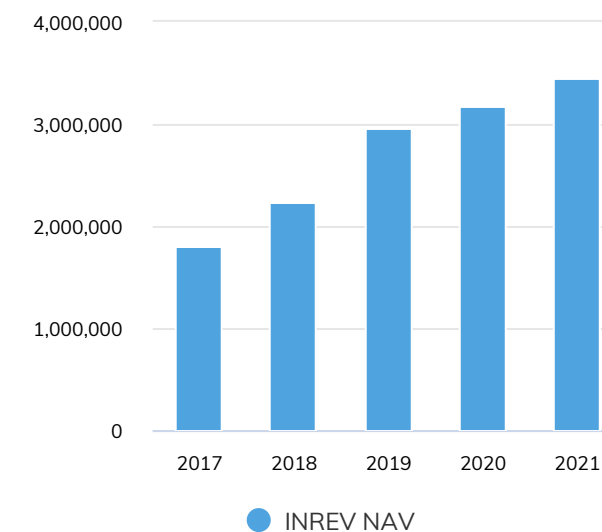
As % of INREV NAV as at 1 January


FIGURE 4: TOTAL INCOME

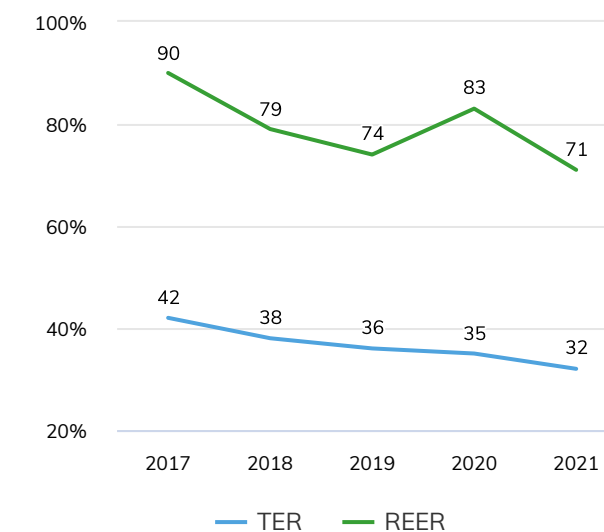
In percentage


FIGURE 5: INREV NAV

In € thousand


FIGURE 6: TER AND TEER

As % of average INREV GAV





REPORT OF THE FUND MANAGER

LIVVIN

INTERVIEW WITH THE MANAGEMENT TEAM

SOLID FOUNDATION, LONG-TERM VIEW

We look back on another year of growth for the ARC Fund, in every sense of the word. The delivery of ten new projects resulted in substantial growth of our portfolio. The state of the housing market and quality of our assets significantly increased the value of the portfolio. We also challenged ourselves to look critically at our way of working. To reaffirm our commitment to practices that yield results, to ask ourselves what we can do better, and to view ourselves in the broader context of society.

The ARC Fund showed another strong performance in 2021. As anticipated, the challenging conditions of 2020 persisted in 2021. The continued low supply and high demand in the housing market resulted in unprecedented price increases in the owner-occupied housing market. We also began to see the impact of COVID-19 on the availability of building materials and the cost of construction. In addition, the property transfer tax for investors increased from 2% to 8%, resulting in negative valuations at the beginning of the year.

DIVIDEND YIELD ON TARGET

Despite these challenging market conditions, we met our budget for 2021, achieving a dividend yield of 2.9%. And in doing so, we stayed true to our guiding principle of bringing sustainable homes in high-quality living environments within the reach of many. We kept delivering quality, we kept rents affordable, and we generated strong results. Careful planning and monitoring allowed us to keep our operational costs limited to 21%, despite the rising maintenance costs. Three quarters of positive valuations, after the negative impact from the increased transfer tax, also contributed to the Fund's strong financial performance in 2021.

MAJOR PROJECTS DELIVERED

The ARC Fund also showed strong growth. Several major projects concentrated in the Big Four regions were delivered, adding an additional 515 homes to our portfolio. The Amvest office in Amsterdam welcomed many new neighbours: 327 new homes were delivered on Cruquius Island in the Eastern Port area of Amsterdam. Another exciting development was the partial delivery of the Amsterdam Aan 't IJ project. 164 homes were completed, while the construction of the remaining 253 homes has been fast-tracked.

STRENGTHENING OUR ACQUISITION PIPELINE

After accelerating sales of qualifying properties in 2020 – in anticipation of the transfer tax increase – we shifted our focus to strengthening our acquisition pipeline. The hard pipeline consists of 2,449 homes with an investment volume of EUR 843 million in the next few years. The Big Four continues to be a major focus area for the ARC Fund. For good reason. We move in the direction of the demand. We follow demographic and market trends, including the ongoing urbanisation trend. That urbanisation trend is also behind our expansion into the Central Circle Regional Cities. Eindhoven, the fifth-largest city in the Netherlands, offers particularly exciting prospects. As the centre of the Dutch high-tech industry, Eindhoven was largely unscathed by the pandemic. The high-tech industry experienced significant growth and so did the city of Eindhoven. The acquisition of properties in Eindhoven adds geographic diversity to our portfolio and contributes to our Fund's mission.

IMPACT OF COVID-19 ON OUR PIPELINE

As the pandemic wore on, its impact on the ARC Fund evolved. Factory closures in 2020 had a delayed effect on the international construction industry. By 2021, stocks had dwindled while demand remained strong, resulting in a shortage of building materials. Some parties responded to the looming sourcing issues by buying up mass quantities of materials, primarily steel and parts. The increasing shortage of materials resulted in significant price increases, which are still affecting us today. With building costs at an unprecedented level, the availability of investment product that meets our return requirements is limited. Our ROFR agreement with ADF, ensures that we can continue to fill our pipeline with attractive projects at excellent conditions. In the medium to long-term, however, the ARC Fund would benefit from the recovery of the supply chain.

POSITIVE FEEDBACK ON ON-SITE COMMUNITY MANAGEMENT

As part of our asset management strategy, community and service management received significant attention over the last year. Residents of Cruquius Amsterdam, Holland Park in Diemen, and Hartje Eindhoven are already providing positive feedback on the implementation of on-site community management. Attendance at events, such as barbeques, has exceeded expectations. Given this early success, we hope that there will be more room for such events in 2022. We also invested in the extended roll-out of the community app, which makes it easy for residents to connect with their neighbours and to submit service requests. 84.9% of tenants in LIVVIN communities now use the LIVVIN community app. With each of these initiatives, we aim to improve the liveability of our properties and enhance the living experience of our tenants.

SUSTAINABILITY

We are continuing on our road to a Paris-proof portfolio: a portfolio of sustainable real estate that meets the goals of the Paris Climate Agreement. In 2021, we implemented the CRREM framework to help us navigate this long and challenging road. The CRREM framework allows us to analyse the impact and costs of different scenarios – from installing more solar panels and adding insulation to connecting to district heating systems – and establish a roadmap. It will help us stay on track towards establishing a more energy efficient portfolio, with substantially lower carbon emissions, to secure a healthy future for our planet and for the Fund. And while we develop and update our roadmap, we continue to move forward with sustainability improvements of our standing portfolio. After installing solar panels on nearly all single-family homes, we rolled out our solar energy programme to existing MFH properties. In 2021, our sustainability efforts once again earned us a five-star GRESB rating. We are proud of this achievement and we are committed to improving our sustainability performance in the year ahead.

OUR ROLE IN SHAPING THE FUTURE

Our strong results and financial position year after year are evidence that we are able to adapt to anything that comes our way. We analyse trends and developments to anticipate the future. When the unexpected happens, take the COVID-19 pandemic, we adjust. The combination of our strong foundation, sound strategy, and long-term view have paid off. We are proud of that. To safeguard our success in the future, we must put that long-term view to the test. We often talk about preparing for that future. That is important. But we must also ask how we, as the ARC Fund, shape that future. Over the last year, we gave considerable thought to this question.

We envision a future in which everyone has access to a comfortable, safe, and healthy living environment. To achieve this, we must help solve the shortage of affordable housing. We must pay attention to the living conditions of our tenants. We must act now to avert the most damaging impacts of climate change. In doing so, we take our responsibility and secure strong and stable returns for years to come.

WHAT DOES THIS MEAN FOR THE ARC FUND?

It means that we will act as a partner in solving the current challenges in our housing market. Anticipated regulation that caps rents and limits annual rent increases will impact the ARC Fund. High building costs already impact the ARC Fund. While raising and even maximising our rents amidst these rising costs may be justifiable, we must consider our approach carefully against the impact on residents and our society. We must find additional ways to continue delivering on our commitments to investors. That involves assessing the returns of our standing portfolio and of new acquisitions, particularly as more regulation of the housing market could make investing in certain types of properties less attractive. That also involves implementing innovative housing solutions that offer high-quality living environments at affordable rates. It potentially involves changing the way we build, by transitioning from concrete to circular, wooden constructions to reduce building and energy costs. The opportunities to remain successful amidst challenging circumstances, while acting responsibly towards our communities and the planet, are available. We will explore those opportunities, weigh them against our strategy, and take action to contribute to a healthy future for all.

OUTLOOK

We have ambitious growth objectives for the coming years and are highly motivated to acquire new projects to further strengthen and diversify our portfolio. Our relationship with ADF as well as third party developers provides exciting opportunities for future expansion. The majority of our soft pipeline consists of ADF projects yet to be developed, which can be acquired in the near future if they fit into our strategy. This channel offers us a great amount of flexibility to adjust to new developments.

New and anticipated legislation is expected to impact the private rental sector. The ARC Fund is not immune to this. However, by taking our responsibility to help solve the affordable housing shortage, we aim to restore balance in the housing market and create a stable foundation for our future.

MARKET DEVELOPMENTS

THE DUTCH ECONOMY

Economic recovery following COVID-19

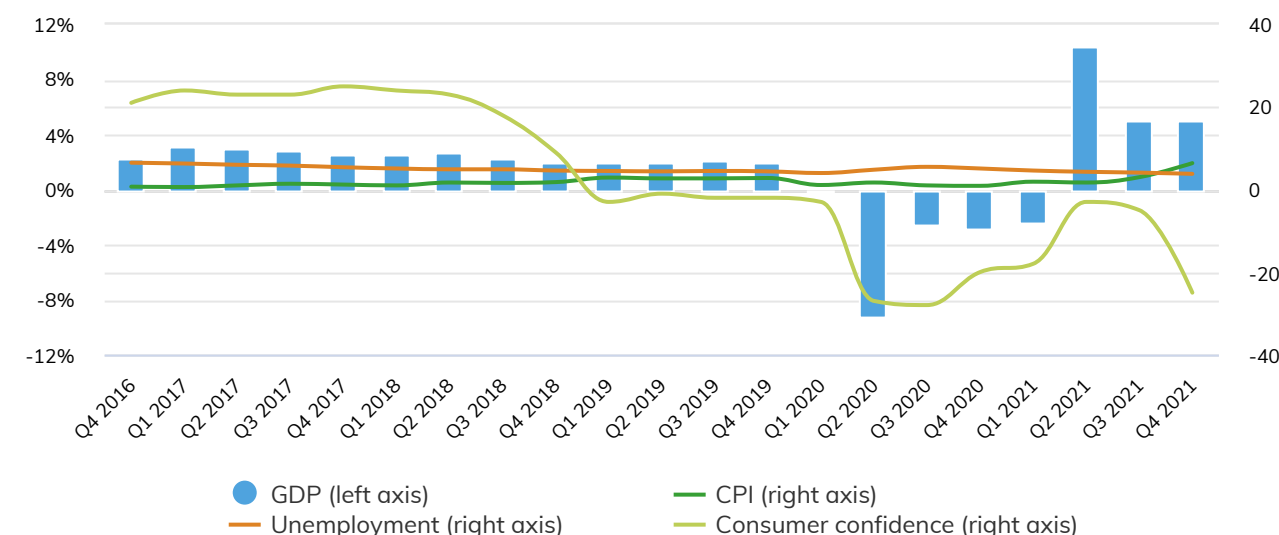
After a short but fierce economic downturn due to COVID-19, which lasted five quarters, the economy is recovering rapidly. The economy grew by an estimated 4.5% (DNB, December 2021), mainly as a result of increased household consumption and a higher trade balance. The forecasts for this year are optimistic as well. The economy is expected to grow by 3.6% in 2022 (CBS, 2021). However, these forecasts are likely to be impacted by the unfolding events in Ukraine. Given the fluid situation it is hard to predict these effects at this stage.

The unemployment rate returned to pre-pandemic levels. Between Q4 2020 and Q4 2021, unemployment declined from 5.1% to 3.8% (CBS, 2022; renewed method), which is historically very low. The CPB (September 2021) expects unemployment to average around 4.4% in 2021, followed by 4.5% in 2022. The current labour market is characterised by a large number of vacancies and employee shortages. The total number of vacancies is equal to, and possibly even greater than, the number of unemployed people (CBS, 2021).

Nevertheless, consumer confidence declined sharply towards the end of 2021. After consumer confidence recovered to -5, close to the long-term average, it declined to -25 by December 2021 (CBS, 2021). This development coincided with sharply rising inflation. Whereas inflation stood at 1.0% in Q4 2020, it reached 2.7% in September 2021, 3.7% in October, 5.9% in November, and 6.2% in December. This is largely due to the increasing gas and oil prices. According to CBS, the total inflation rate for 2021 is 2.7%. DNB predicts an inflation rate of 3.0% in 2022 (December 2021).

FIGURE 7: MACRO ECONOMIC INDICATORS

In percentage (left axis) / Index (right axis)



Source: CBS, Q4 2021; DNB, Q4 2021

THE DUTCH RESIDENTIAL MARKET

Continued low supply and high demand

The trend of high demand and low supply in the Dutch housing market continued in 2021. This trend is likely to persist for the next decade. Several factors contribute to the ongoing housing shortage. The population is growing and is anticipated to surpass 18 million in 2030 and 19 million in 2040, compared to 17.5 million in 2021 (ABF Primos, 2021). This population increase is largely driven by migration.

The changing household composition is also contributing to the increase in demand for housing. Households are becoming smaller. The number of single-person households is growing, particularly among the 65-and-older population. As a result, more homes are needed to accommodate the same number of people (ABF Research, 2021).

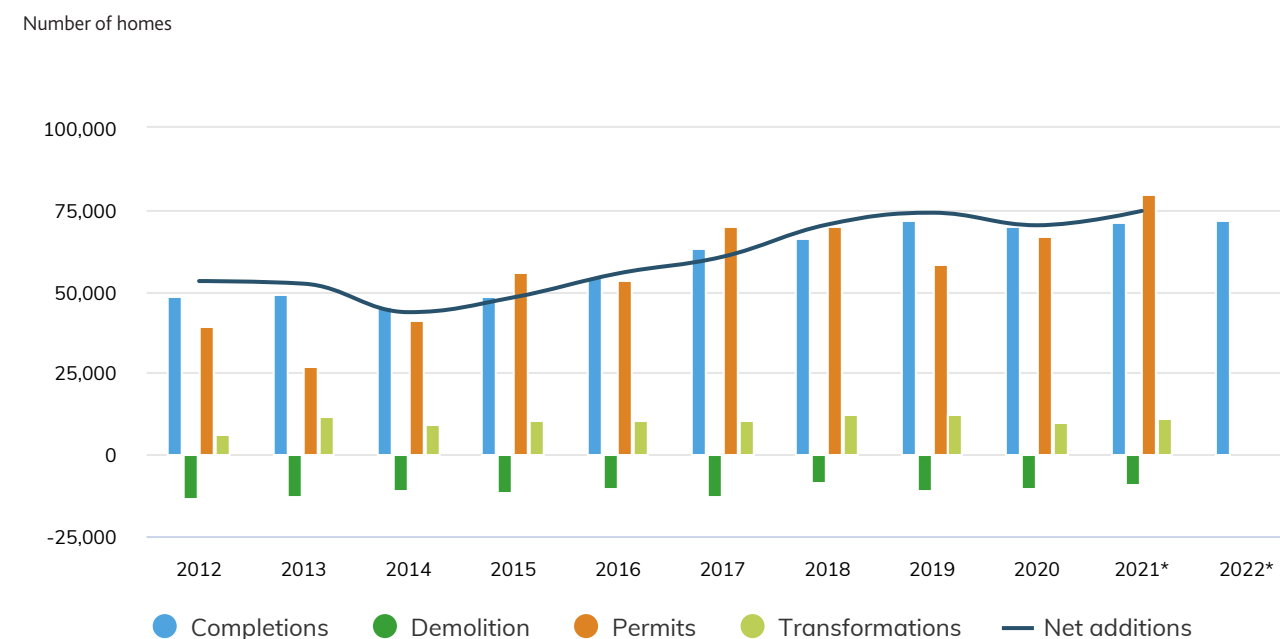
According to CBS, the 40 largest municipalities are expected to account for 59% of the growth in households, which is consistent with the ongoing urbanisation trend. The four biggest cities are expected to account for 28% of the growth. As a result, divergence of demand within the Netherlands is expected to increase further.

Accommodating the demand

The current housing shortage is approximately 279,000 homes, which is 3.5% of the current housing stock (ABF Primos, 2021). Until 2040, an estimated 1.2 million homes are needed to accommodate the expected 1 million increase in households through 2040. This amounts to 75,000-100,000 new homes per year. This is more than the current net addition of 60,000-73,000 homes per year.

The number of building permits increased from less than 70,000 in 2020 to an estimated 80,000 in 2021, which theoretically may be enough to meet the target of at least 75,000 new homes to meet demand. However, due to rising building costs, it is unsure whether this will lead to an increase in realisations.

FIGURE 8: ANNUAL NET ADDITIONS OF NEW HOMES



*Sources: CBS, 2022; EIB, 2021; ING, 2022

Supply and demand in the owner-occupied residential market

The gap between supply and demand in the owner-occupied residential market continues to increase. According to the NVM (Nederlandse Vereniging van Makelaars), the market tightness, which indicates the ratio between the supply and demand, stood at 1.3 in Q4 2021. This means that each potential home buyer has just 1.3 homes to choose from. A year earlier, market tightness stood at 1.9%, already a very low figure.

This gap between supply and demand is leading to significant price increases. Prices of owner-occupied houses increased by 15.2%, the highest growth rate in 21 years and almost twice the growth rate of 2020 (7.8%). The major banks in the Netherlands (ING, Rabobank, ABN AMRO, and DNB) expect prices to increase sharply again in 2022, on average by 11.6%.

The Dutch residential investment climate

Investor interest in the Dutch residential market remained high in 2021. Due to the housing shortage and the low interest rates, both domestic and foreign investors are showing substantial interest in rental homes. Despite this strong interest, investment volumes have slowed down due to a lack of suitable product and the rising cost of building materials. The total transaction volume was approximately EUR 7.7 billion in 2021, 32.5% lower than in 2020 (Capital Value, 2022). This is primarily the result of limited transactions in existing product. The share of new-build transactions increased by nearly 10% compared to 2020. An analysis conducted by a real estate consultant shows that at least EUR 3.2 billion of available capital could not be invested in new-build homes in 2021 due to a lack of supply.

High demand, low supply, and ample available capital are putting pressure on gross initial yields (GIY). In the Netherlands (excluding the Big Four), the gross initial yields decreased from 4.45% in Q4 2020 to 4.25% in Q3 2021 (MSCI, 2021). Yield compression was smaller in the Big Four cities (Amsterdam, Rotterdam, The Hague, and Utrecht).

However, gross initial yields for the Big Four cities have declined steadily since 2014. The average gross initial yields of standing investments in the Big Four cities declined from 6.25% in Q4 2014 to approximately 3.85% at the end of 2021 (MSCI, 2021). These declining yields have a strong positive effect on valuations but put pressure on direct returns.

FIGURE 9: PRICE DEVELOPMENT (NOMINAL) EXISTING OWNER-OCCUPIED HOMES 2013-202

(Index, 2008 = 100)

