

The background of the slide is a photograph of two women with long, dark, curly hair sitting in a kitchen. They are both smiling and looking down at a tabby cat that is sitting on the woman's lap. The kitchen has wooden cabinets and a dining table with chairs in the background.

# AMVEST RESIDENTIAL CORE FUND

## Annual Report 2022



**‘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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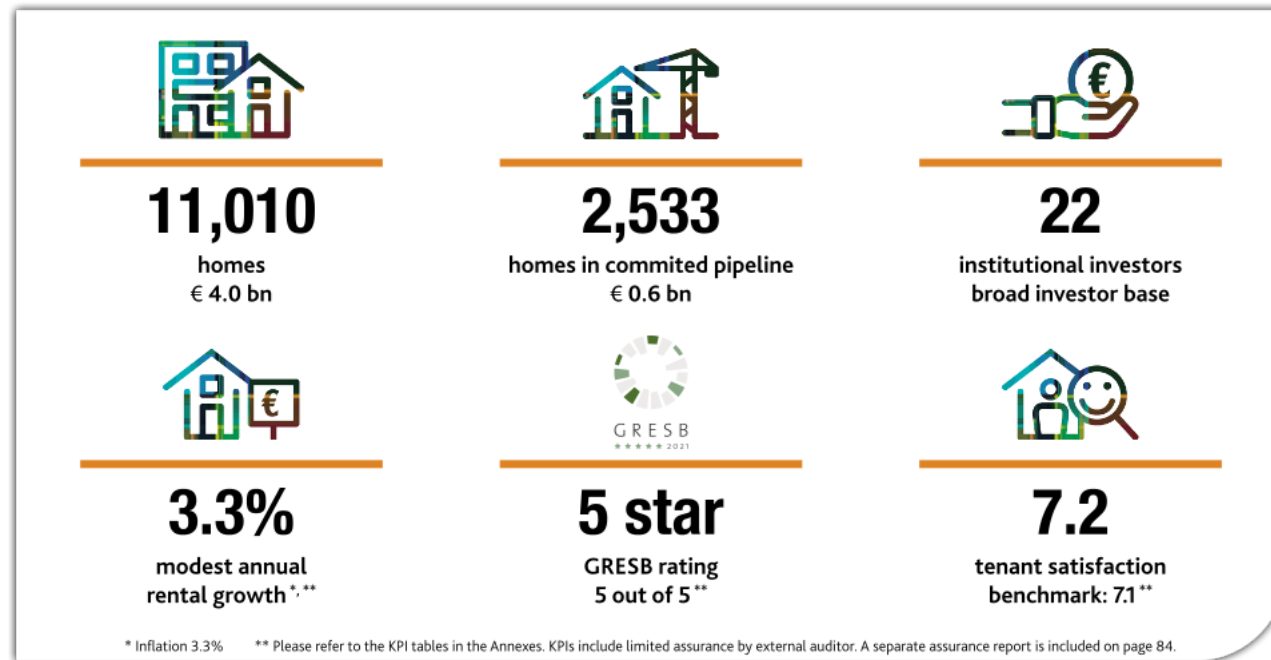
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# ABOUT THE AMVEST RESIDENTIAL CORE FUND

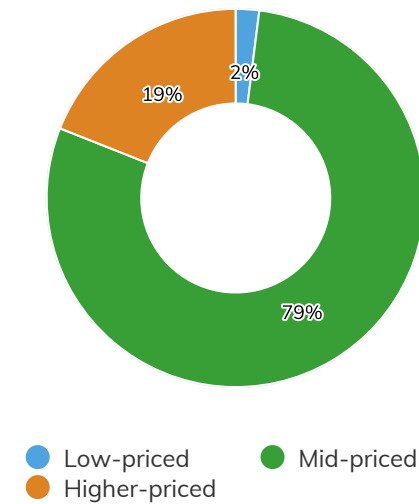
## QUALITY, AFFORDABILITY, SUSTAINABILITY

The Amvest Residential Core 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.



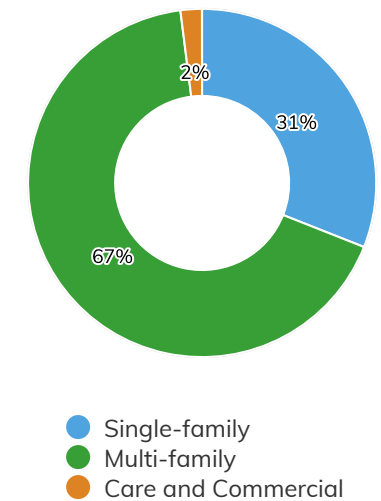
**FIGURE 1: DISTRIBUTION RENTAL PRICED SEGMENT**

Composition by book value



**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'



## FUND PROFILE

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.



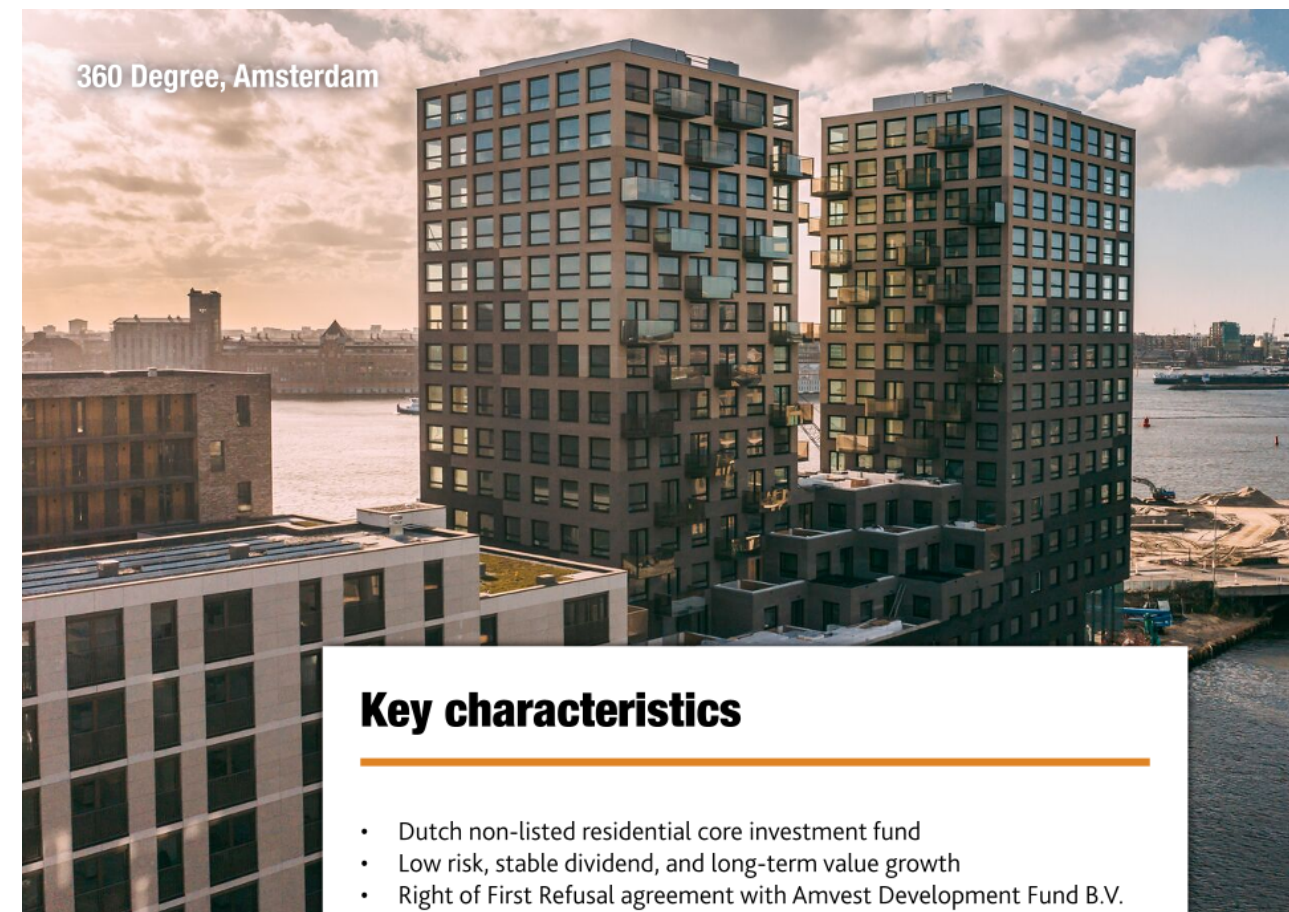
## SUSTAINABILITY

The ARC Fund has a long-term horizon, which goes beyond our commitment to investors. Sustainability is an integral part of our strategy. Amvest 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 CO<sub>2</sub> targets.



## RoFR

The ARC Fund has a Right of First Refusal (RoFR) agreement in place with Amvest Development Fund B.V. (ADF) for 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. The RoFR agreement was amended in 2022 to include a rotation mechanism.



## 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 50% of the residential rental properties developed by Amvest
- Conservative use of leverage with a target Loan-to-Value of 25%
- INREV and AIFMD compliant
- SFDR article 8 fund
- 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



# KEY HIGHLIGHTS 2022



## MAJOR PROJECTS DELIVERED

The ARC Fund delivered several major projects in 2022. In Amsterdam, the Twins project and 360 Degree project along the northern banks of the IJ waterway added 128 and 122 homes to the portfolio. The delivery of the Steyn project in Utrecht, located near the central station, added an additional 120 homes.

## NEW FUND STRUCTURE

The investors unanimously decided to convert the ARC Fund from a limited-term to an indefinite-term fund. The evergreen structure went into effect on January 1, 2023. The new Terms & Conditions include the extension of the Investment Period and an amendment to the RoFR agreement with ADF.

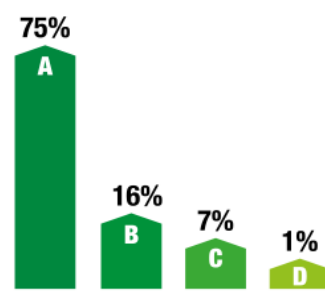
## STRONG OPERATIONAL RESULTS

Despite significant negative revaluations in the second half of 2022, the ARC Fund achieved a positive total return, healthy direct returns and a very low vacancy rate. The dividend yield was 2.7%, below the 3.0% target, due to a combination of positive income returns and returns partially being offset by the realisation of a block sale below book value.

## ENERGY USE INTENSITY\*

In 2022, the average EUI of our properties was 116.6 kWh/m<sup>2</sup>/year, compared to 127.0 kWh/m<sup>2</sup>/year in 2021.

Portfolio composition by energy label:



## FIVE-STAR GRESB RATING\*

The ARC Fund's GRESB score increased from 87 points in 2021 to 90 points in 2022 and the fund maintained its five-star rating.

## DIVIDEND YIELD\*

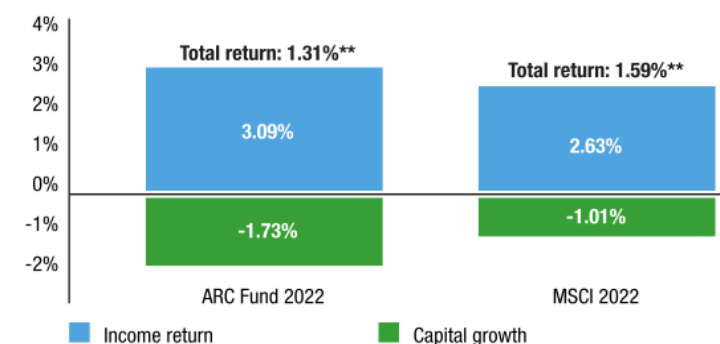
# 2.7%

2021: 2.9%

## ROADMAP TO PARIS-PROOF\*

We apply the CRREM framework to determine the required reduction in the average EUI of the ARC Fund and set annual targets to achieve a Paris-proof portfolio.

## YIELD ACCORDING TO THE MSCI RESIDENTIAL INDEX



## CO<sub>2</sub> EMISSIONS\*

In 2022, we reduced our carbon emissions by 25% to 18.4kg CO<sub>2</sub>/m<sup>2</sup>/year (2021: 26.4kg CO<sub>2</sub>/m<sup>2</sup>/year).

## AVERAGE OCCUPANCY RATE\*

# 97.8%

2021: 97.2%

\* Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 84.

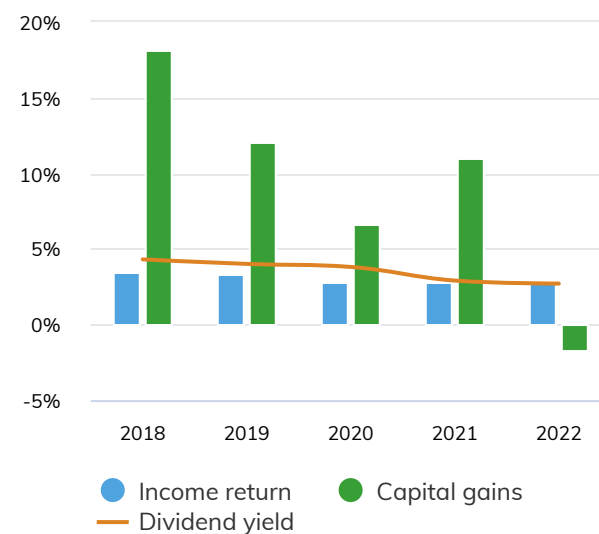
\*\* Income return, Capital growth and Total return are calculated separately. Due to the calculation method (time weighted) the sum of the Income return and Capital growth does not always equal the Total return.



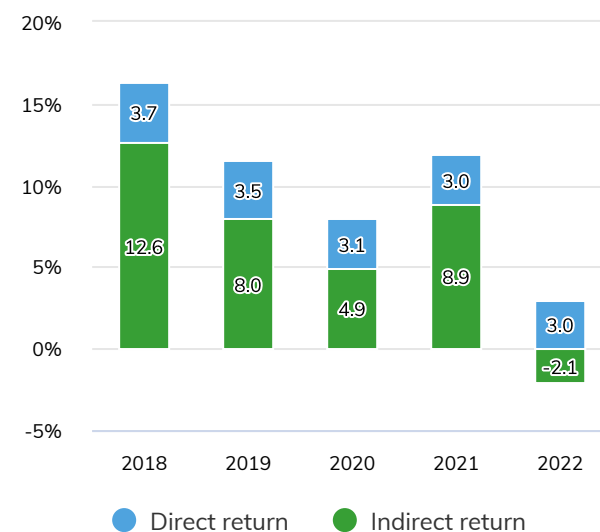
# KEY FIGURES 2022

**FIGURE 3: FUND RETURNS AND DIVIDEND YIELD**

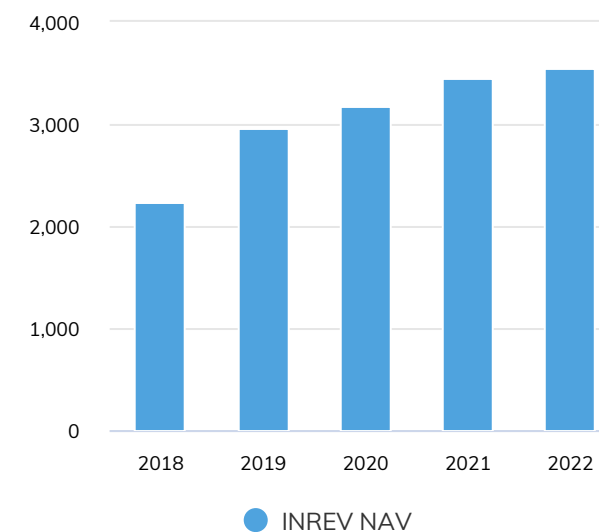
As % of INREV NAV as at 1 January


**FIGURE 4: TOTAL INCOME**

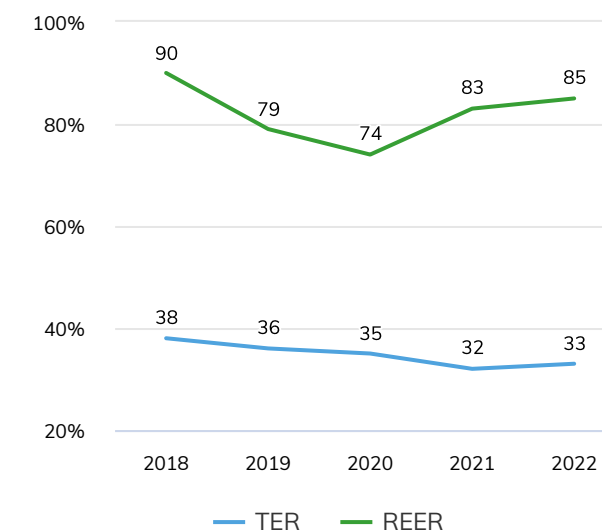
In percentage


**FIGURE 5: INREV NAV**

In € million


**FIGURE 6: TER AND REER**

As % of average INREV GAV





# REPORT OF THE FUND MANAGER



A photograph of three men in business suits standing in a modern office. The man on the left is leaning on a grey table with a vase of flowers. The man in the middle has his arms crossed. The man on the right is leaning on a wooden counter. The background features a large window and a wooden shelf with books and a 'Koop' sign.

# **INTERVIEW WITH THE MANAGEMENT TEAM**



# EVERGREEN AND RESILIENT

**The real estate investment market experienced significant headwinds in 2022, especially in the second half of the year. The Amvest Residential Core Fund showed resilience despite these challenging circumstances. The development of a clear Amvest strategy towards 2035 serves as our dot on the horizon. This long-term strategy, combined with the new evergreen structure of the Fund and our updated Right of First Refusal Agreement, enable us to continue delivering on our commitments to our stakeholders.**

The ARC Fund withstands the test of time. Or rather, it withstands the test of the everchanging real estate investment market. High demand in the owner-occupied housing market and the investment market drove up the value of the ARC Fund portfolio in the first half of 2022. What followed was not a slowdown of the investment market – as experts had projected – but a near standstill. Q4 particularly showed significant negative revaluations of assets in our portfolio. Nevertheless, the ARC Fund ended the year with a positive total return, healthy direct returns and historically low vacancy rates.

## STRONG OPERATIONAL RESULTS

Our 2022 financial performance is the sum of our strong operational results on the one hand and modest negative revaluations on the other. The fundamentals of the Fund are sound: our investment focus aligns with the unwavering demand for high-quality, affordable and sustainable housing. Our approach to raising rents is both financially and socially responsible by taking into account the interests of our investors and of our tenants. Because of the combination of high occupancy rates and healthy development of the rental income, we achieved our net income return target. The dividend yield was slightly below target at 2.7%, primarily related to an administrative effect of a Q4 block sale. The moderate negative revaluations in Q3 (-1.8%) and significant negative revaluations in Q4 (-5.4%) resulted in a total return of 1.1% for 2022.

## STRATEGIC DIVESTMENTS

We look back positively on the sales realised in 2022. The block sale of a property located in Rotterdam was strategically important. The asset was sold below the January 1, 2022 book value – negatively impacting the total income and therefore the dividend yield – but in line with the market value. This is an important achievement in a stagnant investment market. While we see fewer opportunities for individual sales due to a declining turnover rate, the results of successful sales are excellent. In total, we executed 68 individual sales with a net gain of 21% compared to book value, demonstrating an ongoing high demand for residential real estate. The income from our divestments will contribute to the revitalisation of the portfolio.

## COMPLETED AND ONGOING PROJECTS

In Amsterdam and Utrecht, several major projects were delivered. The 360Degrees project and the Twins project in Amsterdam neighbourhood 'Aan 't IJ', located on the northern banks of the IJ waterway, added 250 homes to the portfolio. In Utrecht, the Steyn property added another 120 homes. The Steyn neighbours the SYP property delivered in 2019. Together, these properties have brought 386 affordable homes to Utrecht's central station area. We also saw some exciting developments outside of the four largest cities. In Eindhoven, the Groot Hartje property – consisting of 201 rental units – is being constructed. That project is a welcome addition to our portfolio; it is located in one of the Netherlands' fastest-growing cities and next to the Hartje Eindhoven property. Given Amvest's role as an area developer, the Groot Hartje project includes a significant emphasis on area management.

## RIGHT OF FIRST REFUSAL AGREEMENT EXTENDED

The value of the RoFR agreement cannot be understated. The agreement was extended and updated in 2022 to include a rotation mechanism. This rotation mechanism allows both the ARC Fund and the separate accounts managed by Amvest (such as AEGON) to benefit from projects developed by ADF and went into effect January 1, 2023. It ensures future access to new investment opportunities that are in line with our portfolio strategy. And because the ADF is a separate entity, we are not exposed to development risks. This combination continues to set us apart from our peers. Of equal importance to the terms and conditions of the RoFR agreement is our strong relationship with ADF. It has allowed us to successfully navigate the volatile market and execute projects that strengthen our portfolio.

## A CHALLENGING ENVIRONMENT FOR ACQUISITIONS

Our commitment to making future-proof choices and achieving attractive and stable returns for our investors also requires us to be cautious. The addition of new projects to our pipeline slowed in 2022. The availability of attractive investment product that meets our return requirements is limited as construction costs remain high. The funding landscape has become more complex too. The negative revaluations are impacting the Fund's ability to increase equity funding, while the rising interest rates disincentivise the sourcing of new debt funding and our ability to increase returns through use of modest leverage.

Despite the challenging environment, the Fund maintains a solid funding position, which is supported by our low leverage levels. In 2022, we even increased our funding position as a result of securing an additional EUR 100 million of debt commitments and EUR 120 million of equity commitments. We will continue to monitor the markets closely and consider our (investment) decisions carefully against the profile and strategy of the Fund.



## ESG PERFORMANCE

In 2022, we remained focused on further improving the quality and sustainability of our portfolio. Our sustainability improvements are part of our roadmap to a Paris proof portfolio. The roadmap entails our short-term and long-term investment decisions to achieve net-zero emissions by 2050. Achieving our goals requires data. We continued to expand our insight into the environmental performance of our portfolio and by using detailed data of our properties by for example obtaining additional GPR certificates. Our extended use of GPR certificates and sustainability improvements across our standing portfolio once again resulted in a five-star GRESB rating. Our score increased and we moved up in the ranking, thereby meeting our goal of remaining among the top residential funds in ESG performance. During 2022, we have implemented the SFDR level 2 directive and classified the ARC Fund as article 8 (light green).

Benchmarking our performance against our peers matters; it allows us to know where we excel and where we need to improve. In 2022, our tenant satisfaction score demonstrated that we excel in delivering high-quality housing, but that we must improve the quality of our service. We scored a 7.2 (out of 10), consistent with the IVBN tenant satisfaction benchmark, but falling short of our target. That is why we devoted significant attention to this topic, which in 2023 will result in several initiatives to further improve the customer journey. The implementation of a new partnership model for property management is now well underway, and we are confident that our investments in people, systems and processes will pay off in improved tenant satisfaction scores.

## REGULATION OF THE HOUSING MARKET

As anticipated, the Minister of Housing and Spatial Planning Hugo de Jonge announced the regulation of the mid-priced rental sector, as from 1 January 2024. Over the years and months, we have closely monitored and assessed the impact of the government's plans on the ARC Fund. These plans evolved over time, which contributed to the uncertainty in the market. We are pleased to finally have clarity, even though we maintain mixed feelings on the topic. At Amvest, we acknowledge the affordability crisis. It is also our firmly-held belief that investment funds like ours are key to solving the current challenges in the housing market. It has always been our policy to carefully consider the impact of our decisions, including the raising of rents, on our residents and on society as a whole. And to acquire properties that are consistent with our focus on affordability, quality, and sustainability. Our committed pipeline features predominantly affordable homes in the mid-priced segment and is evidence of our continued success. By staying true to our investment focus, we will act as a responsible partner in solving the issue of affordability, both before and after January 1, 2024.

## OUTLOOK

Investing in high-quality, affordable and sustainable real estate is not only the right thing to do, but it also pays off for the Fund. Our strong fundamentals make us resilient and inspire confidence amongst our current and potential investors. We withstand the test of time because we look towards the future. We actively invest in our standing portfolio to meet the expectations of our tenants and investors today and in the years to come. And we act responsibly in determining our next steps. Eventually, the balance in the investment market and interest rates versus returns will be restored. And when it does, we want to be well prepared to acquire attractive new projects through our RoFR agreement with ADF and continue our role in addressing the housing shortage in the Netherlands. Management has performed its going concern assessment and concluded that there are no going concern risks.



# MARKET DEVELOPMENTS

## THE DUTCH ECONOMY

### ECONOMIC OUTLOOK UNCERTAIN AMIDST RECORD-BREAKING INFLATION

By early 2022, the economy had hardly recovered from the COVID-19 pandemic when the war in Ukraine increased uncertainty in the world. The prices of gas, oil, and wheat increased strongly, driving up inflation rates across Europe and in the Netherlands specifically. Economic growth slowed down during 2022 to an estimated 4.2%. In Q4 of 2022, the year-over-year growth was only 2.0%. There is a high likelihood of a recession in the second half of 2023; economic growth is estimated at 0.4% for the year (ING, 2022).

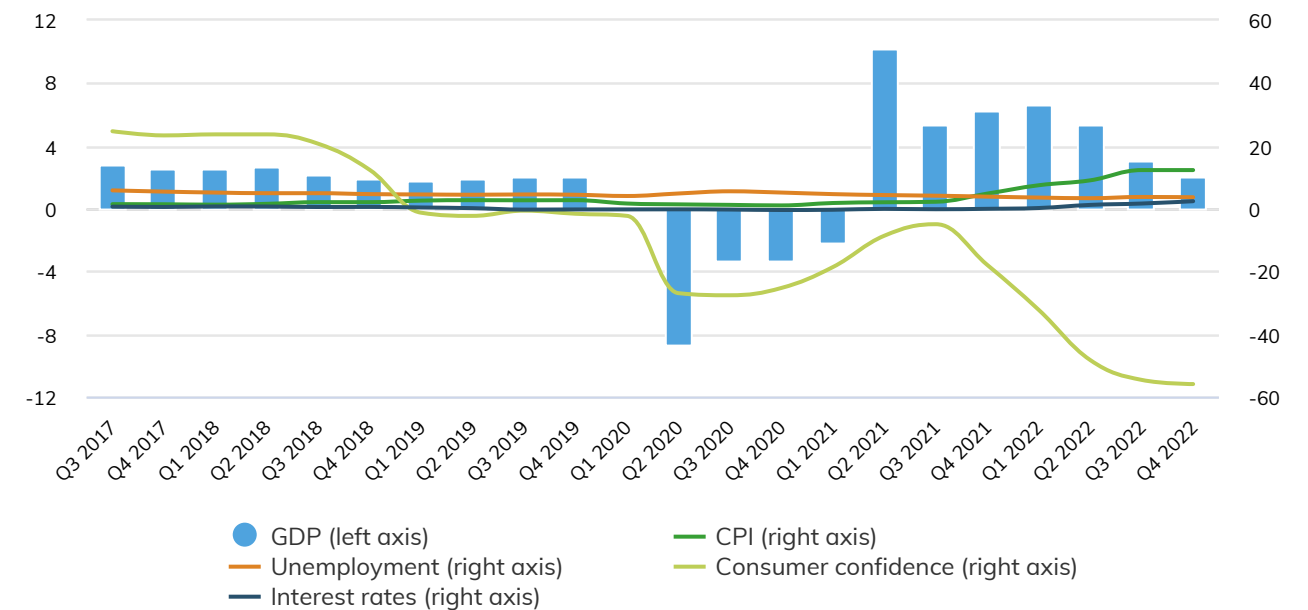
Inflation reached 10.0% in 2022, compared to 2.7% in 2021 (CBS, 2023). At its peak in September, inflation reached 14.5%. In December, inflation was down to 9.6% as a result of decreasing energy prices. The rising interest rates are predicted to bring down inflation to 4.3% in 2023 (CPB, August 2022). The ECB increased interest rates by a total of 250bps between July 2022 and December 2022 from -0.5% to 2.0%. Given the persistent high inflation, it is expected that the ECB will further increase interest rates in the quarters to come. This increase is likely to be substantial again.

