



# AMVEST RESIDENTIAL CORE FUND

## Annual Report 2023



**‘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



Jonas, Amsterdam

# CONTENTS

## ABOUT THE AMVEST RESIDENTIAL CORE FUND

### KEY HIGHLIGHTS 2023

### KEY FIGURES 2023

### REPORT OF THE FUND MANAGER

Interview with the Management Team  
Market developments  
Portfolio strategy  
Portfolio developments in 2023  
Financial performance in 2023  
Structure and governance  
Risk management  
Compliance  
Funding  
Outlook

### RESIDENTS' STORIES

### FINANCIAL STATEMENTS 2023

Consolidated statement of profit or loss and other comprehensive income  
Consolidated statement of financial position  
Consolidated statement of changes in equity  
Consolidated cash flow statement  
Accounting principles and common notes to the financial statements  
Notes to the financial statements 2023

### COMPANY FINANCIAL STATEMENTS 2023

Accounting principles  
Summarized company statement of profit or loss  
Company Statement of financial position

### OTHER INFORMATION

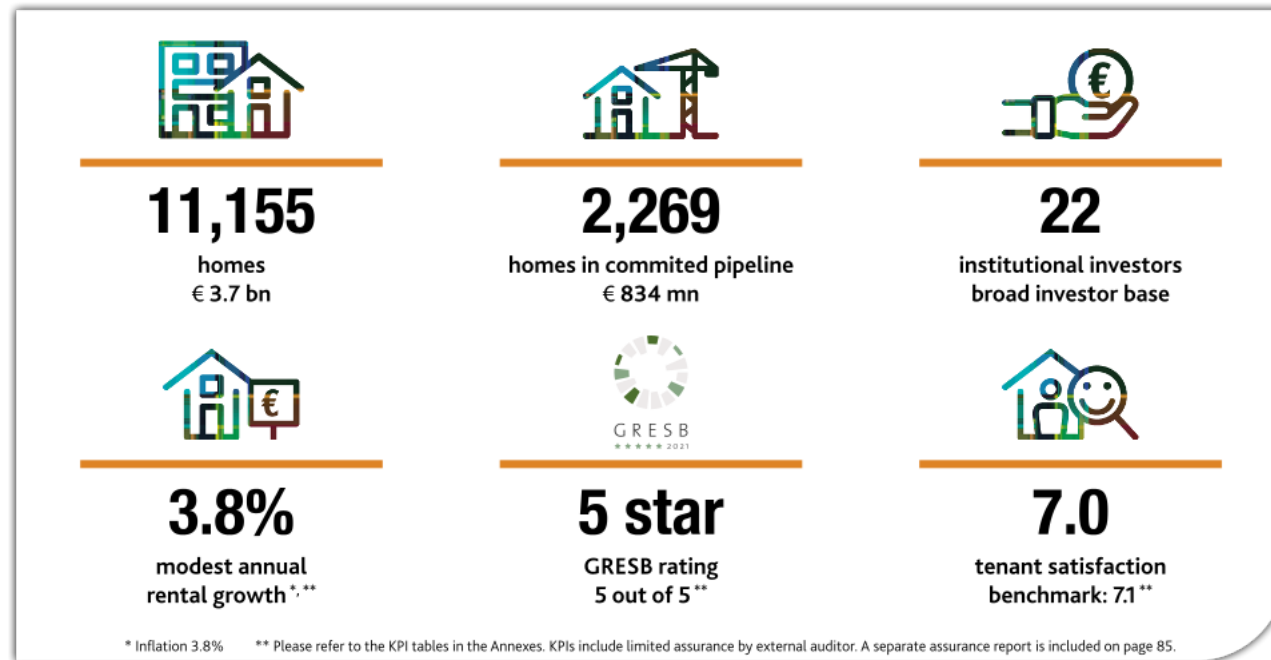
Annex IV SFDR periodic disclosure

<b>4</b>	Independent auditor's report	82
<b>6</b>	Limited assurance report of the independent auditor on the selected non-financial indicators	85
	Provisions in the articles of association governing the appropriation of profit	88
<b>7</b>	<b>ANNEXES</b>	<b>89</b>
<b>8</b>	Key figures 2023	90
9	Composition of the property portfolio	92
12	Materiality matrix and material themes	94
17	Overview of the property portfolio	96
19	Overview of the pipeline portfolio	105
28	INREV NAV calculation	106
30	Independent auditor's report	109
32	KPIs for the purpose of non-financial data in the annual report	111
35	External appraisers and property managers	122
40	Resumes of the Management Team	123
41	Definitions	124
<b>42</b>		
<b>45</b>		
46		
47		
48		
49		
50		
63		
<b>73</b>		
74		
75		
76		
<b>77</b>		
78		

# ABOUT THE AMVEST RESIDENTIAL CORE FUND

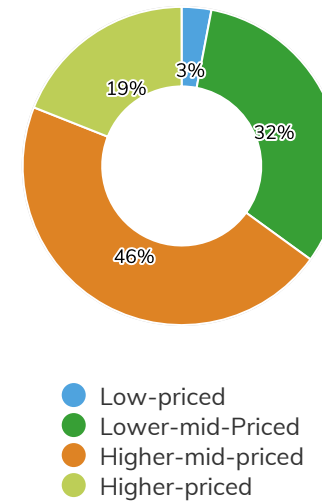
## QUALITY, AFFORDABILITY, SUSTAINABILITY

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.



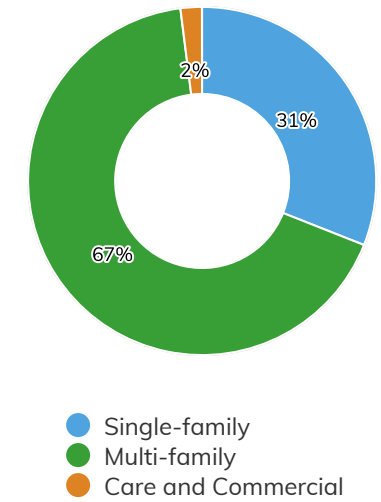
**FIGURE 1: DISTRIBUTION RENTAL PRICED SEGMENT**

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.



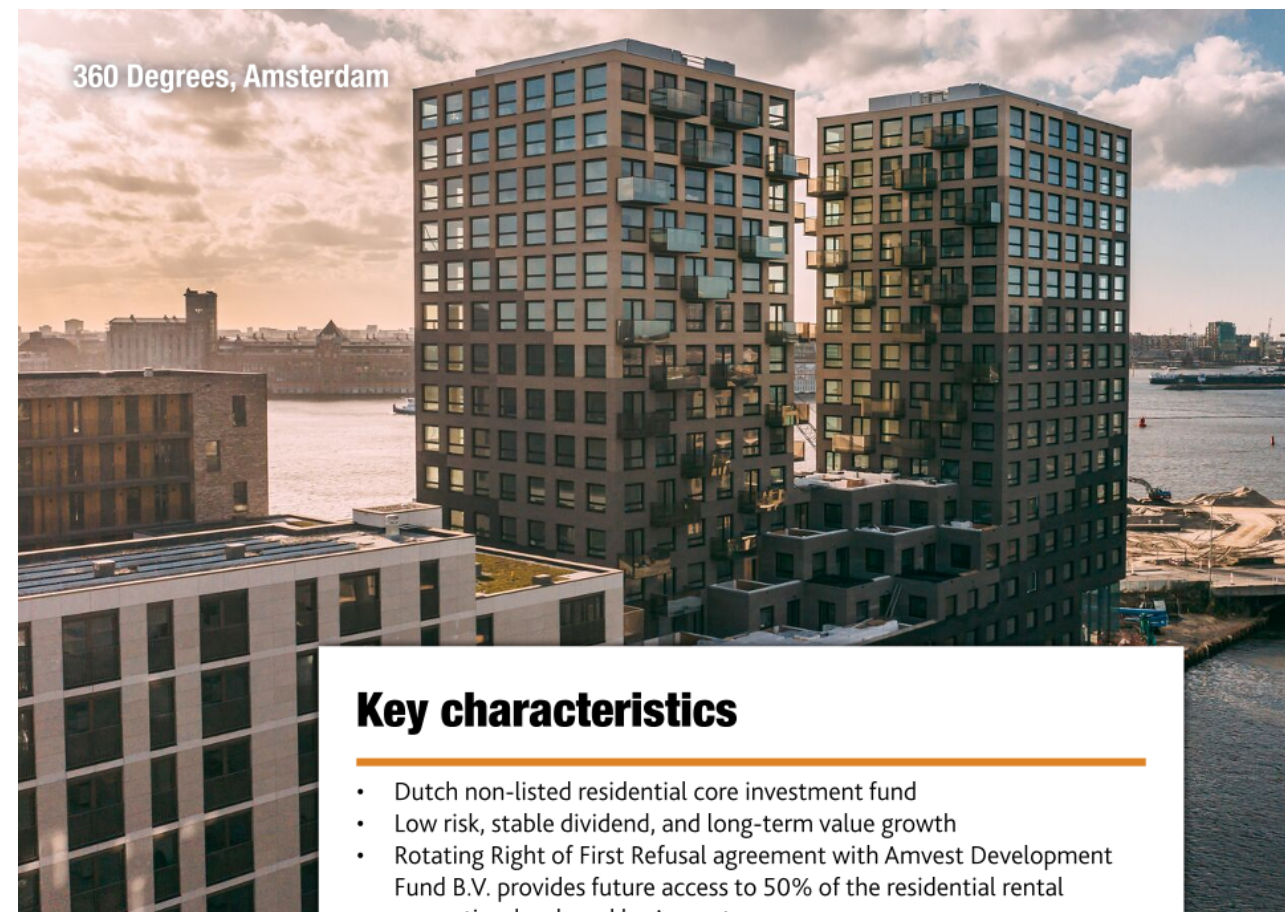
### SUSTAINABILITY

The ARC Fund has a long-term horizon, which goes beyond our commitment to investors. Sustainability is an integral part of our strategy. The fund qualifies as an 'article 8' (light green) product under the SFDR and, as such, promotes Environmental/Social (E/S) characteristics. Amvest designs and builds new homes according to a strict Program of Requirements to guarantee their energy efficiency and low carbon footprint. Up to 94% of the portfolio is already EU taxonomy aligned. 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 rotating 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.



### Key characteristics

- Dutch non-listed residential core investment fund
- Low risk, stable dividend, and long-term value growth
- Rotating 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
- Professional third-party property management
- Evergreen structure subject to liquidity review dates

# KEY HIGHLIGHTS 2023



## HIGH QUALITY AND SUSTAINABLE PROJECTS DELIVERED

The ARC Fund delivered several projects in 2023. In Amsterdam Jonas and Berkhout added 190 and 44 homes to the portfolio. The delivery of Teteringen in Breda added an additional 30 homes.

## EU TAXONOMY ALIGNMENT

The development of the Amvest Impact Framework and our EU Taxonomy assessment are indicative of our unwavering commitment to sustainability. In 2023, 94% of our assets could be considered environmentally sustainable according to the EU Taxonomy criteria, an excellent starting point..

## ROADMAP TO PARIS-PROOF\*

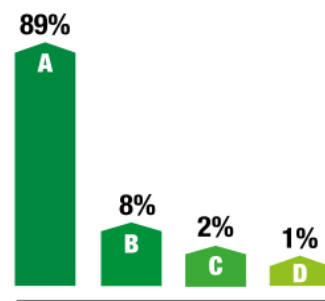
We apply the CRREM framework to determine the required reduction in the average EUI of the ARC Fund and set annual targets based on the asset plans per property to achieve a Paris-proof portfolio.



## ENERGY USE INTENSITY\*

In 2023, the average EUI of our properties was 93.1 kWh/m<sup>2</sup>/year, compared to 116.6 kWh/m<sup>2</sup>/year in 2022.

Portfolio composition by energy label:



## FIVE-STAR GRESB RATING\*

The ARC Fund's GRESB score increased from 90 points in 2022 to 91 points in 2023 and the fund maintained its five-star rating.

## DIVIDEND YIELD\*

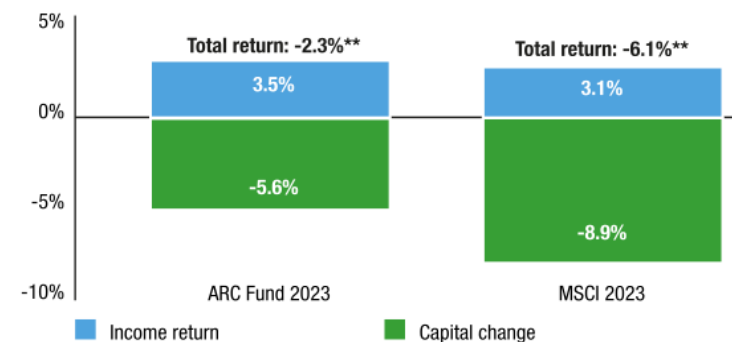
# 2.5%

2022: 2.7%

## US PRIVATE PLACEMENT

The Fund successfully secured its first USPP transaction with the notes issued on the US Private Placement Market to a consortium of US and Canadian institutional investors.

## OUTPERFORMANCE MSCI 1, 3, 5, 7 AND 10-YEAR AVERAGE



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

In 2023, we reduced our carbon emissions by 0.6% to 17.4 kg CO<sub>2</sub>/m<sup>2</sup>/year (2022: 17.5 kg CO<sub>2</sub>/m<sup>2</sup>/year)

## AVERAGE OCCUPANCY RATE\*

# 98.3%

2022: 97.8%

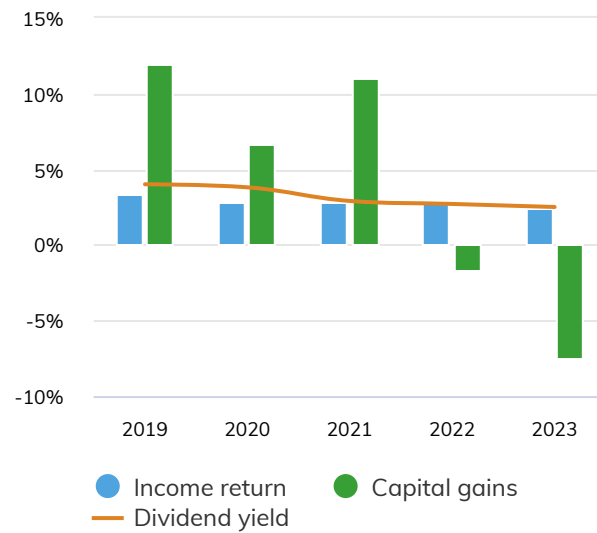
\* Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 85.

\*\* 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 2023

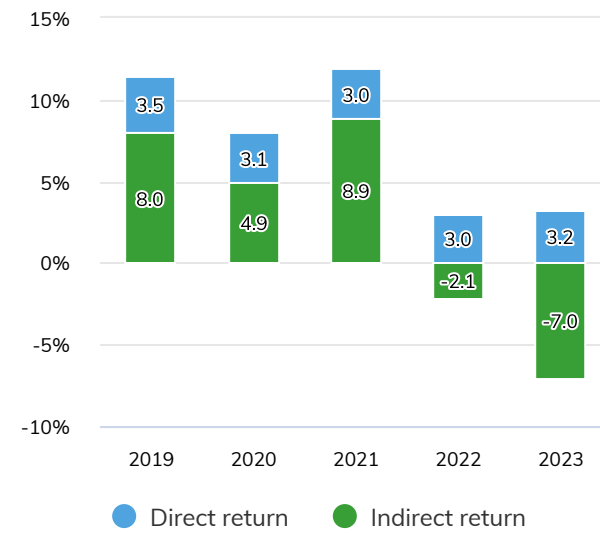
**FIGURE 3: FUND RETURNS AND DIVIDEND YIELD**

As % of INREV NAV as at 1 January



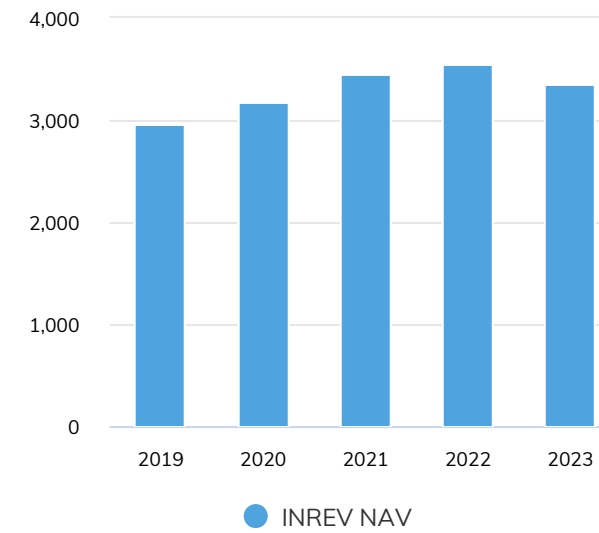
**FIGURE 4: TOTAL INCOME**

In percentage



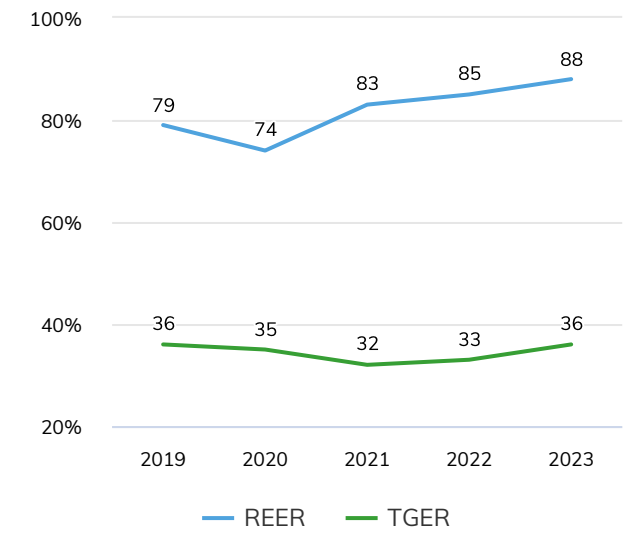
**FIGURE 5: INREV NAV**

In € million



**FIGURE 6: TGER AND REER**

As % of average INREV GAV



A modern, minimalist living room interior. On the left, a tall, light-colored wooden bookshelf is filled with books and decorative objects. In the center, a bright yellow sofa sits on a light-colored rug. To the right of the sofa, a large potted plant with broad green leaves sits on a dark wooden side table. On the side table, there is a stack of books and a gold-colored dome lamp. The wall behind the sofa is decorated with several framed artworks, including a portrait of a man and a abstract piece. A wooden chair with a curved back is visible on the far right. The overall atmosphere is warm and contemporary.