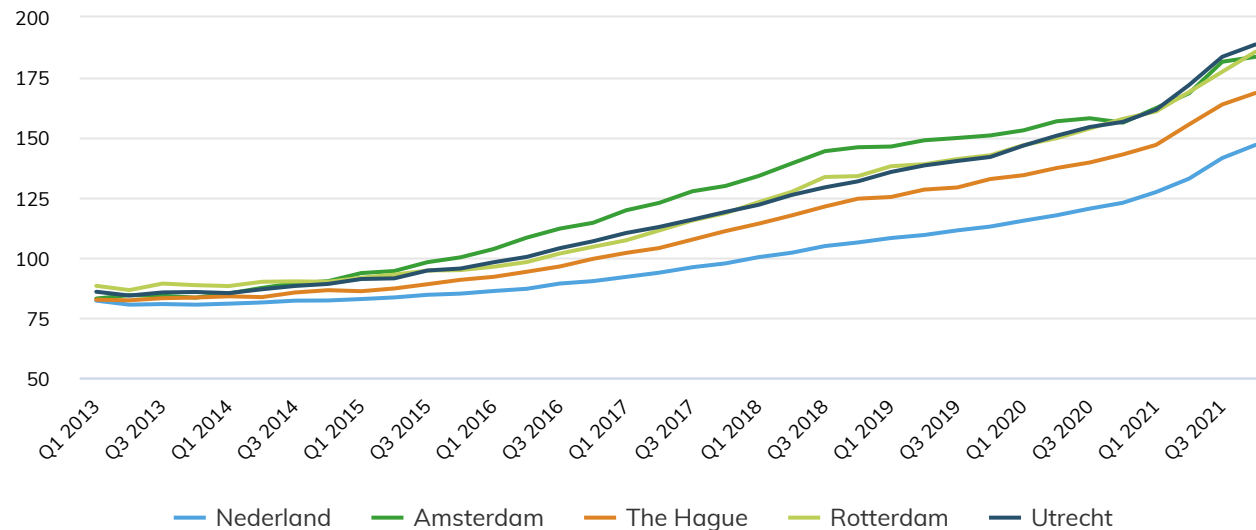


FIGURE 10: INVESTMENT VOLUME

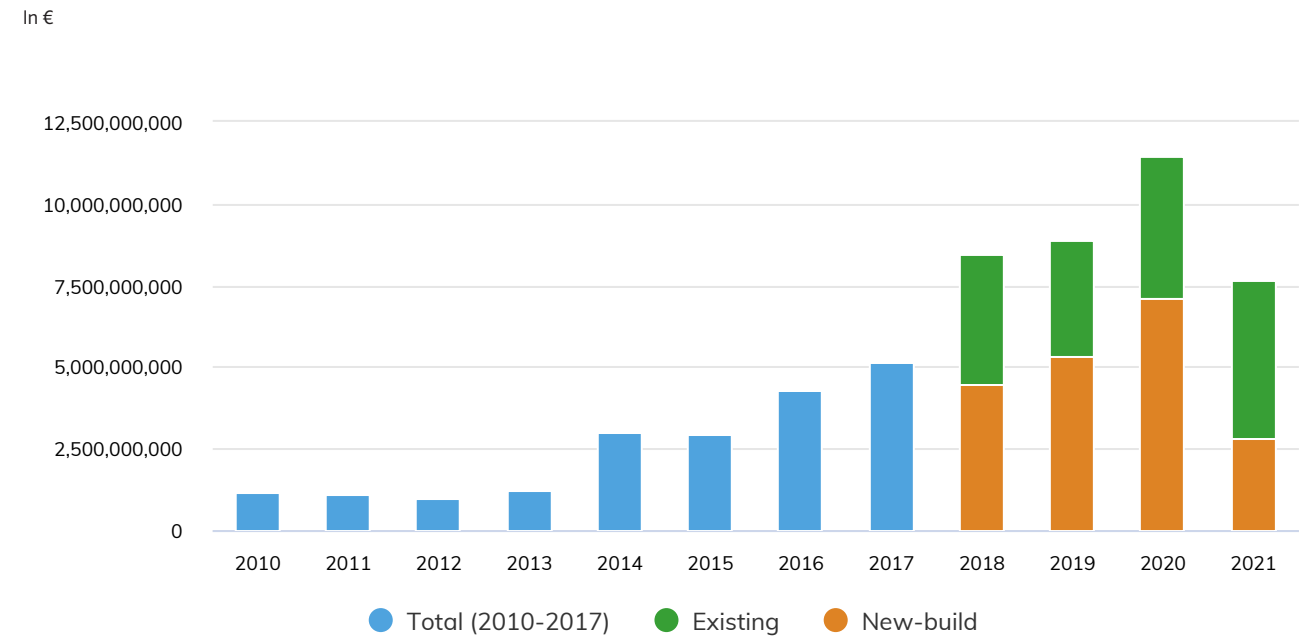
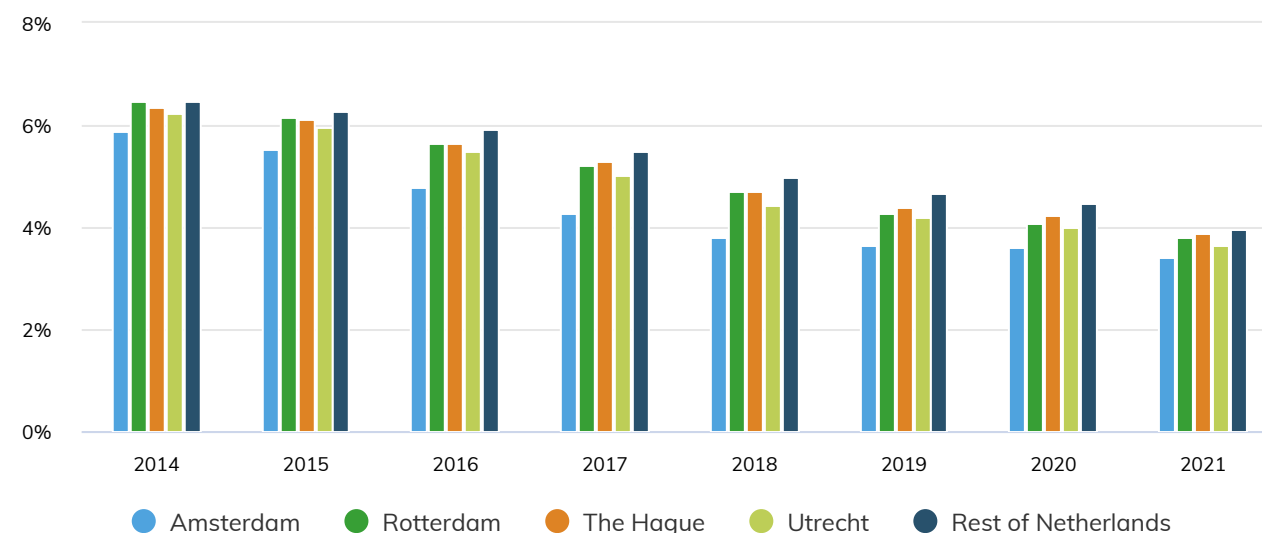


FIGURE 11: GROSS INITIAL YIELDS

In percentage



Source: MSCI, 2021

In the coming year, the lack of product and the continued low interest rates are likely to put further downward pressure on yields. Prime yields in the Big Four may decline to 3.0% or even lower.

Political environment and expected law and legislation Annual rent increases limited

The national government and local authorities are seeking to address the shortage of mid-priced rental homes to create more affordable housing options. In 2021, the Dutch government approved a new law that caps the yearly rent increase in the liberalised rental sector at CPI+1% for at least the next three years. This means that the annual rent increase for 2021 was capped at 2.4% (inflation of 1.4% + 1.0%). For 2022, the rent increase is capped at 3.3%. While the current law spans a three-year period, we expect it to be extended indefinitely. In addition, the rent increase for the regulated segment for 2021 has been set at a maximum of 2.3%, which corresponds to the inflation rate of 2021.

WOZ cap in the WWS system

Anticipated legislation that alters the WWS (Woningwaarderingssstelsel / point system) may impact the ARC Fund. Currently, the WOZ (waardering onroerende zaken / value of real estate) value of a home is directly linked to the number of points in the WWS system. This year, a new law will be introduced to cap the share of the WOZ value in the WWS point total at 33%. This legislation will move a portion of homes with high WOZ values from the liberalised segment to the regulated segment where the maximum reasonable rent is capped based on the number of WWS points. If approved, the legislation will have a significant impact on cities and regions with relatively high WOZ values, such as the Big Four. For the ARC Fund, the impact will be limited to the incidental mandatory lowering of rents.

New law and legislation for the mid-priced segment

In addition to changing the role of the WOZ value in the WWS, the government is likely to introduce legislation to regulate the mid-priced rental sector. The most recent coalition agreement confirms the government's plans to regulate the mid-priced segment. However, they intend to do so without jeopardising the returns for investors. The government appointed consultancy firms to explore different types of regulation and their impact. Potential scenarios include the extension of the social, regulated segment, which currently stands at 142 points, or determining the maximum annual rent based on a percentage of the WOZ value. Fortunately, the potential new legislation is expected to apply only to new leases. Depending on the future turnover rate, the financial impact of the legislation will be spread out over approximately the next decade.

Transfer tax

As of January 1, 2021, the changes to the transfer tax on residential properties went into effect. For first-time homebuyers aged 18 to 35, the rate went from 2% of the total purchase cost to 0%. This rate will apply for at least the next five years. The rate for real estate investors, both private and institutional, increased from 2% to 8%. The intended effect is that investors will buy up fewer residential properties and that younger generations, with typically lower incomes, will be more successful in the housing market. Ceteris paribus, the change has had a negative effect on the capital value of residential investment properties of approximately -3.0% as investors discounted (part of) the extra costs into their prices. In January 2023, the transfer tax for investors will be increased to 9.0%.

Municipal legislation

Regulation of the rental market is also occurring at the municipality level. Several municipalities, including Amsterdam, The Hague, and Utrecht, are implementing new policies to increase the number of affordable housing options for middle-income households. These policies typically apply only to new building projects. Amsterdam, however, is introducing the 'zelfwoonplicht'. Anyone who buys a home with a WOZ-value up to EUR 512,000 must also live in that home. It may not be rented out. This new policy is intended to limit the number of investors in the capital city. The Hague has implemented new policies to regulate the allocation of liberalised sector rental homes to specific (income-based) target groups.

Conclusions

- The economy is expected to recover quickly, with a forecasted GDP growth of 4.5% in 2021 followed by 3.6% in 2022.
- Consumer confidence declined sharply towards the end of 2021, from -10 in October 2021 to -25 by December 2021 (CBS, 2021)

- Inflation is rising quickly, from 1.0% in Q1 2020 to 6.2% in December 2021. The overall inflation rate for 2021 was 2.7%. This is largely due to the increasing gas and oil prices.
- An additional 1.2 million homes are needed to accommodate the expected 1 million increase in households through 2040. This amounts to 75,000-100,000 new homes per year, exceeding the current net addition of 60,000-73,000 homes per year.
- The gap between supply and demand in the owner-occupied residential market continues to increase, leading to significant price increases. In 2021, prices increased by 15.2%. The major banks on average predict a further increase of 11.6% in 2022.
- Despite a strong interest from investors in the Dutch rental market, investment volumes have slowed down due to a lack of suitable product and the rising cost of building materials.
- Demand and ample available capital are putting pressure on gross initial yields (GIY). The average yield for standing investments in the largest four cities dropped from 6.25% in 2014 to approximately 3.85% in Q3 2021. These declining yields have a strong positive effect on valuations and put pressure on direct returns.
- In the coming year, a lack of product and continued low interest rates are likely to put further downward pressure on yields.
- The national government and local authorities are seeking to address the shortage of mid-priced rental homes to create more affordable housing options. New legislation caps the yearly rent increase in the liberalised rental sector at CPI+1% for at least the next two years.
- In 2022, a new law will be introduced to cap the share of the WOZ value in the WWS system at 33%, moving a portion of homes with high WOZ values from the private segment to the regulated segment.
- Additional legislation may involve the extension of the regulated segment or determining the maximum annual rent based on a percentage of the WOZ value.
- As of January 1, 2021, the changes to the transfer tax on residential properties went into effect. The change has had a negative effect on the capital value of residential investment properties of approximately –3.0%.

PORTFOLIO STRATEGY

The ARC Fund invests in the Dutch residential rental sector and has a long-term horizon. We aim to realise attractive, stable dividend yields and long-term value growth for our Investors. We achieve this by investing in a well-diversified portfolio of rental properties in the mid-priced segment located in areas with significant populations and economic opportunities.

Each year, we translate our strategy into KPIs. We determine these KPIs based on the material Environmental, Social, and Governance (ESG) themes for the ARC Fund. Our KPIs reflect our commitment to achieving a sustainable portfolio.

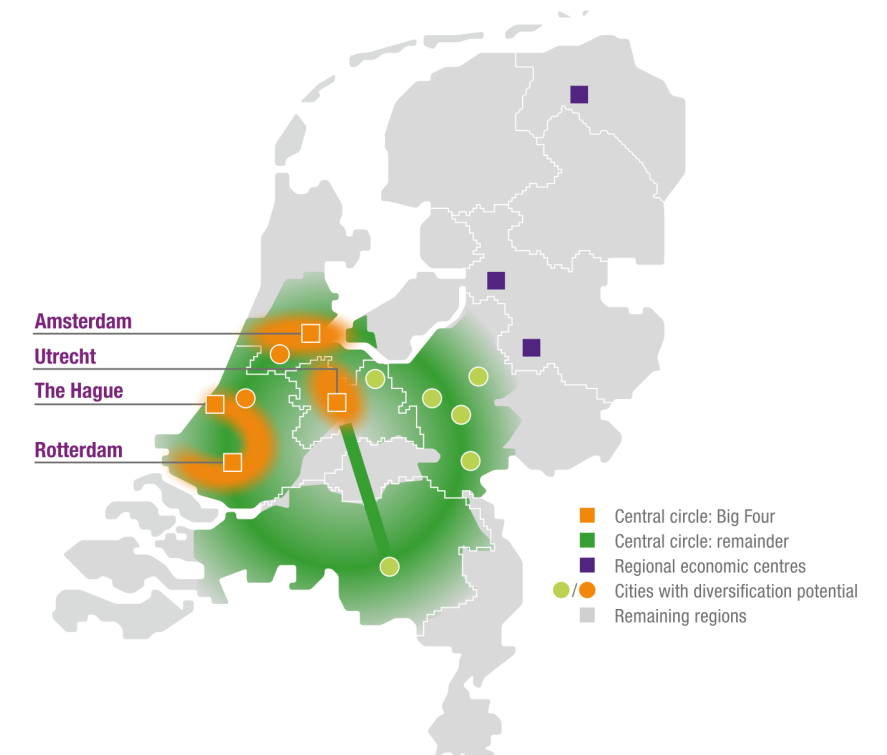
The appendix contains additional information on the materiality assessment and its translation into the Fund strategy.

PORTFOLIO POLICY

The ARC Fund focuses on young, high-quality, sustainable residential properties located in areas with the best economic and demographic potential. These areas are:

- **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, Leiden and Almere);
- **Central Circle - Remainder:** remaining urban regions in the Randstad, Brabant and Gelderland (including regional cities: Amersfoort, Arnhem, Breda, Nijmegen, Den Bosch, Eindhoven and Tilburg);
- **Regional Economic Centres:** the urban regions of Groningen, Zwolle and Deventer.

FIGURE 12: FOCUS AREAS



MID-PRICED RENTAL SEGMENT

To help solve the growing shortage of affordable housing in the Netherlands, the ARC Fund invests in the mid-priced rental segment. The mid-priced segment is also attractive from an investment perspective, due to the rising demand for affordable, high-quality housing in our focus areas. The mid-priced segment varies per focus area.

TABLE 1: MID-PRICED RENTAL SEGMENT

	Mid-segment	
	min	max
Central Circle Big Four: Amsterdam	764	1,550
Central Circle Big Four	764	1,350
Central Circle Remainder	764	1,250
Regional Economic Centres	764	1,150
Remaining Regions	764	1,050

* Monthly rent excluding parking place.

Target groups

Our target groups are based on market trends and developments and inform our product-market combinations. Our primary target groups are:

- **Young professionals**
The ARC Fund aims to appeal to young professionals with higher incomes who prefer the flexible nature of renting and are attracted to the amenities of large cities.
- **Elderly singles and couples**
We aim to appeal to people aged 65 and older with no or limited care needs by investing in life cycle-proof housing concepts that provide an attractive alternative to regular single-family housing.
- **Families**
We meet the high demand for family homes in the private rental segment as a result of strict income requirements to qualify for social housing and criteria for obtaining a mortgage.
- **Expats**
The ARC Fund meets the demand for rental homes for expats who typically have high income levels and remain in the country for limited periods of time. After a sharp decline due to COVID-19, the expat market is continuing to recover.

Key workers

We aim to provide affordable housing options to key workers in the healthcare, education, and security sectors, particularly in areas that are experiencing major shortages. We will allocate about 50% of selected properties in these areas to key workers. These are properties on the low end of the mid-priced rental segment (up to EUR 1.250/month). In order to improve circulation in the housing market, priority is given to candidates who are willing and able to transition from a social rental home to a private rental home.

Responding to market trends

Market trends and developments have a significant impact on the ARC Fund strategy. We monitor these trends closely to ensure the long-term quality and resiliency of our portfolio, with stable and attractive yields for our investors. These trends and developments include increasing urbanisation, the ageing population, green cities, digital services, automation, and sustainability. Based on these developments, we have identified three topics of interest for existing and future investments:

1) 2Peer co-living concept: communal spaces and services

By investing in the co-living concept 2Peer, the ARC Fund aims to provide high-quality, affordable housing solutions. This concept is targeted towards singles and young professionals in the Big Four cities. It features shared apartments (c. 40m²) with private bedrooms and bathrooms and shared living rooms and kitchens. These properties are in proximity of public transportation and may include amenities such as flexible workspaces and communal areas. Due to the use of shared spaces, the size of each private apartment is reduced substantially, resulting in a lower rental price. The 2Peer co-living concept is consistent with the following trends and projections:

- Growing sense of loneliness among older populations and millennials.
- Rise of the sharing economy (e.g. shared vehicles, workspaces).
- Lack of affordable housing options in the Big Four cities, especially for singles, due to urbanisation.
- Increase in working from home, also after COVID-19.
- Popularity of international and location-independent lifestyle (digital nomads).

2) Livvin: community and service concept

The Amvest Livvin concept addresses the increasing importance of the living environment, extending beyond the home and into the neighbourhood. Facilities, services, and connections with neighbours contribute to a rich living environment. The Livvin concept is a flexible concept focused on creating a sense of community. In doing so, we aim to enrich the living environment and increase tenant satisfaction. Its pillars include:

- The Community Space to provide a place to connect and socialise.
- The Community Manager to assist tenants, forge connections, and build community.
- The Community App as a one-stop shop for tenants to participate in their community and manage service requests.

3) Area management

Area management, the integration of multiple functions such as living, working, and leisure, into the apartment building itself, is an important part of the ARC Fund strategy. Amvest's role as a project and an area developer, and the ARC Fund's Right of First Refusal agreement, create attractive opportunities for investment. By investing in a high-quality environment with the right amenities for the right target groups, we increase the value of our assets, the quality of our properties, and grow the demand. We may collaborate with other parties in areas where the ARC Fund does not have a large presence. In areas where the ARC Fund does have a large presence, it can pay off to provide a service and community concept to the whole area at once. Our continued focus on area management is consistent with the following trends and projections:

- Growing significance of location (identity, proximity to amenities).
- Lack of attractive housing concepts for the 65-and-older population currently occupying single-family homes.

FUTURE-PROOF PORTFOLIO

To the ARC Fund, creating a future-proof portfolio means investing in high-quality homes and living environments, as well as structurally reducing our carbon emissions to meet the Paris climate targets. Since the built environment is responsible for 40% of energy consumption, we aim to achieve this reduction by making our buildings more energy efficient. Our actions to achieve a Paris-proof portfolio include:

- Designing and constructing new homes according to our Program of Requirements (PoR). This includes the use of high-efficiency systems, a gas-free heating system, solar panels, and options for monitoring and adjusting energy consumption.
- Gaining insight into the energy consumption of properties in our portfolio. We aim to collect data at the tenant level. Due to privacy regulations, this requires the explicit permission from the tenant.
- Renovating properties in our portfolio.
- Taking energy efficiency into account in purchasing new assets.
- Selling assets that do not meet standards for renovation to buyers committed to making sustainability improvements.

We use the CRREM to establish a roadmap for limiting the energy consumption of buildings in our portfolio and reducing our carbon emissions. By collecting data on actual energy use, we are able to continuously update this roadmap. This allows us to make targeted investment decisions to ultimately achieve a Paris-proof portfolio.

PORTFOLIO DEVELOPMENTS IN 2021

In 2021, the ARC Fund has again shown a strong operational performance. We delivered and added 515 homes to the standing portfolio, bringing the total number of homes to 10,843. The occupancy remained high at 97.2%, approaching the target vacancy rate of <2.75%, which are good results in the second pandemic year.

Operating costs moved into the right direction in 2021. In 2020, the cost percentage was relatively high at 22.6%. Cost percentage improved to 20.6% in 2021 as a result of careful monitoring and planning, despite rising maintenance costs.

The portfolio grew by 425 homes in 2021, significantly more than the 2020 increase of 248 homes. Due to the acceleration of block sales in 2020, prior to the property transfer tax increase for investors from 2% to 8%, no block sales occurred in 2021. The number of individual sales was also relatively low at 90.

The secured pipeline features 2,449 homes representing EUR 463 million in off-balance sheet commitments. The projects in this pipeline are set to be completed between 2022 and 2025. In addition, the investment proposal for an additional 201 homes in Eindhoven has been approved and the SPA has since been signed.

Our RoFR Agreement with Amvest Development Fund B.V. is responsible for approximately 40% of our committed pipeline. The RoFR agreement continues to ensure sufficient and constant access to new, high-quality residential rental properties at excellent conditions.

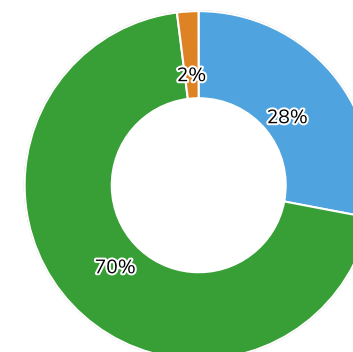
PORTFOLIO - COMPOSITION

At the end of 2021, the ARC Fund portfolio consisted of 10,843 homes with a book value of EUR 3.9 billion. The average book value per home increased by 10.8%.

FIGURE 13: TOTAL PORTFOLIO BY TYPE

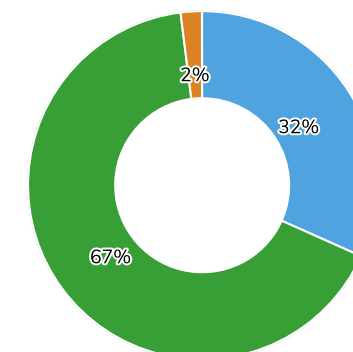
Composition by book value

2021



● Single-family
● Multi-family
● Care and Commercial

2020

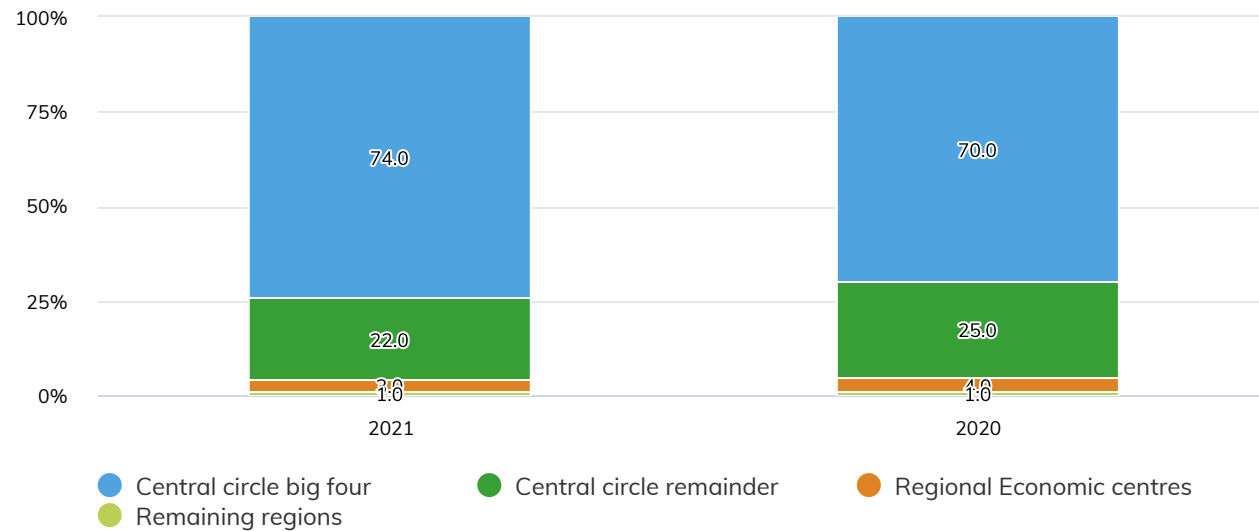


● Single-family
● Multi-family
● Care and Commercial

The share of multi-family homes in the portfolio is increasing. Currently, 70% of the portfolio consists of multi-family homes, compared to 67% in 2020. 28% of the portfolio consists of single-family homes. This development is the result of the limited availability of single-family homes that meet our investment requirements, particularly in our focus areas such as the Big Four. The secured pipeline includes almost exclusively multi-family home projects. Approximately 2% of the total investment portfolio value consists of commercial real estate units embedded in residential buildings in the portfolio.

FIGURE 14: TOTAL PORTFOLIO BY REGION

Composition by book value



The share of homes in the Big Four focus area continues to increase, from 70% in 2020 to 74% in 2021. This is due to the delivery of large multi-family residential projects in Amsterdam.

The ARC Fund's focus remains on the mid-priced private rental sector. The share of mid-priced rental homes in the portfolio has remained stable over the years. In 2021, the segment made up 83%* of the portfolio, compared to 82% in 2020, and 81% in 2019. These figures are well above the target allocation of 75%. The mid-priced sector ranges from EUR 763.50 per month on the low end to EUR 1,550 per month in Amsterdam.