As a result of these developments, consumer confidence reached a historic low in 2022. The lowest point was reached in September 2022 at -59. By December, consumer confidence had improved slightly to -52. The unemployment rate remained very low at 3.6%. The labour market is characterised by a large number of vacancies and a shortage of people to fill those vacancies. According to the CPB, the unemployment rate will increase slightly going forward.

On January 1, 2023, the transfer tax for real estate investors increased from 8% to 10.4%, which will have a negative effect on the value of real estate. The majority of the increase in transfer tax will be discounted into the price of real estate.

FIGURE 7: MACRO ECONOMIC INDICATORS

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



Source: CBS, Q4 2022; ING, Q4 2022



## THE DUTCH RESIDENTIAL MARKET

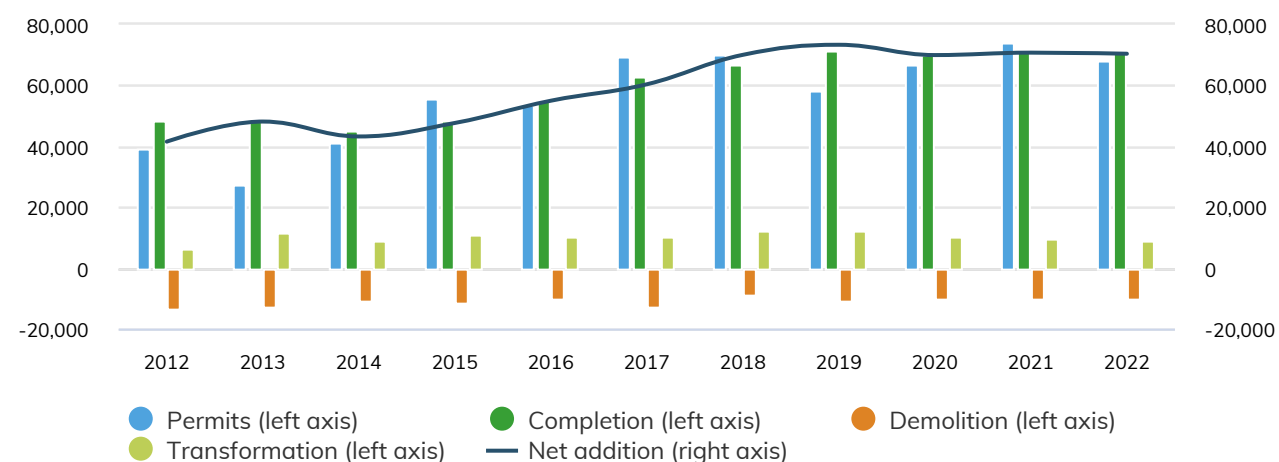
### DEMAND FOR HOUSING REMAINS HIGH

The current housing shortage is approximately 315,000 homes (Primos, 2022), which amounts to 3.9% of the total housing stock. The shortage is expected to persist due to the growing number of households and a lack of residential building projects being completed.

In 2022, the net addition of homes was a little over 71,500 and remains below the annual minimum target of 100,000 homes. Due to rising construction costs and national legislation (including legislation related to nitrogen emissions), the construction of approximately 25,000 new homes has been delayed or put on hold (Capital Value, 2022). The number of new permits being issued is also declining. As a result, new supply is not expected to keep up with demand in the coming years. Without new measures to stimulate new construction, the number of completions could drop to 40,000 to 50,000 in 2024 and 2025 (Capital Value, 2022). The shortage will therefore only increase.

**FIGURE 8: ANNUAL NET ADDITIONS OF NEW HOMES**

Number of homes



Sources: CBS, 2022

### RESIDENTIAL MARKET REACHED A TIPPING POINT IN 2022

Since February 2022, mortgage interest rates have increased significantly. At the end of 2022, the 10-year fixed mortgage interest rate was around 4.0%, compared to 1.5% at the beginning of the year. This increase impacts the amount of mortgage debt home buyers can take on and consequently the height of their bids.

Prices of owner-occupied homes still increased during the first half of 2022 and began to decline in August. Between August and December, prices declined by almost 5.0% (CBS, 2022). The annual growth rate in December was 2.7% year-over-year (CBS, 2023). If we look only at Q4, prices declined by 3.7%, while the growth rate dropped to -6.4% compared to Q4 of 2021 (NVM, 2023). Looking ahead, all major banks in the Netherlands (DNB, Rabobank, ING and ABN Amro) expect housing prices to further decline in 2023 by a range between -2.5% to -3.1%.

### SUBSTANTIALLY LOWER INVESTOR DEMAND AND HIGH RISK PREMIUMS FOR POTENTIAL BUYERS

As a result of the increasing interest rates and the upcoming national regulation of the mid-priced rental sector, investor interest in the Dutch residential market has decreased strongly since May 2022. This trend is expected to continue in 2023, putting upward pressure on gross initial yields (GIY). MSCI data showed a stabilisation of GIY in Q2 2022 and slightly rising yields in Q3 2022 of 10bps, whereas Capital Value reported an increase in GIY of 10bps in Q2 and 20bps in Q3 2022. In Q4, Capital Value reported another 20bps increase in yield levels in residential real estate.

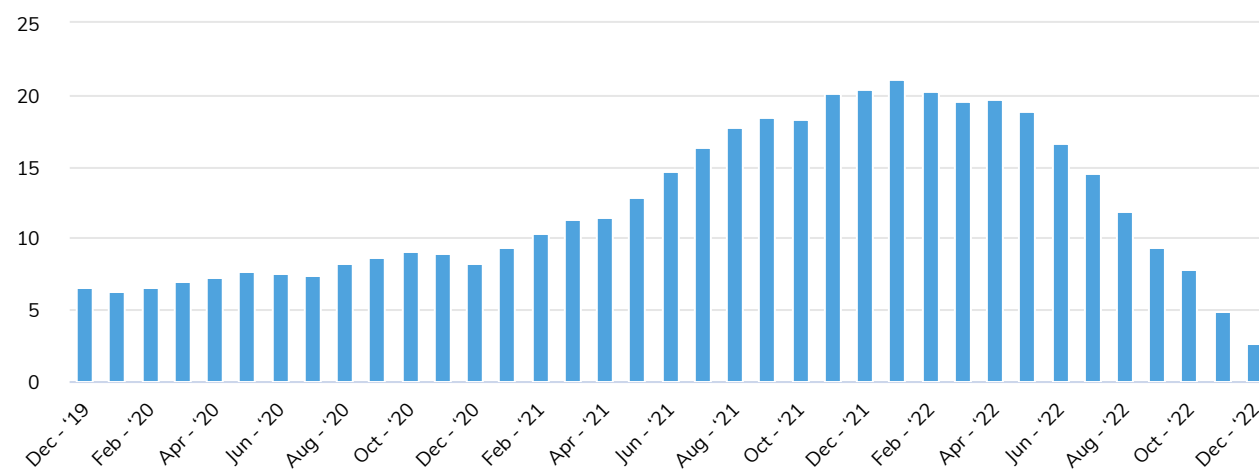
Among potential buyers, the perception of risk has increased. The 10-year government bond level stands at approximately 2.5%, while the current risk premium for investment in residential property stands at about 1.3%, down from 3.5% at the end of 2021. This seems insufficient considering the rising risks. This is expected to lead to relatively strong upward pressure on yields which started in Q4 2022.

The investment volume in residential real estate remained high during 2022 at about €7.7 billion (Capital Value, 2023). This is slightly higher than in 2021. However, most deals were already in progress in 2021 and at the beginning of last year. As of the summer of 2022, investor activity has declined, which is also expected to lead to lower investment volumes in 2023.



**FIGURE 9: PRICE DEVELOPMENT (NOMINAL) EXISTING OWNER-OCCUPIED HOMES 2019-2022**

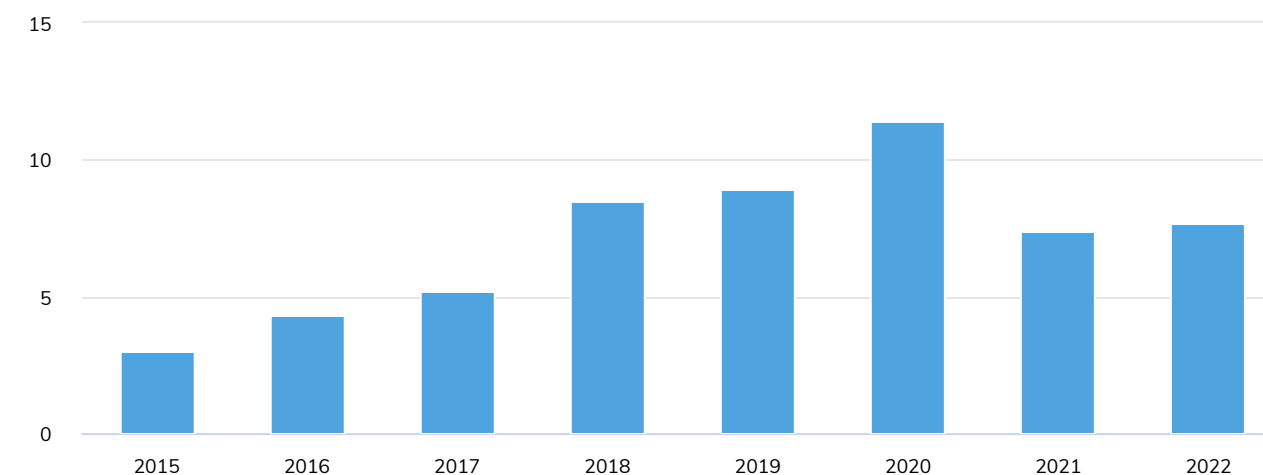
In percentage



Source: CBS, 2023

**FIGURE 10: INVESTMENT VOLUME**

In € billion

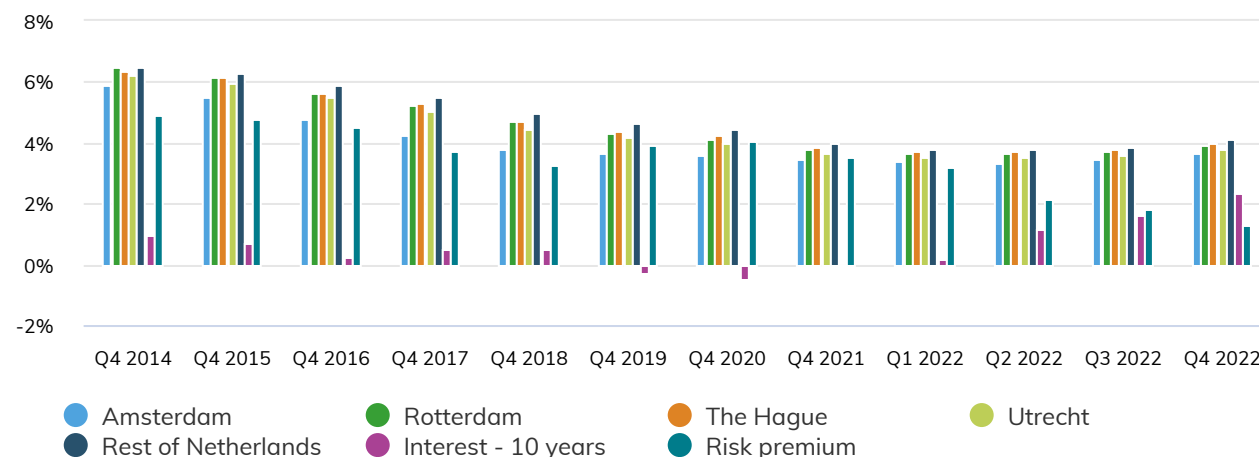


Source: Capital Value, 2022



**FIGURE 11: GROSS INITIAL YIELDS**

In percentage



Source: MSCI, 2022

**POLITICAL ENVIRONMENT AND EXPECTED LAW AND LEGISLATION**

The Dutch government and local authorities are seeking to address and tackle the issue of housing affordability and the shortage of mid-priced rental homes.

**Annual rent increases limited**

The Dutch government has approved the plan to link annual contractual rental growth in the residential market to wage growth instead of inflation for 2023. A new law is being prepared where rental growth differentiation for rental sector will be introduced.

**New law and legislation for the mid-priced sector**

The Minister of Housing and Spatial Planning announced the proposed regulation of the mid-priced rental sector, effective January 1, 2024. The WWS points system will be used to determine which units will fall within the mid-priced rental sector. The threshold will be 187 points, meaning that rental income of all units up to 187 will be capped at the maximum reasonable rent as determined in the WWS. The legislation will be applicable to new leases only. The WWS will be modernised on several fronts. Most importantly, sustainable real estate based on prevailing energy performance certificates will receive more points while unsustainable real estate will receive fewer points or even a reduction in points.

**WOZ cap in the WWS system**

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. In May 2022, a new law was introduced to cap the share of the WOZ value in the WWS point total at a maximum of 33%. This legislation will move a portion of homes with high WOZ values from the liberalised sector to the regulated sector where the maximum reasonable rent is capped based on the number of WWS points. The legislation will have a significant impact on cities and regions with relatively high WOZ values, such as the Big Four. With the introduction of the new mid-priced rental sector and the announced proposed adjustments in the WWS point system, the threshold for the WOZ cap is expected to move to 187 points as of January 1, 2024.

**Transfer tax**

On January 1, 2023, the changes to the transfer tax on residential properties went into effect. The rate for real estate investors, both private and institutional, increased by 2.4%, from 8% to 10.4%. The increased transfer tax is likely to have a similar negative effect of 2.4% on the valuation of real estate.

**CONCLUSIONS**

- Following Covid, the economy recovered in 2022 with a GDP growth of 4.2%. Due to the war in Ukraine, uncertainty increased. GDP growth is forecasted at around 0.4% for 2023.
- Consumer confidence reached a historically low level in September (-59). In December, confidence level improved to -52.
- The inflation rate reached 10.0% in 2022, up from 2.7% in 2021. This is largely caused by rising energy prices.
- The ECB increased its base interest rates from -0.5% to 2.0% between July and December 2022, an increase of 250bp. Additional increases are expected in 2023.
- Housing prices increased in the first half of 2022 and began decreasing in August. In December, the year-over-year growth rate was 2.7%, a relatively low number compared to previous years.
- Despite the rising interest rates, the investment volume in residential real estate remained high. In 2022, investment volume was €7.7 billion, up from €7.4 billion in 2021. Investor activity began to decline in the summer. This is expected to lead to lower investment volumes in 2023.
- The yield levels started to rise in 2022. As of Q2 2022, yield levels have increased by 30 to 40 bps. It is expected that yield levels will further increase during 2023.
- The updated legislation for rent increases has gone into effect. Rental growth is now linked to wage growth instead of CPI. The rental growth is now wage growth + 1.0% in the liberalised sector and wage growth -0.55% in the social sector.
- The mid-priced rental sector will be regulated. Homes with up to 187 WWS points will fall within the mid-priced rental sector. This new legislation is planned to take effect on new contracts starting January 1, 2024.
- The transfer tax for real estate investors has been increased from 8.0% to 10.4%, which will likely lead to negative revaluations in Q1 2023.



# PORTFOLIO STRATEGY

The ARC Fund invests in the Dutch residential rental sector and has a long-term horizon. We are committed to making future-proof choices 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 affordable/attainable rental properties in the mid-priced segment located in areas with significant populations and economic opportunities.

The ARC Fund's strategy consists of three pillars: new urbanism, aging population, and following market pressures. These pillars have been selected based on market trends, developments, and forecasts on a national and regional level. These pillars support informed decision making regarding our investments, and divestments.

## NEW URBANISM

The urbanisation trend in the Netherlands means that the 40 biggest municipalities are expected to account for 59% of growth in households. We aim to address the growing demand for high-quality housing, as well as the shortage of affordable housing in these areas. Themes include hybrid living concepts, affordable co-living concepts with shared facilities and amenities, and area management.

## AGING POPULATION

Many seniors remain in homes that no longer suit their needs due to a lack of alternatives. This has a significant impact on the Dutch housing market. We aim to invest in innovative housing concepts for this target group that offer an attractive alternative to conventional single-family housing units. In doing so, we contribute to the Dutch government's goal to increase suitable housing options for older residents and improve mobility in the housing market. Themes include area management with a focus on social security, clustered homes, communal spaces and access to healthcare services.

## FOLLOWING MARKET PRESSURES

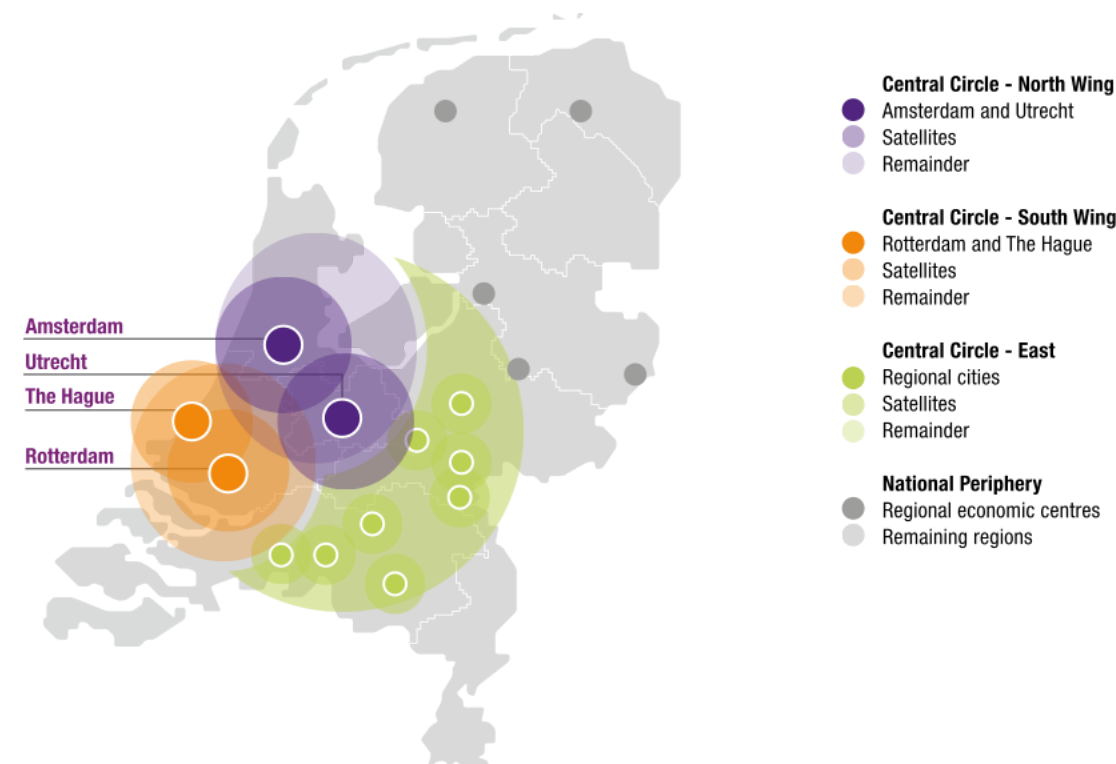
We move in the direction of the demand and focus on investing in affordable/attainable housing in areas with significant populations and economic growth, and in mobility hubs. Themes include concentrated housing units in attractive areas and affordable and high-quality housing concepts for small households.

Each year, we measure our performance based on KPIs. We have determined 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 invests in the Dutch residential sector with a strong focus on affordable/attainable, high-quality, and sustainable residential properties located in areas with the best economic and demographic potential. These areas are:

**FIGURE 12: FOCUS AREAS**





## MID-PRICED RENTAL SEGMENT

The ARC Fund focuses on affordable/attainable rental homes in the mid-priced segment, consistent with our guiding principle of bringing sustainable homes in high-quality living environments within the reach of many. By investing in this segment, we help solve the growing shortage of affordable housing in the Netherlands. It is also attractive from an investment perspective, due to the rising demand for affordable, high-quality housing in our focus areas. Several changes in legislation and tax regulations have impacted or will impact this sector in the coming years.

## 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 a growing 65-and-older population with no or limited care needs by investing in life cycle-proof housing concepts near daily amenities that provide an attractive alternative to regular single-family housing.
- **Families**  
We meet the high demand for affordable family homes in the private rental segment as a result of strict income requirements for social housing and criteria for obtaining a mortgage.
- **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. There we will allocate about 50% of selected properties to key workers. 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.
- **Expats**  
The ARC Fund meets the demand for rental homes for expats who typically have higher income levels and remain in the country for limited periods of time. The demand is concentrated in mobility hubs.

## Topics of interest

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. Based on our strategic pillars, we have identified four topics of interest for existing and future investments.

## Area management

Area management 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 (RoFR) 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.

## Community management

To help solve the shortage of affordable housing, particularly in the largest cities, we invest in multi-family housing solutions characterised by compact individual or shared apartments in a high-quality environment. We apply community management concept Livvin to contribute to the quality of the living environment. Its key aspects are:

- 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.

Community management is also key to our 2Peer co-living concept. This concept is targeted towards singles and young professionals in the four largest cities. It features shared apartments (c. 40m<sup>2</sup>) 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.

## Customer journey

Tenant satisfaction is an important value to Amvest and the ARC Fund. We actively improve the Amvest customer journey to enhance our tenants' experience. Our investments in the customer journey are concentrated in three areas:

- 1) Property management partnership model: we plan to replace our traditional outsourcing model for property management with a partnership model. Dedicated Amvest teams, clear roles and responsibilities, and remuneration based on workload, complexity, and performance are key characteristics of the partnership model.
- 2) Digitalisation: we are investing in digital services to enhance the quality of our property management services and consequently the tenant experience. This includes the extended roll-out of the Klantvolgsysteem (KVS), a CRM application that enables property and asset management to view tenants' support requests, assign them to a partner or contractor, and access the status of the request. Through our Community App, which connects with the KVS, tenants can connect with other members of the community, arrange (housekeeping) services and submit their service requests.
- 3) Standardised marketing and rental procedures: by standardising our way of working, we aim to improve the quality of our services and customer experience, reduce vacancy rates, increase (cost) efficiency, and minimise fraud.



**Sustainability**

Investing in a sustainable portfolio is an important part of the ARC Fund strategy. In recent years, we have been developing our roadmap to Paris-proof, which involves reducing carbon emissions by 50% by 2030 and becoming climate neutral by 2050. The 2022 materiality assessment showed that achieving net zero emissions remains a priority to all stakeholders.

We work with an advisor to evaluate sustainability improvements, considering both the effectiveness and feasibility of various options. We translate these findings to short-term goals and long-term approach and budget.

The ARC Fund invests in sustainable real estate by acquiring properties that meet strict energy efficiency standards and by investing in sustainability improvements of its standing portfolio. As part of our roadmap to Paris proof, we are committed to reducing carbon emissions by 50% between 2020 and 2030 and becoming climate neutral by 2050.

We use the Carbon Risk Real Estate Monitor (CRREM) framework to create and update our roadmap. The CRREM framework helps us examine the environmental performance of our portfolio and informs what investment decisions (acquisitions and CAPEX) to make to reduce our carbon emissions in line with the Paris climate goals.



## PORTFOLIO DEVELOPMENTS IN 2022

In the first half of 2022, the ARC Fund again showed a strong operational performance. From Q3 onwards, results were impacted due to negative revaluations. We delivered and added 477 homes to the standing portfolio, bringing the total number of homes to 11,010. The occupancy rate remained high at 97.8%, meeting our target vacancy rate of <2.5%. These are strong results considering the challenging market conditions as a result of high inflation and low consumer confidence levels.

Operating costs rose from 20.6% in 2021 to 21.7% in 2022, but stayed in line with budget. This is partly the result of the higher costs for both materials and labour. Building and renovation work also faced delays due to the scarcity of materials and our contractors having to deal with the growing shortage of qualified personnel.

The portfolio's net growth after disposals was 167 homes in 2022. As of January 1, 2023, the transfer tax further increased to 10.4%. Despite the changing market and decreasing values, we managed to realise a block sale in Rotterdam consisting of 242 apartments and several ground floor commercial units. Due to the changed market dynamics in Q3, individual sales slowed down. We executed 68 individual sales, recoding a net gain of 21% compared to book value.

The secured pipeline features 2,533 homes representing EUR 496 million in off-balance sheet commitments. The projects in this pipeline are set to be completed between 2023 and 2026.

Our RoFR Agreement with Amvest Development Fund B.V. (ADF) is responsible for approximately 24% of our committed pipeline. In addition, 28% of projects in this pipeline are acquired from ADF partnerships with a third party, for which a best effort offer obligation to ARC Fund is in place. The RoFR agreement, which was updated in 2023 to include a rotation mechanism, continues to ensure sufficient and constant access to new, high-quality residential rental properties at excellent conditions on a long-term basis.

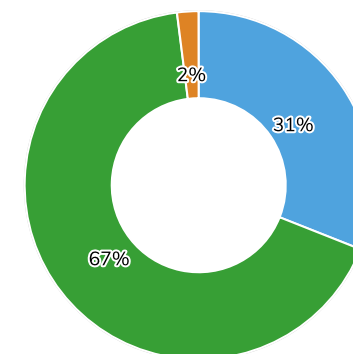
### PORTFOLIO - COMPOSITION

At the end of 2022, the ARC Fund standing portfolio consisted of 11,010 homes with a book value of EUR 4.0 billion. The average book value per home decreased by 0.9%.