# REPORT OF THE FUND MANAGER

# INTERVIEW WITH THE MANAGEMENT TEAM

# PATIENT, BUT NEVER PASSIVE

**The projected economic slowdown came to pass in 2023, impacting the Dutch residential real estate market. The trend of negative revaluations, which initially emerged in 2022, persisted throughout the year. However, with demand for high-quality and affordable homes at an all-time high, the recovery of the market is not a question of if, but rather when. While we eagerly anticipate the return to a healthy and stable investment market, we are not sitting idly by. We may be patient, but we are never passive. Instead, we are actively investing in the sustainability of our portfolio and in the processes and tools to track, analyse and report on our sustainability performance.**

For the first time, we are aligning the reporting of our non-financial information with the EU Taxonomy. This required a lot of hard work from many of our Amvest colleagues. Nevertheless, we choose to see new reporting obligations like the EU Taxonomy not as an administrative burden, but as a tool. We are intrinsically motivated to accelerate our CO2 reduction efforts. In fact, we committed to the Dutch Green Building Council target of decarbonising the built environment by 2040. We also proactively implement climate adaptation solutions and contribute to a healthy and liveable future. The EU Taxonomy raises the bar for our industry, elevates the standards that we hold ourselves to and helps us to demonstrate our leadership in this area.

## FUND PERFORMANCE

Our 2023 operational results and financial performance compared to our peers tell the story of the ARC Fund. We have stayed true to our investment focus and have built a resilient portfolio. We have been aspirational in our sustainability efforts and vigilant and responsible in our investment efforts. As a result, we are well positioned to reap the benefits. Our occupancy rate remains very high at 98.3%. We continue to take a financially and socially responsible approach to raising our rents, resulting in a healthy rental income. These strong operational results limited the impact of a slow investment market and four consecutive quarters of negative revaluations. Our total fund return was -/- 5.1%, and the dividend yield was 2.5%.

To gauge how we compare with our peers, we look to the MSCI property index. We know that in a stagnant investment market, distinctions between favourable and unfavourable real estate assets become more apparent. Characteristics like location, quality and energy efficiency become the difference makers. That is exactly what the MSCI showed in 2023. We outperformed the market in terms of income return and capital growth for 2023 (-/- 2.3% vs -/- 6.1%), as well as the 3, 5, 7, and 10-year averages. The strength of our Fund strategy and of our portfolio truly shines through. It is clear that our investments in the right type of real estate in the right places and in line with the risk appetite of our investors pays off in good times and shields us in challenging times.

Given the state of the investment market, we did not expect to carry out any block sales in 2023. Nevertheless, we realised one successful block sale in Velp. The low turnover rate – another by-product of the stagnant housing market – again limited our ability to carry out individual sales. In total, we sold 44 individual homes with a net gain of 23%. This is an improvement over last year's net gain of 21%, despite consecutive quarters of negative revaluations. We are pleased with our sales results yet hope to see the total sales volume increase in the year ahead. To this end, we will earmark additional assets for individual sale.

## FUNDING

Our sales targets are tied to our acquisition objectives. The ability to execute block sales and individual sales above book value, and to use those proceeds to fund our pipeline and CAPEX plans, are particularly important in today's economic environment. While there appears to be light at the end of the tunnel, the high interest rates remain a barrier to attracting debt funding, while the negative revaluations limit our ability to raise new equity. Next to funding our pipeline and CAPEX, block sales are important for clearing our redemption queue. We take a balanced approach and use proceeds from block sales to both fulfil our obligations to investors and to fund our pipeline. The projected stabilisation of the investment market bodes well for meeting our ambitious 2024 block sales targets.

We also reflect positively on our first venture into US private placements (USPP) as a new debt instrument. In 2023, we successfully closed the first USPP with a select group of investors based in the United States and Canada. These investors' confidence in our Fund's strength enabled us to successfully secure new unsecured debt funding as laid out in our debt funding strategy. Furthermore, the investment market is already showing signs of recovery. As such, we are optimistic about securing new equity funding in the coming year.

## COMPLETED AND ONGOING PROJECTS

With the delivery of the Jonas project, we have added an iconic property to our portfolio. The Jonas concept dates back to a contest launched by the municipality of Amsterdam for the development of new affordable, sustainable and high-quality homes in the IJburg district. We acquired the Jonas project from the Amvest Development Fund and implemented our unique community management concept Livvin. Jonas features 190 compact rental apartments, 83 privately owned apartment a community living room, rooftop terrace, flexible workspaces, entertainment areas and a cafe embedded in the property. The unique building meets the need for affordable housing in the city and provides both tenants and community members with a place to connect and socialise. We achieved the highest BREEAM certification level – BREEAM

Outstanding – in recognition of the building's environmental performance. We were also awarded several prizes for the Jonas project, including the BNA Best Building of the Year award and the 2023 Zuiderkerk award for the best housing development in Amsterdam. Our dedication to sustainability and quality is not going unnoticed, and that is something to be proud of. In addition to Jonas, we delivered 30 homes in Breda and 44 as part of the Berkhout development in the Cruquius neighbourhood of Amsterdam.

## ESG PERFORMANCE

We have always looked past the financial returns of our investments and considered the impact of our decisions on our tenants and society as a whole. This is evident in our approach to rent, the community services and amenities that we offer and our Roadmap to Paris-proof. The introduction of the Amvest Impact Framework in 2023 challenges us to think even more broadly about sustainability and all that it encompasses. It applies the same rigorous process for evaluating the financial contributions of new investments to assessing the environmental and social impact of those investments. Energy consumption, circularity, biodiversity, heat stress, health and safety, and affordability; the framework covers it all. The development of the Amvest Impact Framework and our EU Taxonomy assessment are indicative of our unwavering commitment to sustainability. In 2023, 94% of our assets could be considered environmentally sustainable according to the EU Taxonomy criteria, an excellent starting point. From here, it is upwards and onwards. That applies to our GRESB score too, which again improved in 2023. The new energy labelling process, which is based on an in-home inspection instead of build year and characteristics, resulted in many of our energy labels being upgraded. It shows that we go beyond what is required to the benefit of all our stakeholders.

## OUTLOOK

2024 is bound to be an eventful year. We are optimistic that the investment market will stabilise in the first half of the year. The European Central Bank is expected to gradually lower the interest rates, which is likely to break the trend of negative revaluations. This will also set the scene to execute further transactions as part of our debt funding strategy and address refinancing of existing facilities ahead of time. We also expect to benefit from the recovery of the owner-occupied housing market and carry out more individual sales in 2024. The completion of a number of large projects will add 901 high-quality and sustainable homes to our portfolio, which bodes well for our rental income and for our OPEX ratio. Finally, we expect to end the year with more certainty with regards to the regulation of the mid-priced rental market. We are fully prepared for every known scenario, and we are looking forward to reaping the benefits of our hard work in 2023.

# MARKET DEVELOPMENTS

## THE DUTCH ECONOMY

### ECONOMIC SLOWDOWN AS A RESULT OF INCREASED INTEREST RATES

Since the end of the Covid-19 pandemic in late 2021 and the start of the war in Ukraine in early 2022, the inflation rate has increased significantly, exceeding 10.0% in the second half of 2022. In an attempt to slow the economy and therefore inflation, the ECB raised the deposit rate ten times in a row to 4.0% (ECB, 2023). The rate hike proved effective; inflation reached its highest point in September 2022 (14.2%) and fell to 1.2% by December 2023 (CBS, 2024). Inflation was 3.8% for the entire year of 2023 (CBS, 2024), which is less than half of the 2022 rate.

Economic growth has slowed significantly due to the higher interest rates. Whereas the economy grew by 1.9% in Q1 of 2023, the Netherlands entered a mild recession following moderately negative growth in Q2 and Q3 2023 (CBS, 2023). In Q4 economic growth was -/-0.5% on an annual basis and +0.3% on a quarterly basis. This means that economic growth in 2023 as a whole was +0.1% (CBS, 2024).

Despite limited economic growth, the labour market remains strong. The high demand for labour resulted in a low unemployment rate of 3.5% in November 2023. The number of job openings exceeded the number of job seekers (a ratio of about 120 to 100), indicating that the labour market is very tight. High inflation is also resulting in strong wage growth, which reached 6.9% in December 2023. The average wage growth in total for 2023 was 6.1% (CBS, 2024).

Since late September 2023, the ECB has held the interest rates steady at 4.0%. In response to this pause and due to the expectation that the ECB will lower the interest rate in the near future, 10-year government bond rates started to decline, reaching 3.3% at the start of October and 2.3% at the end of December 2023 (Investing.com, 2024).

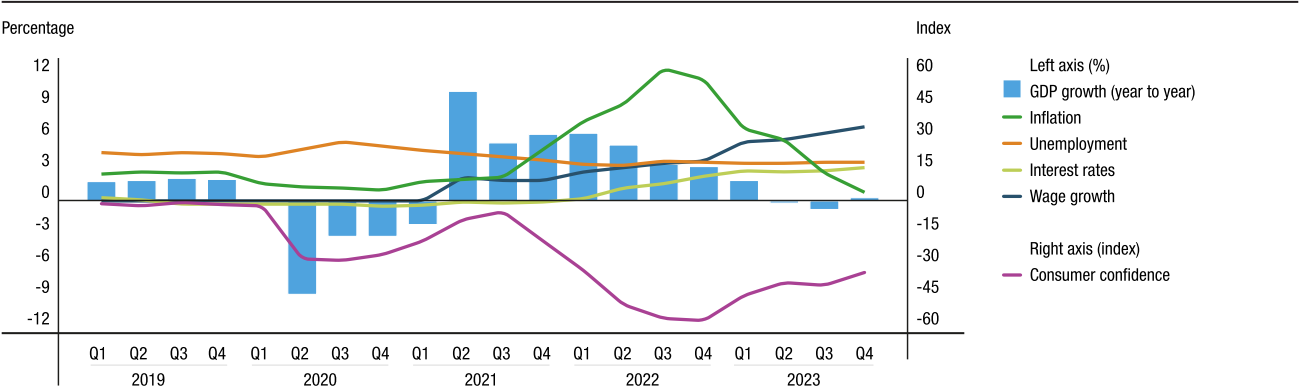
### ECONOMIC OUTLOOK IS MORE POSITIVE

The economic outlook is quite favourable. Although economic growth remains low due to relatively high interest rates, there is no sign of a major recession. Oxford Economics, CPB, ING, DNB, Rabobank and ABN AMRO expect, on average, moderate economic growth of 0.9% in 2024 and 1.2% in 2025. Due to the slowing of economic growth, the unemployment rate is expected to increase slightly to 4.1% in 2024 and 4.3% in 2025.

The inflation rate is expected to continue its downward trend and reach 2.8% in 2024 and 2.2% in 2025 (Oxford Economics, 2023).

In the long term, the 10-year government bond rates are expected to remain relatively stable at 2.8% in 2024 and 2.7% in 2025, and decline to 2.0% in 2027 (Oxford Economics, 2023).

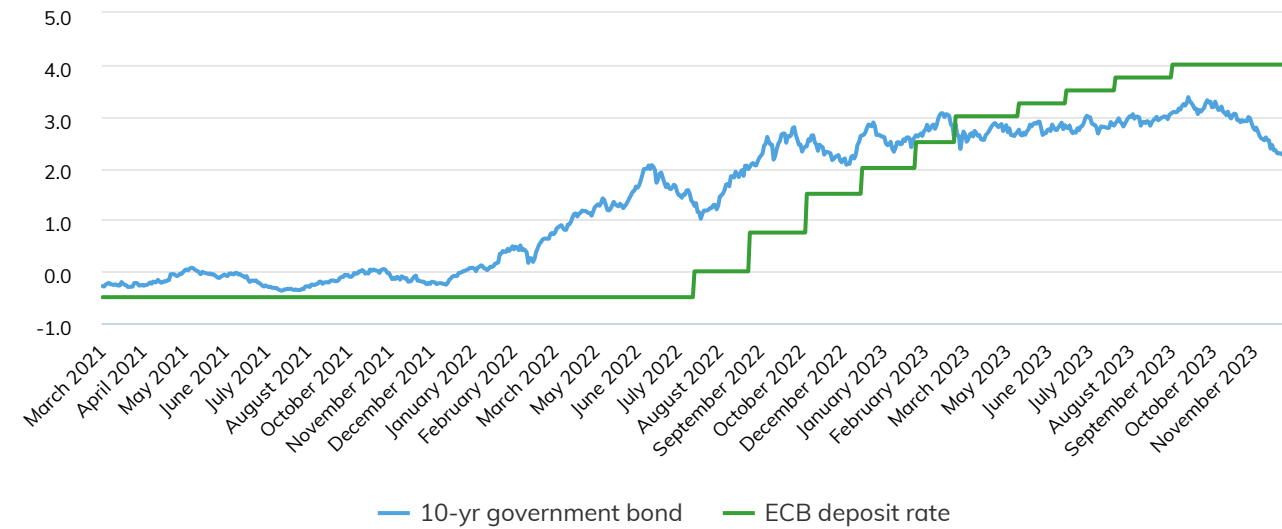
FIGURE 7: MARCO-ECONOMIC SITUATION DUTCH ECONOMY



Source: CBS, 2024; Investing.com, 2024; ING, 2024

**FIGURE 8: ECB DEPOSIT RATE AND 10-YR GOVERNMENT BOND RATE**

In percentage



Source: ECB, 2023; Investing.com, 2024

## THE DUTCH RESIDENTIAL MARKET

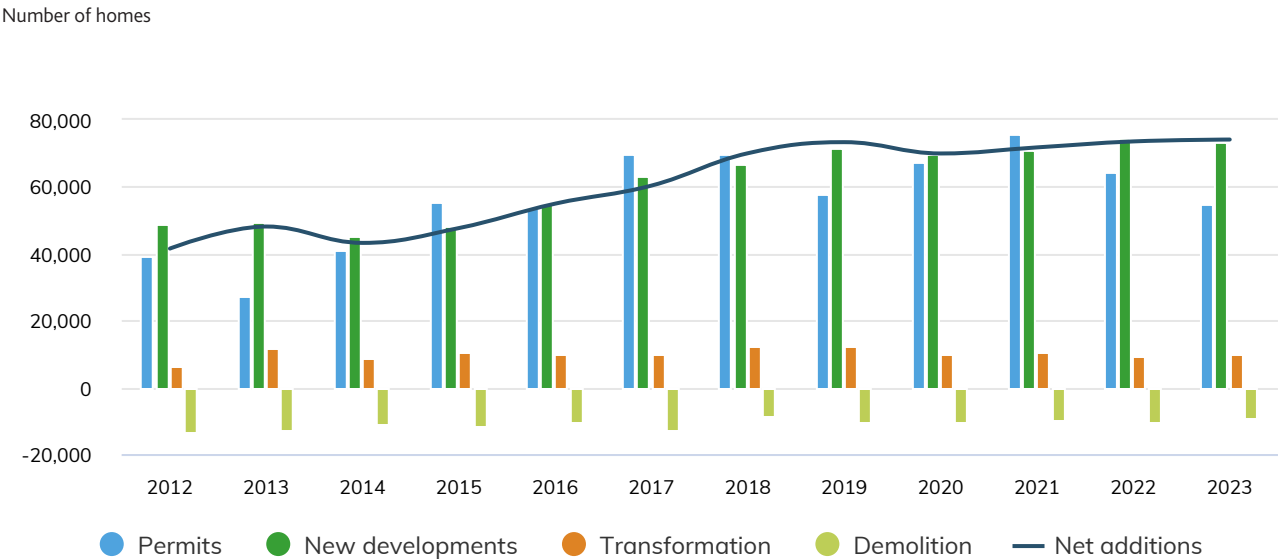
### Demand for housing remains high but new supply is lagging

The current housing shortage is approximately 390,000 homes (Primos, 2023), which is 4.8% of the total housing stock. This shortage is expected to persist due to the growing number of households and a lack of residential building projects being completed.

The net addition of homes declined slightly in 2023 to 68,500, well below the government's target of 100,000. The number of households grew by approximately 90,000. Due to rising construction costs, national legislation (inclusion legislation related to nitrogen emissions) and lower interest from buyers, the construction of approximately 7,500 homes was postponed according to a survey of Capital Value amongst real estate developers (Capital Value, 2023).

The number of new permits being issued is declining strongly. The number of permits in 2023 reached only 54,000, a decline of 10,000 compared to the same period in 2022. This will result in lower completions for the years to come and supply will not keep up with demand. At the end of 2023 the SBI (Start Bouw Impuls) has been appointed by the national government. This will be a financial impulse for in total 145 municipalities and 31,000 new houses, which have a construction start in 2023, 2024 and 2025. Despite this financial boost, it is expected that housing shortage will keep increasing in the years to come. According to Capital Value (2024), the number of completions will be around 55,000 in 2024 and 62,000 in 2025.