FIGURE 15: RESIDENTIAL PORTFOLIO BY PRICE SEGMENT

Composition by rental income

2021

2020



At year-end 2021, the weighted average of the portfolio was 11 years. Most properties (79%) were constructed within the last 15 years. 89% of properties have energy label A or B. The ARC Fund invests in sustainability and quality improvement of assets that meet our return requirement. This includes the installation of solar panels to reduce carbon emissions.

* Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 81.

FIGURE 16: TOTAL PORTFOLIO BY AGE

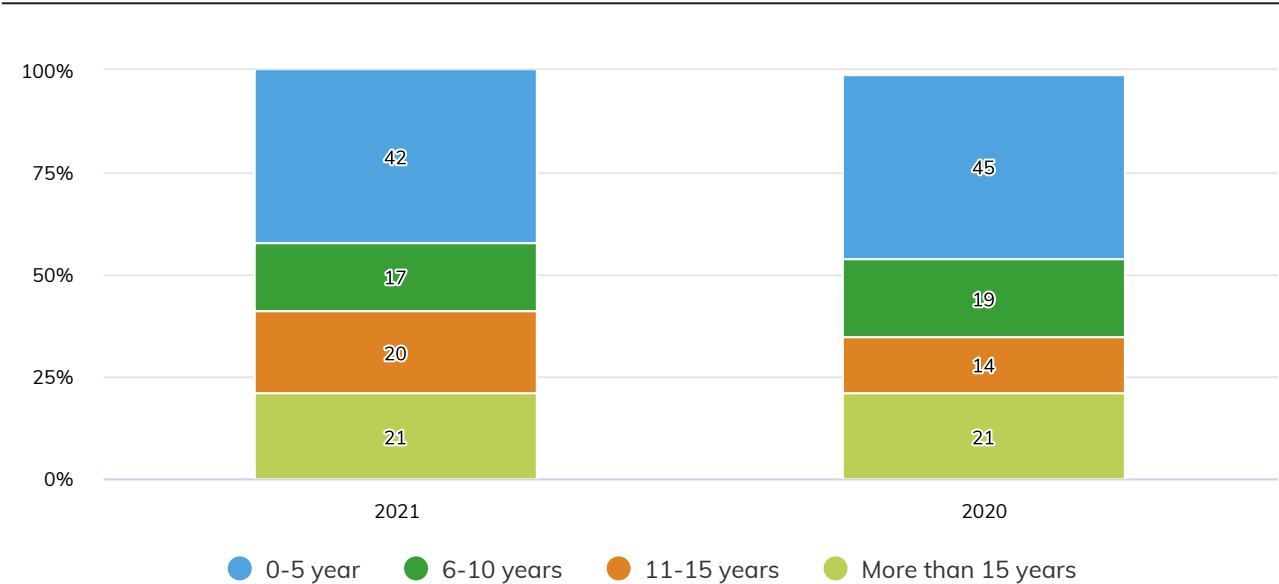
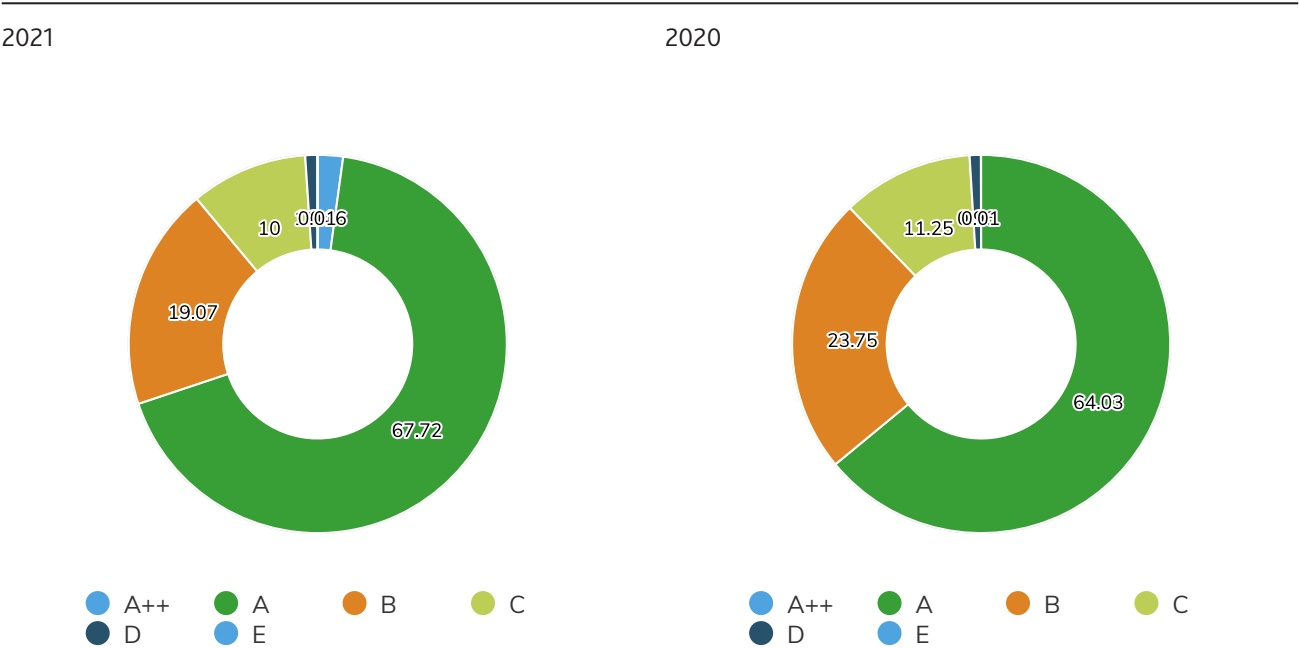


FIGURE 17: DISTRIBUTION OF ENERGY LABELS



The portfolio is well diversified in terms of book value per property. As a result of this diversity, the performance of individual properties has a minimal impact on the overall performance of the portfolio. The ten largest properties / districts based on book value together represent 27.5% of the total portfolio value.

FIGURE 18: LARGEST PROPERTIES/DISTRICTS



TABLE 2: THE TEN PROPERTIES WITH THE HIGHEST VACANCY RATE

City	Name	Number of homes	Operational vacancy relative to total vacancy (%)	Operational vacancy relative to property theoretical income (%)
Diemen	Gerrit Rietveldsingel	202	12.8%	12.4%
Amsterdam	Bottelarijstraat (Cruquius)	158	6.8%	7.6%
Amsterdam	Het IJland	271	6.2%	5.0%
Amsterdam	Gustav Mahlerlaan	110	4.6%	6.8%
The Hague	De Sophie	67	4.1%	11.7%
Amsterdam	Havenmeester	117	3.3%	10.6%
Utrecht	De Syp	266	2.7%	2.6%
The Hague	New Babylon	141	2.5%	6.3%
The Hague	Cornelis de Wittlaan	128	2.2%	3.4%
Rotterdam	Joost Banckertsplaats	242	1.9%	2.3%

PORTFOLIO - OPERATION

Rental policy

The portfolio net rental income in 2021 was EUR 110.9 million, compared to EUR 103.9 million in 2020. This growth is driven by the annual rental increase, rental turnover, and portfolio dynamics. As part of our asset management strategy, it is our goal to optimise the rental prices within the constraints imposed by new regulation. New legislation caps the rental increase in the private rental market at CPI+1%. Anticipated legislation may further impact the maximum reasonable rent for new rental contracts.

We implemented the annual rent increase in July. Per government guidelines, we did not increase rents for homes in the regulated rental sector and limited the rent increase for homes in the liberalized rental sector to inflation +1%. On average, annual rents increased by 2.0%*, which is 0.8% above inflation.

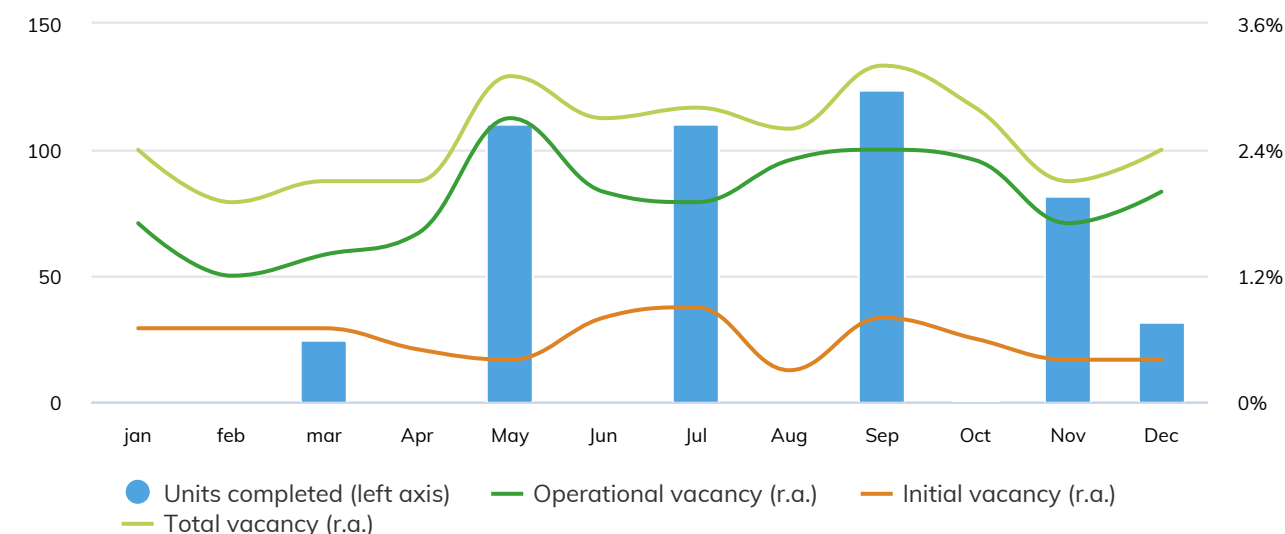
Vacancy

Another key asset management theme is our vacancy policy. We aim to optimise the occupancy rate by supporting property managers to more actively promote unoccupied homes and to ensure the quality of those homes. In 2021, we set a target vacancy rate of <2.75%. The realised vacancy rate was 2.8%*, approaching this target. This figure includes operational vacancy (existing portfolio) and initial vacancy (newly built properties). Moving forward, we will also engage additional real estate agents under the guidance of the Fund Manager to further optimise the occupancy rate.

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

FIGURE 19: VACANCY

In number of units (left axis) / In percentage (right axis)



Operating costs

Operating costs as a percentage of the theoretical rental income was 20.6% in 2021. This is a decrease from 2020 (22.6%) but remains relatively high compared to 2019 (19.5%). The persistent increase in working from home as a result of the COVID-19 pandemic has had a impact on cost ratios. Households used more energy and made greater use of their space. In addition, material and labour costs have risen sharply due to COVID-19, resulting in (temporary) higher-than-average maintenance costs. To counteract the impact of working from home trends and increased material and labour costs, we actively work to optimise our buying practices and consolidate maintenance activities.

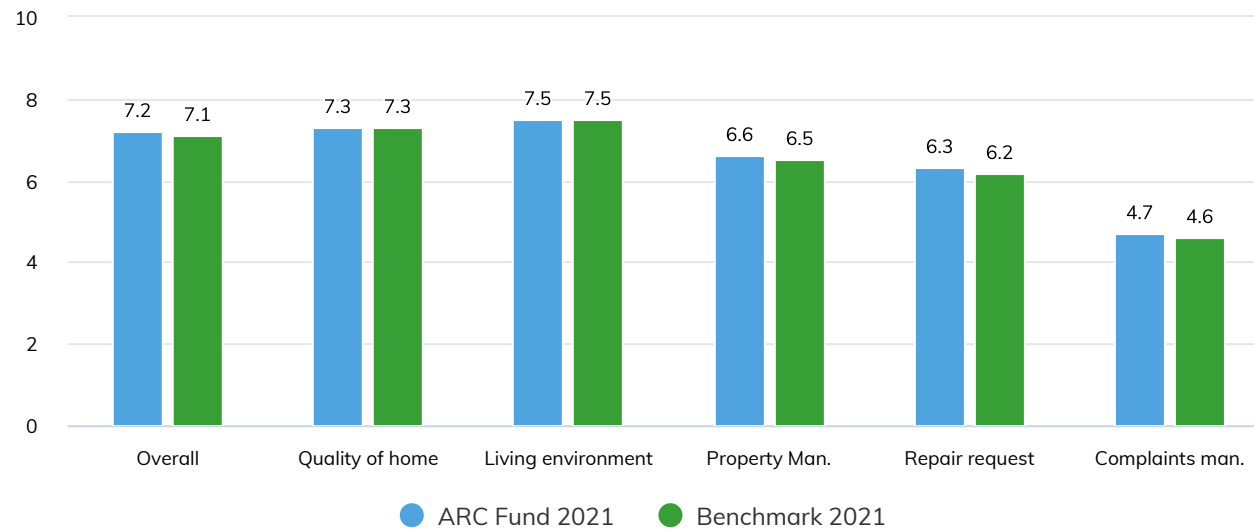
* Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 81.

Home comfort

Tenant satisfaction is an important indicator of home comfort. By definition, our goal to deliver high-quality living environments means a commitment to tenant satisfaction. Each year, we strive to outperform our peers in the IVBN tenant satisfaction benchmark. For the third year in a row, the ARC Fund scored a 7.2* in the satisfaction survey. In comparison, the benchmark scored a 7.1. The overall score of 7.2 is the average of three components: quality of the home, the living environment, and property management. Between 2020 and 2021, the score for all three components has remained largely stable. The scores for complaints management and repair request management remain very low.

FIGURE 20: TENANT SATISFACTION*

Score out of 10



While we reached our goal of outperforming our peers, we did not achieve our target of obtaining a minimum grade of 7.5. This is a challenging target given the relatively low satisfaction scores in our sector. However, we continue to hold ourselves to a high standard. Considering the impact of property managers, who serve as the main point of contact for our tenants, on satisfaction levels, we aim to provide property managers with additional support. In the coming years, we will work towards establishing dedicated partnerships with property managers to enhance the quality of our services. This is a key initiative for improving our tenant satisfaction.

* Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 81.

We also pay close attention to the health and safety of our tenants. In 2021 we installed 45 AEDs (Automatic External Defibrillators) in our properties. AEDs can be lifesaving in the event of cardiac arrest. To ensure the fire safety of our buildings, we equip all homes with smoke detectors, periodically check, and communicate with tenants about fire safety at least annually, and maintain smoke detectors and fire extinguishers. To maintain a healthy indoor climate, we periodically clean and maintain air treatment and ventilation systems.

Investing in a future-proof portfolio

Investing in the energy efficiency of our properties is a key to our objective to achieve a future-proof and Paris-proof portfolio. By monitoring the energy consumption of our properties, the ARC Fund is able to set goals for optimization. We increasingly use smart meters, in combination with the a digital dashboard, to track and report on the sustainability performance of our buildings. Energy Use Intensity (EUI) provides a consistent unit of measurement to report on the energy efficiency of our properties by converting heat energy in GJ and gas use in m³ to kWh/m²/year.

In 2021, the average EUI of our properties was 221 kWh/m²/year*, compared to 198 kWh/m²/year. The energy use of newly built buildings in 2021 isn't taken into account in the current figures, this results in an increase of the EUI. The increase compared to previous year is mainly caused by people working from home for a full year due to COVID-19.

New builds perform better than renovated buildings, as new construction must adhere to strict energy efficiency standards. In addition, new builds are significantly better insulated. In addition, gas heating systems consume more energy than gas-free heating systems (e.g. hybrid or ground-source heat pumps).

In 2021, the average carbon emission of our properties was 48.6 CO₂/m²/year*, this is an increase of 11.2% compared to previous year.

We apply the CRREM framework to determine the required reduction in the average EUI of the ARC Fund to achieve a Paris-proof portfolio. By setting annual targets, we continue to work towards this long-term objective. During 2021 a coverage rate of 87.4% was achieved, which improves the insight in energy usage.

In 2021, we installed solar panels on several existing multi-family homes and on newly completed multi-family homes, after equipping the majority of single-family homes with solar panels in previous years. ARC Fund increased the number of solar panels with 1.6% to 22,291*.

GRESB

The ARC Fund has been participating in the Global Real Estate Sustainability Benchmark (GRESB) since 2013. GRESB allows for an objective assessment of the sustainability of our portfolio. The ARC Fund's score increased from 84 points in 2020 to 87 points* in 2021. We met our target of achieving a minimum score of 84 points and maintaining our five-star rating. While our score improved, our position in the ranking dropped slightly. Towards the end of 2021, we conducted a comprehensive analysis of the 2021 survey results to determine areas of improvement.

To improve our score in the Building Certifications category, we aim to obtain GPR certificates for most of our properties. GPR is an instrument for measuring the sustainability of a property. Measuring the current sustainability of our properties in five different categories (energy use, environmental impact, health, quality, and future value) will also allow us to set goals for future optimisations and track the impact of our optimisation efforts. By investing in GPR certificates and other initiatives that contribute towards our GRESB score, we aim to remain among the best-performing residential funds in the field of sustainability.

* Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 81.

PORTFOLIO - DYNAMICS

The ARC Fund portfolio grew again in 2021. The standing portfolio increased to 10,843 homes with a value of EUR 3.9 billion up from 10,418 homes with a value of EUR 3.4 billion in 2020. In 2021, we invested EUR 192 million in the pipeline. 10 properties for a total of 515 homes were delivered and 90 individual homes were sold, resulting in a net addition of 425 homes.

The map shows the new properties added to the investment portfolio.

FIGURE 21: PROPERTIES ADDED TO THE INVESTMENT PORTFOLIO

INVESTMENT PIPELINE

At year-end 2021, the ARC Fund's committed pipeline included 2,650 homes for an estimated investment volume of EUR 843 million (2020: EUR 1.19 billion). In addition, the investment proposal for the development of the Groot Hartje Eindhoven project was approved, resulting in a total pipeline of EUR 880 million (2020: EUR 1.25 billion).

In 2021, investment proposals for five new projects were approved and added to the pipeline. We acquired several projects through our RoFR agreement with ADF, which continues to provide us with consistent and sufficient access to investment opportunities at excellent conditions. Among the newly approved projects are also acquisitions from third parties, and acquisitions from a combination of ADF and a third party.

By year-end 2021, 81% of the portfolio represents homes in the mid-priced segment, consistent with the Fund's focus on affordability. The share of properties located in the Big Four cities is increasing, as the majority of projects in the pipeline are located in Amsterdam, Utrecht, and Rotterdam.



DIVESTMENTS

In order to rejuvenate the portfolio, the ARC Fund regularly divests in properties that do not meet investment requirements. These divestments consist of sales of individual homes to private individuals (individual sales) and the disposition of entire properties to professional investors (block sales). 90 individual homes were sold with a net gain of 17% compared to book value. We did not execute any block sales in 2021, as block sales were accelerated in 2020 ahead of the increase in the property transfer tax for investors. The total net result on sales is part of the operational result and was distributed to the investors.

FIGURE 22: PIPELINE PROPERTIES



FINANCIAL PERFORMANCE IN 2021

In 2021, the portfolio value (including assets under construction) rose by EUR 512.8 million (13.3%; 2020: 6.4%). This increase was the result of acquisitions and revaluation. High demand in both the owner-occupied housing market and in the institutional investment market, combined with the limited supply of suitable product, put downward pressure on gross initial yields. This had a negative impact on direct returns, but a strong positive impact on valuations. The gross initial yield of the ARC Fund fell by 0.2% from 4.1% in 2020 to 3.9% in 2021.

The average vacant possession value per home rose by 15.2% from EUR 363 thousand per home in 2020 to EUR 418 thousand in 2021. 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 90.0% in 2020 to 85.6% in 2021.

FUND PERFORMANCE

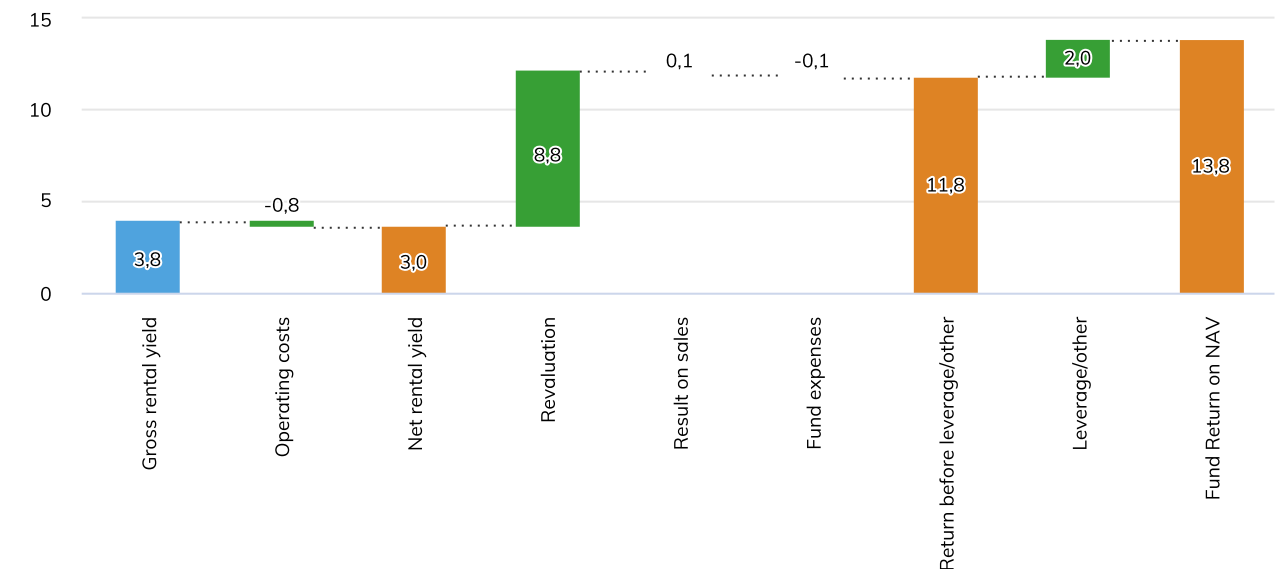
The total fund return for 2021, expressed as a percentage of the NAV based on the INREV Guidelines as of 1 January 2021, was 13.8% (2020: 9.5%). Income return made up 2.8% of the fund return and capital gains made up 11.0% of the fund return.

The dividend yield – the operational result to be distributed as a percentage of the INREV NAV as of 1 January 2021 – was 2.9%* (2020: 3.8%). Figure 17 shows the complete breakdown of the total return at the fund level, indicating the contribution of each component to the result.

* Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 81.

FIGURE 23: BREAK DOWN OF TOTAL RETURN

In percentage



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 11.9% in 2021 (2020: 8.0%). The direct return from rental activities was 3.0% (2020: 3.1%). The indirect return realised by selling was 0.1% (2020: 0.9%) and the indirect return realised by value changes was 8.8% (2020: 4.0%).

LIKE-FOR-LIKE

We conduct a performance analysis based on like-for-like (LFL) figures to compare the performance of the ARC fund year over year. The LFL figures only consider the residential properties that were part of portfolio the entire year (2021) and excludes individual homes sold during that period

TABLE 3: LIKE-FOR-LIKE FIGURES

	2021	2020
Direct return*	3.3%	3.2%
Indirect return*	10.1%	4.3%
Total return	13.7%	7.6%
Vacancy	1.8%	2.0%

Figure 18 demonstrates that the ARC Fund had a total return of 13.7%¹. The main component of the direct return was the net rental revenue. Yield movements are the predominant driver for the indirect return.