**FIGURE 13: TOTAL PORTFOLIO BY TYPE**

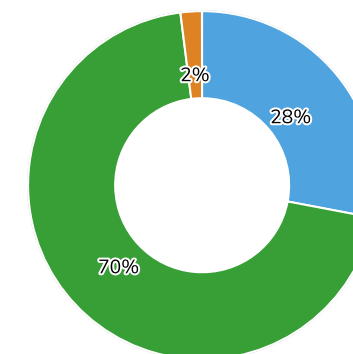
Composition by book value

2022



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

2021



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

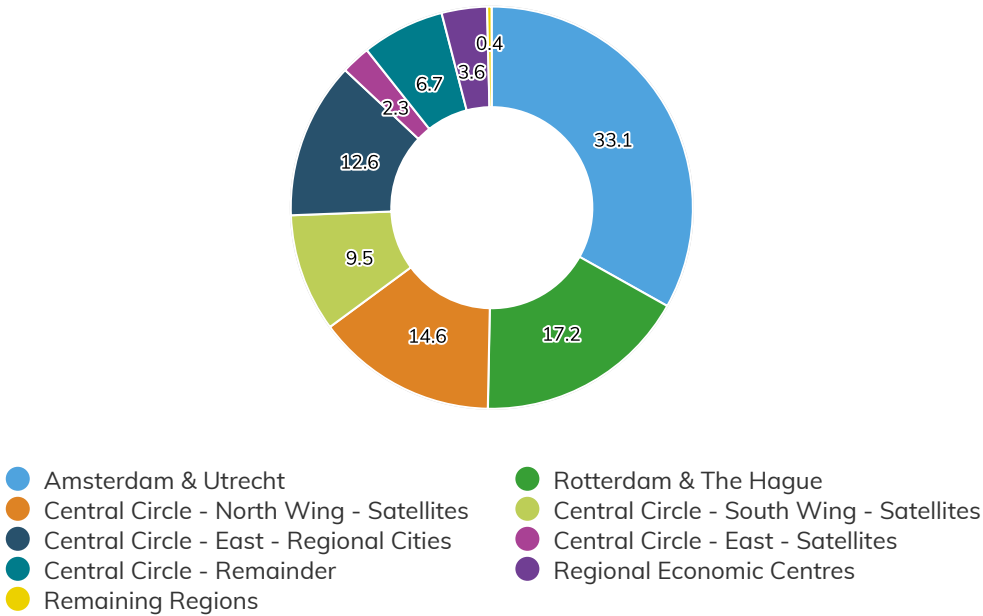
Multi-family homes in the portfolio continue to make up 67% of the portfolio, while single-family homes make up 31% of the portfolio. These numbers have remained stable, despite the ongoing limited availability of single-family homes that meet our investment requirements. The secured pipeline includes almost exclusively multi-family home projects. Approximately 2% of the total investment portfolio value consists of care and commercial real estate units embedded in residential buildings in the portfolio.



FIGURE 14: TOTAL PORTFOLIO BY REGION

Composition by book value

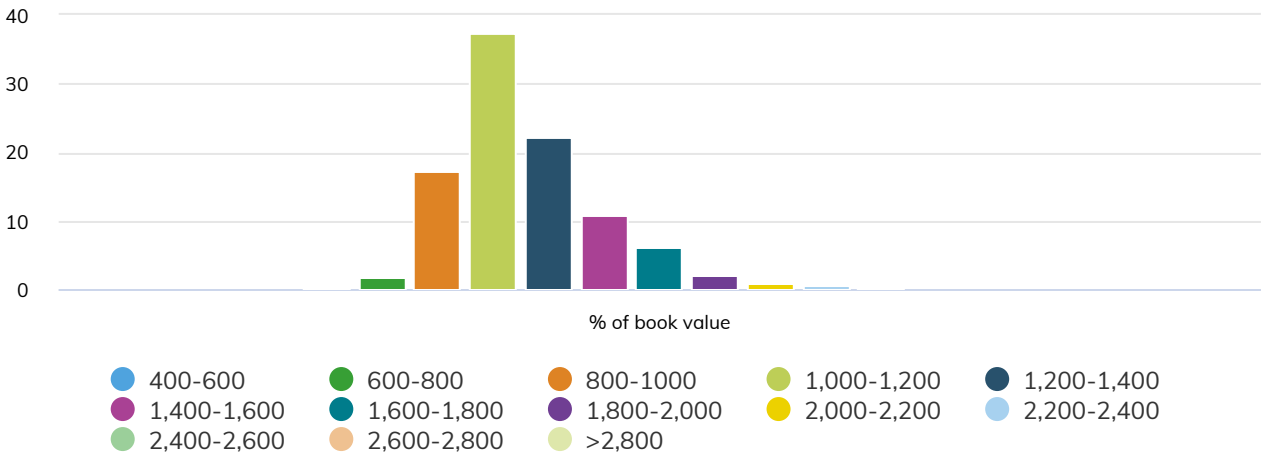
2022



New homes were added in sizeable, newly delivered multi-family residential projects in Amsterdam and Utrecht, while 242 homes were sold in Rotterdam. The share of homes located in the four largest cities in the Netherlands remains at 52%.

FIGURE 15: RESIDENTIAL PORTFOLIO BY RENTAL PRICE

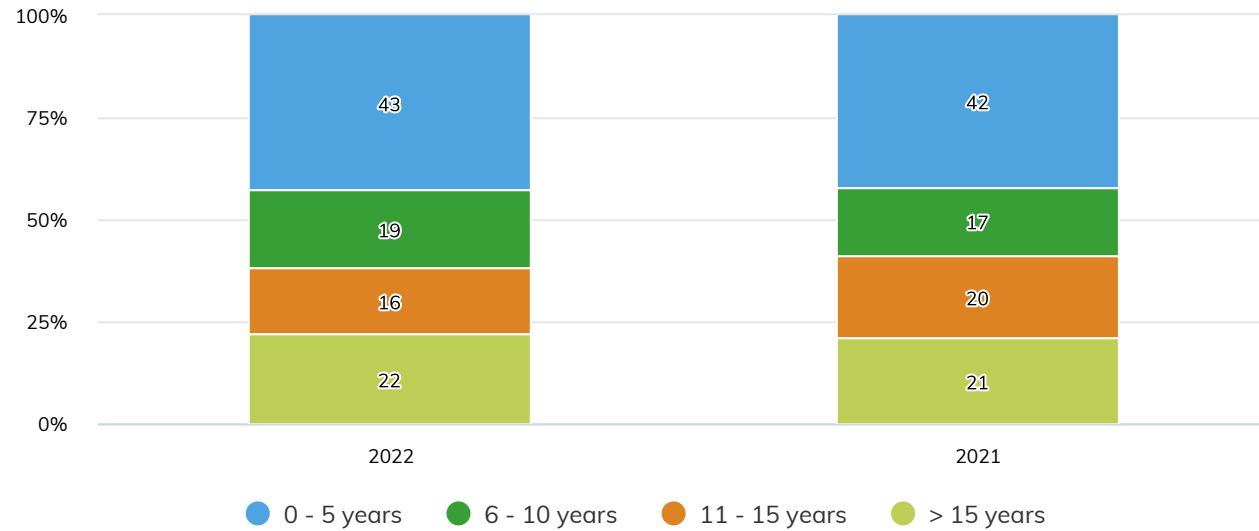
Composition by book value



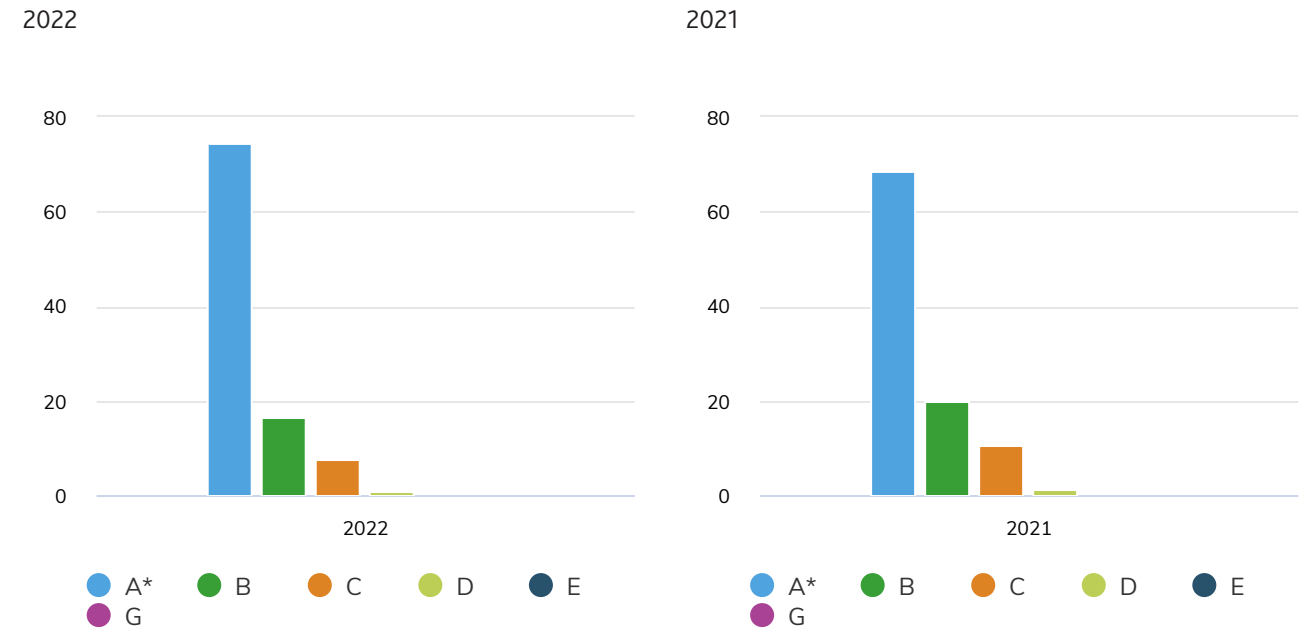
The ARC Fund's focus remains on affordable/attainable homes in the mid-priced private rental sector. The share of mid-priced rental homes in the portfolio has remained stable over the years. In 2022, the segment made up 83% of the portfolio, well above the target allocation of 75%. The mid-priced segment varies by region. On the low side, this segment starts at EUR 808.10 per month and the upper limit ranges from EUR 1,100 per month in the Remaining Regions to EUR 1,550 per month in Amsterdam. See table 1 on page 119 in the annexes.

\* Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 84.



**FIGURE 16: TOTAL PORTFOLIO BY AGE**

At year end 2022, the weighted average of the portfolio was 11 years. Most properties (78%) were built within the last 15 years. 91% 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 and hybrid heating systems to reduce carbon emissions.

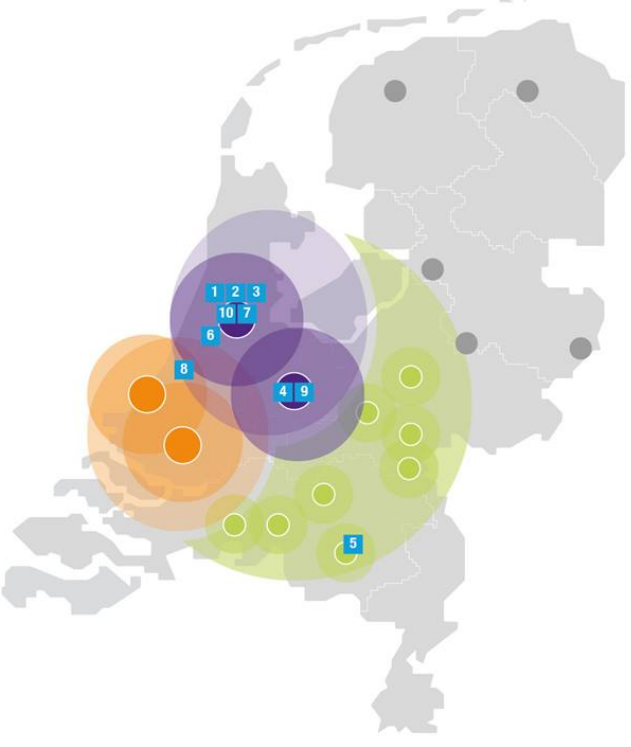
**FIGURE 17: DISTRIBUTION OF ENERGY LABELS**

The portfolio is well diversified in terms of book value per property. As a result of this composition, the performance of individual properties as well as clusters of properties in certain neighbourhoods have had a minimal impact on the overall performance of the portfolio. However, the ten largest properties / districts based on book value together represent 30% of the total portfolio value, which is expected due to our position as an area investor.

\* Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 84.



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 (%)
Amsterdam	Cruquius	418	9.7%	2.4%
Amsterdam	Havenmeester/Het IJland	388	6.5%	2.4%
Utrecht	De Syp	266	6.3%	3.7%
The Hague	New Babylon	122	6.1%	4.5%
The Hague	De Sophie	67	5.9%	10.4%
Utrecht	Nijenoord	195	4.4%	3.3%
Amsterdam	Xavier	110	4.2%	4.1%
Diemen	Holland Park	202	3.7%	2.3%
Delft	De Groene Haven (Volt)	130	3.5%	4.0%
Hoofddorp	Hoofddorp Zuid	337	2.3%	1.0%

## PORTFOLIO - OPERATION

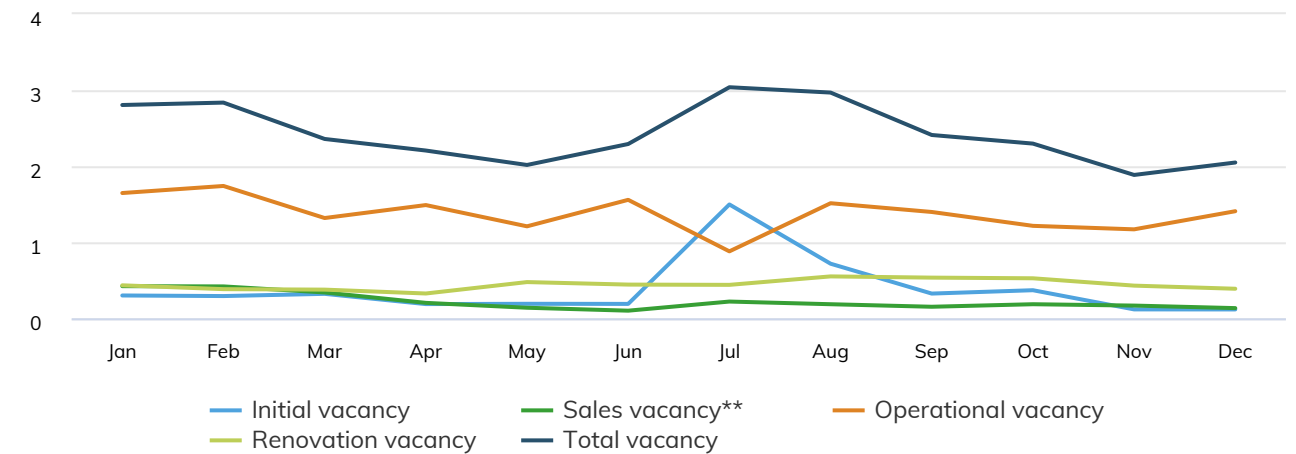
### Rental policy

The portfolio net rental income in 2022 was EUR 119.5 million, compared to EUR 110.9 million in 2021. 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 regulation and with consideration for our tenants. Legislation caps the rental increase in the private rental market at CPI+1%. We implemented the annual rent increase in July. On average, annual rents increased by 3.3%\*, which is 1.0% above the inflation for 2022 of 2.3%.

### Vacancy

We aim to optimise the occupancy rate of our portfolio by investing in the quality of our properties and our service to tenants. In 2022, we realised a vacancy rate of 2.2%\*, within our target of 2.5%. This figure includes operational vacancy (existing portfolio) and initial vacancy (newly built properties). To further optimise the occupancy rate, we are working on improving the customer journey.

Table 2 lists the ten investment properties with the highest operational vacancy as a percentage of the total portfolio vacancy.

**FIGURE 19: VACANCY**

\*\*Total vacancy excluding sales vacancy is comparable with the occupancy rate in the key figures. The sales vacancy isn't taken into account within the occupancy rate, since this is administrated in realized capital gains.

### Operating costs

Operating costs as a percentage of the theoretical rental income was 21.7% in 2022. The cost ratio increased compared to 2021 (20.6%) but remained within our portfolio plan target of 22%. On the one hand, the cost of materials, energy and labour remained high, resulting in (temporary) higher-than-average maintenance costs. On the other hand, the shortage of personnel resulted in the postponement of certain maintenance activities. To navigate the high costs and shortage of labour, we actively work to optimise our procurement and consolidate maintenance activities.

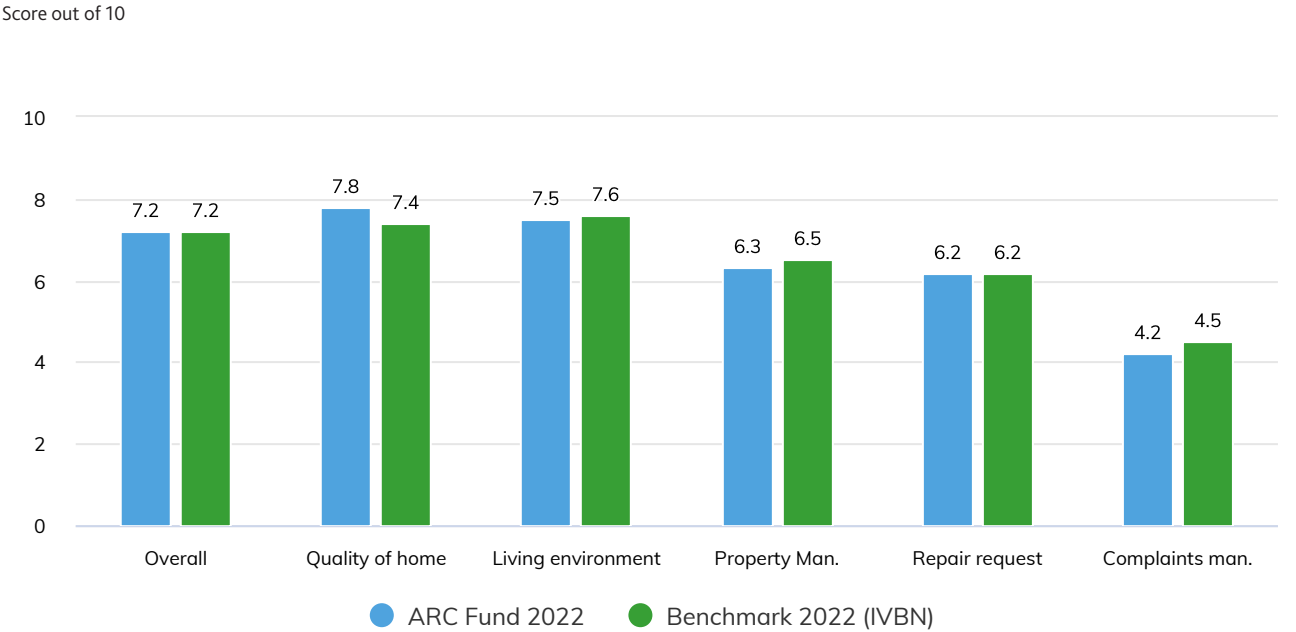
\* Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 84.



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 fourth year in a row, the ARC Fund scored a 7.2\*, which is higher than the benchmark (7.1), but below the KPI target of 7.5. The overall score of 7.2 is the average of three components: quality of the home (up from 7.3 to 7.8), the living environment (stable at 7.5), and property management (down from 6.6 to 6.3). The scores for complaints management and repair request management remain very low.

FIGURE 20: TENANT SATISFACTION\*



While we matched our peers according to the benchmark, we did not achieve our target of obtaining a minimum score 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. As property managers have a significant impact on satisfaction levels, the implementation of our new partnership model for property management is a key priority.

\* Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 84.



We also pay close attention to the health and safety of our tenants. In 2022 we provided training sessions to instruct tenants on the use of Automatische Externe Defibrillatoren (AEDs) (installed in 2021) and how to perform cardiopulmonale resuscitatie (CPR). 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 optimisation. We increasingly use smart meters, in combination with a digital dashboard, to track and report on the sustainability performance of our buildings. The coverage rate representing the percentage of properties included in energy/water/gas consumption is set to increase over time to be able to improve insights in actual use figures. The coverage rate is 93.8%\* of the portfolio, which represents an increase compared to prior year (84.7%). 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 m<sup>3</sup> to kWh/m<sup>2</sup>/year.

In 2021, the average EUI of our properties was 112 kWh/m<sup>2</sup>/year\*, compared to 127.0 kWh/m<sup>2</sup>/year in 2021. The energy use of newly built buildings in 2021 is taken into account in the current figures, this results in a decrease of the EUI.

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 footprint of our properties was 17.5 CO<sub>2</sub>/m<sup>2</sup>/year\*. This is a decrease of 20.4% compared to 2020.

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. The current carbon emissions of the fund are below the targets of CRREM\*. Insight has been created and assets with highest need for improvement are investigated.

The ARC Fund portfolio composition of Energy Performance Certificates (EPC-labels) is 75% A label or higher, 16% B-label and 9% C label or lower. Resulting in 91%\* A and B labels within the portfolio.

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 4.0% to 19,059\*.

### 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 87 points in 2021 to 90 points\* in 2022. We achieved our target of achieving a minimum score of 87 points and maintaining our five-star rating. Because of our improved score, our position in the ranking rose slightly.

### GPR

To improve our score in the Building Certifications category, we continue to obtain GPR certificates for 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. During the implementation process of GPR certificates we realised an average score of the GPR certificates retrieved during 2022 of 7.0\* which is inline with our internal target of 7.0.

\* Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 84.

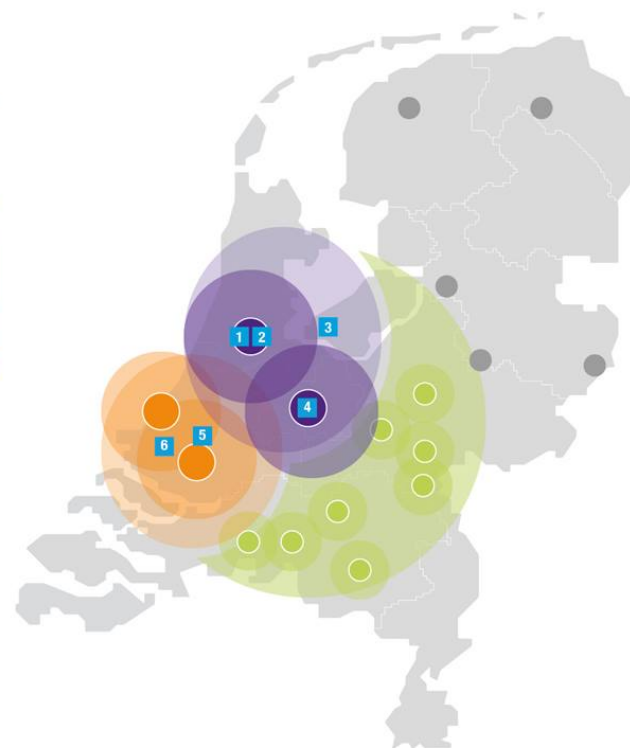
## PORTFOLIO - DYNAMICS

In 2022, the ARC Fund standing portfolio increased to 11,010 homes with a value of EUR 4.0 billion up from 10,843 homes with a value of EUR 3.9 billion in 2021. In 2022, we invested EUR 191 million in the pipeline. 6 properties for a total of 477 homes were delivered, 68 individual homes were sold and a block sale consisting of 242 homes was realised, resulting in a net addition of 167 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 2022, the ARC Fund's committed pipeline included 2,533 homes for an estimated investment volume of EUR 909 million (2021: EUR 880 million).

In 2022, the investment proposal for project Sphinx in Amsterdam and KJ Plein in The Hague were approved and added to the pipeline. We acquired the Sphinx project through our RoFR agreement with ADF.

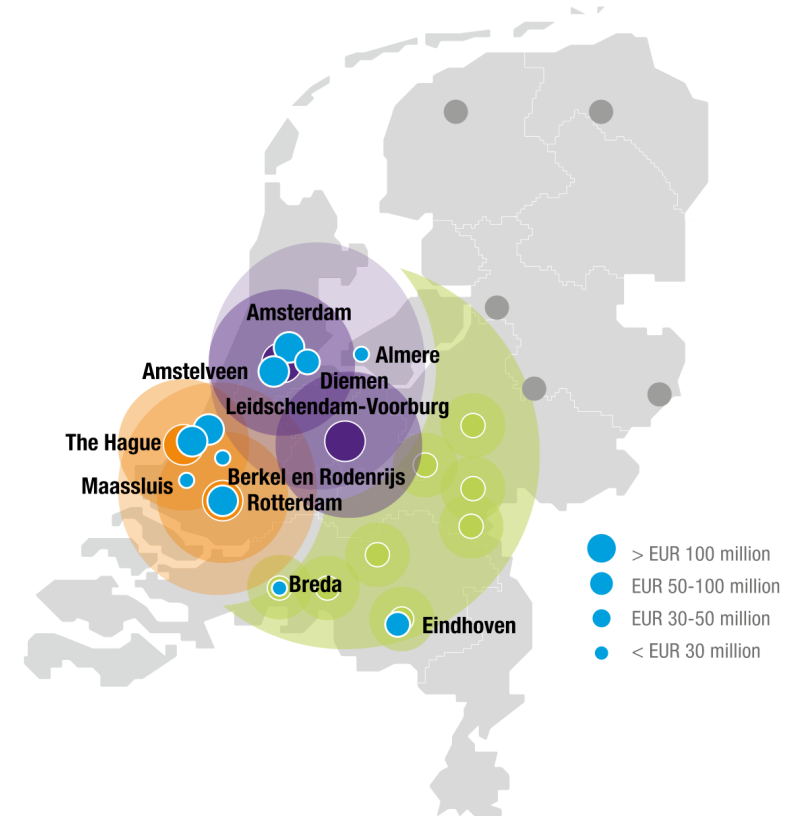
The share of properties located in the Big Four cities is increasing, as the majority of projects in the pipeline are located in Amsterdam, The Hague, Rotterdam. In addition, Eindhoven is becoming increasingly important to the ARC Fund.