FIGURE 9: PERMITS AND NET ADDITIONS TO THE HOUSING STOCK



Source: CBS, 2024

TURNAROUND IN THE OWNER-OCCUPIED HOUSING MARKET

The prices of owner-occupied houses decreased by a total of 6.2% between September 2022 and May 2023 (CBS, 2023). The stabilisation of mortgage interest rates and increase in wages have since caused prices go up again. Between May and December 2023, housing prices rose by 3.4%. Overall, housing prices in 2023 were down approximately -/-2.8% compared to 2022.

The upward trajectory of housing prices is expected to persist. The four biggest banks in the Netherlands (DNB, Rabobank, ING and ABN AMRO) predict prices to increase by approximately 3.0% in 2024 and 3.3% in 2025. For 2024, the ING adjusted their forecast positively to a range of 5% to 8% (February, 2024).

FIGURE 10: PRICE DEVELOPMENT OWNER-OCCUPIED HOUSES

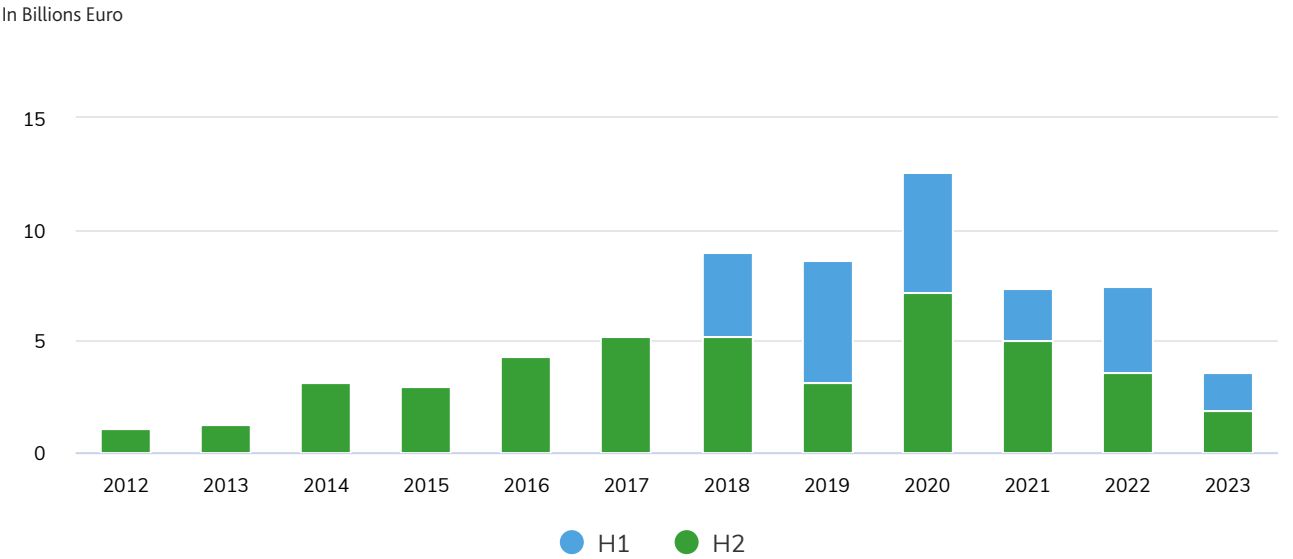


Source: CBS, 2023; Amvest assumption, 2024

LOWER INVESTOR DEMAND AND HIGHER YIELDS

Investor demand has declined sharply due to a rise in interest rates as well as changes in fiscal regime. Investors view residential real estate prices as high compared to the risk-free rates and consider the expected return insufficient given the perceived risks involved. As a result, the investment volume in 2023 was about 51% lower than in 2022, with investments in existing properties being especially affected.

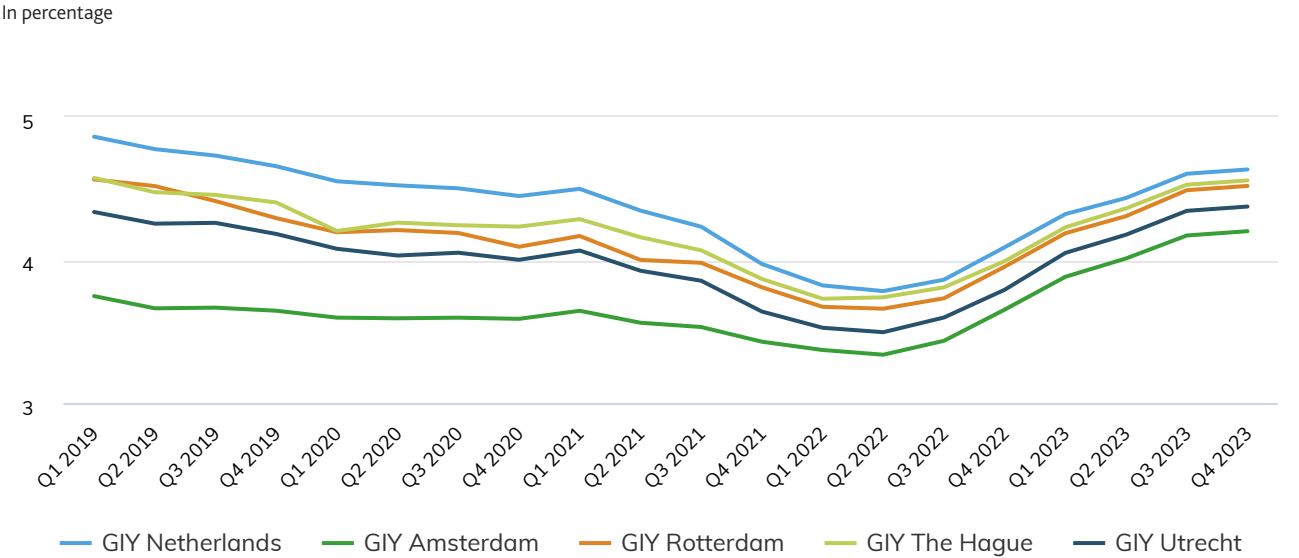
FIGURE 11: INVESTMENT VOLUME DUTCH RESIDENTIAL REAL ESTATE



Source: Capital Value, 2023

The increased interest rates have also resulted in higher gross initial yields. Gross initial yields for Dutch residential real estate increased by 5 to 25 bps quarterly, for a total of 100bps between Q2 (3.80%) and Q4 2023 (4.65%). At a government bond rate (risk free rate) of approximately 2.75% in 2023 and a gross initial yield of 4.65%, the risk premium (spread between risk free rate and gross initial yield) is around 190 bps (MSCI, 2024; Oxford Economics, 2023).

FIGURE 12: GROSS INITIAL YIELDS DUTCH RESIDENTIAL



Source: MSCI, 2023; Amvest valuations Q4 2023

## GOVERNMENT INTERVENTION IN THE HOUSING MARKET

### New elections

The Dutch government fell on 7 July 2023 and new elections were held on 22 November 2023, with PVV, GroenLinks/PvdA, VVD and NSC emerging as the four largest parties. The exploration phase of the formation process indicated that the most likely center right wing coalition of PVV, VVD, NSC and BBB.

The housing market is high on the agenda of almost all parties. Most parties recognise the urgent need to build more affordable rental homes in the social and mid-priced segments, as well as affordable owner-occupied homes. The government wants to assert greater control over the housing market, ease the administrative burden and build more (affordable) homes.

### Annual rent increase

In 2022, the Dutch government approved an adjustment to the indexation of rent levels. Under the new Affordable Rent Act ("Wet betaalbare huur"), the annual rent indexation in the liberalised segment will be based either on wage growth ("CAO-loonstijging") or CPI, whichever is lower. In 2023, wage growth was 3.1%, while CPI was 4.5%.

Additionally, the annual rental growth will be differentiated across rental segments. The social segment will be increased by wage growth, the mid-rental segment by CPI/wage growth + 1.0% and the free rental segment also by CPI/wage growth + 1.0%.

### Mid-priced segment

There is a new law in preparation by the Minister of Housing and Spatial Planning for the regulation of the mid-priced rental segment. The current rent point system ("Woningwaarderingssstelsel" or "WWS") regulates rents in the social housing segment. The WWS system assigns points to different features of a dwelling, such as the size, quality and value. The total score determines the maximum allowable rent. The threshold for social housing is 135 WWS points

The Affordable Rent Act would extend the regulation of rents to the mid-rental segment, which is likely to include homes with up to 186 points. As of 1 July 2023, this is equivalent to a monthly rent of €1,123.13. The act is expected to be implemented on 1 July 2024 and will apply to all new contracts.

The Ministry of Housing and Spatial Planning is also negotiating the modernisation of the points system. The energy efficiency of dwellings, the presence and size of a private outdoor space, the availability of communal indoor and outdoor spaces, and the quality of the kitchen and bathrooms will positively impact the number of WWS points.

### Transfer tax

On January 1 2023, the higher transfer tax rate for residential properties came into effect. The rate for private and institutional real estate investors increased by 2.4%, from 8.0% to 10.4%. The higher transfer tax imposes a comparable negative effect of 2.4% on real estate valuations.

## CONCLUSIONS

- After 10 consecutive rate hikes, the ECB holds deposit interest rates steady at 4.0%. The 10-year government bond rates fell in the last quarter of 2023, from 3.3% in early October to 2.3% in late December.
- The inflation rate has been declining gradually, reaching 1.2% in December 2023. The overall inflation rate for 2023 reached 3.8%.
- The economy entered a mild recession in Q2 and Q3, which was followed by moderate positive growth in Q4. Economic growth in total for 2023 was only 0.1%.
- Housing prices decreased by 6.2% between September 2022 and May 2023. The stabilisation of mortgage interest rates and increase in wages have since caused prices go up again. Between May and December 2023, housing prices rose by 3.4%.
- Due to the high interest rates, investment volumes plummeted. The investment volume for residential in 2023 stood at around €3.6 billion, which is around 51% lower than in 2022. Gross initial yield levels shifted strongly in 2023. From their lowest point in Q2 2022, yields shifted up by 85 bps towards Q4 2023.
- The annual rent indexation will be based either on wage growth ("CAO-loonstijging") or CPI, whichever is lower. In 2023, this meant that rent increases were based on the wage growth of 3.1% and in 2024 to CPI of 4.5%.
- The Affordable Rental Act will extend the regulation of rents and rent increases to the mid-rental segment and is expected to come into effect on 1 July 2024. The mid-rental segment is likely to include homes with up to 186 points and will be subject to a maximum allowable rent and lower annual rent increase. The WWS points system will be modernised to better reflect the sustainability of the home and new building features such as communal spaces.
- On January 1 2023, the transfer tax rate for real estate investors increased from 8.0% to 10.4%, which consequently had a negative effect of 2.4% on real estate valuations 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.

## NEW URBANISM

Statistics Netherlands ("Centraal Bureau voor de Statistiek") predicts that the urbanisation trend will persist for decades. It is estimated that the 40 largest municipalities will account for 59% of the 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

The 65-and-older population is growing and changing. This development has a significant impact on the Dutch housing market. The ARC Fund aims to invest in innovative housing concepts 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.

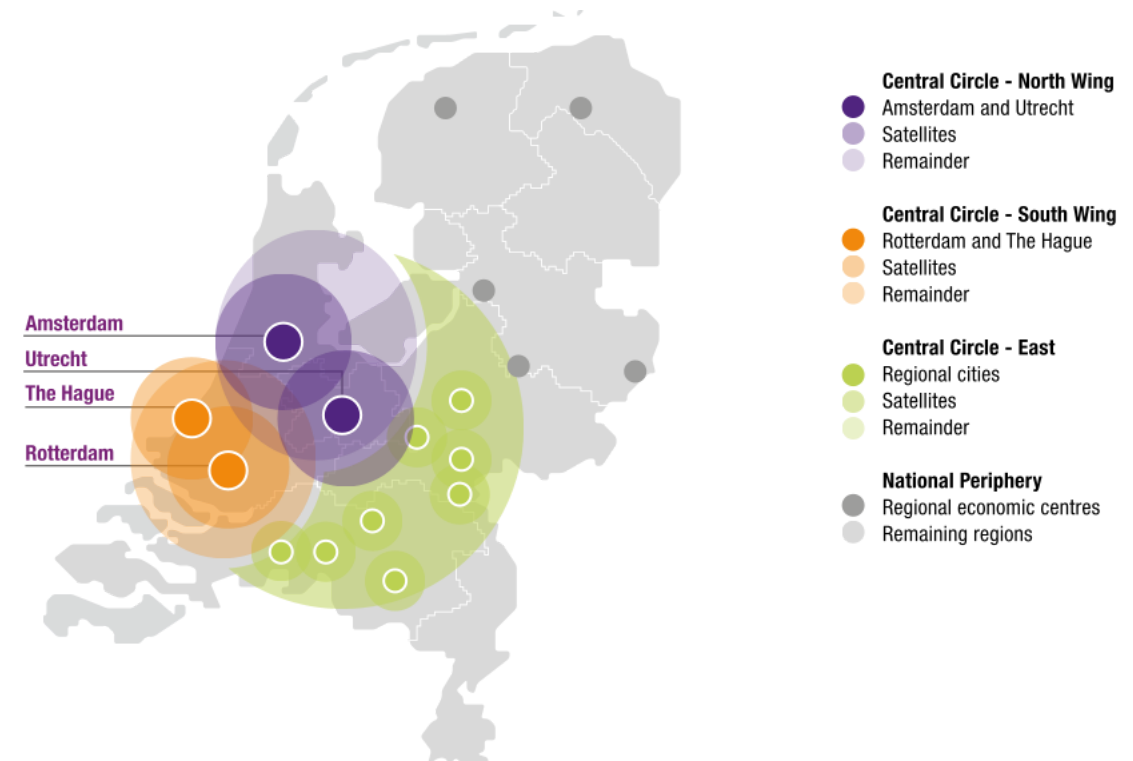
## FOLLOWING MARKET PRESSURES

Making future-proof choices requires us to move in the direction of the demand. For this reason, the ARC Fund focuses on investing in affordable/attainable housing in areas with a significant population, areas experiencing economic growth and in mobility hubs. The focus on affordable/attainable was chosen due to the upcoming regulation of the liberalised rental sector, which blurs the line between the social housing and mid-priced segment. Themes include concentrated housing units in attractive areas and affordable and high-quality housing concepts for small households.

## 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 13: 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.

The upcoming regulation of the rental market will divide the currently unregulated mid-priced rental market into a liberalised and a regulated segment based on the number of WWS points. Although this regulation is not yet in effect, the ARC Fund seeks to align its own rental segmentation approach with that of the proposed regulation.

## TARGET GROUPS

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

- **Young professionals:** focus on mid-sized and large cities and the availability of amenities.
- **Elderly singles and couples:** focus on lifecycle-proof housing concepts near daily amenities to appeal to a growing population aged 65 and older.
- **Families:** focus on traditional and affordable SFH and MFH housing solutions.
- **Key workers:** focus on affordable SFH and MFH housing solutions.
- **Expats:** focus on serviced apartments and SFH and MFH units near mobility hubs.

## Area management

Area management is an important part of the ARC Fund strategy. Amvest's role as a project and area developer and our rotating Right of First Refusal agreement create attractive opportunities for investment. By investing in high-quality environments with the right amenities for the right target groups, we increase the value and quality of our assets and meet 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 individual or shared apartments in a high-quality environment. Through our community management concept known as Livvin, we contribute to the quality of the living environment. The key characteristics of Livvin are:

- the Community Space to provide a place to connect and socialise;
- the Community Manager to assist tenants, forge connections and build the 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 co-living concept 2Peer. 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 to public transportation and may include amenities such as flexible workspaces and gardens. The use of shared spaces significantly reduces the size of each private apartment, resulting in a lower rental price.

## Sustainability

As part of our strategy, we invest in sustainable real estate and in sustainability improvements of our standing assets. We align our ESG strategy with the Amvest Impact Framework, a set of sustainability standards that along with financial return requirements will guide future investment decisions. The framework describes the four themes and twelve goals by which Amvest will assess and measure sustainable impact of investments. These themes are environmental impact, climate adaptation, quality of life and occupier satisfaction. In addition, we periodically assess our stakeholder interests by conducting a materiality assessment.

### ESG initiatives by theme Environmental impact – Roadmap to Paris proof

We are committed to achieving a Paris-proof portfolio. Through 2030, we will take action to reduce our carbon emissions and energy intensity (KWh/m<sup>2</sup>) by 50%, in line with the CRREM (Carbon Risk Real Estate Monitor) 1.5-degree reduction pathway. We have mapped and budgeted sustainability improvements at the asset level to develop our roadmap to Paris-proof. All assets that exceed the 2030 CRREM target of 18.6 kg CO<sub>2</sub>/m<sup>2</sup>/year for SFH and 16.6 kg CO<sub>2</sub>/m<sup>2</sup>/year for MFH qualify for improvement. We review and update our roadmap with new data on an annual basis to remain on track.

### Climate adaptation – Risk assessment

We partner with Climate Adaptation Services (CAS) and used the AR5 Fifth Assessment Report by the Intergovernmental Panel on Climate Change (IPCC) to conduct a risk assessment of our portfolio. This approach is supported by the Dutch Green Building Council (DGBC), of which Amvest is a partner. In 2023, we determined the gross climate risks (climate risks at a regional and local level) for the standing portfolio. In addition, we determined mitigation measures for objects in high-risk areas. We will continue to expand on our risk assessment.