MSCI NETHERLANDS RESIDENTIAL ANNUAL PROPERTY INDEX

The MSCI property index measures the returns on real estate properties and property portfolios. The MSCI all residential assets index measures the yield of all residential properties, including purchase and sales transactions and development/redevelopment activities. Based on the all residential asset methodology, the ARC Fund's income return for 2021 was 3.3%, compared to the MSCI benchmark of 2.9%. The ARC Fund's capital growth was 9.5% (MSCI: 12.2%). This resulted in a total performance of 13.1% (MSCI: 15.4%). The ARC Fund outperformed the long-term (3 and 5-year) MSCI all residential benchmarks.

The ARC Fund's income return structurally outperforms the MSCI benchmark as a result of higher rental receivables and lower operating costs. Three consecutive quarters of positive valuations, following negative valuations due to the increased transfer tax for investors, resulted in strong capital gains. The completion of new properties in Amsterdam, Leiderdorp, Eindhoven, Almere, and Maassluis also led to strong capital growth in 2021.

Because of our substantial committed pipeline, as well as our soft pipeline consisting of ADF projects yet to be developed, we are well-positioned to achieve our ambitious growth objectives and maintain our strong financial performance.

A complete breakdown of the MSCI benchmark for 2021 and for the last 3 and 5 years is provided in the Annexes.

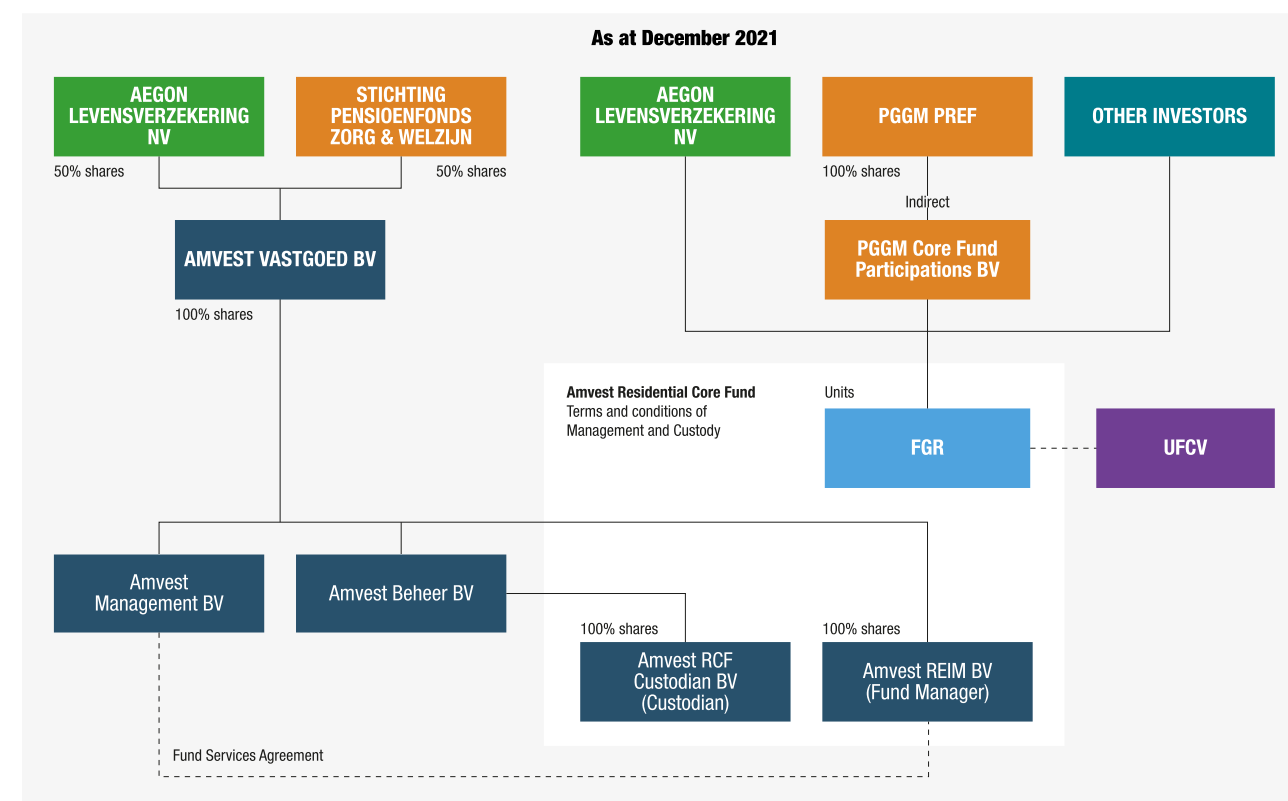
¹ Income return, Capital growth and Total return are calculated separately. Due to the calculation method (time weighted) the sum of the Income return and Capital growth does not always equal the Total return.

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.

FIGURE 24: FUND STRUCTURE



TERM, INVESTORS, UNITS

The initial closing of the ARC Fund took place on 17 January 2012 with a 10-year term. In 2016, the term of the Fund was extended by four years to 17 January 2026.

After closing, the ARC Fund was opened to new institutional investors, alongside the 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 of 31 December 2021, the ARC Fund has twenty-three Investors and EUR 150 million of undrawn equity commitments. During 2021, no new units were issued. During 2021, 1,832 units were redeemed.

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. These parameters include the annual investment and divestment volume, 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.

INVESTMENT COMMITTEE

The Fund Manager will seek advice or approval from the Investment Committee for specific decisions specified in the Terms and Conditions. This includes the development of the Portfolio Plan and decisions regarding larger acquisitions and sales. The Investment Committee consists of three independent members with expertise in development, investment management, and the Dutch residential market. The Investment Committee and the Fund Manager held four formal meetings in 2021.

ADVISORY BOARD

The Advisory Board monitors the handling of conflicts of interest, approves the Portfolio Plan and risk management policies, and appoints members of the Investment Committee. The Advisory Board held 7 formal meetings in 2021.

The ARC Fund also held several ad-hoc meetings with both the Investment Committee and the Advisory Board to discuss the potential impact of COVID-19 on the Fund's performance and outlook, financial modelling, and investment proposals.

INVESTOR MEETING

Add duties and responsibilities of the Investor Meeting. Two regular Investor Meetings were held in May and November 2021.

PARTNERSHIP WITH ADF

ADF is one of the leading property developers in the Dutch residential market. 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.

The ARC Fund has a RoFR agreement 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 residential rental homes, in line with the ARC Fund investment strategy, on arm's length conditions. The current RoFR agreement expires on January 17, 2026.

RISK MANAGEMENT

AMVEST ORGANISATION CORPORATE RISK STRATEGY

The strategy of the Amvest organisation focuses on two key activities:

- Dutch residential area and property development in economically attractive regions.
- The set-up and management of Dutch investment funds and portfolios covering the residential sector.

The Amvest organisation is thus active across a large part of the real estate value chain. The transaction between these two key activities is also an important part of the Amvest business model: Amvest is able to create and benefit from synergy between these activities. Therefore, the corporate risk strategy focuses on adequately managing and mitigating the inherent 'conflict of interest risk'.

The structure and governance of the ARC Fund, as well as the oversight role from the auditor, the depositary, and the AFM, help mitigate this risk.

ARC FUND RISK STRATEGY

The Amvest risk management framework is designed to facilitate strong governance and risk management within the ARC Fund. The framework is based on three lines of defence, intended to clearly separate the function of financial and portfolio management from the function of risk management to guard against conflicts of interest.

THREE LINES OF DEFENCE

- **Line management - Financial and portfolio management**
- **Risk management – Risk & Compliance Officer (RCO)**

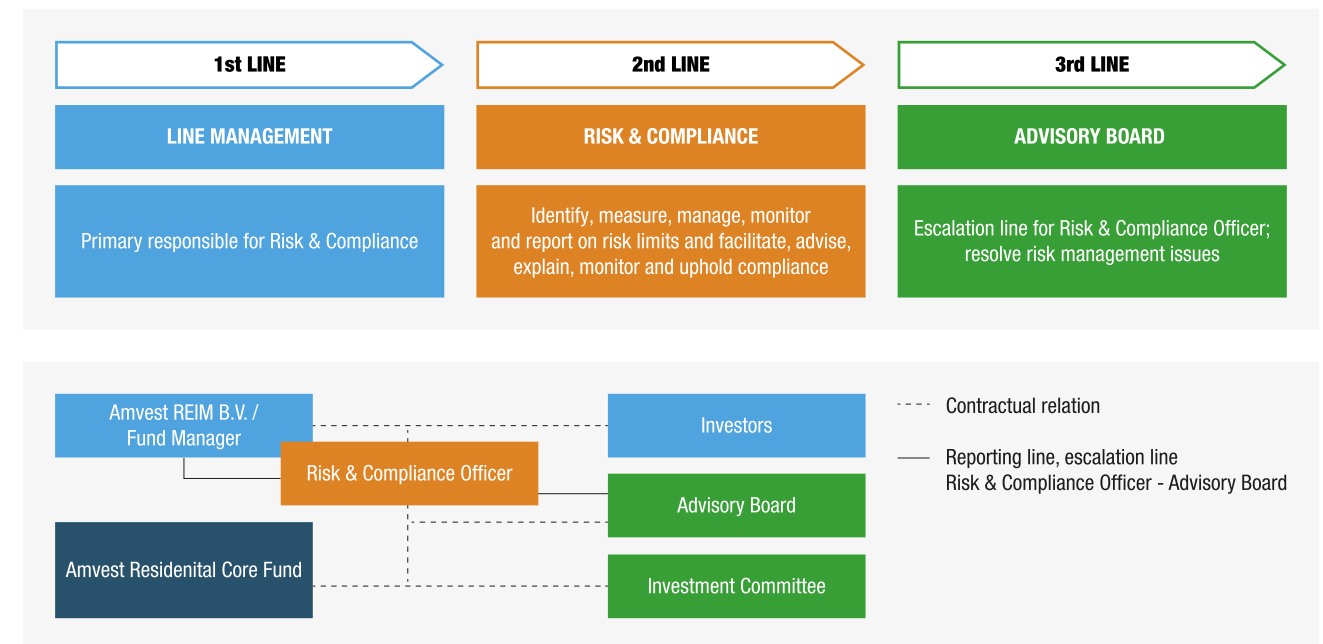
The RCO coordinates, facilitates, reviews, and advises on risk management procedures in consultation with the Director Finance and Risk to safeguard the adequate management, control, and reporting of risks by the Fund Manager. The RCO acts independently from line management and remuneration is not tied to the Fund's performance.

- **Advisory Board**

The Advisory Board serves as an escalation line for the RCO, independently of line and risk management. The Advisory Board is not part of the Amvest organisation.

The three lines of defence model within the Amvest organisation is visualised in figure 25.

FIGURE 25: THREE LINES OF DEFENCE ARC FUND



ASSURANCE ON RISK RELATING TO FAILURE OF SYSTEMS AND PROCESSES

The Fund Manager is structured with an affiliated Fund Services Provider (Amvest Management B.V.). The Fund Services Provider employs all employees of Amvest group and provides relevant management services to the Fund Manager. An ISAE 3402 Type II framework is in place to support 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. Control objectives and controls as part of these processes are defined.

Each year, Amvest's external auditor audits and reports on the design and effectiveness of controls based on the ISAE 3402 Type II standard. Amvest selects key controls within the most important business processes to be audited, primarily related to acquisitions, property and individual unit sales, and operations. Fund Management periodically assesses these controls in close consultation with the fund team, the RCO, the Fund Services Provider, and the external auditor of the ARC Fund.

For 2021 (1 January 2021 - 30 November 2021), the external auditor issued an unqualified ISAE 3402 type II report.

ARC FUND RISK MANAGEMENT FRAMEWORK

The Fund Manager uses a Risk Management Framework to appropriately identify, measure, manage, monitor, and report on risks. The Fund manager also sets the risk indicators, risk limits, and risk appetite for the defined risks. The risk management performance of the ARC Fund is assessed on at least a quarterly basis and more frequently in case of significant events. The findings of the assessment are included in the quarterly Investor report's Risk Management Dashboard. The Director Finance and Risk is responsible for the risk 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 resulting from inadequate or failed operational processes and/or systems.
3. **Funding risk:** the risk of funding shortages and mismatches between funding and commitments because the ARC Fund:
 - a. 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;
 - b. is in breach of its contractual obligations for its debt funding, which results in defaults and mandatory repayments; or
 - c. 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 upon 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, which may jeopardise the Fund's AIF status.

Risk appetite and evaluation 2021

The ARC Fund invests in income-producing real estate investments in the Dutch residential sector. The generated returns from rental income are relatively stable and the ARC Fund acquires new projects on a turnkey basis, without incurring development risk. The ARC Fund uses modest levels of leverage to enhance returns. In line with its INREV core fund risk profile, the ARC Fund has a relatively low risk profile and correspondingly low risk appetite.

During 2021, the risk indicators and risk limits for the risk categories as defined by the Fund Manager were closely monitored. The potential negative impact of COVID-19 on the ARC Fund received special attention. So far, the negative impact has been limited.

Political risk

Anticipated (local) legislation, designed to interfere in the residential investment market, may impact the ARC Fund's ability to execute its strategy. The Dutch government and local authorities are likely to announce and possibly implement new measures in 2022.

Counterparty risk

The counterparty risk and performance risk remain elevated due to the increasingly uncertain economic outlook as a result of rising inflation and equipment and material shortages.

Funding risk

In 2021, the ARC Fund made use of its committed debt facility to fund its project pipeline and redeem participations. Hence, the availability of undrawn debt commitments decreased. The available equity commitments were extended by two years to 1 April 2024 and will be called, subject to meeting the minimum 20% LTV hurdle, to partially fund pipeline projects going forward. Overall, the available funding position decreased during 2021 in line with realisation of the pipeline.

Various scenarios for liquidity – covering the expected realisation time of the acquisition pipeline and going beyond the current Portfolio Plan horizon of 2023 – were calculated and monitored. No liquidity constraints occurred in 2021 or are expected in 2022. The ARC Fund plans to secure new equity and debt funding in 2022 to fund and grow its pipeline in the coming years.

Compliance risk

Due to the fiscally transparent status of the fund, ARC Fund is not able to incur any form of development risk as part of acquisition of new projects for its pipeline. Therefore ARC Fund acquires its projects on a fixed price turn key bases. In certain situations ARC Fund is able to secure a fixed price turn key project, subject to final permits and planning prior to start of construction. In these cases, the ARC Fund will obtain a put-option with a longstop date from the third party developer, in order to be able to unwind the transaction in the event that permits or planning might not be obtained.

Overall risk performance

None of the risk limits set by the Fund Manager for the defined risk categories were exceeded.

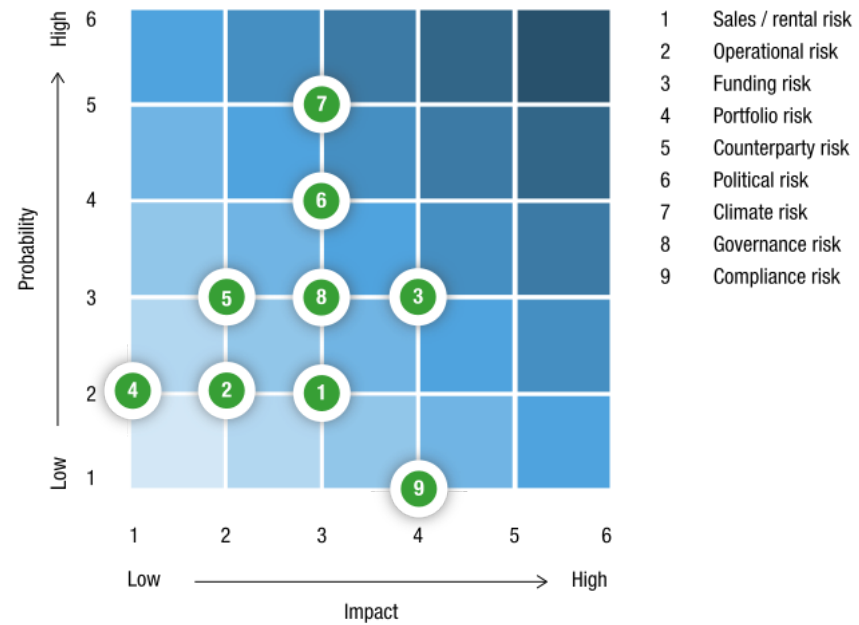
Updated risk management framework

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. In the fourth quarter of 2021, the Fund Manager presented the updated Risk Management Dashboard to the Advisory Board for annual evaluation.

Figure 20 plots the risk categories on an impact/ probability axis.

FIGURE 26: PLOTTED RISK (IMPACT/PROBABILITY)



COMPLIANCE

COMPLIANCE PROGRAM

The corporate Compliance Program forms the basis for all relevant compliance-related themes. It consists of a Compliance Charter, an annual Compliance Plan, and a Compliance Manual containing all policies and procedures.

The Compliance Program provides insight into the activities that Amvest carries out to comply with legislation and regulations and serves an informative function for employees, shareholders, investors, regulators, auditors, and other stakeholders.

The Risk & Compliance Officer (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 2021, the Customer Due Diligence Policy and Anti Money Laundering Policy were 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 2021, as in previous years, all employees of Amvest were asked to sign the internal Amvest Code of Conduct. The Code of Conduct is an inseparable part of the employment contract. Revisiting the Code of Conduct on an annual basis creates awareness around integrity and provides 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 2021, 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, as a member of IVBN and the NEPROM, complies with the codes of conduct applicable to members of these associations.

'WWFT/SW'

In 2021, as in previous years, identified ARC Fund staff 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 is 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. In addition to 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 + contract value derivatives -/- cash) / (INREV NAV). Leverage - gross ARC Fund: $(4,429 + 0 -/- 44) / 3,448 = 1.28$ (2020: 1.22).

Leverage - commitment: (total of assets) / (INREV NAV). Leverage - commitment ARC Fund: $4,429 / 3,448 = 1.28$ (2020: 1.23).

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.

We are convinced that our investment policy and portfolio management with an integrated ESG approach will generate sustainable returns. These returns will be both financial and non-financial, with a positive impact not only for our investors, but also for our tenants and society as a whole.

Sustainability is playing an increasingly important role in business and finance. In 2018, the European Commission published the EU Action Plan for Sustainable Finance. With this plan, the European Commission wants to promote the transition to a circular economy and achieve greater transparency about sustainability. The plan consists of new laws and has implications for existing laws. The SFDR first came into effect, on 10 March 2021. This European information regulation is applicable to financial market parties including pension funds, banks and insurers but it also applies to Amvest as the manager of three supervised funds.

On the basis of the SFDR, Amvest, in its role as manager, is required to set out how it deals with sustainability in its investment decision policy and remuneration policy, and to detail the consequences of its approach. In addition, the regulation contains transparency requirements at fund level.

Integration of sustainability risks into investment decision-making

The SFDR requires the manager to indicate how it takes sustainability risks into account in its investment policy. Sustainability risk is defined as an event or circumstance in the environmental, societal or governance sphere that, if it occurred, would actually have or could potentially have an adverse effect on the value of the investment.

Amvest has implemented this requirement as follows:

- when purchasing a new-build complex, the schedule of requirements forms the (minimum) basis that must be met. This schedule includes a minimum of technical and sustainability requirements that are often more stringent than the current building code. This ensures that new investments meet the latest requirements;

- when acquiring an existing complex, an extensive and thorough inspection of the quality and sustainability of the complex forms part of the acquisition process. If the complex does not meet the defined objectives (e.g. the required energy label) and there is no cost-effective way to bring the building up to the desired level, then as a rule the purchase will not take place. Almost all of the existing portfolios of the funds under management have energy label A, which sets the bar high;
- in the case of existing investments, an annual property analysis and available data are used to determine which complexes are eligible for investment (e.g. solar panels or renovation) or disinvestment (sale of complex).

Making the portfolios more sustainable is the starting point, and investment decisions will be geared to achieving this aim. The measures described (schedule of requirements, inspection, property analysis) ensure that sustainability risks, particularly in terms of the environment, are taken into account in investment decisions with the aim of preventing risks as far as possible.

Taking into account negative impacts on sustainability factors

Investments in real estate can have a negative impact on sustainability factors (environmental, societal and governance factors). For example, investments in homes that are not energy efficient can have a negative impact on the climate. Amvest therefore does all that it can to take such negative effects into account when making investment decisions. When selecting, managing and selling complexes, we check whether our decision has a negative impact on sustainability factors.

When it comes to acquiring complexes, the acquisition policy sets out a number of criteria that acquisitions are required to meet. One of these criteria is that acquisitions have to be in line with Amvest's sustainability ambition as a manager and the objectives defined at fund level. The guiding principle is that acquisitions must increase the sustainability of the portfolios. Together with the schedule of requirements, this ensures that negative effects on sustainability factors are taken into account when making an investment decision.

An investment decision is based on an investment proposal. Amvest, in its role as manager, discusses an investment proposal extensively in a range of bodies before taking a decision. In this decision-making process, the intended acquisition is discussed at length in relation to the predetermined criteria laid down in the fund conditions and portfolio plans of the three funds. Predefined risks (including the 'climate risk') from the risk management framework are also checked. This comparison is explicitly recorded in the investment proposal and discussed in the various bodies. Each fund has its own framework and governance bodies.

If an existing investment may have an unfavourable effect on sustainability factors, the likelihood of this unfavourable effect occurring and the severity of the impact will be examined, among other things, based on a property analysis and the available data. Based on this analysis, Amvest, in its role as manager, can take the decision either to modernise this investment until it once again meets the criteria or to sell it.

Amvest currently views the energy use and consumption of its investments as the predominant theme in relation to sustainability factors.

Integrating sustainability into remuneration policy

On the basis of the SFDR, the remuneration policy must be consistently aligned with the sustainability objectives of the manager and the funds, and must incorporate the management of sustainability risks.

Amvest has implemented these requirements as follows:

- for all Amvest employees, part of the variable remuneration depends on the execution of the annual portfolio plans and the achievement of predefined targets. Portfolio plans contain non-financial sustainability targets as well as financial targets;
- benchmarking customer satisfaction and sustainability (GRESB) against formulated targets is part of the remuneration policy;
- the remuneration policy provides for a partially deferred payment of variable remuneration for key employees, including the fund director and portfolio manager;
- the remuneration policy provides for the possibility of reversing or reclaiming (in full or in part) the variable remuneration awarded and/or paid to key employees if and in so far as that variable remuneration was based on criteria which subsequently proved to be incorrect.

SFDR AT FUND LEVEL

On the basis of the SFDR, financial market participants are required to indicate how they handle sustainability risks and to detail the consequences of this approach. In addition, the regulation contains transparency requirements at fund level.

The regulation distinguishes between:

- funds that are not promoted as sustainable (grey);
- funds that promote environmental or societal characteristics (light-green);
- funds with sustainable investments as their objective (dark-green)

The Amvest Residential Core Fund qualifies as a light-green fund which promotes the use of clean energy, energy efficiency and affordable rental housing as characteristics.

A materiality analysis was conducted in 2018 to identify the key financial and non-financial themes for the fund. This was done by distributing an extensive survey – a peer analysis based on various standards (GRI, GRESB, INREV) – to all of the fund's major stakeholders.