## DIVESTMENTS

In order to revitalise the portfolio, the ARC Fund regularly divests in properties that do not longer 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). 68 individual homes were sold with a net gain of 21% compared to book value. One block sale in Rotterdam consisting of 242 homes and three commercial units was realised. Another contracted block sale in Groningen was terminated. The buyer could not complete the transaction which triggered the buyer's penalty clause. The total net result on sales is part of the operational result.

FIGURE 22: PIPELINE PROPERTIES





# FINANCIAL PERFORMANCE IN 2022

In 2022, the portfolio value (including assets under construction) increased by EUR 36 million (0.8%; 2021: 13.3%). This result is driven by a combination of acquisitions on the one hand, and negative revaluations on the other. The long-term trend of downward pressure on gross initial yields was reversed in the second half of 2022. The demand in both the owner-occupied housing market and in the institutional investment market cooled off during 2022, mainly as a result of rising interest rates. The gross initial yield of the ARC Fund increased by 0.2% from 3.9% in 2021 to 4.1% in 2022, while direct returns remained stable at 3.0% for the year.

The average vacant possession value per home increased by 6.8% from EUR 418 thousand per home in 2021 to EUR 446 thousand in 2022. 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 85.6% in 2021 to 78.7% in 2022.

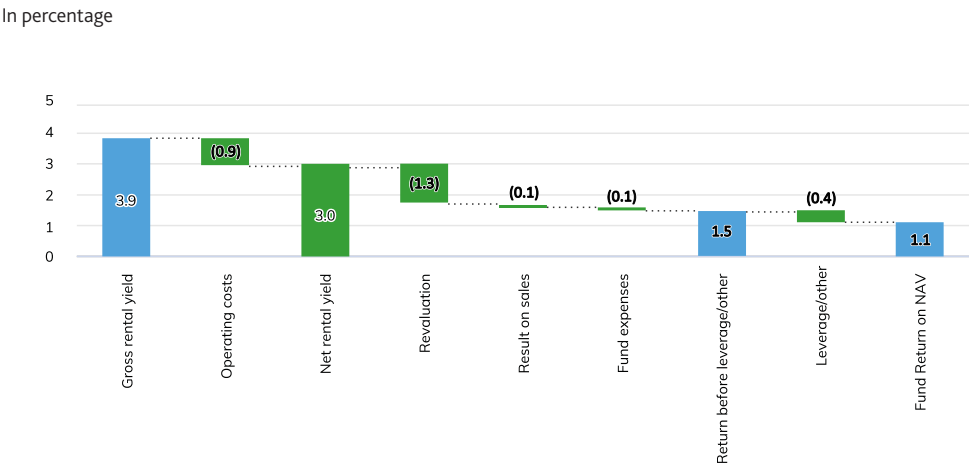
## FUND PERFORMANCE

The total fund return for 2022, expressed as a percentage of the NAV based on the INREV Guidelines as of 1 January 2022, was 1.1% (2021: 13.8%). Income return made up 2.8% of the fund return and capital gains of –1.7% had a negative impact on the fund return.

The dividend yield – the operational result to be distributed as a percentage of the INREV NAV as of 1 January 2022 – was 2.7%\* (2021: 2.9%). Figure 23 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 84.

FIGURE 23: BREAK DOWN OF TOTAL RETURN



## 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 0.9% in 2022 (2021: 11.9%). The direct return from rental activities was 3.0% (2021: 3.0%). The indirect return realised by selling was -0.1% (2021: 0.1%) and the indirect return realised by value changes was –2.0% (2021: 8.8%).

## 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 (2022) and excludes individual homes sold during that period.



**TABLE 3: LIKE-FOR-LIKE FIGURES**

	2022	2021
Direct return	3.1%	3.3%
Indirect return	(1.9%)	10.1%
Total return	1.1%	13.7%
Vacancy	1.5%	1.8%

Table 3 demonstrates that the ARC Fund had a total return of 1.1%. 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 2022 was 3.1%, compared to the MSCI benchmark of 2.6%. The ARC Fund's capital change was -1.7% (MSCI: -1.0%). This resulted in a total performance of 1.1% (MSCI: 1.6%). The ARC Fund did outperform the long-term (5, and 10-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. The capital growth of the ARC fund is more negative than the MSCI benchmark, this is caused by the focus of the ARC fund on the big four cities in the Netherlands which had high positive revaluations in the past few years.

Because of our substantial committed pipeline, as well as our soft pipeline consisting of ADF (Amvest Development Fund B.V.) 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 2022 and for the last 3 and 5 years is provided in the Annexes.

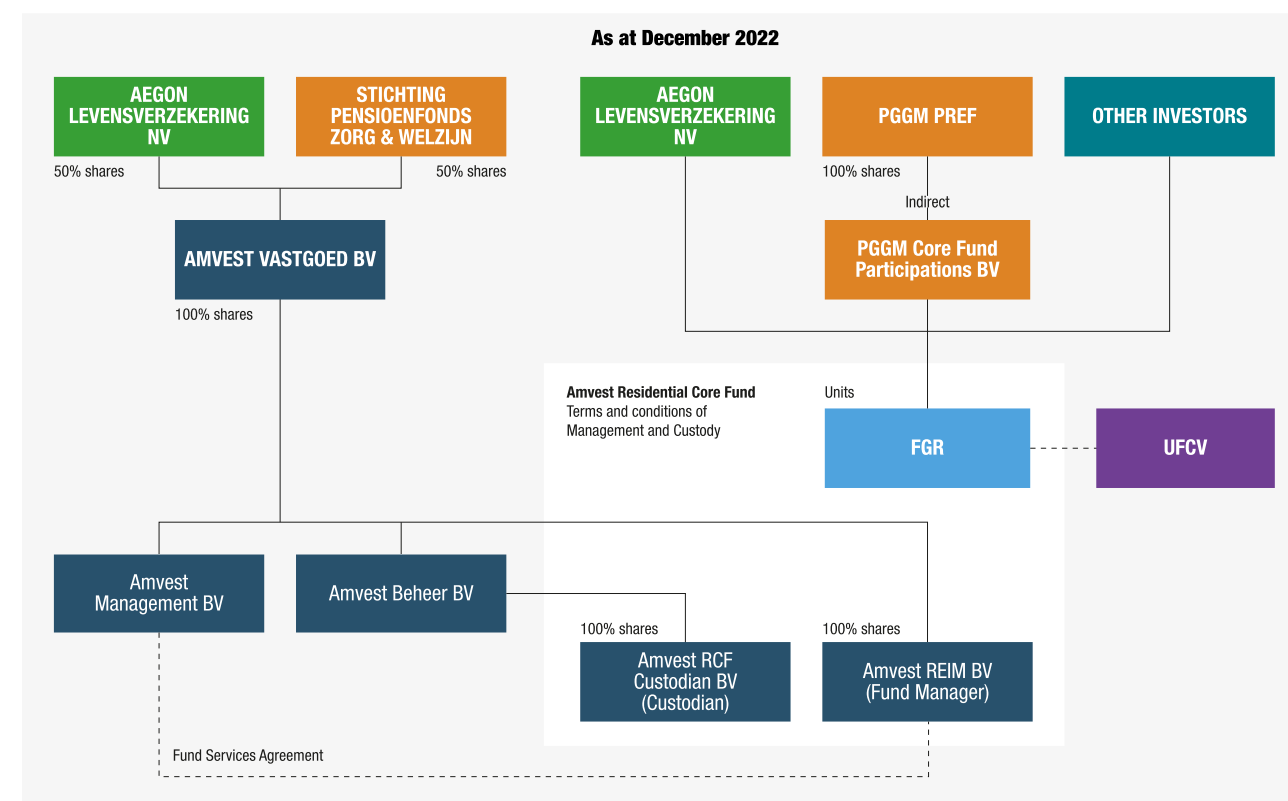


# STRUCTURE AND GOVERNANCE

## 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, initially with a 10-year term.

After closing, the ARC Fund was opened to new institutional investors, alongside the Cornerstone Investors AEGON and PfZW. In 2022, the 22 investors in the ARC Fund unanimously resolved to convert the ARC Fund from a limited-term to an indefinite-term fund. The new evergreen fund structure has come into effect on 1 January 2023.

As of 31 December 2022, the ARC Fund has 22 investors and EUR 120 million of undrawn equity commitments. During 2022, 2,335 new units were issued and, 4,701 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 2022.

## ADVISORY BOARD

The Advisory Board monitors the handling of conflicts of interest, approves risk management policies and appoints members of the Investment Committee. Until 31 December 2022, the Advisory Board also approved the Portfolio Plan of the ARC Fund. The Advisory Board held six formal meetings in 2022.

The ARC Fund also held several ad-hoc meetings with both the Investment Committee and the Advisory Board to discuss the Fund's performance, the outlook with regards to the impact of regulation, a ground lease modification proposal, as well as investment proposals.



**INVESTOR MEETING**

As of 1 January 2023, the Investor Meeting will approve the Portfolio Plan of the ARC Fund. Two regular Investor Meetings were held in May and November 2022.

**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 RoFR agreement was amended in combination with the modification of the fund structure. As of 1 January 2023, the ARC Fund retains the right to acquire 50 percent of residential rental homes developed by ADF. The new RoFR agreement expires on January 1, 2028.



# 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. The corporate risk strategy includes adequate management and mitigation of 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 an internal control framework, which clearly separates the function of financial and portfolio management from the function of risk management.

## INTERNAL CONTROL FRAMEWORK

- **Fund management** - Fund management is ultimately responsible for fund-related activities, including managing the control environment and risks.
- **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.

## 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 as well as General IT Controls (GITC) 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, payments 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 2022 (1 January 2022 - 30 November 2022), 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. Fraud risks are inseparable connected to risk management and are therefore integrated in the framework. 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 2022

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 2022, the risk indicators and risk limits for the risk categories as defined by the Fund Manager were closely monitored. Four quarterly risk meetings were held to discuss development of risk indicators together with Director Finance & Risk, the Portfolio Manager and RCO. The potential negative impact of COVID-19 on the ARC Fund subsided and the potential negative economic impact of the Ukraine war received special attention. So far, the negative impact of the deterioration of the economic environment has been limited.

### Sales/Rental Risk

The sales/rental risk is elevated due to the rising interest costs and the decline in investment market activity.

### 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 have announced new rent regulation which may impact the rent generating capacity of the ARC Fund going forward. The announced regulation is planned to take effect on 1 January 2024, subject to finalising the legislation process in 2023.

### Counterparty risk

The counterparty risk remains elevated due to the increasingly uncertain economic outlook and rising construction costs, as well as equipment and material shortages.

### Funding risk

In 2022, the ARC Fund made use of its committed debt facility, equity commitments and sales proceeds to fund its project pipeline and redeem participations. During 2022, an additional EUR 100 million of debt commitments and EUR 120 million of equity commitments were secured in order to meet future funding needs. The existing revolving credit facility was refinanced, which addresses refinancing risk up to the maturity of the existing term loans in December 2025 (EUR 125 million) and January 2026 (EUR 500 million). The modification of the fund structure converted the formal end date of 17 January 2026 into an evergreen structure with a first liquidity review date on 1 January 2029.

Hence, the availability of undrawn debt commitments increased. The available equity commitments decreased as capital calls exceeded the new equity commitments. However, the overall funding position increased during 2022.

Various scenarios for liquidity – covering the expected realisation time of the acquisition pipeline and going beyond the current Portfolio Plan horizon of 2024 – were calculated and monitored. No liquidity constraints occurred in 2022 or are expected in 2023. The ARC Fund plans to secure new equity and debt funding in 2023, subject to market conditions, to fund and grow its pipeline in the coming years.

### Compliance risk

Due to the fiscally transparent status of the fund, the ARC Fund is not able to incur any form of development risk as part of the acquisition of new projects for its pipeline. Therefore, the ARC Fund acquires its projects on a fixed-price, turn-key basis. In certain situations, the 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 within an agreed time frame.

### Overall risk performance

None of the risk limits set by the Fund Manager for the defined risk categories were exceeded. Management has performed its risk assessment and concluded that there are no indications of possible fraud.

### Updated risk management framework

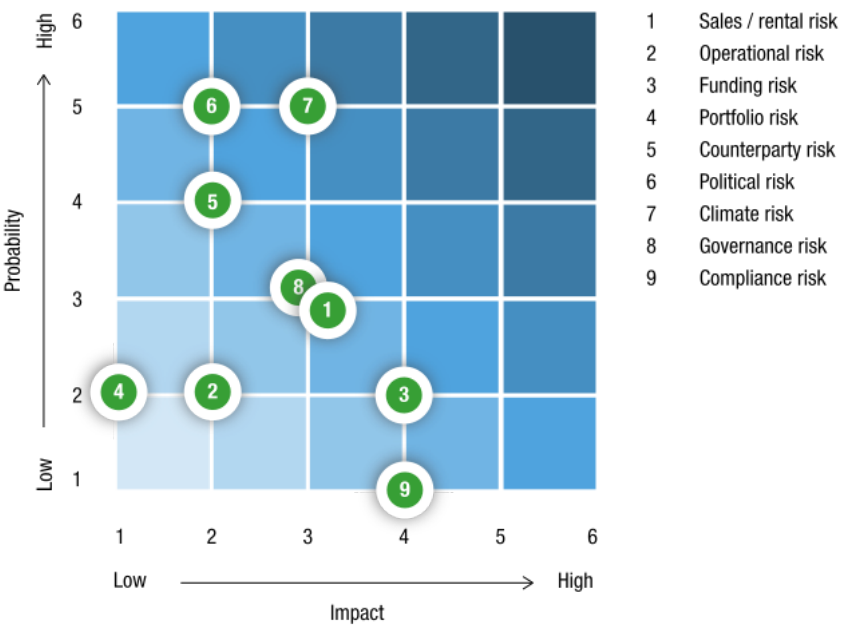
The ARC Fund's Risk Management Framework is a dynamic framework. The Fund Manager assesses, monitors, and reviews the risk management function, policy, framework, and its risk appetite, indicators, and limits on an annual basis and reports on these matters to the Advisory Board and Investors of the ARC 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 2022, 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 2022, various policies were reviewed and updated following adjustments in internal procedures and relevant laws and regulations. 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 and at least one Advisory Board meeting per year.

The Fund Manager maintains a transaction register, which is compliant with the IVBN 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 2022, 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 including 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 2022, 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, complies with the codes of conduct applicable to members of this association.

## AWARENESS

Awareness of integrity-related topics is an important theme within Amvest. The Code of Conduct is reviewed and updated annually. Employees receive an explanation of the updates from the RCO and sign the new Code of Conduct annually.

Given the ever-increasing digitization of our world, cyber security is also a relevant theme. Random phishing testing to alert employees of suspicious emails is part of the awareness program.

Every two years (most recently in 2021), identified ARC Fund staff and all other employees involved with transactions, Investors, and other relevant business relations, attend a training session 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-facing 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 required additional funds is calculated in accordance with criteria set out in the AIFM Directive and discussed with the Dutch Central Bank (DNB).

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: (4,466 + 0 -/- 42) / 3,549 = 1.25 (2021: 1.28).

Leverage - commitment: (total of assets) / (INREV NAV). Leverage - commitment ARC Fund: 4,466 / 3,549 = 1.26 (2021: 1.28).

**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 compliant with the INREV Guidelines and undertaken by external appraisers.

INREV statement is included in the annexes of the report. INREV Statement include limited assurance by external auditor. Separate assurance report is included on page 107.

**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. The RTS has come into effect per January 2023.

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.

Based on the SFDR, Amvest, in its role as manager, is required to set out:

1. how it plans to deal with sustainability risks in its investment decisions and what the consequences of this will be;
2. publish information about the way in which the negative impact of investments on sustainability factors will be handled; and
3. set out how it deals with sustainability in its investment decision policy and its remuneration policy and to detail the consequences of its approach.

In addition, the regulation contains transparency requirements at fund level. For these requirements we refer to the funds under Amvest management:

- Amvest Residential Core Fund;
- De Utrechtse Fondsen Vastgoed C.V.;
- Amvest Living & Care Fund.

**Integration of sustainability risks into investment decisions policy for investments decisions**

Based on the SFDR, Amvest is required to indicate how it takes sustainability risks into account in its investment decisions. 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.

On behalf of the investors in funds under its management, Amvest invests in residential real estate. For investments in real estate, specific sustainability risks are relevant. Real estate is subject to the following:

**Transition risks – risks based on the transfer from a fossil economy to a climate-neutral economy.**

Based on additional laws and regulations and/or changes to the current laws and regulations, new requirements can be placed on the energy usage and CO2 emissions of real estate. These developments can have consequences for the value of the real estate investments and can lead to costs associated with making real estate objects more sustainable.



### Climate risk – (physical) risks resulting from climate change

In certain areas, buildings or the ground on which has been built, may get damaged during extreme weather such as heat, or due to slow developments such as rising sea levels. This may result in a lower valuation of the real estate investments.

### Social risks – risks resulting from social trends and developments.

It is important that Amvest focuses on the satisfaction of tenants and the affordability of the homes based on its mission “Giving people a great home” and “Fair living for all generations.”

Not advocating well enough for the interests of tenants may result in a lower tenant satisfaction. As a result, homes can be less attractive to tenants.

Potential i) additional costs for maintenance, ii) lower rental income and iii) lower valuation of real estate are possible consequences that can result in a decline of the return of investment of the real estate funds managed by Amvest. For this reason, the sustainability risks are taken into account in investment decisions. Amvest has implemented these requirements as follows:

- when purchasing a new-build property, the schedule of requirements is the minimum that must be complied with. This schedule includes a minimum of technical and sustainability requirements that are often more stringent than the current building code. For new-build properties pursuant to the building regulations, stringent rules apply with regard to the expected energy usage and CO2 emissions<sup>2</sup>. These data are recorded and guarantee that new investments comply with the most recent requirements;
- when there is intent to acquire an existing property, an extensive and thorough inspection of the quality and sustainability of the property forms part of the acquisition process. If the property does not meet the defined objectives as outlined in the current Portfolio Plan (e.g. the required energy label) and there is no cost-effective way to bring the building up to the desired sustainability level (in due course), then as a rule the purchase will not take place;
- For the various real estate portfolios, Amvest has formulated CO2 reduction objectives and will be measuring by how much the CO2 emissions of the real estate portfolio have been reduced. Based on this analysis it is determined which properties are eligible for a sustainability investment (e.g. solar panels or renovation) or disinvestment (sale of property). Making the portfolios more sustainable is the starting point in managing the transition risk and investment decisions will be geared to achieving this aim.
- Amvest provides insight into physical climate risks based on climate risk scans. Based on these scans, a clear image can be created of the exposure of real estate objects to various types of physical risks;
- An annual survey is conducted on the topic of tenant satisfaction among tenants of the existing properties, and, based on the results, we identify which areas could be improved;
- Both in the individual investment decisions and at portfolio level, the affordability of homes will be examined, with, as a starting point, a focus on the mid-range segment.

The described measures and frameworks have been included in various documents, including the Programme of Requirements, which newly acquired real estate must comply with, fund terms and conditions, portfolio plans, quarterly reports and annual reports. The measures described ensure that sustainability risks, particularly in terms of the environment, are taken into account in investment decisions with the aim of preventing risks as much as possible.

Taking into account negative impacts on sustainability factors

Investments in real estate can have a negative impact on sustainability factors – environmental and societal. 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 properties, we check whether our decision has a negative impact on certain sustainability factors.

Providing insight into and limiting the negative effects of real estate on environmental factors is easily done. Amvest currently views CO2 emissions and the energy use and consumption of its investments as the most important negative effects of real estate on sustainability factors.

When it comes to acquiring real estate, the Amvest 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 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 first discusses an investment proposal extensively in a range of bodies before being permitted and able to take 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. 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 is shown to have a possible unfavourable effect on sustainability factors, then the likelihood of this unfavourable effect occurring and the severity of the impact will be examined based on a property analysis and the available data among other things once a year. Based on this analysis, Amvest can take the decision either to modernise this investment until it once again meets the requirements, or to sell it.

Amvest supports a number of international standards focused on including sustainability aspects into operations and on investing. For example, Amvest and its funds take part in the GRESB benchmark. GRESB is the annual worldwide benchmark on ESG themes (Environmental, Social, Governance). Amvest is also signatory for the United Nations Principles for Responsible Investment (UN PRI), an international commitment for investors that promotes the integration of ESG into investment decisions. Based on the UN PRI a report must be made of the way in which Amvest has given substance to this commitment.



### 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 into the remuneration policy.

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 in the area of sustainability;
- 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 THE 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 following environmental and social characteristics:

Environmental characteristics

1. Investing in energy efficient homes/future proof homes.
2. Realizing a reduction of CO2 emissions.

Social characteristics

3. Ensuring high quality living environment.
4. Providing affordable/attainable homes.

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

KPIs defined and measured for these characteristics are:

Environmental characteristics

1. Composition of the portfolio by energy labels.
2. Scope 1, 2 and 3 CO2 emissions of the properties.

Social characteristics

3. Annual tenant satisfaction score on the topics living environment and quality of home.
4. Percentage of affordable/attainable homes.

For more information on the KPIs defined, the results of the past year, the data sources and screening criteria, please refer to the Annual Sustainability Report of the Amvest Residential Core Fund and specifically for SFDR to attached Sustainability related disclosures.

The Amvest Residential Core Fund qualifies as an 'article 8' product under the SFDR and, as such, promotes Environmental/Social (E/S) characteristics. Whilst it does not have sustainable investment as its objective, it has a proportion of 63% in sustainable investments with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy and 65% in sustainable investments with a social objective.

### Results 2022

Periodic reporting on compliance to ecological and/or social characteristics is included in our annex. More information on SFDR and results related to our sustainable investment policies are included on our website where we also annually publish the Statement on principal adverse impacts of investment decisions on sustainability factors (PAI statement). This statement contains our policies related to determination and prioritizing the most important adverse impacts on sustainability and a description of the most important adverse effects including related data sources and processing.

KPI's relevant to SFDR are included throughout our annual reporting and contain limited assurance by KPMG. Please refer to annex for complete set of assured KPI's and to page 84 for the limited assurance report by KPMG.

### Outlook 2023

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.



# FUNDING

## LEVERAGE DEVELOPMENT

The ARC Fund's leverage level remained relatively consistent in 2022, decreasing from 20.3% to 20.1%. Both the total asset base as well as the drawn debt are relatively stable per year end. The drawn debt decreased from EUR 890 million to EUR 885 million on a year-end basis but was higher during the year. In December 2022, we managed to repay debt before year end by using the sales proceeds of the Joost Banckertsplaats asset sale. We will continue to actively manage the leverage and expect that leverage will increase during 2023 towards the target LTV (Loan to Value) ratio of 25%.

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

Exposure to interest rate risk temporarily increased during 2022 with a higher average drawn debt position during the year which is subject to floating interest rates. Mainly due to the rise in variable interest rates during 2022, the total interest costs have increased compared to 2021.

### Partial refinancing of secured loan facilities

On 30 June 2022, the existing EUR 350 million revolving credit facility was refinanced with a new 5-year (plus two 1-year extension options) unsecured revolving credit facility and increased by EUR 100 million to EUR 450 million. The new facility is arranged by a bank consortium of four banks and has a new corporate unsecured structure, which also resulted in the release of mortgages on part of the portfolio. Due to its revolving nature, the facility remains on a floating interest basis and pricing is subject to a LTV/margin grid as well as an utilisation fee. The facility is structured as a sustainability-linked loan which connects pre-agreed sustainability related KPI targets to the applicable margin. The initial margin amounts to 0.80%, while meeting or failing the sustainability KPI targets can have an upward or downward effect of 0.05% on the applicable margin.

Next to the new EUR 450 million facility, the ARC Fund's existing two loan facilities of EUR 625 million of term loans with a bullet repayment profile remain in place.

The three facilities are provided by three different bank consortia:

- A EUR 450 million revolving unsecured credit facility is provided by a bank consortium consisting of ABN AMRO Bank N.V., BNP Paribas S.A., ING Bank N.V. acting as Facility Agent and SMBC Bank EU A.G.
- A EUR 500 million secured 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 secured 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 2022, EUR 885 million in term loans and revolving credit facility had been drawn. EUR 190 million of the committed revolving credit facility remains undrawn and available on demand. Following the refinancing of the revolving credit facility in 2022, at year end, the loan facilities had a combined weighted average maturity of c. 3.6 years (YE 2021: c. 3.2 years).

### Financial covenants

The financial covenants of all three 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 2022.

### Asset encumbrance

As a borrower, the ARC Fund grants security to its lenders under the existing secured loan facilities. As of 31 December 2022, EUR 1.5 billion of the investment portfolio was secured with mortgages. The market value of the security pool is 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 2022, 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.



# OUTLOOK

The higher risks associated with the real estate market was underlined by the return of yield decompression in the second half of 2022. The uncertain impact of rent regulation, high construction costs and rising interest rates create a weaker real estate market environment. At the same time, inflation, higher mortgage rates and high energy prices negatively impact consumer confidence.

The downward trend that started in Q3 picked up speed in Q4 and is expected to continue in the first half of 2023, as the real estate market will seek to find a new balance a.o. based on a structurally higher cost of capital. The imbalance resulted in a steep decline in investment activity which is likely to be exacerbated by the rise in transfer tax effective from January 1st. The prevailing high construction cost levels and mismatch in price expectations will further limit the feasibility of new projects.

The long-term trend for the ARC Fund is likely to remain favorable based on the significant shortage of housing and increasing demand for the unregulated rental market. The modern and relatively energy-efficient portfolio is expected to remain resilient in the current market environment which is also underlined by the low vacancy rates for the standing portfolio and the low level of rent arrears. In addition, the ARC Fund is well capitalised for the medium term and maintains a low LTV, which provides optionality to pursue investment opportunities when they arise. For the short-term growth of the ARC Fund is likely to be hampered due to a lack of feasible new projects.

*Amsterdam, the Netherlands, 24 April 2023*

H-W. Wensing, Fund Director

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

D. Wedding, Portfolio Manager



# Residents' stories





## "IT WAS DIFFICULT TO FIND SOMETHING; WE WERE VERY LUCKY TO GET THIS APARTMENT."

Leah (21) and her sister Ruby (23) recently moved into their first rental apartment in De Smaragd in Almere. The siblings, who were still living at home, had been looking for an apartment in Amsterdam or Almere. "Living in Amsterdam is so expensive nowadays. We had actually stopped searching for a while, but then this opportunity in De Smaragd came up. It was ours if we agreed to pick up the keys the week after. This chance was too good to let slide."