### Quality of life – Suitable homes for seniors

Due to a lack of suitable alternatives, many senior citizens live in homes that no longer suit them. We address the housing needs of older residents by investing in housing concepts that offer an attractive alternative to conventional single-family housing units. This investment strategy also contributes to the Dutch government's goal to increase the supply of suitable homes for older residents and, as a result, improve mobility in the housing market. We are in the process of assessing which homes in our portfolio meet the official definition of a 'zero-step' home based on various criteria, enabling us to market those homes as homes suitable for senior residents. In addition, the assessment may include targets for increasing the share of these homes in our portfolio.

### Occupier satisfaction – Customer journey

We strive to be transparent and approachable for our residents to enhance their living experience. To this end, we launched our Customer Journey initiative focused on improving our residents' experience from the moment they begin their housing search and throughout their tenancy. In 2023, we mapped several customer journeys related to renting, repair requests and renovation requests in detail and assessed opportunities to improve existing systems and processes. We will translate insights into concrete improvement initiatives related to, amongst others, repair requests, requests for renovation and the orientation and renting process.

## PORTFOLIO DEVELOPMENTS IN 2023

We delivered 264 homes to the standing portfolio, sold 44 individual homes and 75 homes as part of a block sale. Between 2022 and 2023, the ARC Fund standing portfolio increased from 11,010 to 11,155 homes, a net addition of 145 homes. The occupancy rate increased year-over-year from 97.8% to 98.3%. Our strong operational results resulted in an income return of 2.4% (2022: 2.8%).

Operating expenses (OPEX) rose from 21.7% in 2022 to 23.4% in 2023, which was within our budget of 23.5%. Operating expenses rose primarily as a result of extensive planned maintenance activities and are expected to fall in the coming years due to divestments in older properties and the completion of new properties.

The increase in the transfer tax rate from 8.0% to 10.4%, ten consecutive interest rate hikes and negative revaluations resulted in the stagnation of the residential real estate market. Despite these unfavourable market conditions, we were able to execute a block sale of 75 homes in Velp with a net gain of 4%. In addition, we executed 44 individual sales with a net gain of 23%.

The committed pipeline includes 2,269 homes representing EUR 305 million in off-balance sheet commitments. There were many assets under construction in 2023 that are expected to be delivered in 2024, such as Olympiade in Amstelveen (358 homes), Clubhouse Boompjes in Rotterdam (342 homes), Hollandpark in Diemen (144 homes) and Groot Hartje in Eindhoven (201 homes). Remaining assets in the committed pipeline are expected to be delivered in the following years. We added one project to the soft pipeline in 2023. The Houtsma project is the last in a series of development projects on Cruquius Island in Amsterdam, which have all proven to be valuable additions to our portfolio.

A large part of our committed pipeline is originated through our RoFR Agreement with Amvest Development Fund B.V. (ADF). If a project is developed by ADF in partnership with a third party developer, the ROFR ensures that there is a best effort basis to offer the project to ARC Fund. The RoFR agreement, which went into effect 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.

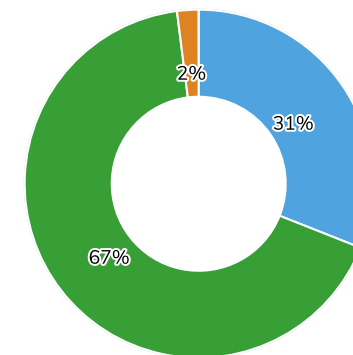
## PORTFOLIO - COMPOSITION

At the end of 2023, the ARC Fund standing portfolio consisted of 11,155 homes with a book value of EUR 3.8 billion. The average book value per home decreased by 6.2%.

**FIGURE 14: TOTAL PORTFOLIO BY TYPE**

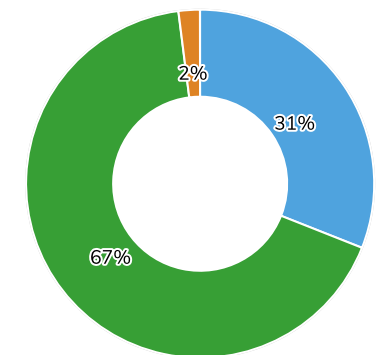
Composition by book value

2023



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

2022



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

Multi-family homes account for 67% of the portfolio, while single-family homes make up 31% of the portfolio. The committed pipeline includes almost exclusively MFH projects. Approximately 2% of the total investment portfolio value consists of commercial real estate units embedded in residential buildings in the portfolio. The four largest cities in the Netherlands continue to be well represented, accounting for 51% of the portfolio.

FIGURE 15: TOTAL PORTFOLIO BY REGION

Composition by book value in € million

2023

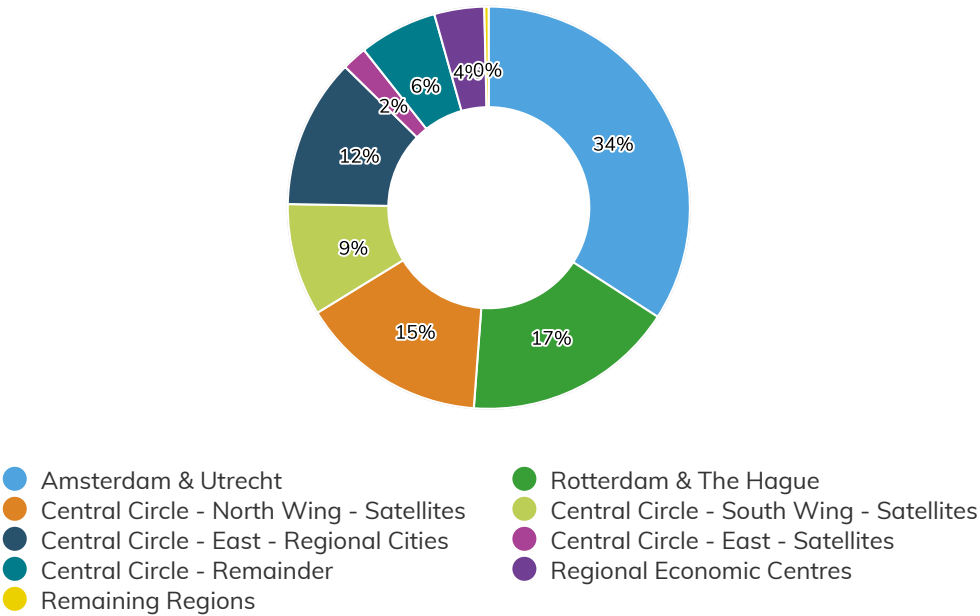
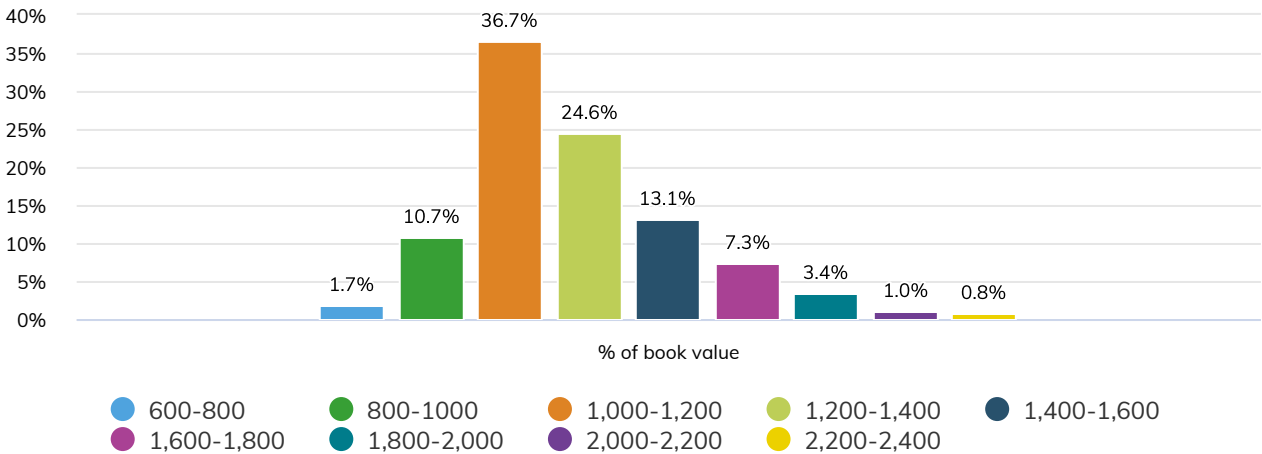


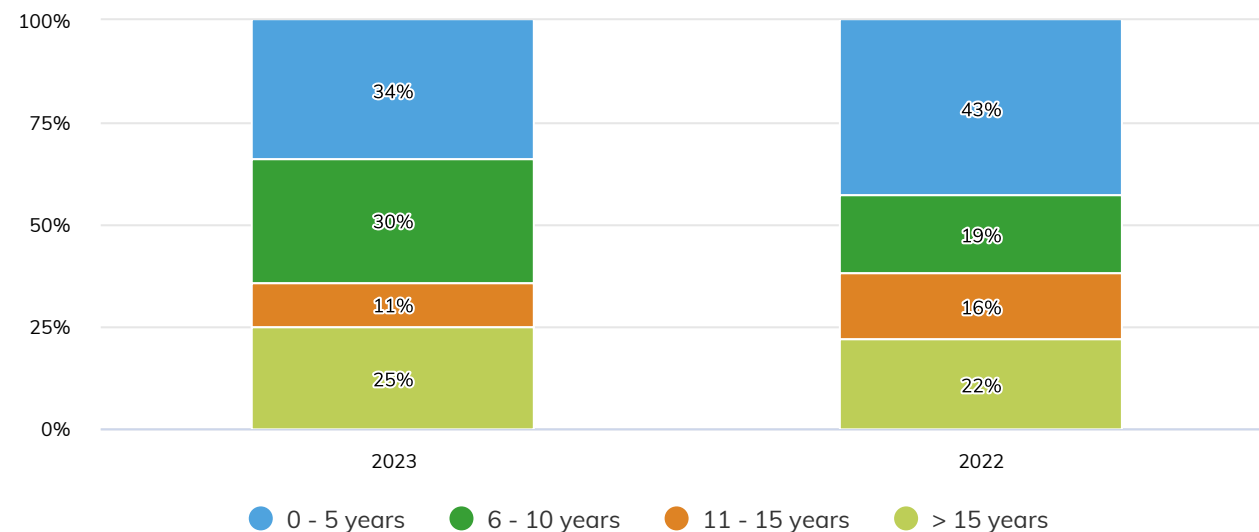
FIGURE 16: RESIDENTIAL PORTFOLIO BY RENTAL PRICE

Composition by book value

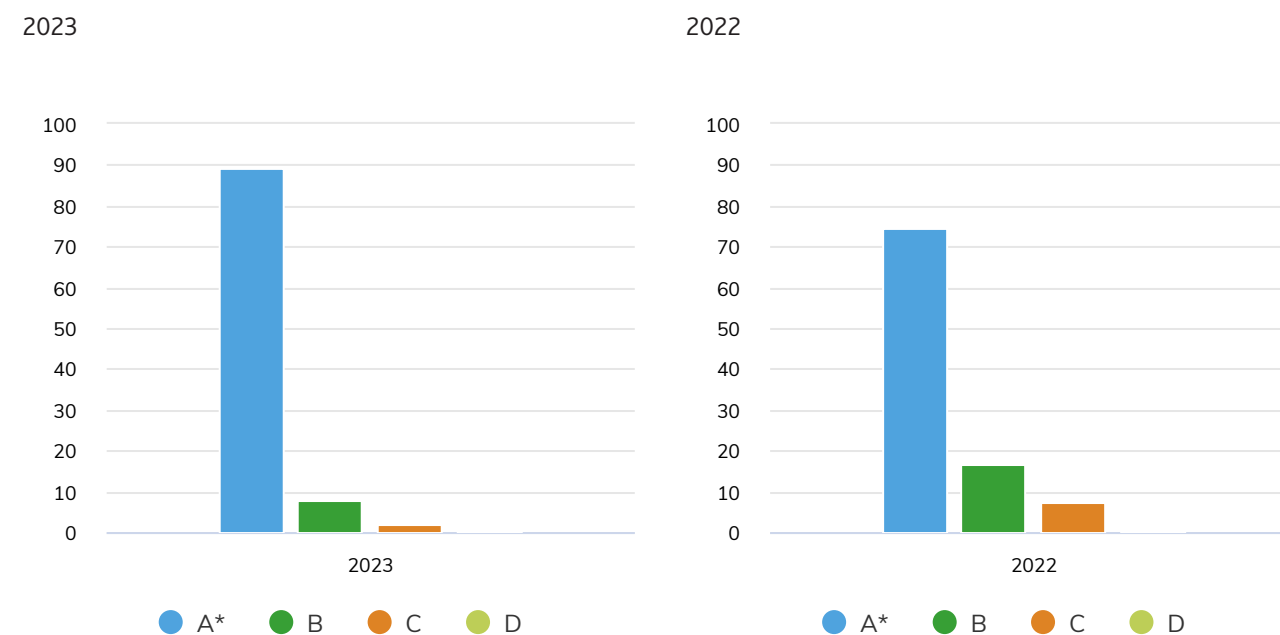


The ARC Fund's focus remains on the mid-priced segment, which accounts for 77% of the portfolio's rental income. As of 2024, we differentiate between the lower mid-priced segment and the upper mid-priced segment. The lower mid-priced segment includes homes with a monthly rent of EUR 880 to EUR 1,123, and accounts for 32% of the portfolio. The higher mid-priced segment starts at EUR 1,123. The upper limit is dependent on the region and ranges from EUR 1,150 (Remaining Regions) to EUR 1,600 (Amsterdam and Utrecht). The higher mid-prices segment accounts for 45% of the portfolio. See table on page 119 of the annex for a complete overview.

\* Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 85.

**FIGURE 17: TOTAL PORTFOLIO BY AGE**

At year-end 2023, the weighted average building year of the portfolio was 2012. Most properties (75%) were constructed within the last 15 years. The construction year isn't corrected for renovations. 97% of properties have energy label A or B. To meet 100% alignment with the SFDR standards for Article 8 funds (Light Green), we aim to realise energy label A or B for all assets in the portfolio.

**FIGURE 18: DISTRIBUTION OF ENERGY LABELS**

\* Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 85.

FIGURE 19: LARGEST PROPERTIES/DISTRICTS

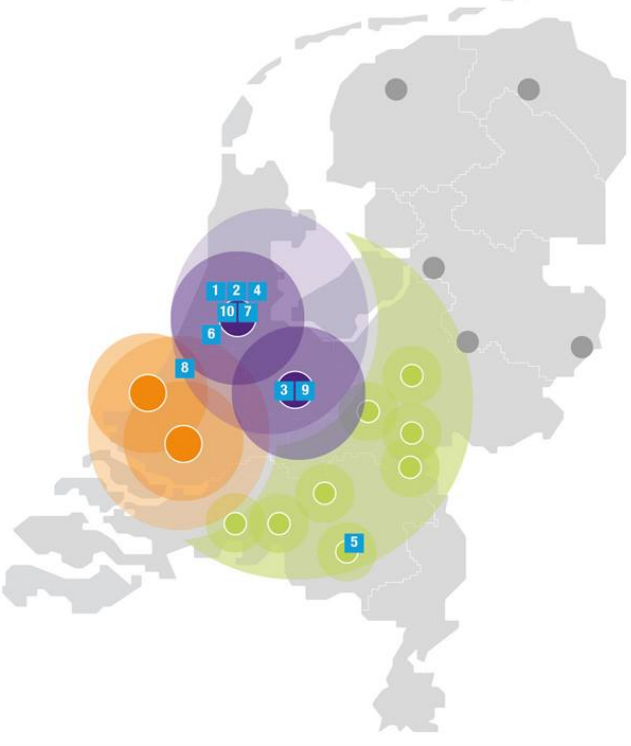


TABLE 1: THE TEN PROPERTIES/DISTRICTS WITH THE HIGHEST OPERATIONAL VACANCY RATE

City	Name	Number of homes	Operational vacancy relative to total vacancy (%)*	Operational vacancy relative to property theoretical income (%)*
Utrecht	De Syp & Steyn	386	15.5%	6.2%
Amsterdam	Cruquius	462	11.3%	3.0%
Amsterdam	360 Degrees	122	7.8%	7.3%
Amsterdam	IJburg	578	6.4%	1.7%
Den Haag	New Babylon	116	6.1%	5.3%
Amsterdam	Aan 't IJ	292	5.4%	2.1%
Utrecht	Nijenoord	195	3.6%	2.9%
Diemen	Holland Park	202	2.8%	1.9%
Hoofddorp	Hoofddorp Zuid	336	2.4%	1.2%
Amsterdam	De Spakler	160	2.2%	2.0%
Rotterdam	De Rotterdam	78	2.0%	2.8%

\*The Vacancy determination includes both the vacancy of residential and commercial properties.

PORTFOLIO - OPERATION

Rental policy

The portfolio gross rental income in 2023 was EUR 164.2 million, compared to EUR 153.5 million in 2022. 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.