For 2021, a selection of fifteen factors emerged as material to the fund. These factors were grouped into five main themes:

- economic aspects;
- living comfort;
- internal operations;
- environmental aspects;
- living environment.

These themes are integrated into the fund's strategy and the individual aspects for each theme are reflected in Key Performance Indicators (KPIs). These KPIs are defined and measured at fund level and at individual property level (if applicable). A target is set for each KPI that is measured and reported. The KPIs and targets are evaluated annually and adjusted if necessary.

For SFDR purposes, the fund promotes clean energy, energy efficiency and affordable rental housing. KPIs for these themes include environmental aspects ('energy consumption/energy savings', 'CO2 emissions/climate change' and 'clean energy generation') and economic aspects ('provision of sufficient high-quality affordable private sector rental housing').

KPIs defined and measured for these themes are:

- determining customer satisfaction and comparing it with our peers (benchmarking);
- determining the GRESB score and comparing it with our peers (benchmarking);
- measuring energy consumption per complex;
- measuring CO₂ emissions per complex;
- reducing CO₂ emissions and making the portfolio more sustainable by installing solar panels (clean energy).

Results 2021

Based on SFDR regulation we are not yet required to report on defined KPI's. However, defined KPI's are included throughout our annual reporting and are limited assured by KPMG. Please refer to annex for complete set of assured KPI's and to page 81 for the limited assurance report by KPMG.

Outlook 2022

In order to comply with the expectations of our investors, AFM and other regulators in relation to sustainability we will report on ESG aspects promoted by the fund and on aspects that may cause negative impact on sustainability. Required information and the format of our reporting will be developed throughout 2022 in order to comply to formal reporting as is required by SFDR.

FUNDING

LEVERAGE DEVELOPMENT

The ARC Fund's leverage level recorded a modest increase in 2021, from 16.1% to 20.3%, despite an increase in drawn debt of EUR 265 million. This is due to positive revaluations of the portfolio. We will continue to actively manage the leverage towards the target LTV (Loan to Value) ratio of 25%.

In combination with the headroom under the financial covenants, the ARC Fund has adequate flexibility to further increase the overall debt position in order to fund new projects.

Exposure to interest rate risk increased as all drawn debt during 2021 is subject to floating interest rates.

EUR 975 million secured loan facilities

The ARC Fund's existing two loan facilities comprise EUR 625 million of term loans with a bullet repayment profile, as well as a EUR 350 million revolving credit facility.

The facilities are provided by two bank consortia:

- A EUR 850 million loan facility is 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.
- An EUR 125 million loan 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.

As of 31 December 2021, EUR 890 million in term loans and revolving credit facility had been drawn. EUR 85 million of the committed revolving credit facility remains undrawn and available on demand. At year-end, the loan facilities had a combined weighted average maturity of c. 3.2 years.

Financial covenants

The financial covenants of both loan facilities include a maximum loan to value ratio of 40% and a minimum interest coverage ratio of 2.5 times. The ARC Fund adhered to all financial covenants in 2021.

Asset encumbrance

As a borrower, the ARC Fund grants security to its lenders. As of 31 December 2021, EUR 2.4 billion of the investment portfolio was secured with mortgages. The market value of the security pool is well within the maximum loan to mortgage value of 50%.

Interest rate risk

The ARC Fund's policy is to limit interest rate risk exposure at a reasonable cost. We aim to keep the interest rate level low, while retaining flexibility for future investments and divestments. As of 31 December 2021, EUR 575 million of term loans (65% of drawn debt) had a fixed interest rate. The breakdown is as follows (ranges depending on the LTMV ratio):

- EUR 290 million of term loans had a fixed annual interest rate of 1.218% up to 1.318%
- EUR 60 million of term loans had a fixed annual interest rate of 1.596% up to 1.696%
- EUR 150 million of term loans had a fixed annual interest rate of 1.733% up to 1.833% until its maturity in 2026.
- EUR 75 million of term loans of the new facility had a fixed annual interest rate of 1.20% up to 1.40% until its maturity in 2025.

Amsterdam, the Netherlands, 22 April 2022

H-W. Wensing, Fund Director

G.N. von der Thüsen, Director Finance and Risk

D. Wedding, Portfolio Manager

Residents' stories



"I FEEL LIKE I'M ON HOLIDAY HERE"

"In May, we signed up for a rental house in Wilgenrijk and a week later heard that we had been selected." Ed Gerrese moved in with his wife Jolanda and son Nigel van Julianadorp to Maassluis to live closer to his daughter and granddaughter. "I was totally flabbergasted. In a time of a tight housing market, I did not expect this to go so fast", says Ed. 'I think we just got lucky."

PLANS TO MOVE

"The idea to move house came up spontaneously. I got home one evening and Jolanda and Nigel just said, 'We want to go back to Maassluis.' Our daughter Renate lives there with her husband and our granddaughter and it would be very nice to live close by. We also originally came from Maassluis, but left for Julianadorp because of my job in the navy."

We immediately started looking for a rental home and came across this new construction project. We were sold on it straight away. At the time we signed up, there was nothing yet built, but a week later we heard that we'd got a house. We have been living there for a few months now and we love it."

HOLIDAY PARK

"I take a walk every day around the neighbourhood. It's nice to see how things are changing day-to-day, becoming more beautiful. Walking around here feels like being on holiday, as if you live in a holiday park – all while the construction is still going on. It sounds crazy, but the place already feels very familiar. They are all such beautiful houses! We've become familiar with quite a few people in the area, as I'm always having a chat when I'm out and about. There are lots of families with young children here, which is great for our grandchildren as they can play together with the other children in the neighbourhood."

A FINE PLACE

"The advantage of living in a new residential area is that everything is new. We're the first residents! That said, everything is still covered in brick dust. Of course, that's what you get if you choose to live near new construction, and that will be less of a problem as time goes on. You just have to give things a quick once-over and they're clean again. We really like living here. Our son still has to find his feet and he does miss his friends from Julianadorp, but he's happy to be living close to his sister again."

A LOT OF GREENERY

"My favourite place in the house is the living room. It's lovely to sit at the table with the whole family. But when the garden is finished, I'm sure we'll be spending a lot of time out there. Soon, we'll be able to walk from our house to the park. They're building a large park along the A20, so we can go for a nice walk with the dog in the greenery and along the water."



“AMSTERDAM NOORD IS A GREAT PLACE FOR PEOPLE WITH DOGS”

Eva (38) and Lilli (42) have been living in Amsterdam Noord since 2016. Last year, they exchanged their apartment from the first phase of Overhoeks for a brand-new apartment in The Row in Aan het IJ. The apartment has a gigantic roof terrace of 130 m². “We’re already so familiar with the place that Aan het IJ feels like coming home. We even got married in Noord!”

LITTLE MANHATTAN

“When we moved to Noord in 2016, we were called crazy. ‘Noord, are you mad? That’s not Amsterdam, is it?’ We think Amsterdam is beautiful, but we were tired of the hectic pace of the city centre. Noord was the ideal solution: a five-minute walk to the ferry, and then it’s nice and quiet and green. The A’DAM Tower had just opened, you could still park for free and there were still small ferries across the IJ. It was so peaceful there and we often had picnics by the water. You can hardly imagine that these days. Noord is now also referred to as Little Manhattan. We’re very happy with the mix of diversity.”

MOVING HOUSE WITH A HAND TRUCK

“We wanted to get out of our small apartment because of Covid. We actually thought it would be nice to buy a place, but that was impossible. Then we saw The Stack in the Aan het IJ new construction project, but that would not be completed until 2023, which was too long for us. Then registration for The Row opened. We drew an apartment on the north side, but that wasn’t really what we wanted. Two months later, this apartment suddenly became available, and we were number one on the list. The broker already had our documentation and after that it went really quickly; by the end of March 2021, we were told that we had the apartment, and we could already move in at the beginning of May. We moved everything using a hand truck and a roll container. You’d see a couch passing by, then ten minutes later a cupboard – that must have looked funny.”

ROOF TERRACE

“The curtains had not yet been hung, but the roof terrace was finished. That roof terrace was the reason we chose this apartment and of course we wanted to use it in the spring. It took a while for us to get used to this apartment. We went from 70 to 90 m², so we had all those extra square metres to furnish. When we’re inside, we prefer to sit with friends at the kitchen island where we’ve made a green wall with plants.”

AT HOME IN NOORD

“Because we’ve lived here for so long and because of our dog Cooper, we know a lot of people. Noord is a really great place for people with dogs. It is so green here, but also comfortably urban at the same time. We know the neighbourhood really well and the people who live here, enough to say hello to and have a bit of a chat. All this makes us feel really at home in Noord. In The Row, we are also getting to know more and more people. We have good connection with a couple who live two doors down and their son loves to play with Cooper on the roof terrace.”



EVA & LILI
RESIDENTS OF
THE ROW IN
AMSTERDAM

“WE’VE BECOME ATTACHED TO BERKEL”

Marieke (41) has moved eighteen times in her life, but she will not be leaving Berkel & Rodenrijs any time soon. “I love the quiet atmosphere of the village, but also the city life of Rotterdam being just around the corner.”

“I was born in Groningen and I’ve lived all over the Netherlands. I’ve changed homes eighteen times, so moving house doesn’t bother me. My partner Albert (42) is from Rotterdam and three years ago we decided to go back to his roots. But it was difficult to find anything! We were really lucky to find this house in the Gouden Buurten.”

NICE PLACE

“When we moved here, I first wanted to rent. I didn’t know Rotterdam that well, so I wanted to see if I liked the area. But now we’ve become really attached to Berkel and we’re looking to buy a home. We live in an unfinished neighbourhood with houses still being built and it would be really great to stay in the area. It’s so nice here! There is a lot of water, with locks and bridges creating a pleasant environment. I like the atmosphere here, with has the peacefulness of village life while still being anonymous.”

TO THE CITY

“I like the small scale of a village, but also the fact that I’m not far from Rotterdam. I can get on my bike and in half an hour I’m in the city. Either that or I take the metro. Albert knows all the cafes and restaurants in Rotterdam, and we go to a nice restaurant every couple of weeks if we can. We love to eat well and have a drink, and Albert has a Feyenoord season ticket, so we’re really living the Rotterdam life!”

HOME

“We feel totally at home here. We really made this place our own, despite it being a rental house. When we’re at home, we like to play games together, cook a fancy meal and have friends over for dinner. I also like just pottering around in the house. I have a girlfriend who lives around the corner and now both Albert’s parents and his sister live nearby, which is very nice.”

POSTAGE STAMP PARADISE

“The previous tenants had let the garden grow wild, so when we came to live here, that was the first thing we took care of. We laid down some grass and paved the front yard. It’s not all that big, but it is our postage stamp paradise. When the weather is nice, it’s a great spot to have a barbecue with friends in the garden!”



G

MARIEKE
RESIDENT OF
GOUDEN BUURTEN
IN BERKEL &
RODENRIJS

“IT’S A WONDERFULLY SPACIOUS APARTMENT.”

Mike (50) lives in the brand new The Umpire in Haarlem. His rental apartment is a temporary solution. “It’s a wonderfully spacious apartment. And everything is new.”

“I’ve lived all over the Netherlands – from Friesland and Maastricht to Zandvoort and Haarlem. When we had children, we moved to a newly built neighbourhood in Haarlem. But after my divorce, we sold our house and I had to look for a new home. I came across The Umpire, a new complex in Haarlem, and I was able to move in quickly. That was great given my circumstances and my children are here every other week.”

SPACIOUS APARTMENT

“The apartment is large: 110m² with three bedrooms, a bathroom with bath, walk-in shower, two toilets and an open kitchen. For now, that’s perfect. The tenants in the apartment complex range from people in their early thirties to pensioners. It makes for a nice variety. People are friendly and ready to have a chat if we bump into each other. When my children are here, we often play games at the table and if I have to work from home, I often sit at the dining table. There is a large window with a view and looking out I can feel in touch with the outside world.”

NEW CONSTRUCTION

“This is not the first time I’ve lived in a newly built home; the house before this one was also new construction. The reason I’m renting now is because I’m watching the market to see what will happen. I’ve got my eye on a new apartment, again new construction, in the area where I used to live. I don’t have to leave this apartment and I enjoy living here, but for my children I think it would be better to go back to our old neighbourhood. There they can play outside with friends in the street. The plan is to buy a new house in that neighbourhood as well. It’s pretty easy and you have no maintenance work to do for the first ten years.”

SPORTS

“I like to run and it’s great from this place; I can be in the dunes of Bloemendaal in no time. From my apartment complex, I can look out over the sports fields. I like that because there’s always something going on, especially when the baseball season starts again. I like sports and I also like that there’s always something happening here. The football and hockey fields are also nearby, which is handy because the children play sports there.”

FACILITIES AROUND THE CORNER

“The location of The Umpire is ideal. You can walk to Bloemendaal train station, but if you go by car, you can reach the motorway in no time. That’s great for my work. Everything you need is near here; the bakery and the supermarket are both within walking distance. Are you in the mood for something more? Then get on your bike and within twenty minutes, you’re in the centre of Haarlem. That way, you get your day’s exercise straight away!”



FINANCIAL STATEMENTS 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

EUR X 1,000	Notes	2021	2020
Income from investments			
Gross rental income	1	140,663	135,298
Service charges income		5,238	5,270
Operating costs	2	(29,421)	(31,084)
Service charges costs		(5,602)	(5,620)
Net rental income		110,878	103,864
Other income		1,688	548
Realised capital gains on investments	3	4,953	30,619
Unrealised capital gains on investments	4	344,704	168,367
Net gains on investments		349,657	198,986
Management expenses	5	(13,523)	(13,175)
Result from operating activities		448,700	290,223
Financial income and expenditures	6	(10,857)	(9,641)
Total profit for the period		437,843	280,582

* No other comprehensive income to be presented over the reported periods.

The notes are an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR X 1,000	Notes	31-12-2021	31-12-2020
Assets			
Non-current assets			
Investment property	7	3,926,733	3,405,695
Assets under construction	8	432,926	441,149
		4,359,659	3,846,844
Current assets			
Trade and other receivables	9	5,872	6,233
Cash and cash equivalents	10	43,546	27,513
Assets held for sale	11	19,856	29,502
		69,274	63,248
Total assets		4,428,933	3,910,092

EUR X 1,000	Notes	31-12-2021	31-12-2020
Equity and liabilities			
Equity			
Capital	12	84	86
Share premium reserve	13	1,411,422	1,575,374
Revaluation reserve	14	1,406,082	1,068,128
Other reserve	15	640,163	540,275
Equity		3,457,751	3,183,863
Non-current liabilities			
Syndicated loan	16	890,000	625,000
Other long term liabilities	17	30,453	45,342
		920,453	670,342
Current liabilities			
Trade and other payables	18	50,729	55,887
		50,729	55,887
Total equity and liabilities		4,428,933	3,910,092

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2021 (EUR x 1,000)	Notes	Capital contributions	Share premium reserve	Hedging reserve	Revaluation reserve	Other reserve	Total equity
Balance as at 1 January 2021		86	1,575,374	-	1,068,128	540,275	3,183,863
Profit of the year		-	-	-	361,019	76,824	437,843
Capital contributions	12	-	-	-	-	-	-
Subscriptions	13	-	-	-	-	-	-
Hedging reserve		-	-	-	-	-	-
Realised from property sales	14	-	-	-	(23,065)	23,065	-
Total comprehensive income for the year attributable to Investors of the ARC Fund		-	-	-	337,954	99,889	437,843
Transactions with Investors of the ARC Fund							
- Redemptions		(2)	(70,952)	-	-	-	(70,954)
- Dividend distributions		-	(93,000)	-	-	-	(93,000)
		(2)	(163,952)	0	337,954	99,889	273,889
Balance as at 31 December 2021		84	1,411,422	0	1,406,082	640,164	3,457,752

2020 (EUR x 1,000)	Notes	Capital contributions	Share premium reserve	Hedging reserve	Revaluation reserve	Other reserve	Total equity
Balance as at 1 January 2020		84	1,627,860	-	951,117	376,704	2,955,765
Profit of the year		-	-	-	168,864	111,718	280,582
Capital contributions	12	2	(2)	-	-	-	-
Subscriptions	13	-	59,766	-	-	-	59,766
Hedging reserve		-	-	-	-	-	-
Realised from property sales	14	-	-	-	(51,853)	51,853	-
Total comprehensive income for the year attributable to Investors of the ARC Fund		2	59,764	0	117,011	163,571	340,348
Transactions with Investors of the ARC Fund							
- Redemptions		-	-	-	-	-	-
- Dividend distributions		-	(112,250)	-	-	-	(112,250)
		2	(52,486)	0	117,011	163,571	228,098
Balance as at 31 December 2020		86	1,575,374	0	1,068,128	540,275	3,183,863

CONSOLIDATED CASH FLOW STATEMENT

EUR x 1,000	Notes	2021	2020
Cash flows from operating activities			
Total comprehensive income of the period		437,843	280,582
Adjustments for			
- Changes in fair value of investments		(344,704)	(168,367)
- Results on sale of investments	3	(4,953)	(30,619)
- Net financial income and expenditures	6	10,857	9,641
Operating cash flow before change in working capital		99,043	91,237
<i>Change in</i>			
- Trade and other receivables		360	(306)
- Trade and other payables		(6,037)	(5,281)
Change in working capital		(5,677)	(5,587)
Paid interest		(10,319)	(9,228)
Received interest		-	-
		(10,319)	(9,228)
Net cash flow from operating activities		83,047	76,422

EUR x 1,000	Notes	2021	2020
Cash flows from investing activities			
Investments in completed investment property	7	-	(16,674)
Investments in capitalised subsequent expenditure in investment property		(15,151)	(10,948)
Divestments of investment property and assets held for sale		33,600	235,602
Prepayments for assets under construction		(186,509)	(239,612)
Results on sale of investments		-	-
Contribution property portfolio		-	-
Net cash flow from investing activities		(168,060)	(31,633)
Cash flows from financing activities			
Increase / (decrease) in capital contributions	12	-	58,847
Redemption of units	12	(70,954)	-
Dividend paid to Investors		(108,750)	(103,583)
Proceeds from loans and borrowings	16	265,000	5,000
Net cash flow from financing activities		101,046	(39,736)
Net increase / (decrease) in cash and cash equivalents		16,033	5,053
Cash and cash equivalents at the beginning of the period		27,513	22,460
Cash and cash equivalents at end of the period		43,546	27,513
Net increase / (decrease) in cash and cash equivalents		16,033	5,053

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.

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 2021 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 2022.

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 2021.

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%**

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.

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 2021 to these IFRS financial statements.

A number of new standards, amendments to standards, and interpretations are effective for annual periods beginning after 1 January 2022, 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 2022:

- Annual Improvements to IFRS Standards 2018–2020.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37).
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
- 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
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

(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 2021, 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 2021 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 4.8% (2020: 5.1%).

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".

Change in accounting estimate

As a result of changing insights with regard to the ground lease positions in Amsterdam, the ARC Fund changed its approach related to parameters to determine the ground lease right of use amounts as per 2021. Amount presented in prior years are not changed. The municipality of Amsterdam is currently offering lessees the opportunity to buy off or re-enter the ground lease terms based on favourable terms. ARC Fund has not yet received the final offers, but all terms are publicly available. ARC Fund chose to apply the terms to its own parameters because it is most likely that it will accept the upcoming offers. Right of use positions differ from prior years as a result of different inputs, but the methodology (present value determination of future lease payments) remains the same as before.

(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;
- leverage 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 FVTPL

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.

Refer to (A) Investment Property for disclosure on the change in estimation applied as per 2021.

(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 the table below.

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
2021			
Investment property, assets held for sale and assets under construction	-	-	4,379,515
EUR X 1,000	Level 1	Level 2	Level 3
2020			
Investment property, assets held for sale and assets under construction	-	-	3,876,345

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
Investment property, assets held for sale and assets under construction		
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.	<p><i>Rental Value Capitalisation</i> (BAR/NAR)</p> <ul style="list-style-type: none"> • 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. <p><i>Discounted Cash Flow</i></p> <ul style="list-style-type: none"> • an estimated average increase in value of vacant possession, the rent and the operating costs; • a property specific rental turnover rate; • the exit value, which is the estimated realisable value at the end of the review period; • the estimated yield (mostly recent 10-year government bonds, plus a risk premium). 	<p>The estimated fair value carried out using the Rental Value method (BAR/NAR) would increase (decrease) if:</p> <ul style="list-style-type: none"> • cash flows estimated on the basis of market rent were higher (lower); • allowable deductions for owners charges in line with market conditions were lower (higher); • capitalisation at net initial yields (minus purchasing costs payable by the purchaser) of similar transactions were lower (higher); • adjusting entries for (initial) vacancy, overdue maintenance and future renovations were lower (higher). <p>The estimated fair value carried out using the Discounted Cash Flow method would increase (decrease) if:</p> <ul style="list-style-type: none"> • an estimated average increase in value of vacant possession is higher (lower), the rent is higher (lower) and the operating costs are lower (higher); • a property specific rental turnover rate is lower (higher); • the exit value, which is the estimated realisable value at the end of the review period is higher (lower); • the estimated yield (mostly recent 10-year government bonds, plus a risk premium) is lower (higher).

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 2021, EUR 890 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 63 sets out the carrying amount, by maturity, of the ARC Fund's financial instruments that are exposed to interest rate risk on 31 December 2021.

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 58, 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 2021

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 43,546 thousand at 31 December 2021 (2020: EUR 27,513 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 2021.

(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 20.3%, 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 63.

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

2021 (EUR x 1,000)	Movement in gross current yield				
	-25 bps	-12,5 bps	0 bps	+12,5 bps	+25 bps
As at 31 December 2021					
Market value property*	4,211,324	4,074,661	3,946,589	3,826,323	3,713,169
Gross current yield based on theoretical rent**	3.727%	3.852%	3.977%	4.102%	4.227%
Revaluation of investment property in EUR*	264,735	128,072	-	(120,266)	(233,420)
Revaluation of investment property in %*	6.7%	3.2%	0.0%	-3.0%	-5.9%
Effect on total return	8.3%	4.0%	0.0%	-3.8%	-7.3%
Loan-to-value***	19.2%	19.7%	20.3%	20.9%	21.5%

2020 (EUR x 1,000)	Movement in gross current yield				
	-25 bps	-12,5 bps	0 bps	+12,5 bps	+25 bps
As at 31 December 2020					
Market value property*	3,650,808	3,539,722	3,435,197	3,336,668	3,242,633
Gross current yield based on theoretical rent**	4.000%	4.100%	4.200%	4.400%	4.500%
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%

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

EUR x 1,000	+1%	-1%
2021		
Interest debts	(798)	798
Total impact on net result	(798)	798

EUR x 1,000	+1%	-1%
2020		
Interest debts	2,074	(2,074)
Total impact on net result	2,074	(2,074)

C. UNDISCOUNTED AMOUNT BY CONTRACTUAL MATURITY OF FINANCIAL INSTRUMENTS

EUR X 1,000	< 1 year	1-5 years	> 5 years
As at 31 December 2021			
Cash and cash equivalents	43,546	-	-
Secured bank loans	-	(890,000)	-

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

NOTES TO THE FINANCIAL STATEMENTS 2021

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

1 GROSS RENTAL INCOME

EUR X 1,000	2021	2020
Theoretical rental income	145,087	139,500
Incentives	(409)	(638)
Vacancy	(4,015)	(3,564)
Gross rental income	140,663	135,298

Theoretical rental income from residential properties (including parking spaces) represents EUR 140,882 thousand (2020: EUR 135,975 thousand) and commercial real estate income represents EUR 4,205 thousand (2020: EUR 3,525 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	2021	2020
Maintenance costs	(13,842)	(15,249)
Property management costs	(3,201)	(2,954)
Fixed charges	(7,013)	(6,401)
Letting expenses	(1,613)	(1,639)
Contributions to owners associations	(3,106)	(3,629)
Other expenses	(646)	(1,212)
Operating costs	(29,421)	(31,084)

In the fixed charges for 2021, an amount of EUR 514 thousand relates to the landlord tax (2020: EUR 242 thousand).