### "WE ARE SO CLOSE TO EVERYTHING"

The apartment complex De Smaragd is located right in the centre of town. The building stands out in Almere's skyline because of its orange colour. "It's really ideal. We're so close to everything. If you need something from one of the shops, you go downstairs, and there are also a lot of small restaurants." Do the girls regret that they are not living in Amsterdam? "Amsterdam is more exciting of course, but you can find everything you need in Almere. And we're so close to the station, from where it only takes twenty minutes to Amsterdam by train."

Finding an apartment with two bedrooms was difficult for the sisters. "Every apartment we could afford only had one bedroom. But this apartment has three! We don't know yet what we'll do with the third bedroom. It's a champagne problem. We even have a bath tub. There is plenty of space in this apartment."

### "THERE IS PLENTY OF SPACE IN THIS APARTMENT."

"The first time we got here, we were impressed by the unique view. We have a corner apartment with windows everywhere, so we have 360-degree views. On one side, you see the water. On the other side, you see the town. It's great to spend time here if the weather is beautiful! We could not have wished for anything more. We'd be hard pressed to name a better place to live in Almere."

"It's not that long ago that we moved in, but when the first pieces of furniture arrived, we thought: Yes, this is where we want to be! It is a nice, spacious place where we can have family and friends over and where you feel comfortable after a day's work."



S

**LEAH & RUBY**  
RESIDENTS OF  
DE SMARAGD IN  
ALMERE



## "IT REALLY IS A SMALL COMMUNITY"

Javier Lim has been living in Holland Park in Diemen with his daughters Sofia and Elisa since December 2021. After divorcing his wife, Javier did not want to put his daughters through another major change. He found a home in Diemen-Zuid, near school and the mother of his children. It was an ideal location for him, so the choice was made quickly.

### "THE GARDEN IS NICELY FENCED OFF, SO I CAN LET THEM PLAY OUTSIDE WITHOUT WORRYING."

Javier is very much at home in Holland Park. "Sofia and Elisa really enjoy it here. There are a lot of kids to play with. Our apartment is on the first floor next to an enclosed garden, where they can draw on the pavement with their street chalk, ride their bikes or skate with their friends. The garden is nicely fenced off, so I can let them play outside without worrying. Throughout the summer, I had the French doors open, and they ran in and out while I was working or cooking."

### "WE ALL BECAME FRIENDS FROM THE START."

Sofia and Elisa also like to play with children from their block in the neighbourhood's new park. "It really is a small community. You see each other regularly and make contact easily. We discovered that two more single fathers live on the same block with their daughters. We all became friends from the start."

Javier has made a lot of friends in a short time. "We see each other regularly, meet up regularly, babysit each other's kids if we suddenly have to go out for something," Javier says. There are many amenities nearby, but Javier would appreciate some extra shops: "A greengrocer or a butcher, for example. Soon, a sushi bar, a lunchroom and a gym will open their doors. I look forward to the gym because I do a lot of sports: football, running, fitness... If your gym is literally around the corner, there is even less of an excuse not to go."



**JAVIER,  
SOFIA & ELISA**  
RESIDENTS OF  
HOLLAND PARK  
IN DIEMEN



## "WHAT WE WANT TO DO, WE WANT TO DO VERY WELL."

On the ground floor of the VOLT apartment complex in Delft, hospitality entrepreneur Marjon Verhoeven rents two commercial spaces for Flow Yoga & Food.

Taking a yoga class in one unit and afterwards – on the other side of the building – enjoying a smoothie on a comfortable couch or eating a salad in the sun outdoors. At Flow Yoga & Food, everything comes together. Marjon Verhoeven ran a successful restaurant in Delft's city centre for 17 years. Recently, she opened a yoga studio and food bar in VOLT with her partner Bart Stotijn.

### "WE ARE THE FIRST TENANTS, SO WE COULD DESIGN AND CHOOSE EVERYTHING FROM SCRATCH."

Marjon: "We had asked our estate agent to look for a new location. The properties in the city centre were either too expensive or too small, and we didn't want to move to an industrial area. Then we came across these premises managed by Amvest. We immediately fell in love with VOLT's high ceilings and industrial look. We are the first tenants, so we could design and choose everything from scratch. The food bar's menu is entirely vegetarian, and we only use pure ingredients. In the building next door, you will find the Flow yoga studio: an oasis of peace and balance.

"We had had the first conversations with Amvest, but then we had the pandemic. Everything got way too uncertain, so we left the table," says Marjon. Halfway through the pandemic, the couple dared to start planning again to continue with their dream. "It was not the intention from the start to rent two units; the plans got out of hand a little. But we are very pleased about it. We now have two independent companies."

### "IT WAS EXCITING TO START A NEW BUSINESS AGAIN."

"It was exciting to start a new business again. The responsibilities of running your own business never stop. But, on the other hand, I was only 57 years old, and I was brimming with energy. My partner Bart is a chef and he had to stop working because of Covid. He was also itching to open his own restaurant. So we decided to join forces. Everyone thought opting for a menu without meat or fish was risky. But this is what we stand for. And what we do, we want to do very well. That is what connects our companies, with a lot of personal attention and high-quality products added to the mix."







# FINANCIAL STATEMENTS 2022



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

EUR X 1,000	Notes	2022	2021
<b>Income from investments</b>			
Gross rental income	1	153,510	140,663
Service charges income		5,429	5,238
Operating costs	2	(33,783)	(29,421)
Service charges costs		(5,669)	(5,602)
<b>Net rental income</b>		<b>119,487</b>	<b>110,878</b>
Other income		6,188	1,688
Realised capital gains on investments	3	(3,646)	4,953
Unrealised capital gains on investments	4	(54,517)	344,704
<b>Net gains on investments</b>		<b>(58,163)</b>	<b>349,657</b>
Management expenses	5	(14,775)	(13,523)
<b>Result from operating activities</b>		<b>52,737</b>	<b>448,700</b>
Financial income and expenditures	6	(13,101)	(10,857)
<b>Total profit for the period*</b>		<b>39,636</b>	<b>437,843</b>

\* 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	31-12-2022	31-12-2021
<b>Assets</b>			
<b>Non-current assets</b>			
Investment property	7	3,955,751	3,926,733
Assets under construction	8	439,480	432,926
		<b>4,395,232</b>	<b>4,359,659</b>
<b>Current assets</b>			
Trade and other receivables	9	15,112	5,872
Cash and cash equivalents	10	41,501	43,546
Assets held for sale	11	15,961	19,856
		<b>72,574</b>	<b>69,274</b>
<b>Total assets</b>		<b>4,467,806</b>	<b>4,428,933</b>

EUR X 1,000	Notes	31-12-2022	31-12-2021
<b>Equity and liabilities</b>			
<b>Equity</b>			
Capital	12	87	84
Share premium reserve	13	1,416,857	1,411,422
Revaluation reserve	14	1,302,885	1,406,082
Other reserve	15	782,997	640,163
<b>Equity</b>		<b>3,502,826</b>	<b>3,457,751</b>
<b>Non-current liabilities</b>			
Syndicated loan	16	885,000	890,000
Other long term liabilities	17	25,892	30,453
		<b>910,892</b>	<b>920,453</b>
<b>Current liabilities</b>			
Trade and other payables	18	54,088	50,729
		<b>54,088</b>	<b>50,729</b>
<b>Total equity and liabilities</b>		<b>4,467,806</b>	<b>4,428,933</b>

The notes are an integral part of these Financial Statements.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2022 (EUR x 1,000)	Notes	Capital contributions	Share premium reserve	Hedging reserve	Revaluation reserve	Other reserve	Total equity
Balance as at 1 January 2022		84	1,411,422	-	1,406,082	640,164	3,457,752
Profit of the year		-	-	-	(58,507)	98,143	39,636
Capital contributions	12	4	(4)	-	-	-	-
Subscriptions	13	-	152,778	-	-	-	152,778
Realised from property sales	14				(44,690)	44,690	
<b>Total comprehensive income for the year attributable to Investors of the ARC Fund</b>		<b>4</b>	<b>152,774</b>	<b>-</b>	<b>(103,197)</b>	<b>142,833</b>	<b>192,413</b>
Transactions with Investors of the ARC Fund							
- Redemptions		(1)	(53,339)	-	-	-	(53,339)
- Dividend distributions		-	(94,000)	-	-	-	(94,000)
		<b>3</b>	<b>5,435</b>	<b>-</b>	<b>(103,197)</b>	<b>142,833</b>	<b>45,074</b>
<b>Balance as at 31 December 2022</b>		<b>87</b>	<b>1,416,857</b>	<b>-</b>	<b>1,302,885</b>	<b>782,997</b>	<b>3,502,826</b>

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	-	-	-	-	-	-
Realised from property sales	14	-	-	-	(23,065)	23,065	-
<b>Total comprehensive income for the year attributable to Investors of the ARC Fund</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>337,954</b>	<b>99,889</b>	<b>437,843</b>
Transactions with Investors of the ARC Fund							
- Redemptions		(2)	(70,952)	-	-	-	(70,954)
- Dividend distributions		-	(93,000)	-	-	-	(93,000)
		<b>(2)</b>	<b>(163,952)</b>	<b>-</b>	<b>337,954</b>	<b>99,889</b>	<b>273,889</b>
<b>Balance as at 31 December 2021</b>		<b>84</b>	<b>1,411,422</b>	<b>-</b>	<b>1,406,082</b>	<b>640,164</b>	<b>3,457,752</b>



# CONSOLIDATED CASH FLOW STATEMENT

EUR x 1,000	Notes	2022	2021
<b>Cash flows from operating activities</b>			
Total comprehensive income of the period		39,636	437,843
Adjustments for			
- Changes in fair value of investments		54,517	(344,704)
- Results on sale of investments	3	3,646	(4,953)
- Net financial income and expenditures	6	169	10,857
<b>Operating cash flow before change in working capital</b>		<b>97,968</b>	<b>99,043</b>
<i>Change in</i>			
- Trade and other receivables		(9,241)	360
- Trade and other payables		15,588	9,713
<b>Change in working capital</b>		<b>6,347</b>	<b>10,073</b>
Paid interest		(13,270)	(10,319)
Received interest		-	-
		<b>(13,270)</b>	<b>(10,319)</b>
<b>Net cash flow from operating activities</b>		<b>91,045</b>	<b>98,797</b>

EUR x 1,000	Notes	2022	2021
<b>Cash flows from investing activities</b>			
Investments in completed investment property	7	-	-
Investments in capitalised subsequent expenditure in investment property		(2,375)	(15,151)
Divestments of investment property and assets held for sale		112,014	33,600
Divestments of assets under construction		-	-
Prepayments for assets under construction		(196,666)	(186,509)
Results on sale of investments		-	-
Contribution property portfolio		-	-
<b>Net cash flow from investing activities</b>		<b>(87,027)</b>	<b>(168,060)</b>
<b>Cash flows from financing activities</b>			
Increase / (decrease) in capital contributions	12	149,950	-
Redemption of units	12	(53,340)	(70,954)
Dividend paid to Investors		(97,673)	(108,750)
Proceeds from loans and borrowings	16	(5,000)	265,000
<b>Net cash flow from financing activities</b>		<b>(6,063)</b>	<b>85,296</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(2,045)</b>	<b>16,033</b>
Cash and cash equivalents at the beginning of the period		43,546	27,513
Cash and cash equivalents at end of the period		41,501	43,546
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(2,045)</b>	<b>16,033</b>



# ACCOUNTING PRINCIPLES AND COMMON NOTES TO THE FINANCIAL STATEMENTS

## 1 REPORTING ENTITY

The Amvest Residential Core Fund (the Fund) is a fund for joint account domiciled in 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.

During 2022 the investors and fund management established new Terms & Conditions that became active as per 1 January 2023.

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 2022 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 XX April 2023.

## 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 2022.

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 2022 to these IFRS financial statements.

A number of new standards, amendments to standards, and interpretations are effective for annual periods beginning after 1 January 2023, 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 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 5.3% (2021: 4.8%).

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.



**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.

**(J) 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.

**(K) 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
<b>2022</b>			
Investment property, assets held for sale and assets under construction	-	-	4,411,193
<b>EUR X 1,000</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>2021</b>			
Investment property, assets held for sale and assets under construction	-	-	4,379,514



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

Valuation technique	Significant unobservable input	Inter-relationship between key unobservable inputs and fair value measurement
<b>Investment property, assets held for sale and assets under construction</b>		
The appraisal has to be carried out using the 'Rental Value Capitalisation' (BAR/ NAR) method which must be confirmed with the outcome of a 'Discounted Cash Flow' method including the 'reletting' scenario and the 'unit based sale' scenario. The Fund Manager has decided that the appraisal has to be carried out using both methods to ensure that the appraisal is as accurate as possible.	<i>Rental Value Capitalisation</i> (BAR/NAR) <ul style="list-style-type: none"> <li>• cash flows estimated on the basis of market rent;</li> <li>• allowable deductions for owners charges in line with market conditions;</li> <li>• capitalisation at net initial yields (minus purchasing costs payable by the purchaser) of similar transactions;</li> <li>• adjusting entries for (initial) vacancy, overdue maintenance and future renovations.</li> </ul>	<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"> <li>• cash flows estimated on the basis of market rent were higher (lower);</li> <li>• allowable deductions for owners charges in line with market conditions were lower (higher);</li> <li>• capitalisation at net initial yields (minus purchasing costs payable by the purchaser) of similar transactions were lower (higher);</li> <li>• adjusting entries for (initial) vacancy, overdue maintenance and future renovations were lower (higher).</li> </ul> <p>The estimated fair value carried out using the Discounted Cash Flow method would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>• an estimated average increase in value of vacant possession is higher (lower), the rent is higher (lower) and the operating costs are lower (higher);</li> <li>• a property specific rental turnover rate is lower (higher);</li> <li>• the exit value, which is the estimated realisable value at the end of the review period is higher (lower);</li> <li>• the estimated yield (mostly recent 10-year government bonds, plus a risk premium) is lower (higher).</li> </ul>
	<i>Discounted Cash Flow</i> <ul style="list-style-type: none"> <li>• an estimated average increase in value of vacant possession, the rent and the operating costs;</li> <li>• a property specific rental turnover rate;</li> <li>• the exit value, which is the estimated realisable value at the end of the review period;</li> <li>• the estimated yield (mostly recent 10-year government bonds, plus a risk premium).</li> </ul>	



## 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.

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 based on defined controls.

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, Jones Lang LaSalle, 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 2022 was EUR 521,000.

## **(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). As at 28 September 2018, the EUR 700 million loan facility was increased to a EUR 850 million loan facility and consisted 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 of 30 June 2022, the ARC Fund refinanced the 350 million revolving part of the old facility by a 450 million unsecured corporate style revolving credit facility. The new facility is provided by a syndicate of four banks and features a floating interest rate (3-months Euribor), + margin grid subject to LTV ) as well as an utilisation fee.

As at 31 December 2022, EUR 885 million of the EUR 1,075 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 62 sets out the carrying amount, by maturity, of the ARC Fund's financial instruments that are exposed to interest rate risk on 31 December 2022.

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 comprise a large numbers of counterparties spread across geographical areas. Ongoing credit evaluation is performed for the financial condition of accounts receivable, and where deemed 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 reflecting 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 investment grade credit ratings assigned by international credit rating agencies.

Except as detailed in Table D on page 57, the carrying amount of the financial assets recorded in the financial statements, grossed up for allowances for losses, represents the ARC Fund's maximum credit risk exposure without taking account of the value of any collateral obtained.

The ARC Fund has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

## **Expected credit loss assessment as at 31 December 2022**

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 41,501 thousand at 31 December 2022 (2021: EUR 43,546 thousand). The cash and cash equivalents are held with a bank, which is rated A, by Standard and Poors. 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 2022.

### (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 20.1%, 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 62.

### 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

2022 (EUR x 1,000)	Movement in gross current yield				
	-25 bps	-12,5 bps	0 bps	+12,5 bps	+25 bps
<b>As at 31 December 2022</b>	-25 bps	-12,5 bps	0 bps	+12,5 bps	+25 bps
Market value property	4,227,787	4,095,751	3,971,713	3,854,967	3,744,888
Gross current yield based on theoretical rent	3.878%	4.003%	4.128%	4.253%	4.378%
Revaluation of investment property in EUR	256,074	124,038	-	(116,746)	(226,825)
Revaluation of investment property in %	6.4%	3.1%	0.0%	(2.9%)	(5.7%)
Effect on total return	7.3%	3.5%	0.0%	(3.3%)	(6.5%)
Loan-to-value	19.0%	19.5%	20.1%	20.6%	21.2%

2021 (EUR x 1,000)	Movement in gross current yield				
	-25 bps	-12,5 bps	0 bps	+12,5 bps	+25 bps
<b>As at 31 December 2021</b>	-25 bps	-12,5 bps	0 bps	+12,5 bps	+25 bps
Market value property	4,211,324	4,074,660	3,946,588	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	264,736	128,072	-	(120,268)	(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%



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

EUR x 1,000	+1%	-1%
<b>2022</b>		
Interest debts	(3,184)	3,184
<b>Total impact on net result</b>	<b>(3,184)</b>	<b>3,184</b>

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

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

EUR X 1,000	< 1 year	1-5 years	> 5 years
<b>As at 31 December 2022</b>			
Cash and cash equivalents	41,501	-	-
Trade and other receivables	13,106	-	-
Secured bank loans	-	(885,000)	-
Trade and other payables	-	(48,429)	-

EUR X 1,000	< 1 year	1-5 years	> 5 years
<b>As at 31 December 2021</b>			
Cash and cash equivalents	43,546	-	-
Trade and other receivables	5,540	-	-
Secured bank loans	-	(890,000)	-
Trade and other payables	-	(48,550)	-



# NOTES TO THE FINANCIAL STATEMENTS 2022

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

### 1 GROSS RENTAL INCOME

EUR X 1,000	2022	2021
Theoretical rental income	157,357	145,087
Incentives	(379)	(409)
Vacancy	(3,468)	(4,015)
<b>Gross rental income</b>	<b>153,510</b>	<b>140,663</b>

Theoretical rental income from residential properties (including parking spaces) represents EUR 153,942 thousand (2021: EUR 140,882 thousand) and commercial real estate income represents EUR 3,415 thousand (2021: EUR 4,205 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	2022	2021
Maintenance costs	(15,347)	(13,842)
Property management costs	(3,542)	(3,201)
Fixed charges	(7,795)	(7,013)
Letting expenses	(1,450)	(1,613)
Contributions to owners associations	(4,313)	(3,106)
Other expenses	(1,336)	(646)
<b>Operating costs</b>	<b>(33,783)</b>	<b>(29,421)</b>

In the fixed charges for 2022, an amount of EUR 351 thousand relates to the landlord tax (2021: EUR 514 thousand).

### 3 REALISED CAPITAL GAINS ON INVESTMENTS

EUR X 1,000	2022	2021
Realised gains on investments	5,879	4,965
Realised losses on investments	(9,525)	(12)
<b>Realised capital gains on investments</b>	<b>(3,646)</b>	<b>4,953</b>

### 4 UNREALISED CAPITAL GAINS ON INVESTMENTS

EUR X 1,000	2022	2021
Unrealised capital gains on investments	62,701	368,431
Unrealised capital losses on investments	(117,218)	(23,727)
<b>Unrealised capital gains on investments</b>	<b>(54,517)</b>	<b>344,704</b>

### 5 MANAGEMENT EXPENSES

EUR X 1,000	2022	2021
Management fee Amvest REIM BV	(12,383)	(11,450)
Auditor's fee	(260)	(238)
Legal and tax expenses	(376)	(748)
Valuation expenses	(521)	(542)
Other expenses	(1,235)	(545)
<b>Management expenses</b>	<b>(14,775)</b>	<b>(13,523)</b>



## Remuneration

Amvest REIM B.V. is the Fund Manager of the ARC Fund. The management fee paid for the year 2022 amounted to EUR 12.383 thousand (2021: EUR 11,450 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 2022, the members of the Advisory Board (7) did not receive any fee; the members of the Investment Committee (3) received a total fee of EUR 65,000 (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	2022	2021
Interest expenses on syndicated loan facility	(11,590)	(9,120)
Other expenses	(1,511)	(1,737)
<b>Financial income and expenditures</b>	<b>(13,101)</b>	<b>(10,857)</b>

## NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 7 INVESTMENT PROPERTY

EUR X 1,000	31-12-2022	31-12-2021
<b>At 1 January</b>	<b>3,926,733</b>	<b>3,405,694</b>
Investments in completed investment property	-	-
Transferred from assets under construction	211,517	213,445
Investments in capitalised subsequent expenditure in investment property	2,375	15,151
Divestments of investment property	(92,149)	(17,453)
Transferred to/from assets held for sale	(12,483)	(6,501)
Right of use asset (IFRS 16) adjustments	721	(8,816)
Fair value adjustments	(80,962)	325,212
	<b>29,018</b>	<b>521,039</b>
<b>At end of period</b>	<b>3,955,751</b>	<b>3,926,733</b>

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

A mortgage on part of the ARC Fund's property portfolio serves as security for the loan. The total value of the residential portfolio mortgaged as at 31 December 2022 is EUR 1,474,433 thousand (2021: EUR 2,387,735 thousand) (also see note 16).



**8 ASSETS UNDER CONSTRUCTION**

EUR X 1,000	31-12-2022	31-12-2021
<b>At 1 January</b>	432,926	441,149
Prepayments for assets under construction	191,311	191,803
Transferred to investment property	(211,517)	(213,445)
Right of use asset (IFRS 16) adjustments	316	(6,073)
Fair value adjustments	26,445	19,492
	<b>6,554</b>	<b>(8,223)</b>
<b>At end of period</b>	<b>439,480</b>	<b>432,926</b>

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

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

**9 TRADE AND OTHER RECEIVABLES**

EUR X 1,000	31-12-2022	31-12-2021
Accounts receivable	1,991	1,710
Prepayments on borrowing costs	4,485	2,246
Amvest REIM BV	-	-
VAT	1,638	-
Other receivables and prepayments	6,998	1,916
<b>Trade and other receivables</b>	<b>15,112</b>	<b>5,872</b>

Borrowing costs for the syndicated loan amounted to EUR 4,485 thousand as at 31 December 2022 (2021: EUR 2,246 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 195 thousand.

**PROVISIONS ON ACCOUNTS RECEIVABLE**

EUR X 1,000	31-12-2022	31-12-2021
<b>At 1 January</b>	1,384	1,232
Amounts written off	-	-
Increase/(decrease) in allowance	278	152
	<b>278</b>	<b>152</b>
<b>At end of period</b>	<b>1,662</b>	<b>1,384</b>

All accounts receivable are non-interest bearing and are typically due within 30 days. As at 31 December 2022, receivables with a nominal value of EUR 1,662 thousand (2021: EUR 1,384 thousand) were impaired due to tenant defaults and were fully provided for. In 2022, no receivables were directly written off (2021: EUR -).

The ARC Fund holds EUR 8,069 thousand (2021: EUR 7,577 thousand) as collateral in the form of tenants' deposits (also see note 18).

**10 CASH AND CASH EQUIVALENTS**

EUR X 1,000	31-12-2022	31-12-2021
ABN AMRO Bank NV	38,966	39,294
ING Bank NV	2,535	4,252
<b>Cash and cash equivalents</b>	<b>41,501</b>	<b>43,546</b>

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



**11 ASSETS HELD FOR SALE**

EUR X 1,000	31-12-2022	31-12-2021
<b>At 1 January</b>	19,856	29,502
Divestments of assets held for sale	(16,378)	(16,147)
Transferred to investment property	-	(5,372)
Transferred from investment property	12,483	11,873
	<b>(3,895)</b>	<b>(9,646)</b>
<b>At end of period</b>	<b>15,961</b>	<b>19,856</b>

As at 31 December 2022, 37 homes (2021: 112) were actively being marketed, under offer, or conditionally sold to third parties, with all transactions expected to be finalised during 2022. The assessed fair value of these properties as at 31 December 2022 was EUR 15,961 thousand (2021: EUR 19,856 thousand).

**12 CAPITAL CONTRIBUTIONS**

EUR X 1,000	31-12-2022		31-12-2021	
	No. Of particip.	Nominal value	Interest	Nominal value
<b>Capital</b>				
AEGON Levensverzekering N.V.	24,812	25	24,812	25
PGGM Core Fund Participations B.V.	18,916	19	19,772	19
Investor "A"	456	-	456	-
Investor "C"	1,376	1	1,376	1
Investor "D"	2,897	3	3,278	3
Investor "E"	1,010	1	1,010	1
Investor "F"	871	1	871	1
Investor "G"	2,023	2	2,013	2
Investor "H"	2,710	3	2,710	3
Investor "I"	1,581	2	1,581	2
Investor "J"	1,491	1	1,473	1
Investor "K"	677	1	677	1
Investor "L"	8,633	9	8,633	8
Investor "M"	616	1	616	1
Investor "N"	410	-	410	-
Investor "O"	1,832	2	1,832	2
Investor "Q"	3,504	4	3,504	4
Investor "R"	1,664	2	1,664	2
Investor "S"	-	-	1,098	1
Investor "T"	424	-	420	-
Investor "U"	7,062	7	5,929	6
Investor "V"	1,768	2	-	-
Investor "W"	1,768	2	-	-
	<b>86,501</b>	<b>87</b>	<b>84,135</b>	<b>84</b>

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	31-12-2022	31-12-2021
<b>At 1 January</b>	1,411,422	1,575,374
AEGON Levensverzekering N.V.	418	-
Subscription Investor G	771	-
Subscription Investor J	171	-
Subscription Investor L	1,466	-
Subscription Investor Q	74,974	-
Subscription Investor T	74,974	-
Redemptions	(53,339)	(70,952)
Dividend paid to investors	(94,000)	(93,000)
	<b>5,435</b>	<b>(163,952)</b>
<b>At end of period</b>	<b>1,416,857</b>	<b>1,411,422</b>

For 2022, a total amount of EUR 94,000 thousand (2021: EUR 93,000 thousand ) of the share premium reserve was distributed to the Investors, being the final dividend distribution for 2022. Dividend per unit was EUR 1,087 in 2022 (2021: EUR 1,105).

**14 REVALUATION RESERVE**

EUR X 1,000	31-12-2022	31-12-2021
<b>At 1 January</b>	1,406,082	1,068,128
Profit of the year	(58,507)	361,019
Realised from property sales	(44,690)	(23,065)
	<b>(103,197)</b>	<b>337,954</b>
<b>At end of period</b>	<b>1,302,885</b>	<b>1,406,082</b>

The revaluation reserve, EUR 1,302,885 thousand is restricted from distribution due to cumulative net positive unrealised changes in the fair value of investment property (including assets held for sale) (2021: EUR 1,406,082 thousand).