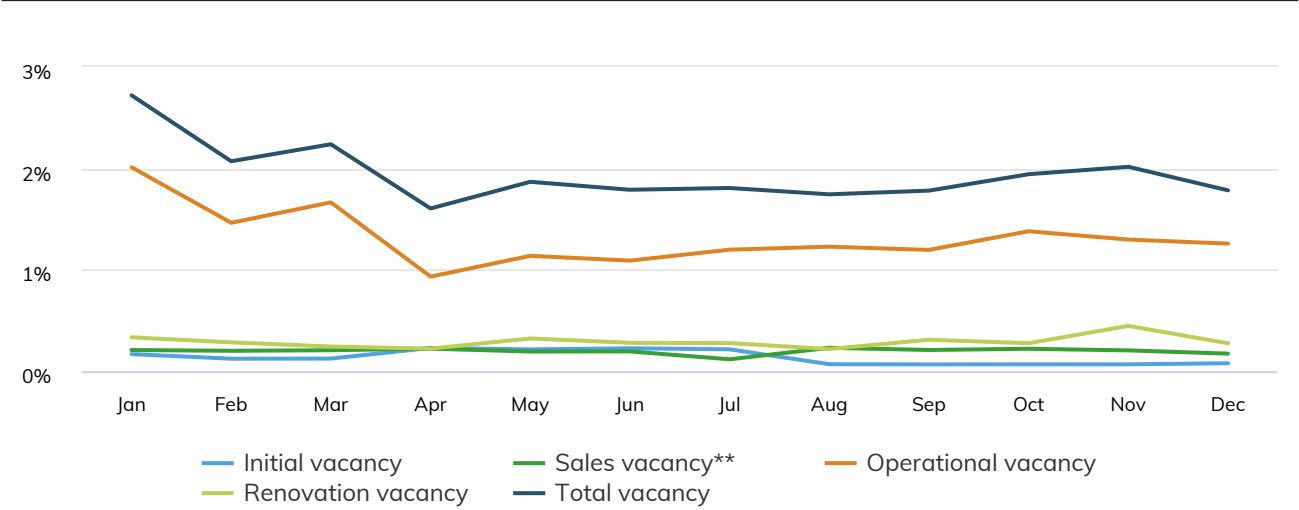
Legislation caps the rental increase in the private rental market at wage growth (“CAO-loonstijging”) +1%. We implemented the annual rent increase in July. On average, annual rents increased by 3.8%, which is 2.8% below the 2023 wage growth of 6.6%.

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 2023, we realised a vacancy rate of 1.7%\*, well within our target of 2.5%. This figure includes operational vacancy, renovation vacancy (existing portfolio) and initial vacancy (newly built properties). The low vacancy rate is indicative of the quality of our portfolio and the ongoing pressure on the housing market. The vacancy within the property Sijpesteijn, Utrecht is mainly related to vacancy of the parking garage. There is limited interest of tenants for the parking places.

Table 1 lists the ten investment properties/districts with the highest operational vacancy as a percentage of the total portfolio vacancy.

FIGURE 20: 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 23.4% in 2023 (2022: 21.7%). The increase was due to extensive planned maintenance activities. We remained within our portfolio plan target of 23.5%. The cost ratio is expected to remain stable at 23.5% in 2024, after which it is expected to decrease. The delivery of a large number of new MFH units will contribute to a lower cost ratio beginning in 2025.

\* Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 85.

Tenant satisfaction

We aim to achieve a minimum tenant satisfaction score of 7.5 (out of 10) and outperform our peers in the IVBN tenant satisfaction benchmark. In 2023, the ARC Fund scored a 7.0\*, compared to 7.2\* in 2022. This is below the benchmark and below our target. The weaker performance is primarily caused by a lower score on handling of complaints and maintenance requests. We are working to resolve this issue in cooperation with our property managers in order to improve this score going forward. The overall score of 7.0 is the average of three components: quality of the home (down from 7.8 to 7.6), the living environment (stable at 7.5), and property management (down from 6.3 to 6.1).

FIGURE 21: TENANT SATISFACTION\*



\* Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 85.

Sustainability

We invest in the energy efficiency of our properties 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 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 94.7% of the portfolio, which represents an increase compared to prior year (93.8%).

The ARC Fund aims to lower the energy consumption of properties and reduce the CO2 emissions of its portfolio. We monitor the energy consumption of our properties to set goals for optimisation. We use smart meters and an Environmental KPI dashboard to track and report on the sustainability performance of our buildings. Energy consumption, carbon emission and water use data for the prior year is not completely available at date of submission of this annual report. Therefore, the 2022 figures are included in this report.

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 to kWh/m<sup>2</sup>/year. In 2023, the average EUI of our properties was 93.1 kWh/m<sup>2</sup>/year\*, compared to 112.0 kWh/m<sup>2</sup>/year in 2022. The energy use of newly built buildings in 2022 is taken into account in the current figures, this results in a decrease of the EUI. New builds must adhere to strict energy efficiency standards and therefore perform better than renovated buildings. They are significantly better insulated and make use of gas-free heating systems (e.g. hybrid or ground-source heat pumps), which consume less energy than gas heating systems.

We aim to reduce carbon emission by 50% between 2020 and 2030 by investing in assets that are at risk of becoming 'stranded', meaning that they do not meet future energy efficiency standards and are at risk of becoming economically obsolete. The carbon emissions of the portfolio in 2020 averaged 36 kg CO<sub>2</sub>/m<sup>2</sup>/year. A 50% reduction therefore amounts to an average maximum carbon emission in 2030 of 18 kg CO<sub>2</sub>/m<sup>2</sup>/year. In 2023, the average carbon footprint was 17.4 kg CO<sub>2</sub>/m<sup>2</sup> per year (2022: 17.5kg CO<sub>2</sub>/m<sup>2</sup>). We are well on track to achieve our 2030 reduction target.

The ARC Fund portfolio composition of Energy Performance Certificates (EPC-labels) is 89.3% A label or higher, 8.2% B label and 2.5% C label or lower.

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 90 points in 2022 to 91 points\* in 2023. We achieved our goal to score at least 90 points and retain our five-star rating. Because of our improved score, our position in the ranking rose slightly.

GPR

We aim to achieve GPR/BREEAM certificates for at least 80% of the portfolio. In 2023, 75.6%\* of our portfolio was GPR/BREEAM certified. GPR and BREEAM are instruments for measuring the sustainability of a property. We will continue to obtain GPR certificates to improve our insight into the sustainability performance of our portfolio, set optimisation targets and improve our GRESB score.

During the implementation process of GPR certificates, we realised an average score of the GPR certificates retrieved during 2023 of 6.6\* which is below our internal target of 7.0. We applied for and obtained our first BREEAM certificate in 2023. The newly delivered Jonas property in Amsterdam was BREEAM Outstanding certified, the highest BREEAM rating available.

\* Please refer to the KPI tables in the Annexes. KPIs include limited assurance by external auditor. A separate assurance report is included on page 85.

## EU Taxonomy

During 2023, the ARC fund voluntarily determined for the first time what the EU taxonomy alignment for the portfolio is.

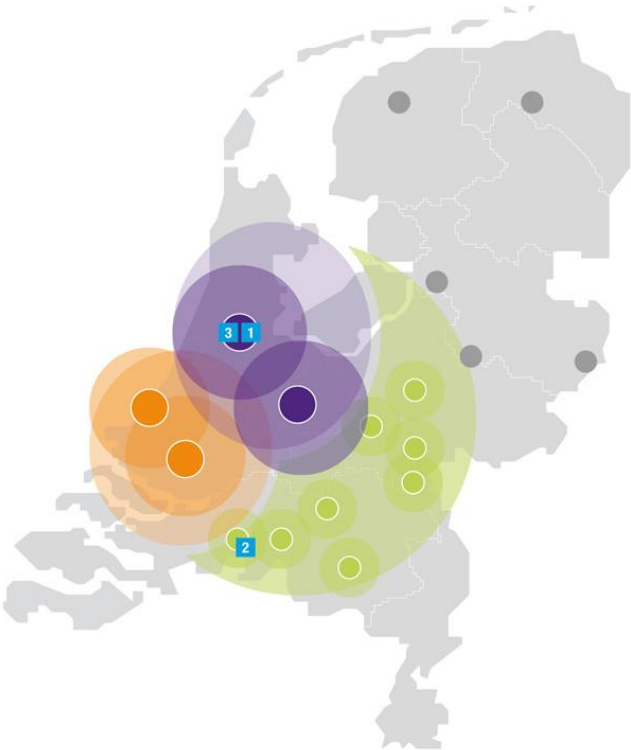
Based on the EU Taxonomy Regulation (EU) 2020/852, this annual report outlines ARC Fund's alignment with the criteria set forth in the regulation, aiming to provide transparency regarding our environmental performance and commitment to sustainable development objectives. The SFDR Annex included in the annual report as other information contains three required Taxonomy KPI's. In addition to that, we have also voluntarily assessed our real-estate-related assets only against EU Taxonomy alignment criteria of Climate Change Mitigation activity 7.7. Based on this alignment assessment, we are able to categorise 94% of assets as taxonomy aligned. The percentage is only based on real-estate-related assets, therefore excluding cash and other receivables. Our commitment to sustainability is reflected in our business practices and investment strategies.

## PORTFOLIO - DYNAMICS

In 2023, the ARC Fund standing portfolio increased to 11,155 homes with a value of EUR 3.8 billion, compared to 11,010 homes with a value of EUR 4.0 billion in 2022. In 2023, we invested EUR 190 million in the pipeline. 3 properties for a total of 264 homes were delivered, 44 individual homes were sold and a block sale consisting of 75 homes was realised, resulting in a net addition of 145 homes.

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

FIGURE 22: PROPERTIES ADDED TO THE INVESTMENT PORTFOLIO



## INVESTMENT PIPELINE

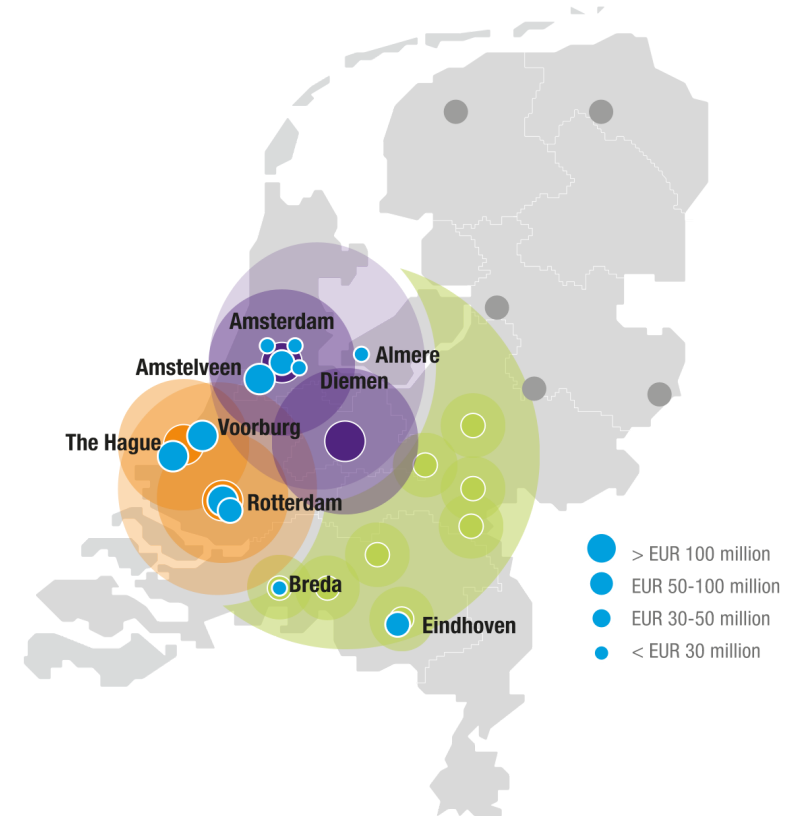
At year-end 2023, the ARC Fund's committed pipeline included 2,269 homes for an estimated investment volume of EUR 834 million (2022: EUR 909 million). In 2023, the Houtsma project in Amsterdam was approved and added to the pipeline. We acquired the Houtsma project through our RoFR agreement with ADF.



## DIVESTMENTS

In order to revitalise the portfolio, the ARC Fund regularly divests in properties that no longer meet investment requirements. Divestments take the form of part sales (sales of individual homes to private individuals) or block sales (the sale of entire properties to professional investors). We sold 44 individual homes with a net gain of 23% compared to book value, and we executed one block sale in Velp for a total of 75 homes with a net gain of 4% compared to book value. The total net result on sales is part of the operational result.

FIGURE 23: PIPELINE PROPERTIES



# FINANCIAL PERFORMANCE IN 2023

In 2023, the portfolio value (including assets under construction) decreased by EUR 100 million (-/-7.1%; 2022: -/-2.0%) due to four quarters of negative revaluations. Investor interest remained low amidst rising interest rates. The interest rate development during 2023 also put upward pressure on gross initial yields. The gross initial yield of the ARC Fund increased by 0.5% from 4.1% in 2022 to 4.6% in 2023, while direct returns increased to 3.2% for the year (2022: 3.0%).

The average vacant possession value per home increased by 1.8% from EUR 446 thousand per home in 2022 to EUR 454 thousand in 2023. The vacant value ratio ("leegwaardratio") represents the ratio between the investment value of a let property and its vacant possession value. This ratio decreased from 78.7% in 2022 to 73.1% in 2023.

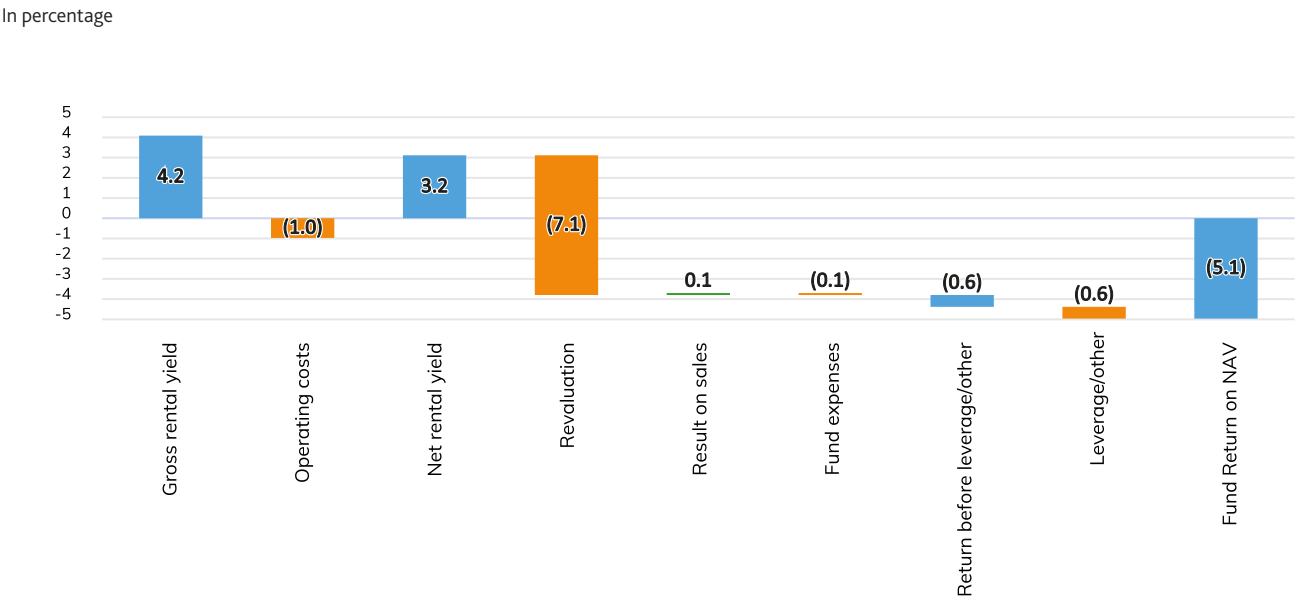
## FUND PERFORMANCE

The total fund return for 2023, expressed as a percentage of the NAV based on the INREV Guidelines as of 1 January 2023, was -/- 5.1% (2022: 1.1%). The total fund return consists of an income return of 2.4% (2022: 2.8%) and capital loss of -/- 7.5% (2022: -/- 1.7%).

The dividend yield – the operational result to be distributed as a percentage of the INREV NAV as of 1 January 2023 – was 2.5%\* (2022: 2.7%). Figure 24 shows the complete breakdown of the total return at the fund level, presenting 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 85.

FIGURE 24: 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 -/- 3.8% in 2023 (2022: 0.9%). The direct return from rental activities was 3.2% (2022: 3.0%). The indirect return realised by selling was 0.1% (2022: -/- 0.1%) and the indirect return realised by value changes was -/- 7.1% (2022: -/- 2.0%).

## LIKE-FOR-LIKE

We conduct a performance analysis based on like-for-like (LfL) figures to compare the performance of the ARC fund year over year. The LfL figures only consider the residential properties that were part of portfolio the entire year (2023) and excludes individual homes sold during that period.

**TABLE 2: LIKE-FOR-LIKE FIGURES**

	2023	2022
Direct return	3.5%	3.1%
Indirect return	(5.6%)	(1.9%)
Total return	(2.3%)	1.1%
Vacancy	1.7%	1.5%

Table 2 demonstrates that the ARC Fund had a total return of -/-2.3% on a LfL basis. The main component of the direct return was the net rental revenue. Yield shifts are the predominant drivers 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 2023 was 3.5%, compared to the MSCI benchmark of 3.1%. The ARC Fund's capital change was -/- 5.6% (MSCI: -/- 8.9%). This resulted in a total performance of -/- 2.3% (MSCI: -/- 6.1%).

The ARC Fund did outperform the short and long-term (3,5, 7, 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 less negative than the MSCI benchmark, this is caused by the focus of the ARC fund on high quality, newly build properties in the big four cities in the Netherlands.