3 REALISED CAPITAL GAINS ON INVESTMENTS

EUR X 1,000	2021	2020
Realised gains on investments	4,965	32,264
Realised losses on investments	(12)	(1,645)
Realised capital gains on investments	4,953	30,619

4 UNREALISED CAPITAL GAINS ON INVESTMENTS

EUR X 1,000	2021	2020
Unrealised capital gains on investments	368,431	188,429
Unrealised capital losses on investments	(23,727)	(20,062)
Unrealised capital gains on investments	344,704	168,367

5 MANAGEMENT EXPENSES

EUR X 1,000	2021	2020
Management fee Amvest REIM BV	(11,450)	(11,047)
Auditor's fee	(238)	(248)
Legal and tax expenses	(748)	(544)
Valuation expenses	(542)	(688)
Other expenses	(545)	(648)
Management expenses	(13,523)	(13,175)

Remuneration

Amvest REIM B.V. is the Fund Manager of the ARC Fund. The management fee paid for the year 2021 amounted to EUR 11,450 thousand (2020: EUR 11,047 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 2021, the members of the Advisory Board (7) did not receive any fee; the members of the Investment Committee (4) each received a fee of EUR 20,000 (excluding VAT).

Reference is made to Amvest REIM B.V. annual report for more information on remuneration.

6 FINANCIAL INCOME AND EXPENDITURES

EUR X 1,000	2021	2020
Interest expenses on syndicated loan facility	(9,120)	(8,133)
Oter expenses	(1,737)	(1,508)
Financial income and expenditures	(10,857)	(9,641)

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

7 INVESTMENT PROPERTY

EUR X 1,000	2021	2020
At 1 January	3,405,694	3,161,397
Investments in completed investment property	0	16,674
Transferred from assets under construction	213,445	262,363
Investments in capitalised subsequent expenditure in IP	15,151	10,948
Divestments of investment property	(17,453)	(156,017)
Transferred to/from assets held for sale	(6,501)	(29,502)
Right of use asset (IFRS 16) adjustments	(8,816)	5,307
Fair value adjustments	325,213	134,523
	521,040	244,296
At end of period	3,926,733	3,405,694

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 2021 is EUR 2,387,735 thousand (2020: EUR 2,190,972 thousand) (also see note 16).

8 ASSETS UNDER CONSTRUCTION

EUR X 1,000	2021	2020
At 1 January	441,149	431,211
Prepayments for assets under construction	191,803	231,089
Transferred from assets under construction	(213,445)	(262,363)
Right of use asset (IFRS 16) adjustments	(6,073)	7,369
Fair value adjustments	19,492	33,843
	(8,223)	9,938
At end of period	432,926	441,149

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.

9 TRADE AND OTHER RECEIVABLES

EUR X 1,000	31-12-2021	31-12-2020
Accounts receivable	1,710	1,217
Prepayments on borrowing costs	2,246	2,789
Amvest REIM BV	-	698
Other receivables and prepayments	1,916	1,529
Trade and other receivables	5,872	6,233

Borrowing costs for the syndicated loan amounted to EUR 2,246 thousand as at 31 December 2021 (2020: EUR 2,789 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 184 thousand.

PROVISIONS ON ACCOUNTS RECEIVABLE

EUR X 1,000	2021	2020
At 1 January	1,232	546
Amounts written off	-	-
Increase/(decrease) in allowance	152	686
	152	686
At end of period	1,384	1,232

All accounts receivable are non-interest bearing and are typically due within 30 days. As at 31 December 2021, receivables with a nominal value of EUR 1,384 thousand (2020: EUR 1,232 thousand) were impaired due to tenant defaults and were fully provided for. In 2021, no receivables were directly written off (2020: EUR -).

The ARC Fund holds EUR 7,577 thousand (2020: EUR 7,294 thousand) as collateral in the form of tenants' deposits (also see note 18).

10 CASH AND CASH EQUIVALENTS

EUR X 1,000	31-12-2021	31-12-2020
ABN AMRO Bank NV	39,294	22,456
ING Bank NV	4,252	5,057
Cash and cash equivalents	43,546	27,513

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

11 ASSETS HELD FOR SALE

EUR X 1,000	2021	2020
At 1 January	29,502	48,966
Divestments of assets held for sale	(16,147)	(48,966)
Transferred to investment property	(5,372)	0
Transferred from investment property	11,873	29,502
	(9,646)	(19,463)
At end of period	19,856	29,502

As at 31 December 2021, 112 homes (2020: 149) 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 2021 was EUR 19,856 thousand (2020: EUR 29,502 thousand).

12 CAPITAL CONTRIBUTIONS

EUR X 1,000	31-12-2021		31-12-2020	
	No. Of particip.	Interest Nominal value	No. Of particip.	Interest Nominal value
Capital				
AEGON Levensverzekering N.V.		24,812 25		24,812 25
PGGM Core Fund Participations B.V.		19,772 20		19,772 20
Investor "A"		456 0		456 0
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		2,013 2
Investor "H"		2,710 3		2,710 3
Investor "I"		1,581 2		1,581 2
Investor "J"		1,473 1		1,473 1
Investor "K"		677 1		677 1
Investor "L"		8,633 9		8,633 9
Investor "M"		616 1		616 1
Investor "N"		410 0		410 0
Investor "O"		1,832 2		1,832 2
Investor "P"		0 0		1,832 2
Investor "Q"		3,504 4		3,504 4
Investor "R"		1,664 2		1,664 2
Investor "S"		1,098 1		1,098 1
Investor "T"		420 0		420 0
Investor "U"		5,929 6		5,929 6
	84,135	84	85,967	86

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:

13 SHARE PREMIUM RESERVE

EUR X 1,000	31-12-2021	31-12-2020
At 1 January	1,575,374	1,627,860
AEGON Levensverzekering N.V.		34,963
Subscription Investor G		477
Subscription Investor J		367
Subscription Investor L		10,933
Subscription Investor Q		12,951
Subscription Investor T		73
Transfer from/to capital	-	(2)
Redemptions	(70,952)	
Dividend paid to investors	(93,000)	(112,250)
	(163,952)	(52,486)
At end of period	1,411,422	1,575,374

For 2021, a total amount of EUR 93,000 thousand (2020: EUR 112,250 thousand) of the share premium reserve was distributed to the Investors, being the final dividend distribution for 2021. Dividend per unit was EUR 1,105 in 2020 (2020: EUR 1,305).

14 REVALUATION RESERVE

EUR X 1,000	31-12-2021	31-12-2020
At 1 January	1,068,128	951,117
Profit of the year	361,019	168,864
Realised from property sales	(23,065)	(51,853)
	337,954	117,011
At end of period	1,406,082	1,068,128

The revaluation reserve, EUR 1,406,082 thousand is restricted from distribution due to cumulative net positive unrealised changes in the fair value of investment property (including assets held for sale) (2020: EUR 1,068,128 thousand).

15 OTHER RESERVE

EUR X 1,000	31-12-2021	31-12-2020
At 1 January	540,275	376,704
Profit of the year	76,824	111,718
Realised from property sales	23,065	51,853
	99,889	163,571
At end of period	640,164	540,275

For 2021, a total amount of EUR 6,750 thousand (2020: EUR 51.356 thousand) of the revaluation reserve was realised from property sales.

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	31-12-2021	31-12-2020
At 1 January	625,000	620,000
Loans taken	265,000	290,000
Repayments	-	(285,000)
	265,000	5,000
At end of period	890,000	625,000

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

Principal amount	Initial amount: EUR 850 million (EUR 500m bullet, EUR 350m revolving)
Term	Bullet: 17 January 2026; revolving: initially 5 years with three extension options of 1 year
Lenders	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)
Interest period	3 months
Interest	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
Repayment	Bullet: in full, upon repayment date (17 January 2026); penalty free repayment after 5 years
LTV ratio	Maximised at 40%
LTMV ratio	Maximised at 50%
Ratio of net rental income to gross interest	At least 2.5

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

Principal amount	Initial amount: EUR 125 million
Term	Bullet: 3 December 2025
Lenders	Bullet: Coöperatieve Rabobank U.A. (Security Agent, Facility Agent)/ING Bank N.V. (EUR 50m/ EUR 75m)
Interest period	3 months
Interest	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
Repayment	In full, upon repayment date (3 December 2025)
LTV ratio	Maximised at 40%
LTMV ratio	Maximised at 50%
Ratio of net rental income to gross interest	At least 2.5

LOAN SPECIFICATION

EUR X 1,000	Principal 31-12-2021	Re- payments < 1 year	Re- payments > 1 year	End date	Interest Maturity	Effective interest Rate	Fixed/ Floating	Fair value
2021								
Counterparty								
Syndicated bullet loan 850M	500,000	-	500,000	17 January 2026	Quarter	1.42%	Fixed	510,176
Syndicated bullet loan 125M	125,000	-	125,000	3 December 2025	Quarter	1.30%	Fixed 75,000 Floating 50,000	75,263 50,000
Syndicated revolving credit facility	265,000	-	265,000	26 September 2023	Quarter	0.18%	Floating	265,000
Total loans As at 31 December 2021	890,000		890,000					900,439

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	1.42%	Fixed	522,730
Syndicated bullet loan 125M	125,000	-	125,000	3 December 2025	Quarter	1.30%	Fixed 75,000 Floating 50,000	77,892 50,000
Syndicated revolving credit facility								
Total loans As at 31 December 2021	625,000		625,000					650,622

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 2021 was EUR 2,387,735 thousand (2020: EUR 2,190,972 thousand). As at 31 December 2021 the LTV ratio was 20.3% (2020: 16.1%), the LTMV ratios were 30.0% (2020: 27.7%) and 38.8% (2020: 32.6%).

EUR X 1,000	31-12-2021	31-12-2020
Investment property mortgaged in relation to syndicated loan	2,387,735	2,190,972
Investment property* not mortgaged in relation to syndicated loan	1,558,854	1,244,223
	3,946,589	3,435,195

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

EUR X 1,000	Covenants	31-12-2021
The loan-to-value ratio (including MtM value derivatives)	< 40%	20.3%
The loan-to-value mortgaged properties ratio	< 50%	38.8%
Ratio of net rental income to gross interest	> 2.5	10.1

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

EUR X 1,000	Covenants	31-12-2021
The loan-to-value ratio (including MtM value derivatives)	< 40%	20.3%
The loan-to-value mortgaged properties ratio	< 50%	30.0%
Ratio of net rental income to gross interest	> 2.5	10.1

As at 31 December 2021, 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	31-12-2021	31-12-2020
Long term lease payables (IFRS 16)	30,453	45,341
Other long term payables*	-	1
Trade and other receivables	30,453	45,342

18 TRADE AND OTHER PAYABLES

EUR X 1,000	31-12-2021	31-12-2020
AEGON Levensverzekering N.V.	6,783	11,184
PGGM Core Fund Participations B.V.	5,405	8,911
Investor "A"	125	206
Investor "C"	376	620
Investor "D"	896	1,478
Investor "E"	276	455
Investor "F"	238	393
Investor "G"	550	907
Investor "H"	741	1,222
Investor "I"	432	713
Investor "J"	403	664
Investor "K"	185	305
Investor "L"	2,360	3,891
Investor "M"	168	278
Investor "N"	112	185
Investor "O"	501	826
Investor "P"	-	826
Investor "Q"	958	1,579
Investor "R"	455	750
Investor "S"	300	495
Investor "T"	115	189
Investor "U"	1,621	2,673
	23,000	38,750

18 TRADE AND OTHER PAYABLES (CONTINUED)

EUR X 1,000	31-12-2021	31-12-2020
Tenants deposits	7,577	7,294
Accounts payable	1,813	626
VAT	184	17
Lease payables (IFRS 16)	500	500
Other Payables and prepayments	17,655	8,700
	50,729	55,887

The amount of EUR 23,000 thousand consists of the distributions (dividend for the fourth quarter of 2021) to the Investors (2020: EUR 38,750 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

EUR x 1,000	Amount of transaction	Amounts due from related parties at year-end	Amounts due to related parties at year-end
Fund management fee			
2021	(11,450)	-	184
2020	(11,047)	698	-
Other receivables and interest			
2021	-	-	-
2020	-	-	-
Acquisitions of completed investment property			
2021	-	-	-
2020	-	-	-
Prepayments on assets under construction			
2021	74,840	-	-
2020	99,859	-	-

Fund Management fee

The 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 2021. 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 2021, the ARC Fund has obligations with respect to new investment property. The total amount with respect to these obligations for 2021 onwards adds up to EUR 463 million.

Off-balance sheet rights

In 2021, the ARC Fund has received 0 subscription forms (2020: 0 forms). The total amount of off balance sheet rights for 2021 amounts to EUR 150 million relating to existing commitments (2020: EUR 150 million).

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.	KPMG Advisory N.V.	Total
EUR x 1,000	2021	2021	2021
Statutory audit of annual accounts	(185)	-	(185)
Other assurance services	(53)	-	(53)
Tax advisory services	-	-	-
Other non-audit services	-	-	-
	(238)	0	(238)
	KPMG Accountants N.V.	KPMG Advisory N.V.	Total
EUR x 1,000	2020	2020	2020
Statutory audit of annual accounts	(220)	-	(220)
Other assurance services	(28)	-	(28)
Tax advisory services	-	-	-
Other non-audit services	-	-	-
	(248)	0	(248)

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 2022

H-W. Wensing, Fund Director

G.N. von der Thüsen, Director Finance and Risk

D. Wedding, Portfolio Manager



COMPANY FINANCIAL STATEMENTS

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	2021	2020
Result of associates after tax	50,999	12,587
Other result after tax	386,844	267,995
Unrealised capital gains on investments	437,843	280,582

COMPANY STATEMENT OF FINANCIAL POSITION

EUR X 1,000	Notes	31-12-2021	31-12-2020
Assets			
Non-current assets			
Subsidiaries		460,827	422,829
Investment property		3,461,528	2,985,613
Assets under construction		432,926	441,149
		4,355,281	3,849,591
Current assets			
Trade and other receivables		5,540	5,621
Cash and cash equivalents		39,294	22,456
Assets held for sale		19,856	29,502
		64,690	57,579
Total assets			
		4,419,971	3,907,170

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.

EUR X 1,000	Notes	31-12-2021	31-12-2020
Equity and Liabilities			
Equity			
Capital		84	86
Share premium reserve		1,411,422	1,575,374
Revaluation reserve		1,359,318	925,375
Other reserve		686,927	683,028
		3,457,751	3,183,863
Non-current liabilities			
Syndicated loan		890,000	625,000
Other long term liabilities		23,670	44,030
		913,670	669,030
Current liabilities			
Trade and other payables		48,550	54,277
		48,550	54,277
Total equity and liabilities			
		4,419,971	3,907,170

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

OTHER INFORMATION

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 2021 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 2021 and of its result and its cash flows for the year 2021 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 2021 and of its result for the year 2021 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 2021;
2. the following consolidated statements for the year 2021: the income statement, the statements of 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 2021;
2. the summarized company statement of profit and loss account for the year 2021; 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 2021;
- Key figures 2021;
- 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 regarding the management report and the other information.

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 management report, 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 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 the advisory board 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 2022

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 2021 ('the annual report') of Amvest Residential Core Fund, based in Amsterdam ('the Fund Manager').

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
- Renovation roadmap

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 Residential Core Fund 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). 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 the Fund Manager. The Fund Manager 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 Fund Manager.

THE MANAGEMENT BOARD'S RESPONSIBILITIES

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

Furthermore, the Management Board is responsible for such internal control as it determines is necessary to enable the preparation of the selected sustainability indicators that 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 2022

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



KEY FIGURES 2021

Amounts in EUR x 1 million	2021	2020	2019	2018	2017
Fund returns (as a percentage of the INREV NAV as at 1 January)					
Income return	2.8%	2.8%	3.3%	3.4%	3.7%
Capital gains	11.0%	6.7%	12.0%	18.2%	16.0%
Total return	13.8%	9.5%	15.3%	21.6%	19.7%
Dividend yield (dividend / INREV NAV as at 1 January)	2.9%	3.8%	4.0%	4.3%	4.5%
Dividend	93.0	112.3	89.3	78.2	64.8
Total comprehensive income of the year	437.8	280.6	341.5	390.4	285.0
Real estate returns (as a percentage of the average real estate portfolio value)					
Direct return (1)	3.0%	3.1%	3.5%	3.7%	4.0%
Indirect return by selling (2)	0.1%	0.9%	0.5%	0.8%	0.7%
Indirect return by value changes	8.8%	4.0%	7.5%	11.8%	10.8%
Total return	11.9%	8.0%	11.5%	16.3%	15.5%
Cash yield (= 1 + 2)	3.1%	4.0%	4.0%	4.5%	4.7%
Gross rental yield	3.9%	4.1%	4.3%	4.7%	5.1%

Amounts in EUR x 1 million	2021	2020	2019	2018	2017
Real estate results					
Net rental income (1)	110.9	103.9	95.1	78.6	67.7
Other income (1)	1.7	0.5	0.1	0.0	0.0
Realised capital gains (2)	5.0	30.6	14.8	16.5	11.6
Unrealised capital gains	344.7	168.4	252.2	311.9	220.0
Total capital gains	349.7	199.0	267.0	328.4	231.6
Direct income	88.2	135.0	110.0	95.1	79.3
Indirect income	349.7	168.4	252.2	311.9	220.0
Total income	437.8	303.4	362.2	407.0	299.3
Cash (= 1 + 2)	88.2	135.0	110.0	95.1	79.3
Balance sheet					
Investment property as at 31 December after revaluation	3,926.7	3,405.7	3,161.4	2,261.4	1,921.6
Assets under construction as at 31 December	432.9	441.1	431.2	468.9	277.6
Assets held for sale as at 31 December	19.9	29.5	49.0	14.6	10.3
Total property investments including assets under construction and assets held for sale	4,379.5	3,876.3	3,641.6	2,744.8	2,209.6
Total assets (balance sheet total)	4,428.9	3,910.1	3,670.0	2,782.2	2,270.7

Amounts in EUR x 1 million	2021	2020	2019	2018	2017
Equity capital	3,457.8	3,183.9	2,955.8	2,228.8	1,796.0
Syndicated loan (drawn)	890.0	625.0	620.0	500.0	440.0
Financial income and expenditures	10.9	9.6	9.2	7.2	5.9
Key indicators/ratios					
Equity capital divided by balance sheet total	78.1%	81.4%	80.5%	80.1%	79.1%
Long-term liabilities compared to total property investments (loan-to-value) (< 30.0%)	20.3%	16.1%	17.0%	18.2%	19.9%
Average interest rate on long-term liabilities (including costs and interest rate swaps)	1.4%	1.3%	1.5%	1.3%	1.5%
Bank covenants					
Long-term liabilities including MtM value IRS compared to total property investments (loan-to-value) (<40.0%)	20.3%	16.1%	17.0%	18.2%	19.9%
Long-term liabilities compared to mortgaged property investments (loan-to-mortgage-value EUR 850M loan) (<50.0%)	38.8%	27.7%	33.3%	37.3%	32.7%
Long-term liabilities compared to mortgaged property investments (loan-to-mortgage-value EUR 125M loan) (<50.0%)	30.0%	32.6%	0.0%	0.0%	0.0%
Ratio of net rental income to gross interest (>2.5)	10.1	10.9	10.1	10.9	12.7
Occupancy rate (as a percentage of the theoretical rental income)	97.2%	97.4%	97.2%	98.3%	97.8%
Cost percentage excluding the landlord tax (as a percentage of the theoretical rental income)	20.2%	22.2%	19.1%	19.4%	20.0%
Cost percentage including the landlord tax (as a percentage of the theoretical rental income)	20.6%	22.6%	19.5%	20.0%	20.8%

Amounts in EUR x 1 million	2021	2020	2019	2018	2017
INREV NAV as at 1 January	3,185.2	2,958.2	2,232.5	1,800.9	1,451.5
INREV NAV as at 31 December	3,447.7	3,185.2	2,958.2	2,232.5	1,800.9
Total Expense Ratio (TER) (INREV NAV) (management expenses / average INREV NAV)	0.41%	0.43%	0.44%	0.47%	0.52%
Total Expense Ratio (TER) (INREV GAV) (management expenses / average INREV GAV)	0.32%	0.35%	0.36%	0.38%	0.42%
Total Real Estate Expense Ratio (REER) (INREV GAV) (operating costs / average INREV GAV)	0.90%	0.83%	0.74%	0.79%	0.90%
Letting portfolio (number of homes)	10,843	10,418	10,170	8,055	7,804
MSCI property indexes					
All residential assets					
MSCI property indexes	15.3%	8.3%	13.6%	18.6%	16.9%
Amvest Residential Core Fund	13.1%	9.9%	15.3%	18.4%	19.1%

COMPOSITION OF THE PROPERTY PORTFOLIO

PROPERTY ASSETS

Amounts in EUR x Million	Book value
Investment property	3,927
Assets held for sale	20
	3,947
Assets under construction	433
Total	4,380

COMPOSITION OF THE PORTFOLIO

Amounts in EUR x Million	Number of homes	Bookvalue
Residential portfolio (individually rented)	10,843	3,879
Commercial/other		68
Total	10,843	3,947

COMPOSITION OF THE RESIDENTIAL PORTFOLIO BY TYPE

Amounts in EUR x Million	Number of homes	Bookvalue
Single-family	3,538	1,230
Multi-family	7,305	2,649
Total	10,843	3,879

COMPOSITION OF THE RESIDENTIAL PORTFOLIO BY REGION*

Amounts in EUR x Million	Number of homes	Bookvalue
Central Circle: Big Four	6,875	2,613
Central Circle: Remainder	3,369	1,086
Regional Economic Centres	477	140
Remaining Regions	122	40
Total	10,843	3,879

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	Bookvalue
Homes with a monthly rent below the rent control limit(1 January 2022: EUR 763)	436	97
Homes with a monthly rent above the rent control limit	10,398	3,190
Total	10,834	3,287

YIELD ACCORDING TO THE MSCI RESIDENTIAL INDEX

	ARC Fund total	MSCI Total	ARC Fund SI**	MSCI SI**
Income return 2021	3.3%	2.9%	9.8%	3.1%
Capital growth 2021	9.5%	12.2%	3.3%	11.8%
Total return 2021	13.1%	15.4%	13.4%	15.2%
Income return 3-year average	3.4%	9.1%	3.4%	3.2%
Capital growth 3-year average	9.1%	3.0%	7.3%	8.4%
Total return 3-year average	12.8%	12.3%	10.9%	11.9%
Income return 5-year average	3.6%	3.2%	3.6%	3.5%
Capital growth 5-year average	11.2%	11.0%	9.1%	10.1%
Total return 5-year average	15.1%	14.6%	13.0%	13.9%

** SI = Standing investments

COMPOSITION OF THE COMMITTED PIPELINE BY RESIDENTIAL TYPE

Amounts in EUR x Million	Number of homes	Bookvalue
Single-family	99	37
Multi-family	2,350	793
Total	2,449	830

COMPOSITION OF THE COMMITTED PIPELINE BY REGION*

Amounts in EUR x Million	Number of homes	Bookvalue
Central Circle: Big Four	2,403	819
Central Circle: Remainder	46	11
Regional Economic Centres	-	-
Remaining Regions	-	-
Total	2,449	830

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).