**15 OTHER RESERVE**

EUR X 1,000	31-12-2022	31-12-2021
<b>At 1 January</b>	640,164	540,275
Profit of the year	98,143	76,824
Realised from property sales	44,690	23,065
	<b>142,833</b>	<b>99,889</b>
<b>At end of period</b>	<b>782,997</b>	<b>640,164</b>

For 2022, a total amount of EUR 44,690 thousand (2021: EUR 23,065 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	31-12-2022	31-12-2021
<b>At 1 January</b>	890,000	625,000
Loans taken	340,000	265,000
Repayments	(345,000)	-
	(5,000)	265,000
<b>At end of period</b>	<b>885,000</b>	<b>890,000</b>

The key elements of the EUR 500 million facility are mentioned below.

<b>Principal amount</b>	Initial amount: EUR 500 million bullet
<b>Term</b>	17 January 2026
<b>Lenders</b>	Deutsche Hypothekenbank (Security Agent, Valuation Agent)/ING Diba/ING N.V./ABN AMRO (EUR 300m/EUR 100m/ EUR 50m/EUR 50m)
<b>Interest period</b>	3 months
<b>Interest</b>	EUR 290m: 1.218%-1.318% (depending on LTMV ratio); EUR 60m: 1.596%-1.696% (depending on LTMV ratio); EUR 150m: 1.733%-1.833% (depending on LTMV ratio);
<b>Repayment</b>	In full, upon repayment date (17 January 2026); penalty free repayment after 5 years
<b>LTV ratio</b>	Maximised at 40%
<b>LTMV ratio</b>	Maximised at 50%
<b>Ratio of net rental income to gross interest</b>	At least 2.5

The key elements of the EUR 450 million facility are mentioned below.

<b>Principal amount</b>	Initial amount: EUR 450 million revolving
<b>Term</b>	3 July 2027
<b>Lenders</b>	ING BANK N.V. (Facility Agent)/ABN AMRO BANK N.V./BNP Paribas S.A./SMBC Bank EU A.G. (EUR 102.5m/EUR 112.4m/EUR 112.5m/EUR 112.5m)
<b>Interest period</b>	3 months
<b>Interest</b>	3-month Euribor + 80 basis points (depending on net LTV and utilisation amount)
<b>Repayment</b>	Each quarter, except when a new utilisation request is executed and ultimately upon repayment date ( 3 July 2027, extension options in place)
<b>LTV ratio</b>	Maximised at 40%
<b>LTMV ratio</b>	Maximised at 50%
<b>Ratio of net rental income to gross interest</b>	At least 2.5

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

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



## LOAN SPECIFICATION

EUR X 1,000	Principal 31-12-2022	Re- payments < 1 year	Re- payments > 1 year	End date	Interest Maturity	Effective interest Rate	Fixed/ Floating	Fair value
<b>2022</b>								
Counterparty								
Syndicated bullet loan 500M	500,000	-	500,000	17 January 2026	Quarter	1.42%	Fixed	460,201
Syndicated bullet loan 125M	125,000	-	125,000	3 December 2025	Quarter	1.30%	Fixed 75,000 Floating 50,000	68,437 50,000
Syndicated revolving credit facility	260,000	-	260,000	3 July 2027	Quarter	1.01%	Floating	260,000
<b>Total loans As at 31 December 2022</b>	<b>885,000</b>		<b>885,000</b>					<b>838,638</b>

EUR X 1,000	31	< 1 year	> 1 year	End date	Maturity	Rate	Fixed/ Floating	Fair value
<b>2021</b>								
Counterparty								
Syndicated bullet loan 500M	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	-	Floating	265,000
<b>Total loans As at 31 December 2021</b>	<b>890,000</b>		<b>890,000</b>					<b>900,439</b>

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 2022 was EUR 1,474,433 thousand (2021: EUR 2,387,735 thousand). As at 31 December 2022 the LTV ratio was 20.1% (2021: 20.3%), the LTMV ratios were 46.9% (2021: 30.0%) and 30.5% (2021: 38.8%).

EUR X 1,000	31-12-2022	31-12-2021
Investment property mortgaged in relation to syndicated loan	1,474,433	2,387,735
Investment property* not mortgaged in relation to syndicated loan	2,497,279	1,558,854
	<b>3,971,712</b>	<b>3,946,589</b>

The EUR 500 million loan facility agreement contains the following covenants:

EUR X 1,000	Covenants	31-12-2022
The loan-to-value ratio (including MtM value derivatives)	< 40%	20.1%
The loan-to-value mortgaged properties ratio	< 50%	46.9%
Ratio of net rental income to gross interest	> 2.5	8.9

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

EUR X 1,000	Covenants	31-12-2022
The loan-to-value ratio (including MtM value derivatives)	< 40%	20.1%
The loan-to-value mortgaged properties ratio	< 50%	30.5%
Ratio of net rental income to gross interest	> 2.5	8.9

The EUR 450 million loan facility agreement contains the following covenants:

EUR X 1,000	Covenants	31-12-2022
The loan-to-value ratio (including MtM value derivatives)	< 40%	20.1%
Ratio of net rental income to gross interest	> 2.5	8.9

As at 31 December 2022, 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	31-12-2022	31-12-2021
Long term lease payables (IFRS 16)	25,892	30,453
<b>Other long term payables*</b>	<b>25,892</b>	<b>30,453</b>

**18 TRADE AND OTHER PAYABLES**

EUR X 1,000	31-12-2022	31-12-2021
AEGON Levensverzekering N.V.	4,733	6,783
PGGM Core Fund Participations B.V.	3,608	5,405
Investor "A"	87	125
Investor "C"	262	376
Investor "D"	553	896
Investor "E"	193	276
Investor "F"	166	238
Investor "G"	386	550
Investor "H"	517	741
Investor "I"	302	432
Investor "J"	284	403
Investor "K"	129	185
Investor "L"	1,647	2,360
Investor "M"	118	168
Investor "N"	78	112
Investor "O"	349	501
Investor "Q"	668	958
Investor "R"	317	455
Investor "S"	-	300
Investor "T"	81	115
Investor "U"	1,347	1,621
Investor "V"	337	-
Investor "W"	337	-
	<b>16,500</b>	<b>23,000</b>

**18 TRADE AND OTHER PAYABLES (CONTINUED)**

EUR X 1,000	31-12-2022	31-12-2021
Tenants deposits	8,069	7,577
Accounts payable	2,233	1,813
Amvest REIM	195	184
VAT	-	103
Lease payables (IFRS 16)	6,097	500
Other Payables and prepayments	20,994	17,552
	<b>54,088</b>	<b>50,729</b>

The amount of EUR 16,500 thousand consists of the distributions (dividend for the fourth quarter of 2022) to the Investors (2021: EUR 23,000 thousand).

**ADDITIONAL NOTES****Transactions with related parties**

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



**RELATED PARTY TRANSACTIONS**

EUR x 1,000	Amount of transaction	Amounts due from related parties at year-end	Amounts due to related parties at year-end
<b>Fund management fee</b>			
2022	(12,383)	-	195
2021	(11,450)	-	184
<b>Other receivables and interest</b>			
2022	-	-	-
2021	-	-	-
<b>Acquisitions of completed investment property</b>			
2022	-	-	-
2021	-	-	-
<b>Prepayments on assets under construction</b>			
2022	92,001	-	-
2021	74,840	-	-

**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 2022. 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 2022, the ARC Fund has obligations with respect to new investment property. The total amount with respect to these obligations for 2022 onwards adds up to EUR 496 million.

**Off-balance sheet rights**

In 2022, the ARC Fund has received 3 subscription forms (2021: 0 forms). The total amount of off balance sheet rights for 2022 amounts to EUR 120 million relating to existing commitments (2021: 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	2022	2022	2022
Statutory audit of annual accounts	(224)	-	(224)
Other assurance services	(36)	-	(36)
Tax advisory services	-	-	-
Other non-audit services	-	-	-
	(260)	-	(260)
	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)	-	(238)

**Subsequent events**

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

Amsterdam, the Netherlands, 24 April 2023

H-W. Wensing, Fund Director

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

D. Wedding, Portfolio Manager



# COMPANY FINANCIAL STATEMENTS



# ACCOUNTING PRINCIPLES

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## 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	2022	2021
Result of associates after tax	(972)	50,999
Other result after tax	40,608	386,844
<b>Unrealised capital gains on investments</b>	<b>39,636</b>	<b>437,843</b>



# COMPANY STATEMENT OF FINANCIAL POSITION

EUR X 1,000	Notes	31-12-2022	31-12-2021
<b>Assets</b>			
<b>Non-current assets</b>			
Subsidiaries		445,856	460,827
Investment property		3,508,777	3,461,528
Assets under construction		439,480	432,926
		<b>4,394,113</b>	<b>4,355,281</b>
<b>Current assets</b>			
Trade and other receivables		13,106	5,540
Cash and cash equivalents		38,966	39,294
Assets held for sale		15,961	19,856
		<b>68,033</b>	<b>64,690</b>
<b>Total assets</b>			
		<b>4,462,146</b>	<b>4,419,971</b>

## 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	31-12-2022	31-12-2021
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Capital		87	84
Share premium reserve		1,416,857	1,411,422
Revaluation reserve		1,266,943	1,359,318
Other reserve		818,939	686,927
<b>Equity</b>		<b>3,502,826</b>	<b>3,457,751</b>
<b>Non-current liabilities</b>			
Syndicated loan		885,000	890,000
Other long term liabilities		25,891	23,670
		<b>910,891</b>	<b>913,670</b>
<b>Current liabilities</b>			
Trade and other payables		48,429	48,550
		<b>48,429</b>	<b>48,550</b>
<b>Total equity and liabilities</b>			
		<b>4,462,146</b>	<b>4,419,971</b>

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



# OTHER INFORMATION

FLORES\*



# ANNEX IV SFDR PERIODIC DISCLOSURE

ANNEX IV

Template periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Amvest Residential Core Fund (the “Fund”) Legal entity identifier: Not applicable

## Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

☒

Yes

☐

It made sustainable investments with an environmental objective: \_\_\_\_%

☐

in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☐

in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐

It made sustainable investments with a social objective: \_\_\_\_%

☒

No

☒

It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of 89% of sustainable investments

☐

with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy

☒

with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☒

with a social objective

☐

It promoted E/S characteristics, but did not make any sustainable investments

### To what extent were the environmental and/or social characteristics promoted by this financial product met?

The environmental and social characteristics were defined as stated below. Indicators do not fall below binding elements and therefore environmental and social goals are deemed to be met.

Environmental characteristics

- 1. Investing in energy efficient homes/future-proof homes.
- 2. Achieving a reduction of CO2 emissions.

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

Social characteristics

- 3. Providing high-quality living environments.
- 4. Providing affordable/attainable homes.

How did the sustainability indicators perform?

The 2022 indicators represent the first reporting for SFDR and no reference year is available, However, within the real estate market we believe our indicators performed well during 2022. The majority of our portfolio is classified A label, emissions are decreasing compared to internally defined base year (2020) and a vast majority of homes are affordable/attainable. Tenant satisfaction scores came out high on living environment and quality of home criteria meaning that tenants are very satisfied with their home and living environment. Living environments scored below benchmark which means that our peers are performing even better on this aspect. Performance on indicators is included in the table below:

Sustainability indicator	Performance
Composition of the portfolio by energy labels	74.6% A-label
	16.5% B-label
	8.9% C-label or lower label
Scope 1, 2 and 3 CO2 emissions of the properties	17.5Kg CO2/m2/year (based on useage 2021)
Annual tenant satisfaction score on the living environment and quality of home criteria	Living environment 7.5 (benchmark: 7.6)
	Quality of home 7.8 (benchmark 7.4).
Percentage of affordable/attainable homes	81% of portfolio is classified as low or mid-rent segment and therefore affordable/attainable

...and compared to previous periods?

In the previous period the SFDR reporting requirements not applicable. 2022 is the first year of reporting for SFDR purposes (this forms the base year). In 2023 a historical comparison will be included for the first time.



Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

● **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

The Fund's sustainable investments contributed to one of the following objectives:

- an environmental objective

More specifically, promoting energy-efficient buildings contributes to the mitigation of climate change.

The energy efficiency of investments is measured on the basis of an EPC label. If a home has an EPC label A or higher, it is deemed to have contributed to an environmental objective.

- a social objective

More specifically, the contribution to a solution for the growing problem faced by middle-income households in finding an affordable home in the economically attractive and densely populated cities of the Netherlands.

● **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

To ensure that the sustainable investment properties in which it invests do no significant harm to any environmental or social objective, the Fund monitored various sustainability-related subjects, more specifically the indicators for adverse impacts on sustainability factors.

As sustainable investments are not allowed to do significant harm to mandatory sustainability indicators for property, they do not qualify as such when the EPC label is lower than B.

— **How were the indicators for adverse impacts on sustainability factors taken into account?**

Two mandatory indicators for adverse impacts on sustainability factors for property have been described in the Sustainable Finance Disclosure Regulation (SFDR) which is European legislation: exposure to fossil fuel activities and energy efficiency.

In addition, optional indicators have been selected for sustainable investments. The Fund has chosen to consider two optional indicators at portfolio level, namely GHG emissions and energy consumption.

Mandatory indicators:

- None of the Fund's properties are involved in the extraction, storage, transport or manufacture of fossil fuels.
- All sustainable investments comply with the energy efficiency norm for property (minimum EPC label B).

Optional indicators:

- GHG emissions: at the level of the Fund the objective is to reduce emissions by 50% by 2030 (base year for GHG emissions calculation 2020).
- Energy consumption at the level of the Fund is aligned with GHG reduction targets. The Fund's grey energy consumption, i.e. consumption excluding renewable energy and electric car energy extraction, is to be reduced by 50% by 2030 (base year for the energy consumption calculation 2020).

— **Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:**

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

Not applicable. These guidelines and principles are applicable when investing in companies. The Fund invests solely in property.

**How did this financial product consider principal adverse impacts on sustainability factors?**

The Fund considers principal adverse impacts on sustainability factors. When investing in property, it considers factors related to energy labels, BENG and GPR certificates indicating the impact on factors such as energy efficiency and GHG emissions. Energy labels are considered in the process of purchasing properties and in the process of determining what properties could be renovated in order to become more energy efficient. Compliance with BENG requirements is mandatory for buildings built from 2021 onwards. The Fund complies with and strives to exceed requirements.





Moreover, the Fund's property assets do not have exposure to fossil fuels as it invests solely in residential property.

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: 2022

What were the top investments of this financial product?

At the end of 2022 the largest 15 investments were as follows:

Largest investments	Sector	% Assets	Country
Cruquius	RealEstate	5.2%	NL
IJland	RealEstate	4.4%	NL
Overhoeks	RealEstate	3.6%	NL
Sijpesteijn	RealEstate	3.6%	NL
Groot Hartje	RealEstate	3.2%	NL
Hoofddorp	RealEstate	2.9%	NL
HollandPark	RealEstate	2.1%	NL
Wassenaarseweg	RealEstate	1.7%	NL
Nijenoord	RealEstate	1.6%	NL
Spakler	RealEstate	1.6%	NL
New Babylon	RealEstate	1.6%	NL
De Fred	RealEstate	1.5%	NL
Xavier	RealEstate	1.4%	NL
City Icoon	RealEstate	1.4%	NL
Scheveningseweg	RealEstate	1.4%	NL

What was the proportion of sustainability-related investments?

The Fund's investments have been 89% aligned with the environmental and/or social characteristics. A proportion of the investments are deemed to be sustainable investments. 75% of the Fund's investments contributed to the environmental objectives. 75% of the Fund's investments contributed to the social objectives, of which 61% is also included in the investments with a environmental objective resulting in 14% qualifying as social that do not qualify as environmental. In the next question the asset allocation is graphically shown. The percentages are determined based on the allocation on 31-12-2022.

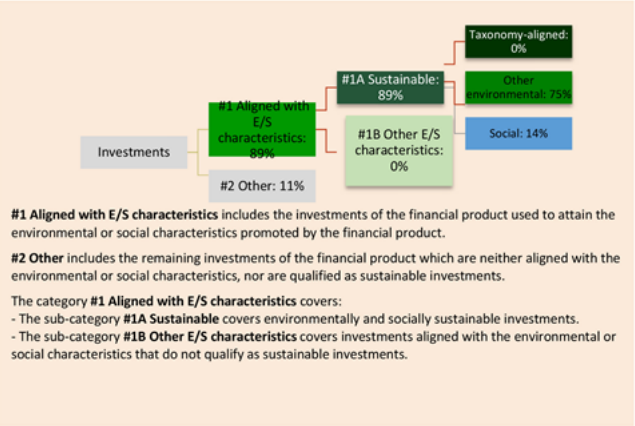
What was the asset allocation?

Asset allocation describes the share of investments in specific assets.

To comply with the EU Taxonomy, the criteria for fossil gas include limitations on emissions and switching fully to renewable power or low-carbon fuels by the end of 2035. For nuclear energy, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.  
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.  
The category #1 Aligned with E/S characteristics covers:  
- The sub-category #1A Sustainable covers environmentally and socially sustainable investments.  
- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?

The Fund has exclusively invested in Residential Real Estate.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The percentage is zero, as the Fund has not yet indicated that it will invest a minimum proportion in sustainable investments with an environmental objective aligned with the EU Taxonomy. We are currently investigating methods and interpretations to calculate the percentage of properties that can be classified as aligned with the EU Taxonomy. In the year 2022 the Fund had 0% alignment with the EU Taxonomy.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?

Yes: ☐ In fossil gas ☐ In nuclear energy

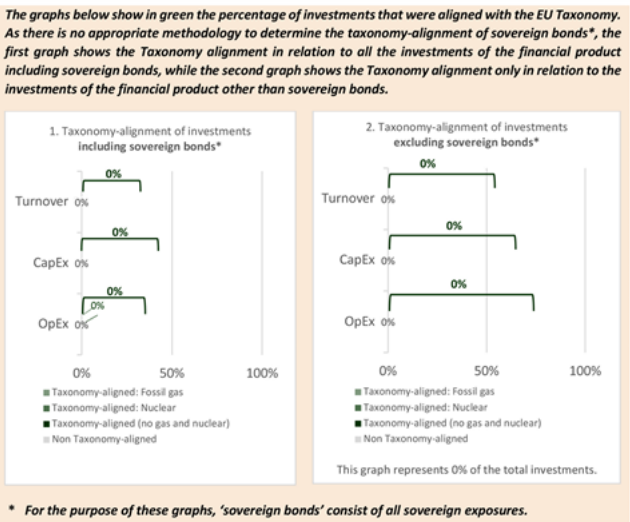
☒ No

<sup>1</sup> Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



● **What was the share of investments made in transitional and enabling activities?**

Not applicable as no the Fund did not invest in Taxonomy-aligned activities.

● **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

In the previous period the SFDR and Taxonomy reporting requirements were not applicable. 2022 is the first year of reporting for SFDR purposes (this forms the base year for this report). In 2023 a historical comparison will be included for the first time.



**What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?**



75% of the investments are marked sustainable with an environmental objective not aligned with the EU Taxonomy.

**What was the share of socially sustainable investments?**



14% of the investments are marked sustainable with a social objective not aligned with the EU Taxonomy and that do not qualify as investments with an environmental objective.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852.

**What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

11% of investments are included under “Other”. This represents investments with an EPC label below B. The fund accepts a small proportion of investments below B while it takes time to improve the entire portfolio and it does not have a 100% B label or higher goal.



**What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

Actions include divesting property with low EPC labels and investing in environmental measures to improve the EPC level for existing property. New property generally contributes to the A-label objective and are added to the low- and midpriced segment.



**How did this financial product perform compared to the reference benchmark?**

Not applicable. The Fund did not have a reference benchmark used to attain the environmental or social characteristics. The Fund did measure its sustainability performance based on the Global Real Estate Sustainability Benchmark (GRESB) and received a 5 star rating.

● **How does the reference benchmark differ from a broad market index?**

Not applicable

● **How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?**

Not applicable

● **How did this financial product perform compared with the reference benchmark?**

Not applicable

● **How did this financial product perform compared with the broad market index?**

Not applicable

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.



# INDEPENDENT AUDITOR'S REPORT

To: The Fund Manager of the Amvest Residential Core Fund

## REPORT ON THE AUDIT OF THE ACCOMPANYING FINANCIAL STATEMENTS

### Our opinion

We have audited the financial statements 2022 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 ("the Fund") as at 31 December 2022, and of its result for the year 2022 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 2022 and of its result for the year 2022 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 2022;
2. the following consolidated statements for the year 2022: the statement of profit and loss and other comprehensive income, the statement of changes in equity and the cashflow statement; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

The company financial statements comprise:

1. the company statement of financial position as at 31 December 2022;
2. the summarized company statement of profit and loss account for the year 2022; 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 designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of fraud and non-compliance with laws and regulations and going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

### AUDIT RESPONSE TO THE RISK OF FRAUD AND NON-COMPLIANCE WITH LAWS AND REGULATIONS

In chapters Risk Management and Compliance, on page 32 and page 35 respectively, of the Fund manager report, the Fund manager describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Fund and its business environment and assessed the design and implementation of the Fund's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the code of conduct, incident reporting system and procedures to investigate indications of possible fraud and non-compliance applicable to the Fund. Furthermore, we performed relevant inquiries with management and other relevant functions, such as the Risk and Compliance Officer. As part of our audit procedures, we:

- obtained an understanding of how the fund uses information technology (IT) and the impact of IT on the financial statements, including the potential for cybersecurity incidents to have a material impact on the financial statements;
- evaluated the periodic reports by the Risk and Compliance Officer on indications of possible non-compliance;
- evaluated correspondence with supervisory authorities and regulators;

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Fund and identified the following areas as those most likely to have a material effect on the financial statements:

- Anti-money laundering laws and regulations (Wwft)
- Wet op het financieel toezicht (Wft)
- Data privacy legislation (AVG)

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.



Further, we assessed the presumed fraud risk on revenue recognition, relating to rental income, as irrelevant, because:

- There is limited opportunity to commit fraud as rental income for existing rental agreements is fixed (except annual indexation), no individual material transactions and no judgement involved to determine the rental income for the period.

Based on the above and on the auditing standards, we identified the following fraud and non-compliance risk that is relevant to our audit, and responded as follows:

### **MANAGEMENT OVERRIDE OF CONTROLS (A PRESUMED RISK) RISK:**

Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively, such as estimates related to the fair value of investment property.

### **RESPONSES:**

We evaluated the design and the implementation of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries and estimates.

We performed a data analysis of high-risk journal entries (e.g., description) related to fraudulent reporting and evaluated key estimates and judgments for bias by the Fund's management, including retrospective reviews of prior years' estimate with respect to realized sales results on unit sales compared to the appraised value in prior year. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.

We incorporated an element of unpredictability in our audit, by testing a selection of recharged costs from related parties to the Fund.

We communicated our risk assessment, audit responses and results to management and the Advisory Board.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

### **AUDIT RESPONSE TO GOING CONCERN**

The Fund Manager has performed its going concern assessment and has not identified any going concern risks. To assess the Fund Manager's assessment, we have performed, inter alia, the following procedures:

- we considered whether the Fund Manager's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we inspected the terms of conditions in the financing agreement that could lead to going concern risks, including the terms of the agreement and any covenants;
- we analysed the Fund's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

### **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 2022
- Key figures 2022
- Report of the Fund Manager
- Residents' stories
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code; and
- Annexes

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

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

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

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

The Fund Manager is responsible for the preparation of the other information, including the 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 with 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 Fund's ability to continue as a going concern. Based on the financial reporting framework 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 fund's ability to continue as a going concern in the financial statements.

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

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

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

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

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

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

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with the Fund Manager and 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, 24 April 2023

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 2022 ('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 the Fund Manager 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)
- Carbon emission
- Generated economic value
- Renewable energy
- Vacancy rate
- Investing in mid-priced rental segment
- Limit rental increases
- Renovation roadmap
- GPR Certificates
- Energy performance certificates

### BASIS FOR OUR CONCLUSION

We performed our review 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.

The absence of an established practice on which to draw, to evaluate and measure the non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. Consequently, the non-financial information needs to be read and understood together with the reporting criteria used.

### 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.

Board of Management is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, taking into account applicable law and regulations related to reporting.

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 review 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 Fund Manager;
- 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 through inquiries a general understanding of control environment, processes and information systems relevant to the preparation of the sustainability information, but not to obtain assurance evidence about their implementation or their operating effectiveness;
- 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 annual report;
  - obtaining assurance information that the disclosures on the selected sustainability indicators in the annual report reconcile with underlying records of the Fund Manager;
  - 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 annual 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;

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

Rotterdam, 24 April 2023

KPMG Accountants N.V.