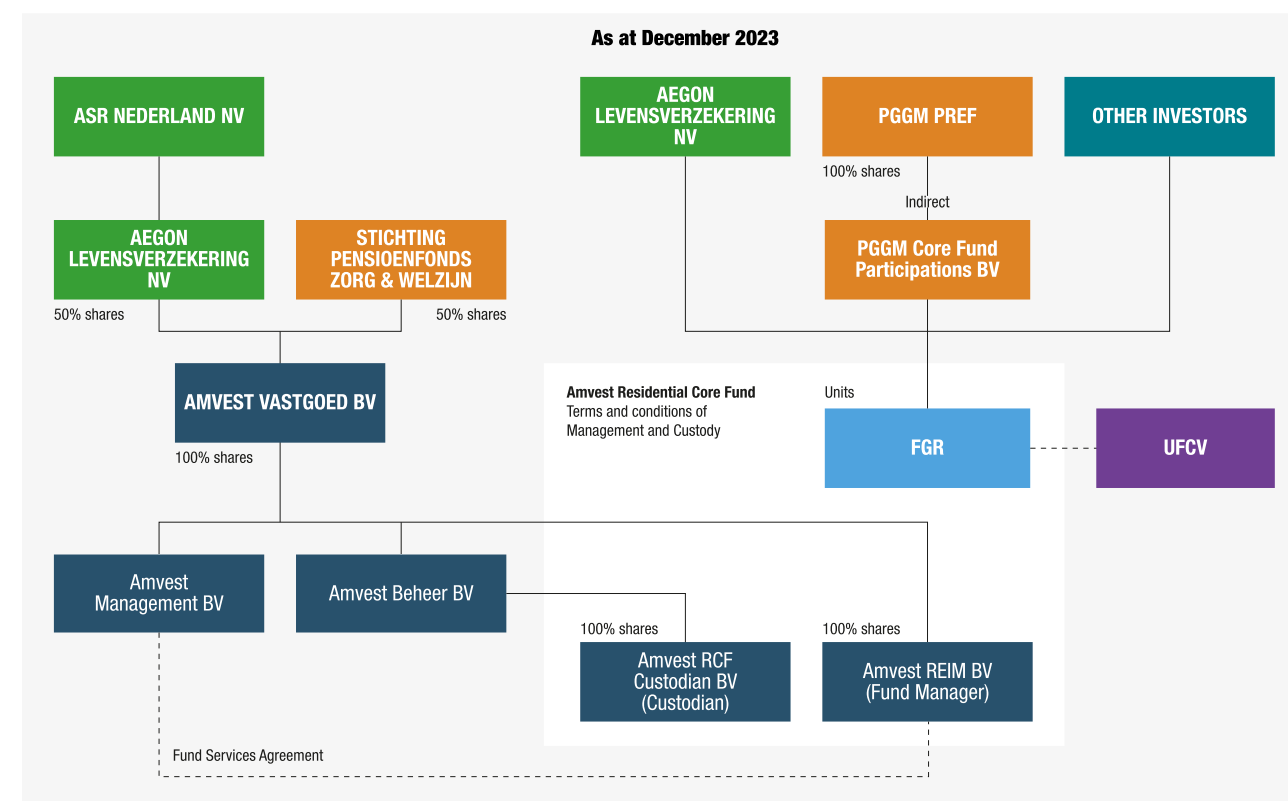
A complete breakdown of the MSCI benchmark for 2023 and for the last 3, 5, 7 and 10 years is provided in the Annexes.

# 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 25: 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.

During 2023, EUR 120 million of remaining undrawn equity commitments for the ARC Fund were called, while EUR 39 million of capital was redeemed. As of 31 December 2023, the ARC Fund has 22 investors and 88,638 units issued.

## 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 2023.

## ADVISORY BOARD

The Advisory Board monitors the handling of conflicts of interest, approves risk management policies and appoints members of the Investment Committee. The Advisory Board held four formal meetings in 2023.

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 proposed rent regulation, as well as an investment proposal.

**INVESTOR MEETING**

As of 1 January 2023, the Portfolio Plan of the ARC Fund is submitted to the Investor Meeting for approval. Two regular Investor Meetings were held in May and December 2023. The Portfolio Plan for the period 2024-2026 was approved by the Investor Meeting in December 2023.

**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 rotating RoFR agreement with ADF. This means that ADF has the obligation to offer all residential rental homes developed by ADF to the ARC Fund and the Separate Accounts managed by Amvest on a rotating basis. This grants the ARC Fund the first right to acquire 50% of residential rental homes which are developed by ADF and are in line with the ARC Fund investment strategy, on arm's length conditions. The rotating 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 link between these two key activities forms the basis 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 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 a control framework, which clearly separates the function of financial and portfolio management from the function of risk management.

## 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 members of 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 2023 (1 January 2023 - 30 November 2023), 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 in close consultation with the Portfolio Manager and the RCO 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 development 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 2023

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 2023, 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 the Director Finance & Risk, the Portfolio Manager and the RCO. The potential negative economic impact of the war in Ukraine, which includes rising energy prices and a challenging interest rate environment, received special attention. Higher interest rates have a negative impact on fund returns as a result of declining valuations and increased financing costs. So far, the negative impact of the weaker economic environment on the Fund's operation has been limited.

### Sales/Rental Risk

The sales/rental risk remained elevated due to the higher interest rates and low investment volume.

### 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. Uncertainty still persists on the exact outcome of the legislation process and its effective date.

### Counterparty risk

The counterparty risk remains elevated due to the weaker economic climate and high construction costs. We have been able to manage this risk effectively with no material defaults occurring.

### Portfolio Risk

The portfolio risk increased during 2023 primarily driven by the continuing negative revaluation trend and the lack of suitable investment and asset disposal opportunities, which hampers the execution of the asset rotation strategy at commercially feasible levels.

### Funding risk

In 2023, the ARC Fund made use of its committed debt facility, equity commitments and sales proceeds to fund its project pipeline and redeem participations. During 2023, an additional EUR 135 million of debt commitments were secured in order to meet future funding needs. The Fund successfully secured its first USPP transaction with the notes issued on the US Private Placement Market to a consortium of US and Canadian institutional investors.

Hence, the availability of undrawn debt commitments increased. The available equity commitments decreased as capital calls were used to draw down all remaining equity commitments. On balance, the overall funding position decreased during 2023.

Various scenarios for liquidity – covering the expected realisation time of the acquisition pipeline and going beyond the current Portfolio Plan horizon of 2025 – were calculated and monitored. No liquidity constraints occurred in 2023 or are expected in 2024. The ARC Fund plans to secure new equity and debt funding in 2024, subject to market conditions, to fulfil outstanding redemption requests as well as 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.

During 2023 the Administrative Court of Amsterdam ruled in a case against an institutional real estate investor that the much-applied rent indexation clause for liberalised rental housing (CPI + a max. 5% surcharge) is unfair within the meaning of European Directive 93/13/EEC on unfair terms in consumer contracts (Directive) and should therefore be annulled. The ruling has the effect that in said tenancy relationship: i) the rent reverts to the initial rent, ii) there is no possibility of annual indexation of the rent in the future, and iii) the tenant does not have to pay rent until the excess rent paid has been recovered. The investor is appealing against the decision and in two ongoing cases another investor asked preliminary questions to the Supreme Court. The timeline at present is unknown, but it will likely take at least until H2 2024. Currently, there are 7 judgements of similar kind ongoing for the ARC Fund. These are all individual cases and will not affect other rental contracts. The Fund shares the general market sentiment that it is a remote possibility that this judgement will be (fully) upheld.

Overall risk performance

Management has performed its risk assessments in 2023 and concluded none of the risk limits set by the Fund Manager for the defined risk categories were exceeded.

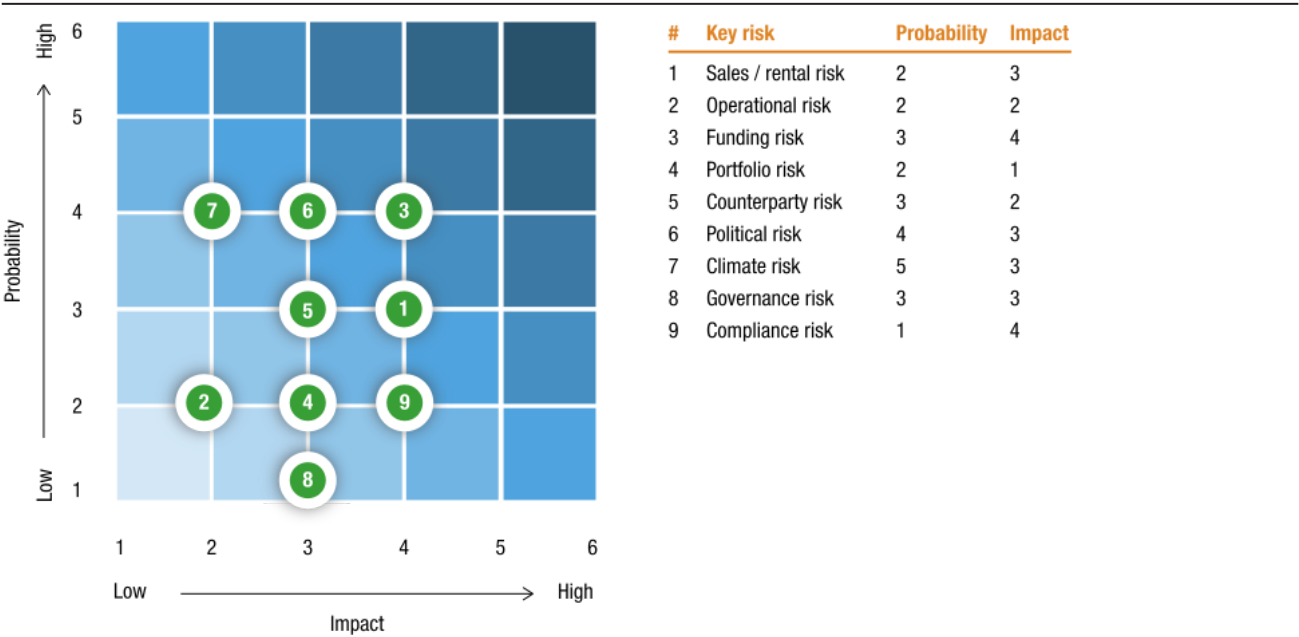
Updated risk management framework

The ARC Fund’s Risk Management Framework is a dynamic framework. The Fund Manager assesses, monitors, and reviews the risk management function, policy, framework, and its risk appetite, indicators, and limits on an annual basis and reports on these matters to the Advisory Board and Investors of the ARC Fund.

If necessary, the Fund Manager adjusts previously described risk categories in close consultation with the RCO and its stakeholders. In the fourth quarter of 2023, 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 annual Compliance Plan.

## INTEGRITY, CUSTOMER DUE DILIGENCE

Integrity and customer due diligence are key elements of Amvest's Compliance Program. In 2023, 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 2023, 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 2023, 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 February 2024), 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:  $(4,337 + 0 \text{ +/- } 16) / 3,335 = 1.30$  (2022: 1.25).

Leverage - commitment: (total of assets) / (INREV NAV). Leverage - commitment ARC Fund:  $4,337 / 3,335 = 1.30$  (2022: 1.26).

## 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 the 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. The ARC Fund follows these guidelines for all financial ratios, such as NAV, TGER (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.

### INREV Guidelines Compliance Statement

The European Association for Investors in Non-Listed Real Estate Vehicles (INREV) published the revised INREV Guidelines incorporating industry standards in the fields of Governance, Reporting, Property Valuation, Performance Measurement, INREV NAV, Fees and Expense Metrics, Liquidity and Sustainability Reporting. The assessments follow these guidelines.

INREV provides an Assessment Tool to determine a vehicle's level of compliance with the INREV Guidelines as a whole and its modules in particular.

The overall INREV Guidelines Compliance Rate of the Amvest Residential Core Fund is 98.56%, based on all nine assessments. The table below shows the compliance rate for each completed module of this self-assessment.

Assessment	Amvest
Code of Tax Conduct	96%
Fee and Expense Metrics	100%
Governance	100%
Liquidity	100%
INREV NAV	100%
Reporting	98%
Sustainability	95%
Performance measurement	100%
Property valuation	98%
	<b>99%</b>

## EU TAXONOMY

The EU Taxonomy for sustainable activities is a classification system established to clarify which investments are environmentally sustainable. The aim of the taxonomy is to prevent greenwashing and to help investors make greener choices.

An eligible activity needs to comply with the following criteria in order to be aligned:

- Substantially contribute to at least one of the six environmental objectives (ARCF contributes to objective Climate Change Mitigation);
- Do no significant harm to any of the other five environmental objectives;
- Comply with minimum safeguards, such as OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights.

## 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 have come into effect per 1 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 CO<sub>2</sub> 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 CO<sub>2</sub> emissions. 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 CO<sub>2</sub> reduction objectives and will be measuring by how much the CO<sub>2</sub> 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 improve 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 governing 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)(article 6);
- funds that promote environmental or societal characteristics (light-green)(article 8);
- funds with sustainable investments as their objective (dark-green)(article 9)

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' (light green) 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 94% in sustainable investments with an environmental objective in economic activities that do qualify as environmentally sustainable under the EU Taxonomy and 1% in sustainable investments with a social objective.

### Results 2023

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 85 for the limited assurance report by KPMG.

### Outlook 2024

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.

In addition to the sustainability laws and regulations (SFDR/Taxonomy), the Digital Operations Resilience Act ("DORA") is relevant. DORA is an EU regulation that entered into force on 16 January 2023 and will apply for Amvest Residential Core Fund as of 17 January 2025.

It aims at strengthening the IT security of financial entities such as banks, insurance companies and investment firms and making sure that the financial sector in Europe is able to stay resilient in the event of a severe operational disruption.

DORA brings harmonisation of the rules relating to operational resilience for the financial sector applying to 20 different types of financial entities and ICT third-party service providers.

# FUNDING

## LEVERAGE DEVELOPMENT

The ARC Fund's leverage level increased from 20.1% to 21.8% as a result of increased drawn debt and negative revaluations during the year. The total asset base decreased from EUR 4.4 bn to EUR 4.3 bn, while the drawn debt position increased from EUR 885 million to EUR 940 million on a year-end basis. We will continue to actively manage the leverage and expect that leverage will increase further during 2024 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 decreased as the new EUR 135 million USPP facility has a fixed rate coupon and was primarily used to temporarily repay drawn debt in the fourth quarter of 2023. Mainly due to the further rise in variable interest rates during 2023, the total interest costs have increased compared to 2022.

### Second unsecured debt transaction

On 8 November 2023, the Fund successfully secured its first USPP transaction. The notes with a total size of EUR 135 million have been issued on the US Private Placement Market to a consortium of US and Canadian institutional investors. The EUR 135 million USPP term loan has an average fixed interest rate of 5.164% per year until its maturity in 2030. The proceeds were used to temporarily repay drawn debt under the revolving credit facility. The new facility was arranged by SMBC bank and mirrors the corporate unsecured structure of the existing EUR 450 million revolving credit facility. The transaction marks the next step in the debt funding strategy of ARC Fund to further diversify funding sources and counterparties.

Next to the new EUR 135 USPP facility and the EUR 450 million revolving credit facility, the ARC Fund has two existing mortgage loan facilities of EUR 625 million of term loans with a bullet repayment profile.

The four facilities are provided by four different bank consortia:

- EUR 135 million unsecured USPP facility is provided by an investor consortium consisting of The Manufacturers Life Insurance Company, Metropolitan Life Insurance Company and New York Life Insurance Company.
- EUR 450 million revolving unsecured credit facility is provided by a banking 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.
- 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.
- EUR 125 million secured facility is provided by a banking consortium of three banks, consisting of Coöperatieve Rabobank U.A. acting as Facility and Security Agent, ING Bank N.V. and Postbank, a subsidiary of Deutsche Bank A.G.

As of 31 December 2023, EUR 940 million in debt facilities had been drawn. EUR 270 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. 2.9 years (YE 2022: c. 3.6 years).

### Financial covenants

The financial covenants of all four loan facilities are disclosed in the notes to the financial statements under paragraph 16. The ARC Fund adhered to all financial covenants in 2023.

### Asset encumbrance

As a borrower, the ARC Fund grants security to its lenders under the existing secured loan facilities. As of 31 December 2023, 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 2023, EUR 575 million of term loans and EUR 135 million of USPP notes (76% 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
- EUR 100 million of USPP notes had a fixed annual interest rate of 5.19% until their maturity in 2030
- EUR 35 million of USPP notes had a fixed annual interest rate of 5.09% until their maturity in 2030

# OUTLOOK

The higher risks associated with the real estate market were underlined by the continued yield decompression throughout 2023. The uncertain impact of rent regulation, higher construction costs and rising interest rates created a weaker real estate market environment. The downward trend that started in mid-2022 continued in the following one and a half years. The last quarter showed signs of a gradual trend toward stabilisation of real estate valuations.

The long-term trend for the ARC Fund is likely to remain favourable 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. In the short term, further growth of the ARC Fund is likely to be hampered due to a lack of feasible new projects and higher cost of capital.

For the first half year of 2024, we foresee a gradual reversal of the negative trend which is amongst others driven by a pick-up in investment market activity and limited supply for a rental segment which is in high demand.

*Amsterdam, the Netherlands, 19 April 2024*

H-W. Wensing, Fund Director

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

D. Wedding, Portfolio Manager

# Residents' stories



# CELEBRATION OF THE 25TH ANNIVERSARY OF THE AMVEST TENANTS PLATFORM

Giving people a good home: that is Amvest's mission. That's why, 25 years ago, the Amvest Tenants Platform was established, a national umbrella organization that advocates for the interests of all Amvest tenant associations and resident committees.

In 2023, the Amvest Tenants Platform celebrated its 25th anniversary on September 29th at the brand-new Amvest building, Jonas', in Amsterdam IJburg, for all board members. Under the theme 'Connection,' various workshops were organized. "Amvest considers it important to be in contact with its tenants because we want to provide our tenants with a good home," says Wim Wensing, Chief Investment Officer at Amvest.