FIGURE 27: MATERIALITY MATRIX ARC FUND

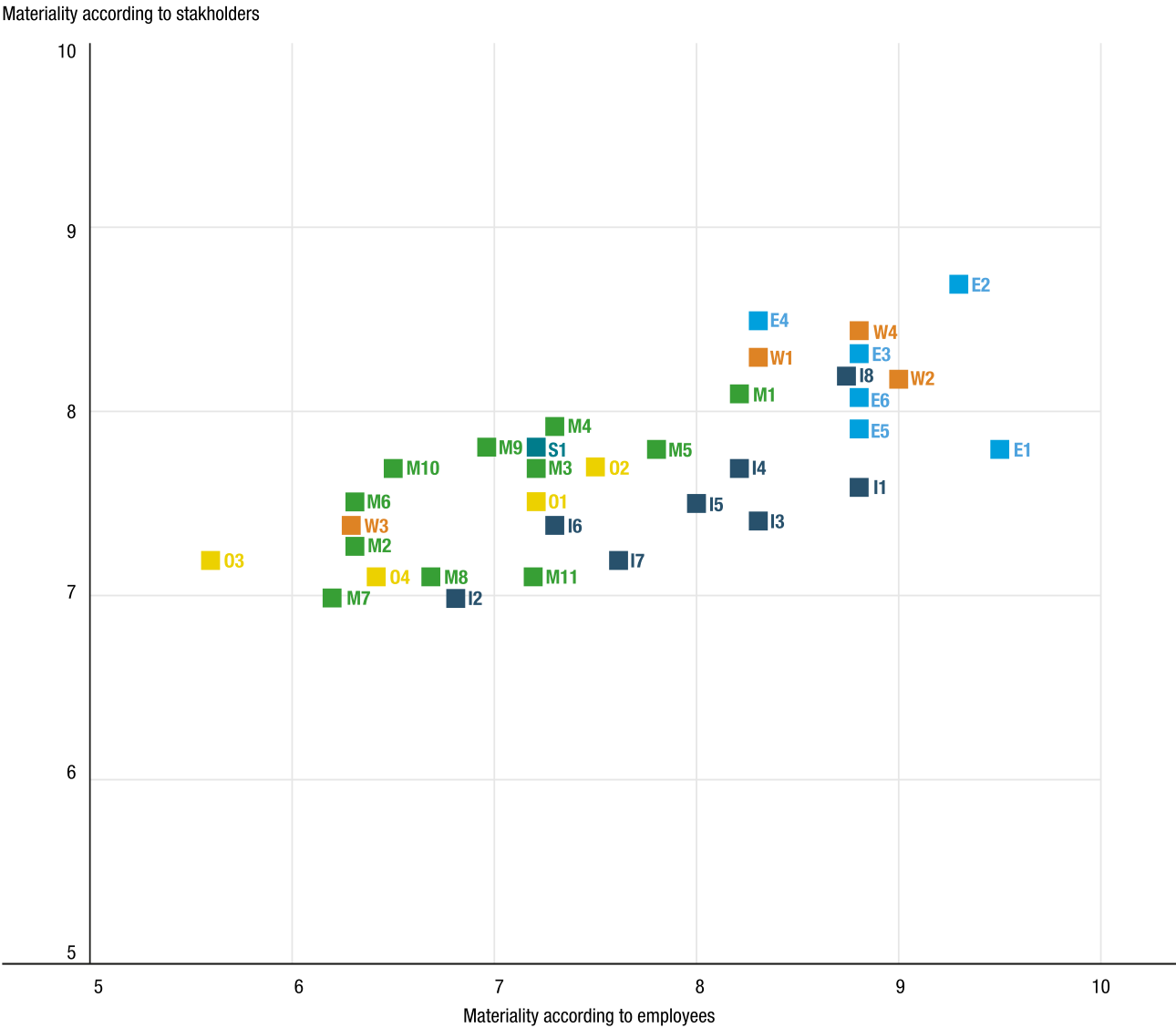


FIGURE 28: MATERIAL THEMES FOR THE ARC FUND

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

OVERVIEW OF THE PROPERTY PORTFOLIO

Address	Town	Number of homes	Housing type/commercial	Construction year	Region**
Boomrijk	Almere	28	single-family	2020	Central Circle Big Four: Amsterdam
De Diagonaal	Almere	72	multi-family	2007	Central Circle Big Four: Amsterdam
Duinbeekstraat	Almere	44	single-family	2018	Central Circle Big Four: Amsterdam
Duinbosstraat	Almere	48	single-family	2015	Central Circle Big Four: Amsterdam
Ouverture	Almere	47	multi-family	1993	Central Circle Big Four: Amsterdam
Spinnakerplantsoen	Almere	58	single-family	2008	Central Circle Big Four: Amsterdam
Thérèse Schwartzstraat	Almere	24	single-family	2001	Central Circle Big Four: Amsterdam
Zeeduinweg (Het Anker)	Almere	26	multi-family	2017	Central Circle Big Four: Amsterdam
Zeeduinweg gebouw (Sydney)	Almere	107	multi-family	2020	Central Circle Big Four: Amsterdam
Andromedastraat	Alphen a/d Rijn	81	multi-family	2006	Central Circle Remainder
Watermunt	Alphen a/d 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: Amsterdam
Bert Haanstrakade (Het Ijland)	Amsterdam	271	multi-family	2018	Central Circle Big Four: Amsterdam
Bottelarijstraat	Amsterdam	158	multi-family	2017	Central Circle Big Four: Amsterdam
Cruquiusweg	Amsterdam	43	multi-family	2021	Central Circle Big Four: Amsterdam
Cruquiusweg (2Peer)	Amsterdam	23	multi-family	2020	Central Circle Big Four: Amsterdam
Fred Roeskestraat (De Fred)	Amsterdam	110	multi-family	2017	Central Circle Big Four: Amsterdam
Gaasterlandstraat (RIV)	Amsterdam	23	multi-family	2017	Central Circle Big Four: Amsterdam
Gustav Mahlerlaan (Xavier)	Amsterdam	110	multi-family	2019	Central Circle Big Four: Amsterdam
Hammarbystraat (The Line)	Amsterdam	72	multi-family	2021	Central Circle Big Four: Amsterdam
Jan Tooropstraat (De Nieuwe Meester)	Amsterdam	66	multi-family	2020	Central Circle Big Four: Amsterdam
Krijn Taconiskade (Havenmeester)	Amsterdam	117	multi-family	2007	Central Circle Big Four: Amsterdam
Spadinalaan (The Row)	Amsterdam	92	multi-family	2021	Central Circle Big Four: Amsterdam

Address	Town	Number of homes	Housing type/commercial	Construction year	Region**
Spaklerweg (De Spakler)	Amsterdam	160	multi-family	2017	Central Circle Big Four: Amsterdam
Westerdoksdiijk (Mauritius)	Amsterdam	40	multi-family	2008	Central Circle Big Four: Amsterdam
Westerdoksdiijk (Westerkaap)	Amsterdam	6	multi-family	2007	Central Circle Big Four: Amsterdam
Wijnsilostraat	Amsterdam	133	multi-family	2021	Central Circle Big Four: Amsterdam
Zeeburgerkade	Amsterdam	61	multi-family	2021	Central Circle Big Four: Amsterdam
Haringvliet	Arnhem	151	single-family	2017	Central Circle Remainder
Het Haam	Arnhem	34	single-family	2008	Central Circle Remainder
Kea Boumanstraat	Arnhem	1	single-family	2006	Central Circle Remainder
Laan van de Vrede	Arnhem	41	single-family	2014	Central Circle Remainder
Stadswaardenlaan	Arnhem	9	single-family	2008	Central Circle Remainder
Franklinstraat	Badhoevedorp	26	multi-family	2007	Central Circle Big Four: Amsterdam
Irislaan	Badhoevedorp	48	single-family	2015	Central Circle Big Four: Amsterdam
Brielsemeer	Barendrecht	50	single-family	2000	Central Circle Big Four: Rotterdam
Drogerij	Barendrecht	45	single-family	2001	Central Circle Big Four: Rotterdam
Koperslagerij	Barendrecht	21	single-family	1998	Central Circle Big Four: Rotterdam
Waddenring	Barendrecht	16	single-family	2001	Central Circle Big Four: Rotterdam
Gouden Griffelplantsoen	Berkel en Rodenrijs	119	single-family	2006	Central Circle Remainder
Gouden Uil appartementen	Berkel en Rodenrijs	53	multi-family	2011	Central Circle Remainder
Gouden Uillaan	Berkel en Rodenrijs	61	single-family	2008	Central Circle Remainder
Sacha Bulthuisstraat	Berkel en Rodenrijs	27	single-family	2019	Central Circle Remainder
Blaricummermeent	Blaricum	34	single-family	2015	Central Circle Remainder
Luciastraat (Haga Lucia)	Breda	70	multi-family	2017	Central Circle Remainder
Stationslaan	Breda	82	multi-family	2016	Central Circle Remainder
Stationsweg (Heren van Breda)	Breda	93	multi-family	2007	Central Circle Remainder
Vooruit	Breda	42	multi-family	2019	Central Circle Remainder
Antoon van Wijngaardenweg	Culemborg	42	single-family	2017	Remaining Regions
De groene Haven (Volt)	Delft	130	multi-family	2020	Central Circle Remainder
Daliënwaard	Den Bosch	36	single-family	2006	Central Circle Remainder
Le Perron	Den Bosch	38	multi-family	2017	Central Circle Remainder

Address	Town	Number of homes	Housing type/commercial	Construction year	Region**
Verlengde Kazernestraat	Deventer	33	single-family	2013	Regional Economic Centres
Gerrit Rietveldsingel	Diemen	202	multi-family	2019	Central Circle Big Four: Amsterdam
Enkalaan	Ede	46	single-family	2014	Central Circle Remainder
Park Reehorst	Ede	46	single-family	2018	Central Circle Remainder
Wadestein	Ede	107	multi-family	2009	Central Circle Remainder
Anton Philipslaan (Hartje Eindhoven)	Eindhoven	395	multi-family	2013	Central Circle Remainder
Diodehof	Eindhoven	39	single-family	2013	Central Circle Remainder
Flowcoatstraat	Eindhoven	20	multi-family	2019	Central Circle Remainder
Fosforstraat	Eindhoven	24	multi-family	2017	Central Circle Remainder
Paalspoor	Eindhoven	50	single-family	2015	Central Circle Remainder
Waterfront	Eindhoven	63	single-family	2017	Central Circle Remainder
Basilica MGW	Elst	36	multi-family	2007	Central Circle Remainder
Dupondius ea	Elst	35	single-family	2007	Central Circle Remainder
Lingegraaf	Elst	12	single-family	2013	Central Circle Remainder
Polderwerker ea	Elst	32	single-family	2012	Central Circle Remainder
Tempellaan	Elst	38	multi-family	2007	Central Circle Remainder
Lingedonk	Geldermalsen	55	single-family	2017	Remaining Regions
Ambachtsschool	Gouda	64	multi-family	2017	Central Circle Remainder
Ambachtsschool EGW	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
Aquaverde	Haarlem	54	multi-family	2016	Central Circle Big Four: Amsterdam
Bellevuelaan (Hoge Hout)	Haarlem	93	multi-family	2010	Central Circle Big Four: Amsterdam
Pim Mulierlaan	Haarlem	59	multi-family	2019	Central Circle Big Four: Amsterdam
Zalm	Hendrik Ido Ambacht	47	multi-family	2010	Central Circle Remainder
Antje Breijerstraat (Chicago)	Hoofddorp	97	multi-family	2003	Central Circle Big Four: Amsterdam
Burg. van Stamplein (Milaan)	Hoofddorp	4	single-family	2004	Central Circle Big Four: Amsterdam
Cor van de Meerstraat (London)	Hoofddorp	60	multi-family	2001	Central Circle Big Four: Amsterdam

Address	Town	Number of homes	Housing type/commercial	Construction year	Region**
Gerard van Duinstraat (Stockholm)	Hoofddorp	52	multi-family	2003	Central Circle Big Four: Amsterdam
Raadhuisplein (Lugano)	Hoofddorp	75	multi-family	2013	Central Circle Big Four: Amsterdam
Tuinweg (Geneve)	Hoofddorp	55	multi-family	2004	Central Circle Big Four: Amsterdam
Pieter Belsstraat	Horst	8	single-family	2008	Remaining Regions
Piazza	Houten	14	multi-family	2012	Central Circle Remainder
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: Utrecht
Praagsingel	IJsselstein	44	multi-family	2000	Central Circle Big Four: Utrecht
Jansoniusstraat	Leeuwarden	17	single-family	2007	Remaining Regions
Haagwegkwartier	Leiden	30	single-family	2015	Central Circle Remainder
Haagwegkwartier	Leiden	77	multi-family	2018	Central Circle Remainder
Slauerhoffpad	Leiden	22	multi-family	2018	Central Circle Remainder
Zaaijerplein (Gortercomplex)	Leiden	213	multi-family	2020	Central Circle Remainder
Prunusdreef (De Ridder)	Leiderdorp	49	multi-family	2021	Central Circle Remainder
Navarrastraat ea	Lent	33	single-family	2013	Central Circle Remainder
Wilgenrijk Buitengoed	Maassluis	32	single-family	2021	Central Circle Big Four: Rotterdam
Handelskade	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: The Hague
Gilze Rijenhof	Nootdorp	26	single-family	2008	Central Circle Big Four: The Hague
Laan van Nootdorp	Nootdorp	36	multi-family	2004	Central Circle Big Four: The Hague
Operatie Mannahof	Nootdorp	44	single-family	2004	Central Circle Big Four: The Hague
Soesterberghof	Nootdorp	10	single-family	2008	Central Circle Big Four: The Hague
Startbaan	Nootdorp	20	multi-family	2008	Central Circle Big Four: The Hague
Woensdrechtthof	Nootdorp	63	multi-family	2008	Central Circle Big Four: The Hague
Woensdrechtthof	Nootdorp	14	single-family	2008	Central Circle Big Four: The Hague
Zonnehof	Nootdorp	43	single-family	2007	Central Circle Big Four: The Hague
Steenakker	Nuenen	30	single-family	2014	Central Circle Remainder

Address	Town	Number of homes	Housing type/commercial	Construction year	Region**
Griffioen ea	Oegstgeest	44	single-family	2015	Central Circle: Big Four
Gebint	Oosterhout	31	single-family	2014	Central Circle Remainder
Aviolandaplein	Papendrecht	17	multi-family	2009	Central Circle Remainder
Betvaader	Papendrecht	26	multi-family	2010	Central Circle Remainder
Thurelede	Pijnacker	28	multi-family	2005	Central Circle Big Four: The Hague
Adriaan Kooningsstraat (Mondriaan)	Rotterdam	160	multi-family	2002	Central Circle Big Four: Rotterdam
Dordtsestraatweg	Rotterdam	47	single-family	2017	Central Circle Big Four: Rotterdam
Joost Banckertsplaats	Rotterdam	242	multi-family	1956	Central Circle Big Four: Rotterdam
Koningslaan	Rotterdam	68	multi-family	2020	Central Circle Big Four: Rotterdam
Leo Gestelstraat	Rotterdam	15	single-family	2009	Central Circle Big Four: Rotterdam
Van der Duijn van Maasdamweg (Parkmeester)	Rotterdam	70	multi-family	2017	Central Circle Big Four: Rotterdam
Wilhelminakade (De Rotterdam)	Rotterdam	96	multi-family	2013	Central Circle Big Four: Rotterdam
Houtrustweg (De Zuid)	Scheveningen	33	multi-family	2017	Central Circle Big Four: The Hague
Scheveningseweg (Haegh)	Scheveningen	143	multi-family	2020	Central Circle Big Four: The Hague
Aalscholversingel	The Hague	6	single-family	2000	Central Circle Big Four: The Hague
Anna van Buerenplein (New Babylon)	The Hague	141	multi-family	2010	Central Circle Big Four: The Hague
Backeswater	The Hague	112	single-family	2001	Central Circle Big Four: The Hague
Berkebroeklaan	The Hague	41	single-family	2003	Central Circle Big Four: The Hague
Blauwe Reigersingel	The Hague	76	single-family	2000	Central Circle Big Four: The Hague
Cornelis de Wittlaan	The Hague	160	multi-family	2000	Central Circle Big Four: The Hague
De Bruijnvaart	The Hague	29	single-family	2004	Central Circle Big Four: The Hague
De Mok	The Hague	2	single-family	1997	Central Circle Big Four: The Hague
De Vroomedijk	The Hague	36	single-family	2002	Central Circle Big Four: The Hague
Douglaslaan	The Hague	8	single-family	1998	Central Circle Big Four: The Hague
Ganzenplantsoen	The Hague	29	single-family	2000	Central Circle Big Four: The Hague
Goudplevierlaan	The Hague	27	single-family	2000	Central Circle Big Four: The Hague
Goudvinklaan	The Hague	38	single-family	2003	Central Circle Big Four: The Hague
Katschiplaan	The Hague	38	multi-family	2010	Central Circle Big Four: The Hague
Kerkuillaan	The Hague	32	single-family	2000	Central Circle Big Four: The Hague

Address	Town	Number of homes	Housing type/commercial	Construction year	Region**
Koningin Sophiestraat (De Sophie)	The Hague	67	multi-family	2017	Central Circle Big Four: The Hague
Koolhovenlaan	The Hague	53	single-family	2000	Central Circle Big Four: The Hague
Laan van Wateringseveld	The Hague	12	multi-family	2005	Central Circle Big Four: The Hague
Noordwest Buitensingel	The Hague	67	multi-family	2001	Central Circle Big Four: The Hague
Nootdorpse Landingslaan	The Hague	23	multi-family	2000	Central Circle Big Four: The Hague
Pluimzege	The Hague	88	single-family	2004	Central Circle Big Four: The Hague
Rietzangerstraat	The Hague	44	single-family	2002	Central Circle Big Four: The Hague
Strijpkade	The Hague	47	single-family	2015	Central Circle Big Four: The Hague
Van Campenvaart	The Hague	30	single-family	2001	Central Circle Big Four: The Hague
Van Essendijk	The Hague	29	single-family	2002	Central Circle Big Four: The Hague
Weidevogellaan	The Hague	30	multi-family	2003	Central Circle Big Four: The Hague
Windjammersingel	The Hague	49	multi-family	2009	Central Circle Big Four: The Hague
Wrightlaan	The Hague	30	single-family	1998	Central Circle Big Four: The Hague
Schelling	Uden	39	single-family	2014	Central Circle Remainder
Ransuil	Uithoorn	32	single-family	2014	Central Circle Remainder
Godfried Bomansstraat	Utrecht	45	single-family	2015	Central Circle Big Four: Utrecht
Ketjapweg	Utrecht	41	single-family	2016	Central Circle Big Four: Utrecht
Los Angeles	Utrecht	93	multi-family	2017	Central Circle Big Four: Utrecht
Lux	Utrecht	97	multi-family	2016	Central Circle Big Four: Utrecht
Nijenoord	Utrecht	195	multi-family	2019	Central Circle Big Four: Utrecht
Paul Gauguinhof	Utrecht	32	single-family	2012	Central Circle Big Four: Utrecht
Van Sijpesteijnkade (De Syp)	Utrecht	266	multi-family	2019	Central Circle Big Four: Utrecht
Veenendaal - Tuinstraat	Veenendaal	41	multi-family	2016	Central Circle Remainder
Churchillplein	Velp	75	multi-family	2012	Central Circle Remainder
Beukenburg	Vleuten	51	single-family	2007	Central Circle Big Four: Utrecht
Beurszwam	Vleuten	44	single-family	2010	Central Circle Big Four: Utrecht
Droomtuinlaan (Bouquet)	Vleuten	32	multi-family	2013	Central Circle Big Four: Utrecht
Dwergbieslaan	Vleuten	33	single-family	2005	Central Circle Big Four: Utrecht
Herfsttuinlaan	Vleuten	32	single-family	2001	Central Circle Big Four: Utrecht

Address	Town	Number of homes	Housing type/commercial	Construction year	Region**
Leersumseveld	Vleuten	41	single-family	2010	Central Circle Big Four: Utrecht
Moerasvaren	Vleuten	41	single-family	2010	Central Circle Big Four: Utrecht
Moerasvaren (De Scheg)	Vleuten	14	multi-family	2010	Central Circle Big Four: Utrecht
Veldbloemlaan	Vleuten	78	single-family	2006	Central Circle Big Four: Utrecht
Voor de Burchten (De Burchtheer)	Vleuten	63	multi-family	2010	Central Circle Big Four: Utrecht
Prinses Beatrixlaan ('t Loo)	Voorburg	38	multi-family	2017	Central Circle Big Four: The Hague
Singel	Wateringen	31	single-family	2015	Central Circle Big Four: The Hague
Handzaag	Zaandam	37	multi-family	2002	Central Circle Big Four: Amsterdam
Canadasingel ea	Zutphen	41	single-family	2011	Central Circle Remainder
Frankenhuizenallee	Zwolle	17	single-family	2006	Regional Economic Centres
Fruitweidestraat 29	Zwolle	2	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		10,843			

OVERVIEW OF THE PIPELINE PORTFOLIO

Project	Progress	Units	Housing type	Region	Start	Completion	Investment (expected) EUR X 1,000	Units completed (expected)			
								2022	2023	2024	2025 >
Commitments (signed SPA): RoFR											
Diemen, Holland Park Toren 6 Blok 8	30%	144	multi-family	Central Circle Big four	2021	2025	57,858	-	-	-	144
Amsterdam, Aan 't IJ – The Bow	47%	67	multi-family	G4	2021	2023	29,693	-	67	-	-
Amsterdam, Aan 't IJ – The Stack	47%	58	multi-family	G4	2021	2023	22,634	-	58	-	-
Amsterdam, Cruquius – Berkhout	0%	44	multi-family	G4	2022	2023	20,761	-	44	-	-
Amsterdam, 360 Degrees	84%	117	multi-family	G4	2020	2022	47,648	117	-	-	-
Amsterdam, Jonas	56%	190	multi-family	G4	2019	2022	47,648	190	-	-	-
Amsterdam, Aan 't IJ – The Twins	88%	128	multi-family	G4	2019	2022	55,241	128	-	-	-
Berkel en Rodenrijs, Westpolder Bolwerk	79%	16	single-family	Central Circle Remainder	2021	2022	4,400	16	-	-	-
Maassluis, Wilgenrijk	75%	11	single-family	Central Circle Big four	2020	2022	13,523	11	-	-	-
		775					299,405	462	169	-	144
Commitments (signed SPA): 3rd party/combi											
Amstelveen, Olympiade	46%	358	multi-family	Central Circle Big four	2021	2024	112,276	-	-	358	-
Amsterdam, Wenckebachweg (The Dialogue)	37%	197	multi-family	G4	2021	2024	66,685	-	-	197	-
Rotterdam, The Post	42%	203	multi-family	G4	2021	2024	70,903	-	-	203	-
Rotterdam, Clubhouse Boompjes	44%	342	multi-family	G4	2019	2024	117,243	-	-	342	-
Voorburg, Damsigt	16%	382	multi-family	Central Circle Big four	2022	2025	110,901	-	-	-	382
Breda, 3 Prinsessen	16%	30	single-family	Central Circle Remainder	2022	2023	6,612	-	30	-	-
Almere, Hortus	12%	42	single-family	Central Circle Big four	2022	2023	12,298	-	42	-	-
Utrecht, De Steijn	69%	120	multi-family	G4	2019	2022	46,324	120	-	-	-
		1,674					543,241	120	72	1,100	382
Total Commitments (signed SPA)		2,449					842,646	582	241	1,100	526
Approved investment proposal											
Eindhoven, Groot Hartje		201	multi-family	Central Circle Remainder	2022	2024	-	201	-	-	-
		201					-	201	-	-	-
Total Pipeline		2,650					842,646	783	241	1,100	526

INREV NAV CALCULATION

In order to give investors information on the transition from the Net Asset Value (NAV) according to IFRS to the adjusted NAV based on INREV valuation principles, the Fund reports the adjustments according to the INREV valuation principles. The fundamental assumption underlying the adjusted INREV NAV of the Fund is that it should give a more accurate reflection of the economic value of the Fund and of a participation in the Fund as it would be realised by a participant in a theoretical sale, as of the balance sheet date, assuming an arm's length transaction, a willing buyer/seller and an adequate time to market.