S. van Oostenbrugge RA



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

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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

Westpolder Bolwerk, Berkel en Rodenrijs



# KEY FIGURES 2022

Amounts in EUR x 1 million	2022	2021	2020	2019	2018
<b>Fund returns (as a percentage of the INREV NAV as at 1 January)</b>					
Income return	2.8%	2.8%	2.8%	3.3%	3.4%
Capital gains	(1.7%)	11.0%	6.7%	12.0%	18.2%
<b>Total return</b>	<b>1.1%</b>	<b>13.8%</b>	<b>9.5%</b>	<b>15.3%</b>	<b>21.6%</b>
Dividend yield (dividend / INREV NAV as at 1 January)	2.7%	2.9%	3.8%	4.0%	4.3%
Dividend	94.0	93.0	112.3	89.3	78.2
Total comprehensive income of the year	39.6	437.8	280.6	341.5	390.4
<b>Real estate returns (as a percentage of the average real estate portfolio value)</b>					
Direct return (1)	3.0%	3.0%	3.1%	3.5%	3.7%
Indirect return by selling (2)	(0.1%)	0.1%	0.9%	0.5%	0.8%
Indirect return by value changes	(2.0%)	8.8%	4.0%	7.5%	11.8%
<b>Total return</b>	<b>0.9%</b>	<b>11.9%</b>	<b>8.0%</b>	<b>11.5%</b>	<b>16.3%</b>
Cash yield (= 1 + 2)	2.9%	3.1%	4.0%	4.0%	4.5%
Gross rental yield	4.1%	3.9%	4.1%	4.3%	4.7%

Amounts in EUR x 1 million	2022	2021	2020	2019	2018
<b>Real estate results</b>					
Net rental income (1)	119.5	110.9	103.9	95.1	78.6
Other income (1)	6.2	1.7	0.5	0.1	0.0
Realised capital gains (2)	(3.6)	5.0	30.6	14.8	16.5
Unrealised capital gains	(54.5)	344.7	168.4	252.2	311.9
<b>Total capital gains</b>	<b>(58.2)</b>	<b>349.7</b>	<b>199.0</b>	<b>267.0</b>	<b>328.4</b>
Direct income	97.8	88.2	135.0	110.0	95.1
Indirect income	(58.2)	349.7	168.4	252.2	311.9
<b>Total income</b>	<b>39.6</b>	<b>437.8</b>	<b>303.4</b>	<b>362.2</b>	<b>407.0</b>
Cash (= 1 + 2)	122.1	117.6	135.0	110.0	95.1
<b>Balance sheet</b>					
Investment property as at 31 December after revaluation	3,955.8	3,926.7	3,405.7	3,161.4	2,261.4
Assets under construction as at 31 December	439.5	432.9	441.1	431.2	468.9
Assets held for sale as at 31 December	16.0	19.9	29.5	49.0	14.6
<b>Total property investments including assets under construction and assets held for sale</b>	<b>4,411.2</b>	<b>4,379.5</b>	<b>3,876.3</b>	<b>3,641.6</b>	<b>2,744.8</b>
<b>Total assets (balance sheet total)</b>	<b>4,466.2</b>	<b>4,428.9</b>	<b>3,910.1</b>	<b>3,670.0</b>	<b>2,782.2</b>



Amounts in EUR x 1 million	2022	2021	2020	2019	2018
Equity capital	3,502.8	3,457.8	3,183.9	2,955.8	2,228.8
Syndicated loan (drawn)	885.0	890.0	625.0	620.0	500.0
Financial income and expenditures	13.1	10.9	9.6	9.2	7.2
<b>Key indicators/ratios</b>					
Equity capital divided by balance sheet total	78.4%	78.1%	81.4%	80.5%	80.1%
Long-term liabilities compared to total property investments (loan-to-value) (< 30.0%)	20.1%	20.3%	16.1%	17.0%	18.2%
Average interest rate on long-term liabilities (including costs and interest rate swaps)	1.4%	1.4%	1.3%	1.5%	1.3%
<b>Bank covenants</b>					
Long-term liabilities including MtM value IRS compared to total property investments (loan-to-value) (<40.0%)	20.1%	20.3%	16.1%	17.0%	18.2%
Long-term liabilities compared to mortgaged property investments (loan-to-mortgage-value EUR 850M loan) (<50.0%)	46.9%	38.8%	27.7%	33.3%	41.4%
Long-term liabilities compared to mortgaged property investments (loan-to-mortgage-value EUR 125M loan) (<50.0%)	30.5%	30.0%	32.6%	0.0%	0.0%
Ratio of net rental income to gross interest (>2.5)	8.9	10.1	10.9	10.1	10.9
Occupancy rate (as a percentage of the theoretical rental income)	97.8%	97.2%	97.4%	97.2%	98.3%
Cost percentage excluding the landlord tax (as a percentage of the theoretical rental income)	21.4%	20.2%	22.2%	19.1%	19.4%
Cost percentage including the landlord tax (as a percentage of the theoretical rental income)	21.7%	20.6%	22.6%	19.5%	20.0%

Amounts in EUR x 1 million	2022	2021	2020	2019	2018
INREV NAV as at 1 January	3,498.8	2,958.2	2,232.5	2,232.5	1,800.9
INREV NAV as at 31 December	3,565.7	3,185.2	2,958.2	2,958.2	2,232.5
Total Expense Ratio (TER) (INREV NAV) (management expenses / average INREV NAV)	0.33%	0.43%	0.44%	0.44%	0.47%
Total Expense Ratio (TER) (INREV GAV) (management expenses / average INREV GAV)	0.42%	0.35%	0.36%	0.36%	0.38%
Total Real Estate Expense Ratio (REER) (INREV GAV) (operating costs / average INREV GAV)	0.85%	0.83%	0.74%	0.74%	0.79%
Letting portfolio (number of homes)	11,010	10,418	10,170	10,170	8,055
<b>MSCI property indexes</b>					
All residential assets					
MSCI property indexes	1.6%	8.3%	13.6%	13.6%	18.6%
Amvest Residential Core Fund	1.3%	9.9%	15.3%	15.3%	18.4%



# COMPOSITION OF THE PROPERTY PORTFOLIO

## PROPERTY ASSETS

Amounts in EUR x Million	Book value
Investment property	3,956
Assets held for sale	16
	<b>3,972</b>
Assets under construction	439
<b>Total</b>	<b>4,411</b>

## COMPOSITION OF THE PORTFOLIO

Amounts in EUR x Million	Number of homes	Bookvalue
Residential portfolio (individually rented)	11,010	3,899
Commercial/other	-	72
<b>Total</b>	<b>11,010</b>	<b>3,971</b>

## COMPOSITION OF THE RESIDENTIAL PORTFOLIO BY TYPE

Amounts in EUR x Million	Number of homes	Bookvalue
Single-family	3,550	1,207
Multi-family	7,460	2,692
<b>Total</b>	<b>11,010</b>	<b>3,899</b>

## COMPOSITION OF THE RESIDENTIAL PORTFOLIO BY REGION\*

Amounts in EUR x Million	Number of homes	Bookvalue
Central Circle - East - Regional Cities	1,546	487,517
Central Circle - East - Remainder	211	59,450
Central Circle - East - Satellites	296	92,568
Central Circle - North Wing - Remainder	107	36,040
Central Circle - North Wing - Satellites	1,646	578,022
Central Circle - North Wing: Amsterdam & Utrecht	3,051	1,261,880
Central Circle - South Wing - Remainder	547	168,993
Central Circle - South Wing - Satellites	1,127	374,793
Central Circle - South Wing: Rotterdam & The Hague	1,937	680,660
Regional Economic Centres	494	144,621
Remaining Regions	48	14,700
<b>Total</b>	<b>11,010</b>	<b>3,899,244</b>

### Region \*

#### Central Circle - North Wing:

- Amsterdam and Utrecht
- Satellite cities, including Almere, Amersfoort, Haarlem, and IJsselstein.
- Remainder, including Blaricum, Uithoorn and Veenendaal.

#### Central Circle –South Wing:

- Rotterdam and The Hague
- Satellite cities, including Berkel en Rodenrijs, Delft, Leiden, and Nootdorp.
- Remainder, including Alphen aan den Rijn, Barendrecht, and Gouda.

#### Central Circle East:

- Regional cities: Eindhoven, Breda, Tilburg, 's-Hertogenbosch, Arnhem, Nijmegen, Apeldoorn, Ede.



- Satellite cities, including Elst, Nuenen, and Oosterhout.
- Remainder, including Culemborg, Geldermalsen, and Velp

**National Periphery:**

- Regional Economic Centres: Groningen, Leeuwarden, Zwolle, Deventer, Enschede.
- Remaining Regions

**COMPOSITION OF THE RESIDENTIAL PORTFOLIO BY RENT CLASS**

Amounts in EUR x Million	Number of homes	Bookvalue
High	1,510	660
Low	363	92
Mid	9,059	2,959
<b>Grand Total</b>	<b>10,932</b>	<b>3,711</b>

**YIELD ACCORDING TO THE MSCI RESIDENTIAL INDEX**

	ARC Fund total	MSCI Total	ARC Fund SI**	MSCI SI**
Income return 2022	3.1%	2.6%	3.1%	2.8%
Capital growth 2022	(1.7%)	(1.0%)	(2.2%)	(1.1%)
<b>Total return 2022</b>	<b>1.3%</b>	<b>1.6%</b>	<b>0.9%</b>	<b>1.7%</b>
Income return 3 year average	3.2%	2.8%	3.2%	3.0%
Capital growth 3 year average	4.7%	5.3%	3.9%	4.9%
<b>Total return 3 year average</b>	<b>8.0%</b>	<b>8.2%</b>	<b>7.2%</b>	<b>8.1%</b>
Income return 5 year average	3.4%	3.0%	3.4%	3.2%
Capital growth 5 year average	7.8%	8.1%	6.3%	7.5%
<b>Total return 5 year average</b>	<b>11.5%</b>	<b>11.3%</b>	<b>9.9%</b>	<b>10.9%</b>

\*\* SI = Standing investments

**COMPOSITION OF THE COMMITTED PIPELINE BY RESIDENTIAL TYPE**

Amounts in EUR x Million	Number of homes	Bookvalue
Single-family	42	12
Multi-family	2,491	952
<b>Total</b>	<b>2,533</b>	<b>965</b>

**COMPOSITION OF THE COMMITTED PIPELINE BY REGION\***

Amounts in EUR x Million	Number of homes	Bookvalue
Rotterdam & The Hague	818	354
Amsterdam & Utrecht	645	245
Central Circle - North Wing - Satellites	544	200
Central Circle - South Wing - Satellites	295	105
Central Circle - East - Regional Cities	231	60
<b>Total</b>	<b>2,533</b>	<b>965</b>

**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

Materiality according to stakeholders

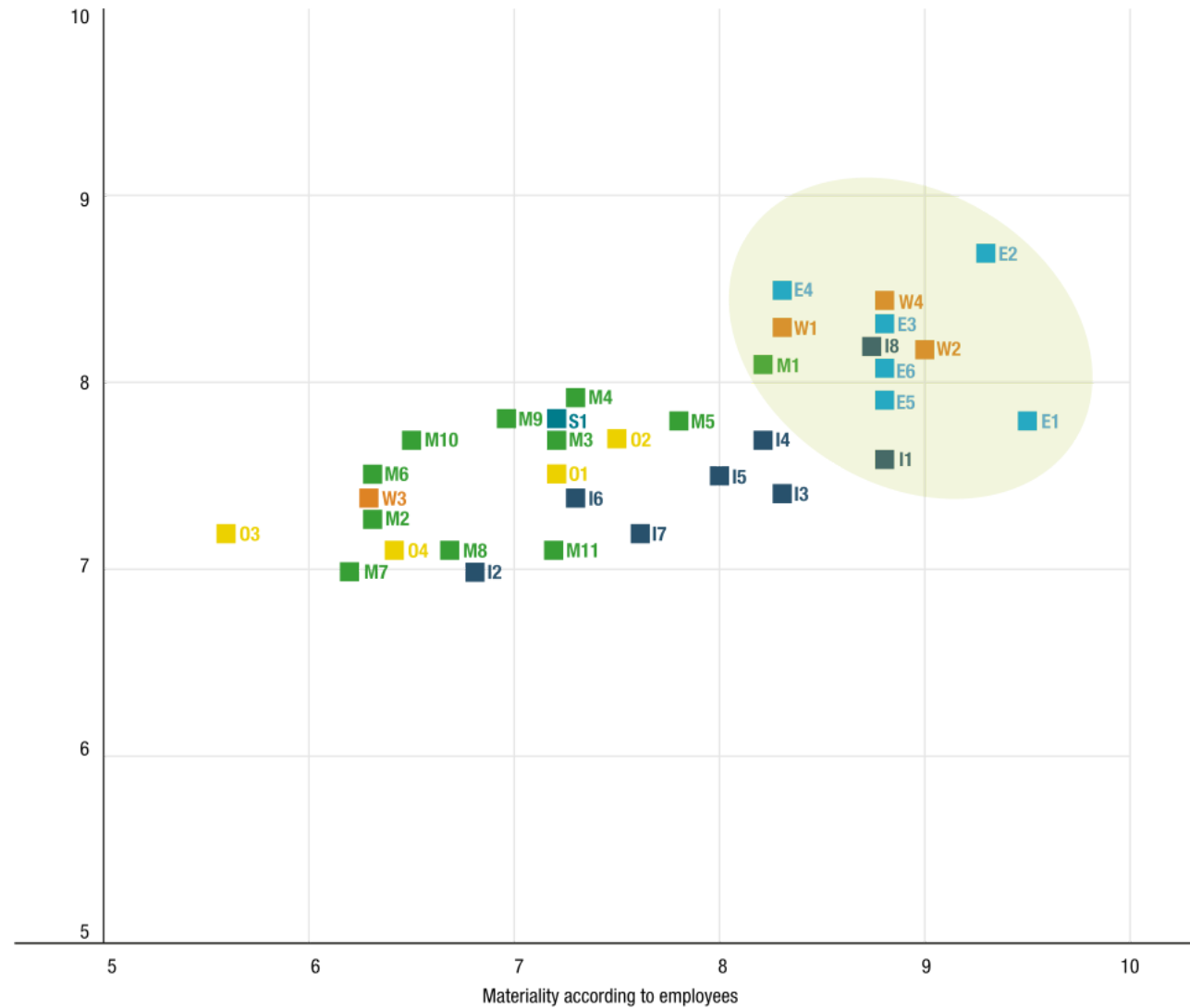


FIGURE 28: MATERIAL THEMES FOR THE ARC FUND

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



# OVERVIEW OF THE PROPERTY PORTFOLIO

Town	Address	Number of homes	Housing type/commercial	Construction year	Region**
Almere	Boelijn Spinnakerplantsoen	58	single-family	2008	Central Circle - North Wing - Satellites
Almere	Duin (24EGW)	48	single-family	2015	Central Circle - North Wing - Satellites
Almere	Duin Boomrijk	10	single-family	2020	Central Circle - North Wing - Satellites
Almere	Duin Boomrijk II	18	single-family	2020	Central Circle - North Wing - Satellites
Almere	Duin MGW	26	multi-family	2017	Central Circle - North Wing - Satellites
Almere	Noorderduin vlek 1-2A	16	single-family	2018	Central Circle - North Wing - Satellites
Almere	Zeeduinweg gebouw L -Sydney	107	multi-family	2020	Central Circle - North Wing - Satellites
Almere	De Diagonaal	72	multi-family	2007	Central Circle - North Wing - Satellites
Almere	Almere - Floriade Toren 2	80	multi-family	2022	Central Circle - North Wing - Satellites
Almere	Almere - Floriade Toren 2 COG		commercial	2022	Central Circle - North Wing - Satellites
Almere	Noorderduin	28	single-family	2017	Central Circle - North Wing - Satellites
Almere	Ouverture	40	multi-family	1993	Central Circle - North Wing - Satellites
Almere	Ouverture 1-20	7	multi-family	1993	Central Circle - North Wing - Satellites
Almere	Thérèse Schwartzestraat	24	single-family	2001	Central Circle - North Wing - Satellites
Alphen a/d Rijn	Andromedastraat	81	multi-family	2006	Central Circle - South Wing - Remainder
Alphen a/d Rijn	Alphen ad Rijn - Watermunt	45	single-family	2016	Central Circle - South Wing - Remainder
Amersfoort	Amersfoort - Baak van Breskens	35	single-family	2014	Central Circle - North Wing - Satellites
Amersfoort	Sint Jorisplein	93	multi-family	1998	Central Circle - North Wing - Satellites
Amstelveen	Nieuw Loopveld	8	multi-family	2004	Central Circle - North Wing - Satellites
Amsterdam	360Degrees (Kop Grasweg)	122	multi-family	2022	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	360Degrees COG (Kop Grasweg)		commercial	2022	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Cruquius 1.3 MGW	52	multi-family	2021	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Cruquius 1.3 COG		commercial	2021	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Cruquius 2Peer	23	multi-family	2020	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Cruquius Binnenbocht COG		commercial	2021	Central Circle - North Wing: Amsterdam & Utrecht



Town	Address	Number of homes	Housing type/commercial	Construction year	Region**
Amsterdam	Cruquius Binnenbocht MGW	61	multi-family	2021	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Cruquius fase 1.4 COG		commercial	2021	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Cruquius fase 1.4 MGW	81	multi-family	2021	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Cruquius MGW kavel 1.1 en 1.2	158	multi-family	2017	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Cruquius MGW kavel COG		commercial	2017	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Cruquius Sigma	25	multi-family	2021	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Cruquius Sigma Friends	18	multi-family	2021	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	De Spakler COG		commercial	2017	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	De Spakler MGW	160	multi-family	2017	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Amsterdam - Het IJland	271	multi-family	2018	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Jan Tooropstraat	66	multi-family	2020	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	RIV	23	multi-family	2017	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Xavier	110	multi-family	2019	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Fred Roeskestraat	110	multi-family	2017	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Krijn Taconiskade	69	multi-family	2007	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Krijn Taconiskade	48	multi-family	2007	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Krijn Taconiskade COG		commercial	2007	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Overhoeks blok A2 The Row	92	multi-family	2021	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Overhoeks blok C1 The Line	72	multi-family	2021	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Overhoeks blok M fase 3.2	128	multi-family	2022	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Overhoeks blok M fase 3.2 COG		commercial	2022	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Westerdoksdiijk	40	multi-family	2008	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Westerdoksdiijk		commercial	2009	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Westerdoksdiijk (Westerkaap)	4	multi-family	2007	Central Circle - North Wing: Amsterdam & Utrecht
Arnhem	Deltakwartier	98	single-family	2017	Central Circle - East - Regional Cities
Arnhem	Deltakwartier fase 3	53	single-family	2018	Central Circle - East - Regional Cities
Arnhem	Het Haam	34	single-family	2008	Central Circle - East - Regional Cities
Arnhem	Laan van de Vrede	41	single-family	2014	Central Circle - East - Regional Cities
Arnhem	Kea Boumanstraat	1	single-family	2006	Central Circle - East - Regional Cities



Town	Address	Number of homes	Housing type/commercial	Construction year	Region**
Arnhem	Stadswaardenlaan	8	single-family	2008	Central Circle - East - Regional Cities
Badhoevedorp	Irislaan	48	single-family	2015	Central Circle - North Wing - Satellites
Badhoevedorp	Franklinstraat	26	multi-family	2007	Central Circle - North Wing - Satellites
Barendrecht	Brielsemeer	50	single-family	2000	Central Circle - South Wing - Remainder
Barendrecht	Drogerij	43	single-family	2001	Central Circle - South Wing - Remainder
Barendrecht	Koperslagerij	21	single-family	1998	Central Circle - South Wing - Remainder
Barendrecht	Waddenring	16	single-family	2001	Central Circle - South Wing - Remainder
Berkel en Rodenrijs	Berkel en Rodenrijs - Gouden Podium 2	18	single-family	2020	Central Circle - South Wing - Satellites
Berkel en Rodenrijs	Berkel en Rodenrijs - Guus Hermessingel	9	single-family	2019	Central Circle - South Wing - Satellites
Berkel en Rodenrijs	Gouden Griffelplantsoen	119	single-family	2006	Central Circle - South Wing - Satellites
Berkel en Rodenrijs	Gouden Uil appartementen	53	multi-family	2011	Central Circle - South Wing - Satellites
Berkel en Rodenrijs	Gouden Uillaan	61	single-family	2008	Central Circle - South Wing - Satellites
Berkel en Rodenrijs	Westpolder Bolwerk	16	single-family	2022	Central Circle - South Wing - Satellites
Blaricum	Blaricum - Blaricummeermeent	34	single-family	2015	Central Circle - North Wing - Remainder
Breda	Vooruit COG		commercial	2019	Central Circle - East - Regional Cities
Breda	Vooruit MGW	42	multi-family	2019	Central Circle - East - Regional Cities
Breda	Haga Lucia COG Zorg inzake WZC		other	2017	Central Circle - East - Regional Cities
Breda	Haga Lucia mgw	70	multi-family	2017	Central Circle - East - Regional Cities
Breda	Stationskwartier	82	multi-family	2016	Central Circle - East - Regional Cities
Breda	Stationsweg (Heren van Breda)	93	multi-family	2007	Central Circle - East - Regional Cities
Culemborg	Parijsch Zuid Fase 1	20	single-family	2016	Central Circle - East - Remainder
Culemborg	Parijsch Zuid Fase 2	22	single-family	2017	Central Circle - East - Remainder
Delft	Spoorzone veld 5 COG		commercial	2020	Central Circle - South Wing - Satellites
Delft	Spoorzone veld 5 MWG	130	multi-family	2020	Central Circle - South Wing - Satellites
Den Bosch	Daliënwaard	29	single-family	2006	Central Circle - East - Regional Cities
Den Bosch	Le Perron	38	multi-family	2017	Central Circle - East - Regional Cities
Deventer	Verlengde Kazernestraat	33	single-family	2013	Regional Economic Centres
Diemen	Holland Park	202	multi-family	2019	Central Circle - North Wing - Satellites
Ede	Enkalaan	46	single-family	2014	Central Circle - East - Regional Cities



Town	Address	Number of homes	Housing type/commercial	Construction year	Region**
Ede	Park Reehorst	46	single-family	2018	Central Circle - East - Regional Cities
Ede	Wadestein	107	multi-family	2009	Central Circle - East - Regional Cities
Eindhoven	Diodeweg (Strijp-R)	39	single-family	2013	Central Circle - East - Regional Cities
Eindhoven	Antwerpen	6	multi-family	2013	Central Circle - East - Regional Cities
Eindhoven	Antwerpen COG		commercial	2013	Central Circle - East - Regional Cities
Eindhoven	Barcelona	36	multi-family	2013	Central Circle - East - Regional Cities
Eindhoven	Gent (corporate housing)		commercial	2013	Central Circle - East - Regional Cities
Eindhoven	Gent COG		commercial	2013	Central Circle - East - Regional Cities
Eindhoven	Gent MGW	21	multi-family	2013	Central Circle - East - Regional Cities
Eindhoven	Helsinki Berlijn	27	multi-family	2013	Central Circle - East - Regional Cities
Eindhoven	Kaapstad Rome	7	multi-family	2013	Central Circle - East - Regional Cities
Eindhoven	Londen	10	multi-family	2013	Central Circle - East - Regional Cities
Eindhoven	Milaan	18	multi-family	2013	Central Circle - East - Regional Cities
Eindhoven	New York	110	multi-family	2013	Central Circle - East - Regional Cities
Eindhoven	Paalspoor	50	single-family	2015	Central Circle - East - Regional Cities
Eindhoven	Rio	116	multi-family	2013	Central Circle - East - Regional Cities
Eindhoven	Strijp R 24 EGW	24	multi-family	2017	Central Circle - East - Regional Cities
Eindhoven	Strijp R Zwaanstraat	20	multi-family	2019	Central Circle - East - Regional Cities
Eindhoven	Sydney Monaco	3	multi-family	2013	Central Circle - East - Regional Cities
Eindhoven	Tokyo Hamburg	27	multi-family	2013	Central Circle - East - Regional Cities
Eindhoven	Waterrijk Hof 1 EGW	33	single-family	2017	Central Circle - East - Regional Cities
Eindhoven	Waterrijk Hof 11B EGW	30	single-family	2017	Central Circle - East - Regional Cities
Eindhoven	Wenen	4	multi-family	2013	Central Circle - East - Regional Cities
Elst	Basilica MGW	36	multi-family	2007	Central Circle - East - Satellites
Elst	Dupondius ea	35	single-family	2007	Central Circle - East - Satellites
Elst	Lingegraaf	12	single-family	2013	Central Circle - East - Satellites
Elst	Polderwerker ea	32	single-family	2012	Central Circle - East - Satellites
Elst	Tempellaan	38	multi-family	2007	Central Circle - East - Satellites
Geldermalsen	Lingedonk	55	single-family	2017	Central Circle - East - Remainder



Town	Address	Number of homes	Housing type/commercial	Construction year	Region**
Gouda	Ambachtsschool	64	multi-family	2017	Central Circle - South Wing - Remainder
Gouda	Ambachtsschool EGW	1	single-family	2017	Central Circle - South Wing - Remainder
Groningen	Boterdiep	145	multi-family	2002	Regional Economic Centres
Groningen	Melisseweg	49	single-family	2017	Regional Economic Centres
Groningen	Hanzeplein	65	multi-family	1998	Regional Economic Centres
Haarlem	Bellevuelaan (Hoge Hout) - appartementen	91	multi-family	2010	Central Circle - North Wing - Satellites
Haarlem	Bellevuelaan (Hoge Hout) - penthouses	2	multi-family	2010	Central Circle - North Wing - Satellites
Haarlem	Aquaverde MGW	54	multi-family	2016	Central Circle - North Wing - Satellites
Haarlem	Pim Mulierlaan	59	multi-family	2019	Central Circle - North Wing - Satellites
Hendrik Ido Ambacht	Zalm	47	multi-family	2010	Central Circle - South Wing - Remainder
Hoofddorp	Antje Breijerstraat	14	multi-family	2003	Central Circle - North Wing - Satellites
Hoofddorp	Antje Breijerstraat		commercial	2004	Central Circle - North Wing - Satellites
Hoofddorp	Burg. van Stamplein	97	multi-family	2003	Central Circle - North Wing - Satellites
Hoofddorp	Burg. van Stamplein	4	single-family	2004	Central Circle - North Wing - Satellites
Hoofddorp	Cor van de Meerstraat	32	multi-family	2001	Central Circle - North Wing - Satellites
Hoofddorp	Lugano	75	multi-family	2013	Central Circle - North Wing - Satellites
Hoofddorp	Juf van Kempenstraat	60	multi-family	2001	Central Circle - North Wing - Satellites
Hoofddorp	Tuinweg	55	multi-family	2004	Central Circle - North Wing - Satellites
Horst	Pieter Belsstraat ea	7	single-family	2008	Remaining Regions
Houten	Piazza	14	multi-family	2012	Central Circle - North Wing - Satellites
Huissen	Keizersallee ea	32	single-family	2017	Central Circle - East - Satellites
Huissen	Loovelden	50	single-family	2013	Central Circle - East - Satellites
IJsselstein	Bangkoksingel	62	single-family	2000	Central Circle - North Wing - Satellites
IJsselstein	Praagsingel	44	multi-family	2000	Central Circle - North Wing - Satellites
Leeuwarden	Jansoniusstraat	17	single-family	2007	Regional Economic Centres
Leiden	Churchillpark (fase2)	22	multi-family	2018	Central Circle - South Wing - Satellites
Leiden	Haagwegkwartier EGW	30	single-family	2015	Central Circle - South Wing - Satellites
Leiden	Haagwegkwartier MGW	77	multi-family	2018	Central Circle - South Wing - Satellites
Leiden	Wassenaarseweg 285 MGW	213	multi-family	2020	Central Circle - South Wing - Satellites