## IN CONTACT WITH RESIDENTS

"The Amvest Tenants Platform plays an important role in this because they are living in homes of Amvest and therefore know what is happening within the properties. They are also in contact with the residents of our homes, and Amvest can therefore be informed about what they consider important," explains Wensing. "Additionally, the Platform assists Resident Committees and Tenant Associations with various questions regarding living and renting. Amvest also regularly meets with the Platform's Board to discuss various processes where the Board provides input for improvements."

## LUSTRUM DAY

The lustrum day began with coffee and treats in the central hall of Jonas'. The attendees then moved to the cinema for the plenary session, with a welcome from Platform Amvest Tenants Henny Jacobse and Amvest CEO Heleen Aarts. A juggling presentation was also given. Lunch was provided at FactorIJ, just around the corner from Jonas'. In the afternoon, the connection workshops took place, followed by a tour of Jonas', and the day concluded with a gathering at the nearby café NAP, next to Jonas'.

## CONNECTION WORKSHOPS

During the workshops on rituals, mindful communication, neighborhood enjoyment, out-of-the-box thinking, and rhythm and connection, board members were challenged to engage in conversations with each other. In a relaxed and informal manner, the board members discussed the challenges within their Tenant Associations and Resident Committees.



## "YOU HAVE TO DO IT TOGETHER"

On the location of 't Loo' apartment block, used to be the church "De Goede Herder". "We got married here, and our children were baptized," say board members of the tenants' committee Wim and Christa van der Ven during the lustrum meeting. "It's extra special to be able to live in this place now."

The 't Loo apartment complex was completed in 2018 and has 38 homes. Wim and Christa have been living there since the beginning. "There have only been six changes so far. A good sign. We live in the corner apartment on the ground floor, and we have a lovely unobstructed view of the park. It's small but nice. The most beautiful spot in the complex, if we may say so ourselves. We're not leaving here!"

Wim and Christa have been on the tenants' committee board since the beginning. "We have the time for it. We have a meeting once every six weeks. That's quite often, but there have been some issues from the beginning that needed to be solved. Leaks, a malfunctioning elevator or barrier, issues with underfloor heating and solar panels. Thankfully, everything is being worked on now. You have to solve it together. Otherwise, you won't get anywhere. And that's how everything turned out well," says Christa.

Events are also regularly organized in the complex. "You have to do it together. Although it's always the same people who are there and do something. But that's how it goes."



# FINANCIAL STATEMENTS 2023

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

EUR X 1,000	Notes	2023	2022
<b>Income from investments</b>			
Gross rental income	1	164,206	153,510
Service charges income		5,560	5,429
Operating costs	2	(38,836)	(33,783)
Service charges costs		(5,864)	(5,669)
<b>Net rental income</b>		<b>125,066</b>	<b>119,487</b>
Other income		1,207	6,188
Realised capital results on investments	3	4,122	(3,646)
Unrealised capital results on investments	4	(269,897)	(54,517)
<b>Net results on investments</b>		<b>(265,775)</b>	<b>(58,163)</b>
Management expenses	5	(15,895)	(14,775)
<b>Result from operating activities</b>		<b>(155,397)</b>	<b>52,737</b>
Financial income and expenditures	6	(23,753)	(13,101)
<b>Total result for the period*</b>		<b>(179,150)</b>	<b>39,636</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	31-12-2023	31-12-2022
<b>Assets</b>			
<b>Non-current assets</b>			
Investment property	7	3,759,650	3,955,751
Assets under construction	8	540,434	439,480
		<b>4,300,084</b>	<b>4,395,232</b>
<b>Current assets</b>			
Trade and other receivables	9	8,422	15,112
Cash and cash equivalents	10	16,271	41,501
Assets held for sale	11	11,844	15,961
		<b>36,537</b>	<b>72,574</b>
<b>Total assets</b>		<b>4,336,621</b>	<b>4,467,806</b>

EUR X 1,000	Notes	31-12-2023	31-12-2022
<b>Equity and liabilities</b>			
<b>Equity</b>			
Capital	12	89	87
Share premium reserve	13	1,408,998	1,416,857
Revaluation reserve	14	1,041,920	1,302,885
Other reserve	15	864,812	782,997
<b>Equity</b>		<b>3,315,819</b>	<b>3,502,826</b>
<b>Non-current liabilities</b>			
Syndicated loan	16	940,000	885,000
Other long term liabilities	17	20,292	25,892
		<b>960,292</b>	<b>910,892</b>
<b>Current liabilities</b>			
Trade and other payables	18	60,510	54,088
		<b>60,510</b>	<b>54,088</b>
<b>Total equity and liabilities</b>		<b>4,336,621</b>	<b>4,467,806</b>

The notes are an integral part of these Financial Statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2023 (EUR x 1,000)	Notes	Capital contributions	Share premium reserve	Hedging reserve	Revaluation reserve	Other reserve	Total equity
Balance as at 1 January 2023		87	1,416,857	-	1,302,885	782,997	3,502,826
Result of the year		-	-	-	(253,746)	74,596	(179,150)
Capital contributions	12	(1)	(3)	-	-	-	(4)
Subscriptions	13	3	121,831	-	-	-	121,834
Realised from property sales	14	-	-	-	(7,219)	7,219	-
<b>Total comprehensive income for the year attributable to Investors of the ARC Fund</b>		<b>2</b>	<b>121,828</b>	<b>-</b>	<b>(260,965)</b>	<b>81,815</b>	<b>(57,320)</b>
Transactions with Investors of the ARC Fund							
- Redemptions		-	(38,937)	-	-	-	(38,937)
- Dividend distributions		-	(90,750)	-	-	-	(90,750)
		<b>2</b>	<b>(7,859)</b>	<b>-</b>	<b>(260,965)</b>	<b>81,815</b>	<b>(187,007)</b>
<b>Balance as at 31 December 2023</b>		<b>89</b>	<b>1,408,998</b>	<b>-</b>	<b>1,041,920</b>	<b>864,812</b>	<b>3,315,819</b>

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
Result 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>192,414</b>
Transactions with Investors of the ARC Fund							
- Redemptions		(1)	(53,339)	-	-	-	(53,340)
- 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>

# CONSOLIDATED CASH FLOW STATEMENT

EUR x 1,000	Notes	2023	2022
<b>Cash flows from operating activities</b>			
Total comprehensive income of the period		(179,150)	39,636
Adjustments for			
- Changes in fair value of investments		269,897	54,517
- Results on sale of investments	3	(4,122)	3,646
- Net financial income and expenditures	6	23,753	13,101
<b>Operating cash flow before change in working capital</b>		<b>110,378</b>	<b>110,900</b>
<i>Change in</i>			
- Trade and other receivables		5,503	(9,241)
- Trade and other payables		(7,620)	2,487
<b>Change in working capital</b>		<b>(2,117)</b>	<b>(6,754)</b>
Paid interest		(22,040)	(13,270)
Received interest		1,006	169
		(21,034)	(13,101)
<b>Net cash flow from operating activities</b>		<b>87,227</b>	<b>91,045</b>

EUR x 1,000	Notes	2023	2022
<b>Cash flows from investing activities</b>			
Investments in completed investment property	7	(80)	-
Investments in capitalised subsequent expenditure in investment property		(7,900)	(2,375)
Divestments of investment property and assets held for sale		37,892	112,014
Prepayments for assets under construction		(192,012)	(196,666)
<b>Net cash flow from investing activities</b>		<b>(179,465)</b>	<b>(87,027)</b>
<b>Cash flows from financing activities</b>			
Increase / (decrease) in capital contributions	12	121,831	149,950
Redemption of units	12	(38,938)	(53,340)
Dividend paid to Investors		(88,250)	(97,673)
Proceeds from loans and borrowings	16	155,000	(5,000)
Repayment of loans and borrowings	16	(100,000)	-
<b>Net cash flow from financing activities</b>		<b>49,643</b>	<b>(6,063)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(25,230)</b>	<b>(2,045)</b>
Cash and cash equivalents at the beginning of the period		41,501	43,546
Cash and cash equivalents at end of the period		16,271	41,501
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(25,230)</b>	<b>(2,045)</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 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.

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.

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

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 2023 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 19 April 2024.

## 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 2023.

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 2023 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 2024:

- *Non-current Liabilities with Covenants – Amendments to IAS 1* and *Classification of Liabilities as Current or Non-current – Amendments to IAS 1*
- *Lease Liability in a Sale and Leaseback – Amendments to IFRS 16*
- *Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7*
- IFRS S1\*\* *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2\*\* *Climate-related Disclosures*

## (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 2023, 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.

**(H) COMPARATIVE INFORMATION**

Comparative information in the cash flow statement has been re-presented to improve comparability for the users of the financial statements. The adjustments to the comparative information have no impact on equity and result.

**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 2022 by independent appraisers in order to determine the fair value.

The full portfolio is externally appraised every quarter. A representative part of 24.9% of the total portfolio is appraised by a "full" valuation, and the remaining portfolio (75.1%) 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 6.1% (2022: 5.3%).

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>2023</b>			
Investment property, assets held for sale and assets under construction	-	-	4,311,928
<b>EUR X 1,000</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>2022</b>			
Investment property, assets held for sale and assets under construction	-	-	4,411,193

**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.

Comparative figures are adjusted during the year for net financial income and expenditures, paid interest and received interest. Adjustment is made for comparability reasons.

## 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 Capital Value 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 2023 was EUR 533,000.

## (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 of November 2023, the ARC Fund successfully secured its first USPP transaction. The bonds with a total size of EUR 135 million have been issued on the US Private Placement Market to a consortium of US and Canadian institutional investors. The EUR 135 million USPP term loan has an average fixed interest rate of 5.164% per year until its maturity in 2030.

As at 31 December 2023, EUR 940 million of the EUR 1,210 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 2023.

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 2023

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 16,271 thousand at 31 December 2023 (2022: EUR 41,501 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 2023.

### (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 21.8%, 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

2023 (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 2023</b>					
Market value property	3,973,935	3,870,069	3,771,494	3,677,816	3,588,679
Gross current yield based on theoretical rent	4.658%	4.783%	4.908%	5.033%	5.158%
Revaluation of investment property in EUR	202,441	98,575	-	(93,678)	(182,815)
Revaluation of investment property in %	5.4%	2.6%	0.0%	(2.5%)	(4.8%)
Effect on total return	5.7%	2.8%	0.0%	(2.6%)	(5.1%)
Loan-to-value	20.8%	21.3%	21.8%	22.3%	22.8%

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>					
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%

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

EUR x 1,000	+1%	-1%
<b>2023</b>		
Interest debts	(3,039)	3,039
<b>Total impact on net result</b>	<b>(3,039)</b>	<b>3,039</b>

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>

**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 2023</b>			
Cash and cash equivalents	16,271	-	-
Trade and other receivables	8,422	-	-
(Un)Secured bank loans	-	(805,000)	(135,000)
Trade and other payables	(60,020)	-	-

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	-	-
(Un)Secured bank loans	-	(885,000)	-
Trade and other payables	-	(48,429)	-

# NOTES TO THE FINANCIAL STATEMENTS 2023

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

### 1 GROSS RENTAL INCOME

EUR X 1,000	2023	2022
Theoretical rental income	167,316	157,357
Incentives	(191)	(379)
Vacancy	(2,919)	(3,468)
<b>Gross rental income</b>	<b>164,206</b>	<b>153,510</b>

Theoretical rental income from residential properties (including parking spaces) represents EUR 164,963 thousand (2022: EUR 153,942 thousand) and commercial real estate income represents EUR 2,353 thousand (2022: EUR 3,415 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	2023	2022
Maintenance costs	(18,827)	(15,347)
Property management costs	(4,574)	(3,542)
Fixed charges	(7,854)	(7,795)
Letting expenses	(1,459)	(1,450)
Contributions to owners associations	(4,962)	(4,313)
Other expenses	(1,160)	(1,336)
<b>Operating costs</b>	<b>(38,836)</b>	<b>(33,783)</b>

In the fixed charges for 2023, an amount of EUR 0 relates to the landlord tax (2022: EUR 351 thousand).

### 3 REALISED CAPITAL GAINS ON INVESTMENTS

EUR X 1,000	2023	2022
Realised gains on investments	4,165	5,879
Realised losses on investments	(43)	(9,525)
<b>Realised capital results on investments</b>	<b>4,122</b>	<b>(3,646)</b>

### 4 UNREALISED CAPITAL GAINS ON INVESTMENTS

EUR X 1,000	2023	2022
Unrealised capital gains on investments	27,159	62,701
Unrealised capital losses on investments	(297,056)	(117,218)
<b>Unrealised capital results on investments</b>	<b>(269,897)</b>	<b>(54,517)</b>

### 5 MANAGEMENT EXPENSES

EUR X 1,000	2023	2022
Management fee Amvest REIM BV	(13,109)	(12,383)
Auditor's fee	(267)	(260)
Legal and tax expenses	(1,137)	(376)
Valuation expenses	(533)	(521)
Other expenses	(849)	(1,235)
<b>Management expenses</b>	<b>(15,895)</b>	<b>(14,775)</b>

## Remuneration

Amvest REIM B.V. is the Fund Manager of the ARC Fund. The management fee paid for the year 2023 amounted to EUR 13.109 thousand (2022: EUR 12.383 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, between EUR 90 million and 150 million of gross rental income, the management fee equals 7.5% per annum, and for every euro of gross rental income above EUR 150 million, the management fee equals 6.5%. 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 2023, the members of the Advisory Board (5) did not receive any fee; the members of the Investment Committee (3) received a total fee of EUR 65,000.

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

## 6 FINANCIAL INCOME AND EXPENDITURES

EUR X 1,000	2023	2022
Interest expenses on syndicated loan facility	(22,761)	(11,590)
Other expenses	(992)	(1,511)
<b>Financial income and expenditures</b>	<b>(23,753)</b>	<b>(13,101)</b>

## NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### 7 INVESTMENT PROPERTY

EUR X 1,000	31-12-2023	31-12-2022
<b>At 1 January</b>	<b>3,955,751</b>	<b>3,926,733</b>
Investments in completed investment property	80	-
Prepayments for assets under construction	361	-
Transferred from assets under construction	93,453	211,517
Investments in capitalised subsequent expenditure in investment property	7,900	2,375
Divestments of investment property	(25,512)	(92,149)
Transferred to/from assets held for sale	(4,140)	(12,483)
Right of use asset (IFRS 16) adjustments	7,441	721
Fair value adjustments	(275,685)	(80,962)
	<b>(196,101)</b>	<b>29,018</b>
<b>At end of period</b>	<b>3,759,650</b>	<b>3,955,751</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 2023 is EUR 1,524,878 thousand (2022: EUR 1,474,433 thousand) (also see note 16).

**8 ASSETS UNDER CONSTRUCTION**

EUR X 1,000	31-12-2023	31-12-2022
<b>At 1 January</b>	439,480	432,926
Prepayments for assets under construction	190,033	191,311
Transferred to investment property	(93,453)	(211,517)
Right of use asset (IFRS 16) adjustments	(1,414)	316
Fair value adjustments	5,788	26,445
	<b>100,954</b>	<b>6,554</b>
<b>At end of period</b>	<b>540,434</b>	<b>439,480</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	31-12-2023	31-12-2022
Accounts receivable	1,566	1,991
Prepayments on borrowing costs	4,196	4,485
Amvest REIM BV	-	-
VAT	-	1,638
Other receivables and prepayments	2,660	6,998
<b>Trade and other receivables</b>	<b>8,422</b>	<b>15,112</b>

Borrowing costs for the syndicated loan amounted to EUR 4,196 thousand as at 31 December 2023 (2022: EUR 4,485 thousand). The capitalised expenses are amortised during the term of the loan facility.

**PROVISIONS ON ACCOUNTS RECEIVABLE**

EUR X 1,000	31-12-2023	31-12-2022
<b>At 1 January</b>	1,662	1,384
Amounts written off	-	-
Increase/(decrease) in allowance	244	278
	<b>244</b>	<b>278</b>
<b>At end of period</b>	<b>1,906</b>	<b>1,662</b>

All accounts receivable are non-interest bearing and are typically due within 30 days. As at 31 December 2023, receivables with a nominal value of EUR 1,906 thousand (2022: EUR 1,662 thousand) were impaired due to tenant defaults and were fully provided for. In 2023, no receivables were directly written off (2022: EUR -).

The ARC Fund holds EUR 7,876 thousand (2022: EUR 8,069 thousand) as collateral in the form of tenants' deposits (also see note 18).

**10 CASH AND CASH EQUIVALENTS**

EUR X 1,000	31-12-2023	31-12-2022
ABN AMRO Bank NV	12,857	38,966
ING Bank NV	3,414	2,535
<b>Cash and cash equivalents</b>	<b>16,271</b>	<b>41,501</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	31-12-2023	31-12-2022
<b>At 1 January</b>	15,961	19,856
Divestments of assets held for sale	(8,258)	(16,378)
Transferred to investment property	-	-
Transferred from investment property	4,140	12,483
	<b>(4,118)</b>	<b>(3,895)</b>
<b>At end of period</b>	<b>11,844</b>	<b>15,961</b>

As at 31 December 2023, 34 homes (2022: 37) were actively being marketed, under offer, or conditionally sold to third parties, with all transactions expected to be finalised during 2024. The assessed fair value of these properties as at 31 December 2023 was EUR 11,844 thousand (2022: EUR 15,961 thousand).