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.

RECONCILIATION FROM REPORTED IFRS NAV TO INREV NAV

EUR x 1,000	2021
NAV per the IFRS financial statements	3,457,751
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	23,000
Diluted NAV	3,480,751
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**	(10,440)
k) Revaluation to fair value of construction contracts for third parties	
l) Set-up costs	
m) Acquisition expenses*	418
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	
INREV NAV as per 31/12	3,470,729
Effect of dividends recorded as a liability which have not been distributed	(23,000)
Basis for subscripion price per 1/1/2022	3,447,729

* A five-year amortisation term is used.

** As Per 31/12/2021 revaluation to fair value financial liabilities is added to the INREV NAV reconciliation model.

EFFECT OF RECLASSIFYING SHAREHOLDER LOANS AND HYBRID CAPITAL INSTRUMENTS (INCLUDING CONVERTIBLE BONDS) THAT REPRESENT SHAREHOLDERS' LONG-TERM INTEREST IN A VEHICLE

Investors' capital can take various forms aside from equity – examples include shareholder loans and hybrid capital instruments such as convertible bonds. Some vehicles are structured via a combination of equity participations and shareholder loans.

Shareholder loans and hybrid capital instruments are generally seen as part of the investors' overall interest in the vehicle.

Since investors in the Fund only invest via shares, no adjustment is included.

EFFECT OF DIVIDENDS RECORDED AS A LIABILITY THAT HAVE NOT BEEN DISTRIBUTED

Under certain circumstances dividends are recorded as a liability but have not yet been legally distributed. For the determination of INREV NAV, these accrued dividends should be reversed to the NAV.

As per 31 December 2021, 23 million is recorded as a liability.

REVALUATION TO FAIR VALUE OF INVESTMENT PROPERTY

After initial recognition, investment property is valued at fair value under the fair value option of IAS 40. Therefore no adjustment had to be made as per 31 December 2021.

REVALUATION TO FAIR VALUE OF SELF-CONSTRUCTED OR DEVELOPED INVESTMENT PROPERTY

Development property is investment property under construction and valued at fair value under the fair value option of IAS 40.

Therefore no adjustment had to be made as per 31 December 2021.

REVALUATION TO FAIR VALUE OF INVESTMENT PROPERTY HELD FOR SALE

Assets in this category are measured under IFRS at the lower of cost or net realisable value in the financial statements. The adjustment represents the impact on NAV of the revaluation of the property intended for sale, measured at cost, to fair value.

As per 31 December 2021, no properties intended for sale had been presented that are not included in the fair value of investment property.

REVALUATION TO FAIR VALUE OF PROPERTY THAT IS LEASED TO TENANTS UNDER A FINANCE LEASE

Property that is leased to tenants under a finance lease is initially measured on a net investment basis and subsequently re-measured based on an amortisation pattern reflecting a constant rate of return. The adjustment represents the impact on NAV of the revaluation of the finance lease receivable to fair value.

As per 31 December 2021, no adjustment had been made since no property is held that is leased to tenants under a finance lease.

REVALUATION TO FAIR VALUE OF REAL ESTATE HELD AS INVENTORY

Properties intended for sale and accounted for under IAS 2 (Inventory) are measured at the lower of cost or net realisable value in the financial statements. This adjustment represents the impact on the NAV of the revaluation of such properties to net realisable value (fair value less disposal costs). This adjustment should be included under the caption 'revaluation to fair value of real estate held as inventory'.

As per 31 December 2021, no adjustment had been made since no property is accounted for under IAS 2 (Inventory).

REVALUATION TO FAIR VALUE OF OTHER INVESTMENTS IN REAL ASSETS

Under IAS16, other investments in real assets are normally accounted for at cost. The adjustment represents the impact on NAV of the revaluation of other investments in real assets to fair value in accordance with the fair value assumptions under IFRS 13.

As per 31 December 2021, no adjustment had been made since the Fund has no investments in real assets.

REVALUATION TO FAIR VALUE OF INDIRECT INVESTMENTS NOT CONSOLIDATED

Indirect investments in real estate, such as investments in associations and joint ventures, have different accounting treatments and carrying values under IFRS. Such investments can be valued at cost, fair value or NAV. The adjustment represents the impact on NAV of the revaluation of indirect investments to fair value if not yet accounted for at fair value.

As per 31 December 2021, no adjustment had been made since the Fund has no indirect investments in real estate.

REVALUATION TO FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (INCLUDING REVALUATION TO FAIR VALUE OF DEBT OBLIGATIONS)

Financial assets and liabilities such as debt obligations are generally measured at amortised cost, taking into account any impairment when applicable. The adjustment represents the impact on NAV of the revaluation of financial assets and financial liabilities to fair value as determined in accordance with IFRS.

As per 31 December 2021, adjustment of 10,440,000 had been made since the financial assets and liabilities accounted for in the Statement of financial position are materially different from the fair value of the financial assets and liabilities in accordance with the fair value principles of IFRS 13.

REVALUATION TO FAIR VALUE OF CONSTRUCTION CONTRACTS FOR THIRD PARTIES

Under IAS11, construction contracts for third parties are normally accounted for based on the stage of completion. The adjustment represents the impact on NAV of the revaluation of construction contracts for third parties to fair value in accordance with the fair value principles of IFRS 13.

As per 31 December 2021, no adjustment had been made since the Fund has no construction contracts of third parties.

SET-UP COSTS

Set-up costs (i.e. establishment expenses) are charged immediately to income after the initial closing date. This adjustment represents the impact on NAV of the capitalisation and amortisation of set-up costs over the first five years of the terms of the Fund. When capitalising and amortising set-up costs, a possible impairment test should be taken into account every time the adjusted NAV is calculated when market circumstances change and it is not to be expected that the capitalised set-up costs can be recovered.

As per 31 December 2021, the set-up costs of the Fund had been amortised, so no adjustment was made as per 31 December 2021.

ACQUISITION EXPENSES

Under the Fair Value model, acquisition expenses of investments under the fair value assumptions according to IFRS may be partly charged to income or equity as fair value changes at the first subsequent measurement date after acquisition. This is when the fair value at the moment of measurement is less than the total amount of the purchase value of the assets and the acquisition expenses.

This adjustment represents the impact on NAV of the capitalisation and amortisation of acquisition expenses over the period from acquisition of the specific asset to five years after initial closing.

When an asset is sold during the amortisation period, the balance of capitalised acquisition expenses is charged to the income statement in the period of sale.

When capitalising and amortising acquisition costs, a possible impairment test should be taken into account every time the adjusted NAV is calculated (when market circumstances change) and it is not expected that the capitalised acquisition costs can be recovered with the sale of units of the Fund.

Most of the acquisitions are realised via a turn-key agreement with a development company. Since these acquisitions can be purchased free of transfer-tax normally the acquisition price is higher than if transfer-taxes is supposed to be paid separately. The valuation methodology is the net valuation after deduction of acquisition costs for a potential buyer. At initial recognition and during the payment of instalments, a part of the revaluation result will include the effect of the difference of the purchase price and the net valuation after deduction of acquisition costs for a potential buyer. This difference is taken into account in the INREV NAV as a separate item in the INREV adjustment with respect to acquisition costs.

CONTRACTUAL FEES

A liability represents a present obligation. A fee payable at the end of the lifetime of the Fund or at any other moment during the lifetime of the Fund may not meet the criteria for recognition of a provision or liability in accordance with IFRS at the moment the accounts are prepared.

As per the financial position date, all contractual fees and contingent liabilities are recognised in accordance with IFRS. The Fund did not enter into any other contractual fees or contingent liabilities that are not presented in the accounts as per the financial position date.

REVALUATION TO FAIR VALUE OF SAVINGS OF PURCHASER'S COSTS SUCH AS TRANSFER TAXES

This adjustment represents the positive impact on NAV of the possible reduction of transfer taxes and purchaser's costs for the seller based on the expected sale via the sale of shares. Transfer taxes and purchaser's costs which would be incurred in an asset sale are generally deducted when determining the fair value of the properties. The effect of a possible sale of shares in a property vehicle might be taken into account when determining the deduction of transfer taxes and purchaser's costs (if this lowers the actual transfer tax and/or purchaser's costs to be paid upon sale by the seller). The Fund has no investment property structured in special vehicles.

As per 31 December 2020, no adjustment had been made due to the fact that it is impossible to sell investment property via a share deal. Therefore, there is no possibility of an additional reduction of the transfer tax or purchaser's costs that might lead to a higher sales price.

REVALUATION TO FAIR VALUE OF DEFERRED TAXES AND TAX EFFECT OF INREV NAV ADJUSTMENTS

Under IFRS, deferred tax (assets and liabilities) is measured at the nominal statutory tax rate. How the Fund expects to settle deferred tax is not taken into consideration. This adjustment represents the impact on NAV of the deferred tax for assets and liabilities or financial instruments based on the expected settlement. This should be taken into consideration when tax structures have been applied to reduce tax on capital gains or allowances.

When goodwill is included in the Statement of financial position as a result of a deferred tax liability that is eliminated as a result of the above-mentioned adjustment, the goodwill related to this deferred tax will be excluded from NAV.

The Fund has the status of a fiscal investment institution (0% corporate tax rate). Therefore, no adjustment has been made, as the Fund is exempt from corporate tax payments.

EFFECT OF SUBSIDIARIES HAVING A NEGATIVE EQUITY (NON-RECOURSE)

The adjustment represents the positive impact on the NAV of the partial or full reversal of the negative equity of the specific subsidiary. If the vehicle has granted shareholder loans to the subsidiary, these should be taken into account.

As per 31 December 2021, no adjustment had been made since the Fund has no subsidiaries with a negative equity.

GOODWILL

Upon the acquisition of an entity that is determined to be a business combination, goodwill may arise as a result of a purchase price allocation exercise. A major component of such goodwill in property vehicles often reflects the difference between the full recognition of deferred tax, purchaser's costs or similar items in the IFRS accounts (which does not generally take account of the likely or intended method of subsequent exit), and the economic value attributed to such items in the actual purchase price. Except where such components of goodwill have already been written off in the NAV as determined under IFRS, they should be written off in the INREV NAV.

As per 31 December 2021, no adjustment had been made since the Fund has no goodwill recognised in the Statement of financial position.

NON-CONTROLLING INTEREST EFFECTS OF INREV ADJUSTMENTS

This adjustment represents the impact on the NAV of the recognition of non-controlling interests on all of the above adjustments.

As per 31 December 2021, no adjustment had been made since the Fund holds no minority interests.

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"> • The satisfaction score is calculated by Customeyes based on the answers provided by the participant in the survey • For each question a maximum number of points is possible to be achieved (scale 1-10) • The survey is a quantitative research and fully digital • Each respondent counts even heavily when calculating averages • The benchmark consists of 7 investors
Target	To achieve a tenant satisfaction score of at least 7.5 and outperforming 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"> • The tenants fill out a score on a total of five components • Customeyes measures the responses • Customeyes delivers a report (dashboard) with the average score per component, property manager and complex including the number of responses
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. Addresses 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 2021	<p>The average score of three components measured in the tenant satisfaction score for the ARC Fund was 7.2, which is above the benchmark (7.1). The scores for the three components were as follows:</p> <ul style="list-style-type: none"> • Quality of home: 7.6 • Quality of living environment: 7.4 • Quality of property manager: 6.6

GRESB SCORE

Objective	Achieve a GRESB score
KPI owner	Global Real Estate Sustainability Benchmark
Definition	The GRESB score is an overall measure of ESG performance, represented as the number of stars
Scale / unity	Number of stars from 1 (minimum) to 5 (maximum)
Calculation	The GRESB score is calculated by the GRESB organization based on the answers provided by the participant in a survey. For each question a maximum number of points is possible to be achieved. The number of stars are awarded based on the relative score in comparison with the other participants.
Target	To achieve the maximum 5 stars, with a minimum score of 84
Scope	The complete ARC Fund
Frequency	Once a year
Reporting process	<ul style="list-style-type: none"> • The survey is filled in by the ARC Fund with the burden of proof and argumentation for the answers given • The GRESB organization checks the answers, the burden of proof and the argumentation and determines the score per question • 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
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 2021	<p>GRESB score of 87 (2020: 84)</p> <p>Retained 5-star status from previous year.</p>

ENERGY USE INTENSITY (EUI)

Objective	Measure the energy consumption of the objects in the ARC Fund portfolio
KPI owner	Amvest
Definition	The total energy consumption in kWh per m ² 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), district heating in GJ and gas (in m ³) which is converted to kWh.
Scale / unity	kWh / m ² / year
Calculation	<p>Electricity:</p> <ul style="list-style-type: none"> • The total energy consumption (KWh) per building is divided by the total Gross Floor Area in m² • 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) • Net consumption = supply grid operator + (generated electricity PV panels - / - electricity supplied back to grid) <p>Gas:</p> <ul style="list-style-type: none"> • Gas consumption in m³ is converted into kWh (factor 1 m³ = 9.769 kWh) • District steam generated in a centralized location for residential heating requirements in GJ is converted into kWh (factor 1 GJ = 277.78 kWh)
Target	Decrease the like-for-like energy consumption 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. 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	<p>The energy consumption is measured based on a new method which uses the following data: The total energy consumption in kWh per m² per year of all objects in the portfolio that have been in operation for the entire calendar year. The sum of the amount of electricity (in kWh), district steam/heat (in GJ) and gas (in m³) which is converted to kWh.</p> <p>This information is collected by the asset manager. The information is obtained from smart meters, readings on locations and determined standard year usage of the energy/gas supplier.</p> <p>The asset manager delivers the data to Cooltree. Cooltree puts the data in the standard calculation sheet which will process the data.</p>
Systems and sources	ESG Data Template (managed by Cooltree, ARC Fund has access), Cushman & Wakefield as a provider of data and external portal (managed by Sungevity) for renewable energy
Audit process	Amvest will check all manual input to ensure sufficient evidence has been provided by the property managers. A sample will be checked for data provided through Cushman & Wakefield and Sungevity portal to ensure all data is accurate. The auditor will have access to the final calculation sheet.
Result 2021	<p>Average Energy Use Intensity 2021: 220.9 kWh/m²/year</p> <p>The change percentage between 2020 and 2021 is +11.8%, based on the new method of measurement*.</p>

* In 2021 a new measurement method for the KPI is used. In this new method, the amount of consumed energy is divided by the actual square meters of a building covered by the consumption data, instead of by the square meters of the total building. Due to this change the Energy Use Intensity figure has increased compared to the figure reported in the 2020 annual report. For comparison reasons the annual figures used for calculating the change percentage between 2020 and 2021 are both based the new measurement method.

RENEWABLE ENERGY

Objective	Reduce carbon emissions by increasing the produced renewable energy produced by placing solar panels
KPI owner	Sungevity
Definition	The reduction of carbon emissions and climate change is addressed by increasing the production of renewable energy by placing solar panels.
Scale / unity	# solar panels in the portfolio
Calculation	• The number of solar panels/homes is registered via the Sungevity dashboard, this information is added to ESG Data Template of Cool Tree
Target	The ARC Fund expects to increase the number of solar panels in comparison to previous year.
Scope	All homes within the fund.
Frequency	Once a year
Reporting process	<ul style="list-style-type: none"> • From the date of placing of the new solar panels electricity which is generated by the panels is measured on the basis of smart meters (automatically read, implemented by Sungevity) • Every 6 weeks an overview is drafted of all homes/solar panels that are in operation. • Furthermore the data (number of solar panels/energy generated by the solar panels) in the Sungevity dashboard is part of the ESG Data Template of Cool Tree
Systems and sources	Tool (dashboard) Sungevity
Audit process	<ul style="list-style-type: none"> • The data for the # solar panels/homes and the data for the generation of energy is checked by Sungevity and by Cooltree • The conversion factors are checked on the website of www.co2emissiefactoren.nl
Result 2021	In 2021 the ARC Fund has 22.291 solar panels, this is an increase of 1.6% in comparison to previous year.

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 ARCF properties.
Scale / unity	Percentage
Calculation	The coverage rate is determined by data per m ² , if one of the elements (energy/water/gas) is missing there will be a deduction of the coverage percentage.
Target	Improve upon last year (long term target 100%)
Scope	All buildings in the ARC Fund
Frequency	Once a year
Reporting process	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. Meter readings behind the front door are approached using usage rates on postal code level (standaard jaar verbruiken)
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 sample selection to ensure data is correct en verified
Result 2021	Coverage rate: 87.4% (2020: 87.5%)

CARBON EMISSION

Objective	Measure carbon emissions from the ARC Fund
KPI owner	Amvest
Definition	The total CO ₂ emissions in kg or tonnes of the buildings of the ARC Fund
Scale / unity	# kg CO ₂ / m ² / year
Calculation	<p>Electricity:</p> <ul style="list-style-type: none"> • The amount of electricity in kWh per building is made clear via ESG Data Template of Cool Tree (see KPI Energy Use Intensity) • The buildings for which 100% green electricity is purchased are taken from the total consumption in kWh • The total amount of kWh of 'gray' electricity is converted to kg of CO₂ in accordance with the emission factors of www.co2emissiefactoren.nl. 1 kWh = 0.5560 kg of CO₂ <p>Gas:</p> <ul style="list-style-type: none"> • The amount of gas in m³ per building is made clear via ESG Data Template of Cool Tree (see KPI Energy Use Intensity) • The buildings for which 100% green gas is purchased are taken from the total consumption in m³ • The total amount of m³ natural gas is converted to kg CO₂ in accordance with the emission factors of www.co2emissiefactoren.nl. 1 m³ natural gas = 1.88 kg CO₂ • District steam generated in a centralized location for residential heating requirements in GJ is converted into 35,97 CO₂
Target	Improving kg CO ₂ 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, see coverage rate). 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"> • The energy consumption is compiled based on the data as described in the KPI Energy Use Intensity • Subsequently, the tenants are asked which energy contracts have been concluded for gas and electricity • The total CO₂ emissions are determined based on energy consumption and contract types
Systems and sources	The systems used for the energy usage form the source
Audit process	<ul style="list-style-type: none"> • The data for the consumption is already checked by Cooltree and added in ESG Data Template of Cool Tree • The conversion factors are checked on the website of www.co2emissiefactoren.nl
Result 2021	<p>Average carbon emission Intensity 2021: 48.6 kg CO₂ / m² / year</p> <p>This shows an increase of 11.2% in comparison to previous year based on the new measurement method*.</p>

* In 2021 a new measurement method for the KPI is used. In this new method, the amount of consumed energy is divided by the actual square meters of a building covered by the consumption data, instead of by the square meters of the total building. Due to this change the Energy Use Intensity figure has increased compared to the figure reported in the 2020 annual report. For comparison reasons the annual figures used for calculating the change percentage between 2020 and 2021 are both based the new measurement method.

GENERATED ECONOMIC VALUE

Objective	Create a stable dividend yield for the funds investors
KPI owner	Amvest
Definition	The realised dividend yield of the ARC Fund per calender year
Scale / unity	Absolute percentage
Calculation	The dividend of a calander year that is reserved for payment to the investors of the ARC Fund as percentage of the NAV per 1/1
Target	Stable dividend yield of >2.9%
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 2021	2.9%

VACANCY RATE

Objective	Maintain a minimal stable vacancy rate
KPI owner	Amvest
Definition	The realised vacancy rate of the ARC Fund per calender 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 2020/2021)
Target	<2.75%
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 2021	2.8%

INVESTING IN MID-PRICED RENTAL SEGMENT

Objective	Maintaining a minimum portfolio allocation in the mid-priced segment (mid-priced formulated in ARCF Portfolio Plan 2021)
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 absolute numbers of the ARCF allocated in the mid-priced segment compared to the ARCF portfolio
Target	Minimum of 75%
Scope	The allocation in mid-priced 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 2021	83.1%

LIMITED RENTAL INCREASE

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 highest percentage of rental increase in a property, 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 2021	2.0%, IVBN recommendation 2.3%

RENOVATION ROAD MAP

Objective	Draw up a renovation roadmap for all properties
KPI owner	Amvest
Definition	The renovation roadmap provides guidance for sustainable transformation of the portfolio towards energy neutral
Scale / unity	# KWh netto energy consumption
Calculation	This Roadmap links up with the Carbon Risk Real Estate Monitor (CRREM). The CRREM decarbonisation pathways align with the Paris climate goals of limiting global temperature rise to 2°C, with the ambition towards 1.5°C.
Target	A roadmap in which all objects of the fund are incorporated and on the basis of which a sustainability trajectory can be calculated
Scope	All buildings in the ARC Fund
Frequency	Once a year
Reporting process	The roadmap is drawn up using information provided by Amvest
Systems and sources	Dashboard roadmap tool
Audit process	KPMG checks whether the roadmap is drawn up.
Result 2021	The roadmap is drawn up this meets the target for the year.

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
- 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, Meeûs 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 2011)
- Fund Director; Board member Fund Manager (Amvest REIM B.V.) (since 2011)

Ancillary positions

- Member Royal Institution of Chartered Surveyors
- Board member and chair working group residential IVBN (since 2021)



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

Cooltree

Cooltree is a professional real estate sustainability consultancy agency. Cooltree provides services relating to the management of data of the KPI's in the annexes.

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).

Customeyes

Customeyes is an agency that conducts customer research. The research performed is focused on tenant satisfaction in many ways.

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