Town	Address	Number of homes	Housing type/commercial	Construction year	Region**
Leiderdorp	De Ridder	49	multi-family	2020	Central Circle - South Wing - Remainder
Lent	Navarrastraat ea	33	single-family	2013	Central Circle - East - Regional Cities
Maassluis	Wilgenrijk Buitengoed	43	single-family	2021	Central Circle - South Wing - Remainder
Nijmegen	Handelskade	111	multi-family	2017	Central Circle - East - Regional Cities
Nijmegen	Kleine Boel	33	single-family	2016	Central Circle - East - Regional Cities
Nootdorp	Fellowshiplaan	26	single-family	2007	Central Circle - South Wing - Satellites
Nootdorp	Gilze Rijnenhof	26	single-family	2008	Central Circle - South Wing - Satellites
Nootdorp	Laan van Nootdorp	36	multi-family	2004	Central Circle - South Wing - Satellites
Nootdorp	Zonnehof	43	single-family	2007	Central Circle - South Wing - Satellites
Nootdorp	Operatie Mannahof	44	single-family	2004	Central Circle - South Wing - Satellites
Nootdorp	Soesterberghof	10	single-family	2008	Central Circle - South Wing - Satellites
Nootdorp	Startbaan	20	multi-family	2008	Central Circle - South Wing - Satellites
Nootdorp	Woensdrechtthof	63	multi-family	2008	Central Circle - South Wing - Satellites
Nootdorp	Woensdrechtthof	14	single-family	2008	Central Circle - South Wing - Satellites
Nuenen	Steenakker	30	single-family	2014	Central Circle - East - Satellites
Oegstgeest	Griffioen ea	44	single-family	2015	Central Circle - South Wing - Remainder
Oosterhout	Gebint	31	single-family	2014	Central Circle - East - Satellites
Papendrecht	Aviollandaplein	17	multi-family	2009	Central Circle - South Wing - Remainder
Papendrecht	Betvaader	26	multi-family	2010	Central Circle - South Wing - Remainder
Pijnacker	Thurelede	28	multi-family	2005	Central Circle - South Wing - Satellites
Rotterdam	Adriaan Kooningsstraat	160	multi-family	2002	Central Circle - South Wing: Rotterdam & The Hague
Rotterdam	Adriaan Kooningsstraat		commercial	2002	Central Circle - South Wing: Rotterdam & The Hague
Rotterdam	De Rotterdam	85	multi-family	2013	Central Circle - South Wing: Rotterdam & The Hague
Rotterdam	Koningslaan	68	multi-family	2020	Central Circle - South Wing: Rotterdam & The Hague
Rotterdam	Nesselande	15	single-family	2009	Central Circle - South Wing: Rotterdam & The Hague
Rotterdam	Park Zestienhoven COG		commercial	2017	Central Circle - South Wing: Rotterdam & The Hague
Rotterdam	Park Zestienhoven MGW	70	multi-family	2017	Central Circle - South Wing: Rotterdam & The Hague
Rotterdam	Zuiderhof	47	single-family	2017	Central Circle - South Wing: Rotterdam & The Hague
Scheveningen	De Zuid	33	multi-family	2017	Central Circle - South Wing: Rotterdam & The Hague



Town	Address	Number of homes	Housing type/commercial	Construction year	Region**
The Hague	Aalscholversingel	6	single-family	2000	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Backeswater	112	single-family	2001	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Berkebroeklaan	41	single-family	2003	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Bezuidenhoutseweg (New Babylon)	44	multi-family	2010	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Blauwe Reigersingel	76	single-family	2000	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Cornelis de Wittlaan	128	multi-family	2000	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Cornelis de Wittlaan	29	multi-family	2000	Central Circle - South Wing: Rotterdam & The Hague
The Hague	De Bruijnvaart	29	single-family	2004	Central Circle - South Wing: Rotterdam & The Hague
The Hague	De Mok	1	single-family	1997	Central Circle - South Wing: Rotterdam & The Hague
The Hague	De Vroomedijk	36	single-family	2002	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Koningin Sophiestraat	67	multi-family	2017	Central Circle - South Wing: Rotterdam & The Hague
The Hague	New Babylon toren 1	78	multi-family	2012	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Strijpkade	47	single-family	2015	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Douglaslaan	7	single-family	1998	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Ganzenplantsoen	29	single-family	2000	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Goudplevierlaan	27	single-family	2000	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Goudvinklaan	38	single-family	2003	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Katschiplaan	38	multi-family	2010	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Kerkuillaan	32	single-family	2000	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Koolhovenlaan	53	single-family	2000	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Laan van Wateringseveld	10	multi-family	2005	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Nootdorpse Landingslaan	23	multi-family	2000	Central Circle - South Wing: Rotterdam & The Hague
The Hague	NW Buitensingel	67	multi-family	2001	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Pluimzege	88	single-family	2004	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Rietzangerstraat	44	single-family	2002	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Scheveningseweg	143	multi-family	2020	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Van Campenvaart	12	single-family	2001	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Van Campenvaart	18	single-family	2002	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Van Essendijk	28	single-family	2002	Central Circle - South Wing: Rotterdam & The Hague



Town	Address	Number of homes	Housing type/commercial	Construction year	Region**
The Hague	Weidevogellaan	30	multi-family	2003	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Windjammersingel	49	multi-family	2009	Central Circle - South Wing: Rotterdam & The Hague
The Hague	Wrightlaan	29	single-family	1998	Central Circle - South Wing: Rotterdam & The Hague
Uden	Schelling	39	single-family	2014	Central Circle - East - Remainder
Uithoorn	Ransuil	32	single-family	2014	Central Circle - North Wing - Remainder
Utrecht	Godfried Bomansstraat	45	single-family	2015	Central Circle - North Wing: Amsterdam & Utrecht
Utrecht	Ketjapweg	41	single-family	2016	Central Circle - North Wing: Amsterdam & Utrecht
Utrecht	Los Angeles	93	multi-family	2017	Central Circle - North Wing: Amsterdam & Utrecht
Utrecht	Lux	97	multi-family	2016	Central Circle - North Wing: Amsterdam & Utrecht
Utrecht	Nijenoord	195	multi-family	2019	Central Circle - North Wing: Amsterdam & Utrecht
Utrecht	Nijenoord COG		commercial	2018	Central Circle - North Wing: Amsterdam & Utrecht
Utrecht	Paul Gauguinhof	32	single-family	2012	Central Circle - North Wing: Amsterdam & Utrecht
Utrecht	Van Sijpesteijnkade COG		commercial	2019	Central Circle - North Wing: Amsterdam & Utrecht
Utrecht	Van Sijpesteijnkade MGW	266	multi-family	2019	Central Circle - North Wing: Amsterdam & Utrecht
Utrecht	van Sijpesteijnkade parkeergarage		other	2021	Central Circle - North Wing: Amsterdam & Utrecht
Utrecht	Sijpesteijn vervolgfase	120	multi-family	2022	Central Circle - North Wing: Amsterdam & Utrecht
Utrecht	Sijpesteijn fase 3B en 3C COG		commercial	2022	Central Circle - North Wing: Amsterdam & Utrecht
Veenendaal	Tuinstraat	41	multi-family	2016	Central Circle - North Wing - Remainder
Velp	Churchillplein MGW	75	multi-family	2012	Central Circle - East - Remainder
Vleuten	Beukenburg	51	single-family	2007	Central Circle - North Wing: Amsterdam & Utrecht
Vleuten	Beukenburg		other	2007	Central Circle - North Wing: Amsterdam & Utrecht
Vleuten	Beurszwam	44	single-family	2010	Central Circle - North Wing: Amsterdam & Utrecht
Vleuten	Droomtuinlaan (Bouquet)	32	multi-family	2013	Central Circle - North Wing: Amsterdam & Utrecht
Vleuten	Dwergbieslaan	33	single-family	2005	Central Circle - North Wing: Amsterdam & Utrecht
Vleuten	Herfsttuinlaan	32	single-family	2001	Central Circle - North Wing: Amsterdam & Utrecht
Vleuten	Leersumseveld	41	single-family	2010	Central Circle - North Wing: Amsterdam & Utrecht
Vleuten	Leersumseveld		other	2010	Central Circle - North Wing: Amsterdam & Utrecht
Vleuten	Lentetuinlaan		commercial	2012	Central Circle - North Wing: Amsterdam & Utrecht
Vleuten	Moerasvaren	14	multi-family	2010	Central Circle - North Wing: Amsterdam & Utrecht



Town	Address	Number of homes	Housing type/commercial	Construction year	Region**
Vleuten	Moerasvaren	41	single-family	2010	Central Circle - North Wing: Amsterdam & Utrecht
Vleuten	Moerasvaren		other	2010	Central Circle - North Wing: Amsterdam & Utrecht
Vleuten	Veldbloemlaan	78	single-family	2006	Central Circle - North Wing: Amsterdam & Utrecht
Vleuten	Voor de Burchten (De Burchtheer)	63	multi-family	2010	Central Circle - North Wing: Amsterdam & Utrecht
Voorburg	Goede Herderkerk	38	multi-family	2017	Central Circle - South Wing - Satellites
Wateringen	Singel	31	single-family	2015	Central Circle - South Wing - Satellites
Zaandam	Handzaag	37	multi-family	2002	Central Circle - North Wing - Satellites
Zutphen	Canadasingel ea	41	single-family	2011	Remaining Regions
Zwolle	Frankenhuizenallee	17	single-family	2006	Regional Economic Centres
Zwolle	Fruitweidestraat 29-55	2	single-family	2006	Regional Economic Centres
Zwolle	Sprengpad	42	single-family	2004	Regional Economic Centres
Zwolle	Zwaardvegerstraat	94	multi-family	1996	Regional Economic Centres
Zwolle	Havezathenallee	30	single-family	2014	Regional Economic Centres
<b>Total</b>	<b>241</b>	<b>11,010</b>			



# OVERVIEW OF THE PIPELINE PORTFOLIO

Project	Units completed (expected)			
	2023	2024	2025	2026 >
<b>Commitments (signed SPA): RoFR</b>				
Diemen, Hollandpark Toren 6 Blok 8	-	-	144	-
Amsterdam, Overhoeks Bow	-	67	-	-
Amsterdam, Overhoeks Stack	58	-	-	-
Amsterdam Berkhout	44	-	-	-
Amsterdam - Sphinx	-	-	89	-
Amsterdam, Jonas	190	-	-	-
	<b>292</b>	<b>67</b>	<b>233</b>	<b>-</b>
<b>Commitments (signed SPA): 3rd party/combi</b>				
Amstelveen, Olympiade	-	358	-	-
Rotterdam, The Post	-	203	-	-
Amsterdam, Wenckebachweg	-	-	-	197
Rotterdam - De Boompjes	-	342	-	-
Voorburg, Damsigt	-	-	295	-
Eindhoven, Groot Hartje	-	201	-	-
Breda - 3 Princessen	30	-	-	-
The Hague - KJ-plein	-	-	-	273
Almere - Hortus	-	-	42	-
	<b>30</b>	<b>1,104</b>	<b>337</b>	<b>470</b>
Total Commitments (signed SPA)	322	1,171	570	470
<b>Total Pipeline</b>	<b>322</b>	<b>1,171</b>	<b>570</b>	<b>470</b>



# 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 to the INREV Guidelines.

## RECONCILIATION FROM REPORTED IFRS NAV TO INREV NAV

EUR x 1,000	2022
NAV per the IFRS financial statements	3,502,826
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	16,500
<b>Diluted NAV</b>	<b>3,519,326</b>
c) Revaluation to fair value of investments properties	
d) Revaluation to fair value of self constructed or developed investment property	
e) Revaluation to fair value of property held for sale	
f) Revaluation to fair value of property that is leased to tenants under a finance lease	
g) Revaluation to fair value of real estate held as inventory	
h) Revaluation to fair value of other investments in real assets	
i) Revaluation to fair value of indirect investments not consolidated	
j) Revaluation to fair value of financial assets and financial liabilities**	46,362
k) Revaluation to fair value of construction contracts for third parties	
l) Set-up costs	
m) Acquisition expenses*	
n) Contractual fees	
o) Revaluation to fair value of savings of purchaser's costs such as transfer taxes	
p) Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments	
q) Effect of subsidiaries having a negative equity (non-recourse)	
r) Goodwill	
s) Non-controlling interest effects of INREV adjustments	
<b>INREV NAV as per 31/12</b>	<b>3,565,688</b>

\* A five-year amortisation term is used.

\*\* As Per 31/12/2022 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 2022, 16.5 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 2022.

## 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 2022.

## 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 2022, 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 2022, 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 2022, 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 2022, 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 2022, 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 2022, adjustment of 46,362,000 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 2022, 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 2022, the set-up costs of the Fund had been amortised, so no adjustment was made as per 31 December 2022.

### **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.

As per 31 December 2022, the acquisition expenses of property had been amortised, so no adjustment was made per 31 December 2022.



**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 2022, 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 2022, 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 2022, 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 2022, no adjustment had been made since the Fund holds no minority interests.



# INDEPENDENT AUDITOR'S REPORT

To: the Fund manager of Amvest Residential Core Fund

## OUR OPINION

We have audited the accompanying INREV NAV calculation of Amvest Residential Core Fund, Amsterdam.

In our opinion, the INREV NAV calculation is prepared, in all material respects, in accordance with the INREV NAV Guidelines, as set out in notes to the INREV NAV calculation in the 2022 Financial Statements of Amvest Residential Core Fund.

## 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 INREV NAV calculation' 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) 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.

## RESPONSIBILITIES OF THE FUND MANAGER FOR THE INREV NAV CALCULATION

The Fund manager is responsible for the preparation of the INREV NAV calculation in accordance with the accounting policies selected and disclosed by the Fund, as set out in the notes to the INREV NAV calculation. Furthermore, the Fund manager is responsible for such internal control as the Fund manager determines is necessary to enable the preparation of the INREV NAV calculation that is free from material misstatement, whether due to errors or fraud.

As part of the preparation of the INREV NAV calculation, the Fund manager is responsible for assessing the Fund's ability to continue as a going concern. The Fund manager should prepare the INREV NAV calculation 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 INREV NAV calculation.

## OUR RESPONSIBILITIES FOR THE AUDIT OF THE INREV NAV CALCULATION

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 detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error 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 INREV NAV calculation. 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 skepticism 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 INREV NAV calculation, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund manager;
- concluding on the appropriateness of the Fund manager'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 INREV NAV calculation 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 INREV NAV calculation, including the disclosures; and
- evaluating whether the INREV NAV calculation represents the underlying transactions and events without material misstatements.



We communicate with the Fund manager 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, 24 April 2023*

KPMG Accountants N.V.

S. van Oostenbrugge RA



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

## TENANT SATISFACTION

Objective	Determine resident satisfaction
KPI owner	Amvest
Definition	Through an annual tenant survey the ARC Fund measures the property management quality and the customer satisfaction amongst its tenants. This concerns in particular the degree of satisfaction regarding the rented property, the surroundings and the service level. Important elements are the contact moments and availability of staff of the property manager, the service performance, the letting process (intake) and repair requests.
Scale / unity	Absolute score on a scale from 0 (minimum) to 10 (maximum)
Calculation	<ul style="list-style-type: none"> <li>• The satisfaction score is calculated by Customeyes based on the answers provided by the participant in the survey</li> <li>• For each question a maximum number of points is possible to be achieved (scale 1-10)</li> <li>• The survey is a quantitative research and fully digital</li> <li>• Each respondent counts even heavily when calculating averages</li> <li>• The benchmark consists of 7 investors</li> </ul>
Target	To achieve a tenant satisfaction score of at least 7.5 (out of 10) and outperformance of IVBN tenant satisfaction benchmark.
Scope	A sample of all the tenants from the ARC Fund who participated the questionnaire relating to tenant satisfaction
Frequency	Once a year
Reporting process	<ul style="list-style-type: none"> <li>• The tenants fills out a score on a total of five components</li> <li>• Customeyes measures the responses</li> <li>• Customeyes delivers a report (dashboard) with the average score per component, propertymanager and complex including the number of responses</li> </ul>
Systems and sources	Survey tool
Audit process	The tenant satisfaction score is measured completely independently by Customeyes based on the adress list provided by Amvest. Adresses with no current tenants are not included. The same holds true for adresses for which the rental agreement has been signed less than 1 year prior to the start of the survey
Result 2022	<p>The average score of three components measured in the the tenant satisfaction score for the ARC Fund was 7.2, which is above the benchmark (7.1), but below the target of 7.5. The scores for the three components were as follows:</p> <ul style="list-style-type: none"> <li>• Quality of homes: 7.8</li> <li>• Quality of property manager: 6.3</li> <li>• Quality of living environment: 7.5</li> </ul>



GRESB SCORE

Objective	Achieve a GRESB (Global Real Estate Sustainability Benchmark) score
KPI owner	Amvest
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 87
Scope	The complete ARC Fund
Frequency	Once a year
Reporting process	<ul style="list-style-type: none"><li>• The survey is filled in by the ARC Fund with the burden of proof and argumentation for the answers given</li><li>• The GRESB organization checks the answers, the burden of proof and the argumentation and determines the score per question</li><li>• The GRESB organization reports to the ARC Fund the score of the Fund, how it is structured and how it scores in relation to the peer group</li></ul>
Systems and sources	Survey tool
Audit process	The GRESB organization checks the answers, the burden of proof and the argumentation according to its (high) standards and can visit the Fund for a further check
Result 2022	GRESB score of 90 (2021: 87), this results in a 5-star status.



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 <sup>2</sup> per year of all objects in the portfolio that have been in operation for the entire calendar year. The sum of the amount of electricity (in kWh), disctrict heating in GJ and gas (in m <sup>3</sup> ) which is converted to kWh.
Scale / unity	kWh / m <sup>2</sup> / year
Calculation	Electricity: <ul style="list-style-type: none"><li>• The total energy consumption (KWh) per building is divided by the total Gross Floor Area in m<sup>2</sup></li><li>• Three connections are monitored for each building: supply from the grid operator, electricity generated by the solarpanels (if applicable) and electricity supplied to the grid (if applicable)</li><li>• Net consumption = supply grid operator + (generated electricity PV panels - / - electricity supplied back to grid)</li></ul> Gas: <ul style="list-style-type: none"><li>• Gas consumption in m<sup>3</sup> is converted into kWh (factor 1 m<sup>3</sup> = 9.769 kWh)</li><li>• District steam generated in a centralized location for residential heating requirements in GJ is converted into kWh (factor 1 GJ = 277.78 kWh)</li></ul>
Target	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 calaculation.
Frequency	Once a year
Reporting process	<p>The energy consumption is measured based on the following data: The total energy consumption in kWh per m<sup>2</sup> per year of all objects in the portfolio that have been in operation for the entire calendar year. The sum of the amount of electricity (in kWh), district steam/heat (in GJ) and gas (in m<sup>3</sup>) which is converted to kWh. The total renewable energy which has been generated based on the output of the solar panels measured by Sungevity.</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 2022	Average Energy Use Intensity 2021: 112.0 kWh/m <sup>2</sup> /year The change percentage between 2020 and 2021 is a 11.8% decrease.

\* 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	Amvest
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"> <li>• 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)</li> <li>• Every 6 weeks an overview is drafted of all homes/solar panels that are in operation.</li> <li>• Furthermore the data (number of solar panels/energy generated by the solar panels) in the Sungevity dashboard is part of the ESG Data Template of Cool Tree</li> </ul>
Systems and sources	Tool (dashboard) Sungevity
Audit process	<ul style="list-style-type: none"> <li>• The data for the # solar panels/homes and the data for the generation of energy is checked by Sungevity and by Cooltree</li> <li>• The conversion factors are checked on the website of <a href="http://www.co2emissiefactoren.nl">www.co2emissiefactoren.nl</a></li> </ul>
Result 2022	In 2021 the ARC Fund has 19,059 solar panels.



**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	Amvest
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 <sup>2</sup> , 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 2022	The coverage rate for the ARC Fund is 93.8%, which is higher than previous year (84.7%). Therefore target is met.



## CARBON EMISSION

Objective	Measure carbon emissions from the ARC Fund
KPI owner	Amvest
Definition	The total CO <sub>2</sub> emissions in kg or tonnes of the buildings of the ARC Fund
Scale / unity	# kg CO <sub>2</sub> / m <sup>2</sup> / year
Calculation	<p>Electricity:</p> <ul style="list-style-type: none"> <li>• The amount of electricity in kWh per building is made clear via ESG Data Template of Cool Tree (see KPI Energy Use Intensity)</li> <li>• The buildings for which 100% green electricity is purchased are taken from the total consumption in kWh</li> <li>• The total amount of kWh of 'gray' electricity is converted to kg of CO<sub>2</sub> in accordance with the emission factors of <a href="http://www.co2emissiefactoren.nl">www.co2emissiefactoren.nl</a>. 1 kWh = 0.5560 kg of CO<sub>2</sub></li> </ul> <p>Gas:</p> <ul style="list-style-type: none"> <li>• The amount of gas in m<sup>3</sup> per building is made clear via ESG Data Template of Cool Tree (see KPI Energy Use Intensity)</li> <li>• The buildings for which 100% green gas is purchased are taken from the total consumption in m<sup>3</sup></li> <li>• The total amount of m<sup>3</sup> natural gas is converted to kg CO<sub>2</sub> in accordance with the emission factors of <a href="http://www.co2emissiefactoren.nl">www.co2emissiefactoren.nl</a>. 1 m<sup>3</sup> natural gas = 1.88 kg CO<sub>2</sub></li> <li>• District steam generated in a centralized location for residential heating requirements in GJ is converted into 35,97 CO<sub>2</sub></li> </ul>
Target	Carbon emission of 19.9kg CO <sub>2</sub> /m <sup>2</sup> /year over 2021 or below.
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"> <li>• The energy consumption is compiled based on the data as described in the KPI Energy Use Intensity</li> <li>• Subsequently, the tenants are asked which energy contracts have been concluded for gas and electricity</li> <li>• The total CO<sub>2</sub> emissions are determined based on energy consumption and contract types</li> </ul>
Systems and sources	The systems used for the energy usage form the source
Audit process	<ul style="list-style-type: none"> <li>• The data for the consumption is already checked by Cooltree and added in ESG Data Template of Cool Tree</li> <li>• The conversion factors are checked on the website of <a href="http://www.co2emissiefactoren.nl">www.co2emissiefactoren.nl</a></li> </ul>
Result 2022	<p>Average Carbon Emission Intensity 2021: 17.5 kg CO<sub>2</sub>/m<sup>2</sup> /year, which is below target.</p> <p>The change percentage between 2020 and 2021 is a 23.9% decrease.</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.



ENERGY PERFORMANCE CERTIFICATES

Objective	Thrive to limit the higher energy performance certificates
KPI owner	Amvest
Definition	Percentage of energy performance certificates of B and A or higher based on relative bookvalue of the ARC Fund per calender year
Scale / unity	Absolute percentage
Calculation	The energy labels of all existing properties of the ARC Fund, corrected for property size
Target	90.2% A and B energy performance certificates
Scope	All operational properties at the end of the year within the ARC Fund
Frequency	Once a year
Reporting process	<p>New complexes: When a new building has been completed the technical manager contacts the contractor to request an energy performance certificate. The contractor hires a company to measure the building and determine the energy performance certificate, this is preferably done in Vabi format. When the energy performance certificate is determined the report is entered in the datawarehouse by the asset controller.</p> <p>Existing complexes: When an energy performance certificate is expired or the building has been improved a new energy performance certificate is requested by the technical manager. The technical manager hires a company to measure the building and determine the energy performance certificate, this is preferably done in Vabi format. The energy performance certificate is than entered in the datawarehouse by the asset controller.</p> <p>Every quarter asset controller asks for an update of NIBAG regarding the current energy performance certificates and this is added to the datawarehouse.</p>
Systems and sources	Datawarehouse NIBAG
Audit process	Financial process of Amvest
Result 2022	The percentage of homes with a A and B energy performance certificate for 2022 amounted to 91.0%, which is on target.



## GPR CERTIFICATE SCORE

Objective	Achieve a postive GPR certificate score for new buildings
KPI owner	Amvest
Definition	Average score of the received GPR certificates
Scale / unity	Score number from 1 (minimum) to 10 (maximum)
Calculation	The GPR score is calculated by a GPR certified organization based on the building specific qualities. For each item a maximum number of points is possible to be achieved. The final score is based on standardized calculation rules (for example EPC-Calculation).
Target	Average GPR score of 7.0
Scope	All realised properties wherefore a GPR certificate is available within the financial year.” naar “All new build properties where a GPR certificate is available within the financial year.
Frequency	Once a year
Reporting process	The financial staff of the fund determines the average GRI Certificat for all properties based on GPR certificates provided by asset maanger and reports about it in the annual report.
Systems and sources	Amvest data systems
Audit process	Financial process of Amvest
Result 2022	The average score of the GPR certificates over 2022 is 7.0, which is on target.



## 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 calendar year that is reserved for payment to the investors of the Fund as percentage of the NAV (net asset value) of the fund per 1/1
Target	Stable dividend yield of >3.0%
Scope	The dividend yield of the ARC Fund per year-end.
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 2022	The dividend yield for 2022 amounted to 2.7%, which is below target.



## VACANCY RATE

Objective	Maintain a minimal stable vacancy rate
KPI owner	Amvest
Definition	The realised vacancy rate of the ARC Fund per calendar year
Scale / unity	Absolute percentage
Calculation	The average vacancy rate of all existing properties of the ARC Fund, corrected for property size (excluding properties built in 2021/2022)
Target	<2.5%
Scope	All existing properties of the ARC Fund, corrected for property size (excluding properties built in 2021/2022)
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 2022	The vacancy rate for 2022 amounted to 2.2%, which is better than the target.



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 80%
Scope	The allocation in mid-prized houses (both single-family and multi-family) of the ARC Fund per year-end.
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 2022	The percentage of homes in mid-prized segment for 2022 amounted to 80%, which is on target.

MID-PRICED RENTAL SEGMENT

Focus area	Mid-priced	
Central Circle - Amsterdam	763.5	1,550
Central Circle - Big Four (excl. Amsterdam)	763.5	1,350
Central Circle - Regional Cities	763.5	1,300
Central Circle - Remainder	763.5	1,250
Regional Economic Centres	763.5	1,150
Remaining Regions	763.5	1,050



## LIMITED RENTAL INCREASE

Objective	Ensuring that no property has an average increase in rent exceeding the advised rental increase of the IVBN(The Dutch association of institutional real estate investors).
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	The rent increase of properties (both single-family and multi-family) of the ARC Fund during the year.
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 2022	The highest rental increase in the ARC portfolio is 3.3%, which is inline with IVBN recommendation of 3.3%.



## 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	At the moment no audit process is in place other than the check which properties are closed to or over the CCREM line.
Result 2022	Insight has been created and assets with highest need for improvement are investigated.



# EXTERNAL APPRAISERS AND PROPERTY MANAGERS

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## 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
- REBO
- Van der Borden



# 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)
- Chief Investment Officer, 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