**12 CAPITAL CONTRIBUTIONS**

EUR X 1,000	31-12-2023		31-12-2022	
	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.	18,259	18	18,916	19
Investor "A"	456	-	456	-
Investor "C"	1,376	1	1,376	1
Investor "D"	2,605	3	2,897	3
Investor "E"	1,010	1	1,010	1
Investor "F"	871	1	871	1
Investor "G"	3,036	3	2,023	2
Investor "H"	4,482	4	2,710	3
Investor "I"	1,581	2	1,581	2
Investor "J"	1,527	2	1,491	1
Investor "K"	677	1	677	1
Investor "L"	8,633	9	8,633	9
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 "T"	689	1	424	-
Investor "U"	7,062	7	7,062	7
Investor "V"	1,768	2	1,768	2
Investor "W"	1,768	2	1,768	2
	<b>88,638</b>	<b>89</b>	<b>86,501</b>	<b>87</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	31-12-2023	31-12-2022
<b>At 1 January</b>	1,416,857	1,411,422
AEGON Levensverzekering N.V.	-	418
Subscription Investor G	40,038	771
Subscription Investor H	69,932	-
Subscription Investor J	1,403	171
Subscription Investor L	-	1,466
Subscription Investor Q	-	74,974
Subscription Investor T	10,455	74,974
Redemptions	(38,937)	(53,339)
Dividend paid to investors	(90,750)	(94,000)
	<b>(7,859)</b>	<b>5,435</b>
<b>At end of period</b>	<b>1,408,998</b>	<b>1,416,857</b>

For 2023, a total amount of EUR 90,750 thousand (2022: EUR 94,000 thousand ) of the share premium reserve was distributed to the Investors, being the final dividend distribution for 2023. Dividend per unit was EUR 1,024 in 2023 (2022: EUR 1,087).

**Capital Management**

The ARC Fund plans to secure new equity and debt funding in 2024, subject to market conditions, to fulfil outstanding redemption requests as well as fund and grow its pipeline in the coming years. We take a balanced approach to liquidity management and use proceeds from block sales to both fulfil the requests of our investors and to fund our pipeline. 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. Currently, a total of EUR 9M of redemption requests has been fulfilled in 2024.

**14 REVALUATION RESERVE**

EUR X 1,000	31-12-2023	31-12-2022
<b>At 1 January</b>	1,302,885	1,406,082
Result of the year	(253,746)	(58,507)
Realised from property sales	(7,219)	(44,690)
	<b>(260,965)</b>	<b>(103,197)</b>
<b>At end of period</b>	<b>1,041,920</b>	<b>1,302,885</b>

The revaluation reserve, EUR 1,041,920 thousand is restricted from distribution due to cumulative net positive unrealised changes in the fair value of investment property (including assets held for sale) (2022: EUR 1,302,885 thousand).

**15 OTHER RESERVE**

EUR X 1,000	31-12-2023	31-12-2022
<b>At 1 January</b>	782,997	640,164
Result of the year	74,596	98,143
Realised from property sales	7,219	44,690
	<b>81,815</b>	<b>142,833</b>
<b>At end of period</b>	<b>864,812</b>	<b>782,997</b>

For 2023, a total amount of EUR 7,219 thousand (2022: EUR 44,690 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	31-12-2023	31-12-2022
<b>At 1 January</b>	885,000	890,000
Loans taken	155,000	340,000
Repayments	(100,000)	(345,000)
	55,000	(5,000)
<b>At end of period</b>	<b>940,000</b>	<b>885,000</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./ Postbank – a branch of Deutsche Bank AG (EUR 50m/ EUR 37.5m/ EUR 37.5m)
<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
<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

The key elements of the EUR 135 million bonds are mentioned below.

Principal amount	Initial amount: EUR 135 million bullet
Term	8 November 2030
Lenders	Metropolitan Life Insurance Company/ New York Life Insurance Company/ The Manufacturers Life Insurance Company (EUR 50m/ EUR 50m/ EUR 35m)
Interest period	6 months
Interest	EUR 100m: 5.19%
	EUR 35m: 5.09%
Repayment	In full, upon repayment date (8 November 2030);
LTV	<40%
Secured financing	<30%
Unencumbered assets to unsecured debt	>150%

#### LOAN SPECIFICATION

EUR X 1,000	Principal 31-12-2023	Re- payments < 1 year	Re- payments > 1 year	End date	Interest Maturity	Effective interest Rate	Fixed/ Floating	Fair value
<b>2023</b>								
Counterparty								
Syndicated bullet loan 500M	500,000	-	500,000	17 January 2026	Quarter	1.42%	Fixed	476,909
Syndicated bullet loan 125M	125,000	-	125,000	3 December 2025	Quarter	1.30%	Fixed 75,000 Floating 50,000	71,171 50,000
USPP	135,000	-	135,000	8 November 2030	Quarter	5.16%	Fixed	142,771
Syndicated revolving credit facility	180,000	-	180,000	3 July 2027	Quarter	4.40%	Floating	180,000
<b>Total loans As at 31 December 2023</b>	<b>940,000</b>		<b>940,000</b>					<b>920,851</b>

EUR X 1,000	31-12-2022	< 1 year	> 1 year	End date	Maturity	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>

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 2023 was EUR 1,524,878 thousand (2022: EUR 1,474,433 thousand). As at 31 December 2023 the LTV ratio was 21.8% (2022: 20.1%), the LTMV ratios were 43.1% (2022: 46.9%) and 34.2% (2022: 30.5%).

EUR X 1,000	31-12-2023	31-12-2022
Investment property mortgaged in relation to syndicated loan	1,524,878	1,474,433
Investment property* not mortgaged in relation to syndicated loan	2,246,616	2,497,279
	<b>3,771,494</b>	<b>3,971,712</b>

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

EUR X 1,000	Convenants	31-12-2023
The loan-to-value ratio (including MtM value derivatives)	< 40%	21.8%
The loan-to-value mortgaged properties ratio	< 50%	43.1%
ICR ratio	>= 2.5:1	4.8

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

EUR X 1,000	Convenants	31-12-2023
The loan-to-value ratio (including MtM value derivatives)	< 40%	21.8%
The loan-to-value mortgaged properties ratio	< 50%	34.2%
ICR ratio	>= 2.5:1	4.8

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

EUR X 1,000	Convenants	31-12-2023
The loan-to-value ratio (including MtM value derivatives)	< 40%	21.4%
ICR ratio	>= 2.5:1	4.8

The EUR 135 million bonds agreement contains the following covenants:

EUR X 1,000	Convenants	31-12-2023
The loan-to-value ratio (including MtM value derivatives)	< 40%	21.8
ICR ratio	>= 2.5:1	5.3
Secured net leverage ratio	<= 30%	14%
Unencumbered assets ratio	>= 150%	936%

As at 31 December 2023, 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	31-12-2023	31-12-2022
Long term lease payables (IFRS 16)	20,292	25,892
<b>Other long term payables*</b>	<b>20,292</b>	<b>25,892</b>

**18 TRADE AND OTHER PAYABLES**

EUR X 1,000	31-12-2023	31-12-2022
AEGON Levensverzekering N.V.	5,319	4,733
PGGM Core Fund Participations B.V.	3,914	3,608
Investor "A"	98	87
Investor "C"	295	262
Investor "D"	558	553
Investor "E"	216	193
Investor "F"	187	166
Investor "G"	651	386
Investor "H"	961	517
Investor "I"	339	302
Investor "J"	327	284
Investor "K"	145	129
Investor "L"	1,851	1,647
Investor "M"	132	118
Investor "N"	88	78
Investor "O"	393	349
Investor "Q"	751	668
Investor "R"	357	317
Investor "T"	148	81
Investor "U"	1,514	1,347
Investor "V"	379	337
Investor "W"	379	337
	<b>19,000</b>	<b>16,500</b>

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

EUR X 1,000	31-12-2023	31-12-2022
Tenants deposits	7,876	8,069
Accounts payable	375	2,233
Amvest REIM	410	195
Lease payables (IFRS 16)	17,724	6,097
Other Payables and prepayments	15,125	20,994
	<b>60,510</b>	<b>54,088</b>

The amount of EUR 19,000 thousand consists of the distributions (dividend for the fourth quarter of 2023) to the Investors (2022: EUR 16,500 thousand). 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 final payment of EUR 388 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>			
2023	(13,109)	-	410
2022	(12,383)	-	195
<b>Other receivables and interest</b>			
2023	-	-	-
2022	-	-	-
<b>Acquisitions of completed investment property</b>			
2023	-	-	-
2022	-	-	-
<b>Prepayments on assets under construction</b>			
2023	30,464	-	-
2022	92,001	-	-

**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 2023. 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 2023, the ARC Fund has obligations with respect to new investment property. The total amount with respect to these obligations for 2023 onwards adds up to EUR 305 million.

**Off-balance sheet rights**

In 2023, the ARC Fund has received 0 subscription forms (2022: 3 forms). The total amount of off balance sheet rights for 2024 amounts to EUR 0 million relating to existing commitments (2022: EUR 120 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	2023	2023	2023
Statutory audit of annual accounts	(226)	-	(226)
Other assurance services	(41)	-	(41)
Tax advisory services	-	-	-
Other non-audit services	-	-	-
	(267)	-	(267)
	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)

**Subsequent events**

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

Amsterdam, the Netherlands, 19 April 2024

H-W. Wensing, Fund Director

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

D. Wedding, Portfolio Manager

# COMPANY FINANCIAL STATEMENTS

Baak van Breskens, Amersfoort

# ACCOUNTING PRINCIPLES

---

## ACCOUNTING POLICIES

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

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

## BASIS OF PREPARATION

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

# SUMMARIZED COMPANY STATEMENT OF PROFIT OR LOSS

EUR X 1,000	2023	2022
Result of associates after tax	(11,529)	(972)
Other result after tax	(167,621)	40,608
<b>Unrealised capital results on investments</b>	<b>(179,150)</b>	<b>39,636</b>

## COMPANY STATEMENT OF FINANCIAL POSITION

EUR X 1,000	Notes	31-12-2023	31-12-2022
<b>Assets</b>			
<b>Non-current assets</b>			
Subsidiaries		404,327	445,856
Investment property		3,355,069	3,508,777
Assets under construction		540,434	439,480
		<b>4,299,830</b>	<b>4,394,113</b>
<b>Current assets</b>			
Trade and other receivables		7,826	13,106
Cash and cash equivalents		12,856	38,966
Assets held for sale		11,844	15,961
		<b>32,526</b>	<b>68,033</b>
<b>Total assets</b>		<b>4,332,356</b>	<b>4,462,146</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	31-12-2023	31-12-2022
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Capital		89	87
Share premium reserve		1,408,998	1,416,857
Revaluation reserve		1,020,555	1,266,943
Other reserve		886,177	818,939
<b>Equity</b>		<b>3,315,819</b>	<b>3,502,826</b>
<b>Non-current liabilities</b>			
Syndicated loan		940,000	885,000
Other long term liabilities		20,292	25,891
		<b>960,292</b>	<b>910,891</b>
<b>Current liabilities</b>			
Trade and other payables		56,245	48,429
		<b>56,245</b>	<b>48,429</b>
<b>Total equity and liabilities</b>		<b>4,332,356</b>	<b>4,462,146</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



● ...and compared to previous periods?

The table below shows the performance on the sustainability indicators of the past two reference periods. There are no notable differences on the performance of the Fund on the sustainability indicators and the CO2 emissions have decreased. The tenant satisfaction and percentage of affordable/attainable home has decreased slightly compared to the previous year.

Sustainability indicator	Performance 2023	Performance 2022
Composition of the portfolio by energy labels	89.3% A-label	
	8.2% B-label	74.6% A-label
	2.5% C-label or lower label	16.5% B-label
	(end of year measurement)	8.9% C-label or lower label (end of year measurement)
Scope 1, 2 and 3 CO2 emissions of the properties	17.4Kg CO2/m2/year (based on consumption 2022)	17.5 Kg/CO2/m2/year (based on consumption 2021)
Annual tenant satisfaction score on the <i>living environment</i> and <i>quality of home</i> criteria	Living environment 7.5 (benchmark: 7.5)	Living environment 7.5 (benchmark: 7.5)
	Quality of home 7.6 (benchmark 7.4)	Quality of home 7.8 (benchmark 7.4)
Percentage of affordable/attainable homes	81.2% of portfolio is classified as low or mid-rent segment and therefore affordable/attainable (2022: 81%)	81% of portfolio is classified as low or mid-rent segment and therefore affordable/attainable

● **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.

**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.

● **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:

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

Optional indicators:

- o 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).
- o 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:**

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 considered 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. In the principal adverse impact statement on the website of the Fund Manager more information can be found on the consideration of principal adverse impacts.

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.

What were the top investments of this financial product?

At the end of 2023 the largest 15 investments were as follows:

Largest investments	Sector	% Assets	Country
Cruquius	Real estate	6,3%	NL
IJburg	Real estate	5,9%	NL
Sijpesteijn	Real estate	3,9%	NL
Overhoeks	Real estate	3,9%	NL
Hartje Eindhoven	Real estate	3,4%	NL
Hoofddorp	Real estate	3,1%	NL
Holland Park	Real estate	2,3%	NL
Gortercomplex	Real estate	2,0%	NL
Nijenoord	Real estate	1,9%	NL
Amsteltkwartier	Real estate	1,7%	NL
Fred	Real estate	1,7%	NL

The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: 2023

City Icoon	Real estate	1,6%	NL
Cornelis de	Real estate	1,6%	NL
Scheveningseweg	Real estate	1,5%	NL
Spoorzone	Real estate	1,3%	NL

What was the proportion of sustainability-related investments?

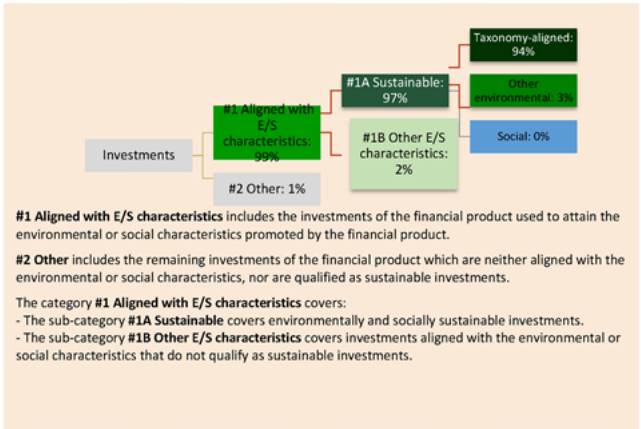
The Fund’s investments have been 99% aligned with the promoted environmental and/or social characteristics. 97% of the investments are sustainable investments. The largest percentage of the Fund’s investments was aligned with the EU Taxonomy and the remainder was either contributing to the defined environmental objective or the social objective. In the next question the asset allocation is graphically shown. The percentages are determined based on the allocation on 31-12-2023. Cash is excluded from this overview.

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.

What was the asset allocation?



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?

In the year 2023 the Fund had a 94% alignment with the EU Taxonomy. All of those investments have contributed to the environmental objective climate change mitigation.

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.

The compliance of investments with the EU Taxonomy was not subject to an assurance provided by one or more auditors or a review by one or more third parties.

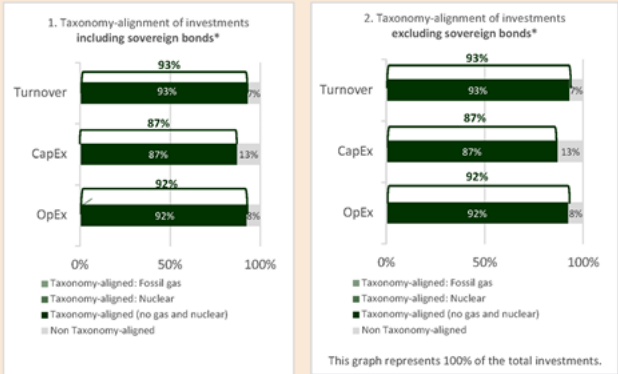
● **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy<sup>1</sup>?**

☐ Yes:

☐ In fossil gas    ☐ In nuclear energy

☒ No

*The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



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

No investments were made which were classified under the transitional and enabling activities.

<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.

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

In previous year the reported percentage was 0%. This reference period is the first year of reporting on EU Taxonomy-alignment for the Fund. The reported percentage of investments aligned with the EU Taxonomy is therefore higher in 2023 than in the previous year.



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



3% of the investments are marked sustainable with an environmental objective not aligned with the EU Taxonomy.

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



0% 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.

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

1% 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 included divesting property with low EPC labels and investing in environmental measures to improve the EPC labels for existing property. Newly acquired property generally has an A-label and are part of 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.



 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.

# 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 2023 of Amvest Residential Core Fund, based in Amsterdam. The financial statements comprise 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 2023 and of its result and its cash flows for the year 2023 in accordance with IFRS Accounting Standards as endorsed 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 2023 and of its result for the year 2023 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 2023;
2. the following statements for the year 2023: the consolidated statement of profit and loss and other comprehensive income, the consolidated statement changes in equity and the consolidated cash flow 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 2023;
2. the summarized company statement of profit and loss account for the year 2023; 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.

## INFORMATION IN SUPPORT OF OUR OPINION AUDIT RESPONSE TO THE RISK OF FRAUD AND NON-COMPLIANCE WITH LAWS AND REGULATIONS

In chapters 'Risk management' and 'Compliance' of the report of the Fund Manager, 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 others, assessing the code of conduct, incident reporting and procedures to investigate indications of possible fraud and non-compliance applicable to the Fund. Furthermore, we performed inquiries with management and other relevant functions, such as the Risk and Compliance Officer and included correspondence with relevant supervisory authorities and regulators in our evaluation. We have also incorporated elements of unpredictability in our audit, by testing a selection of recharges from related parties to the Fund that have lower amounts and would otherwise not be tested, implemented new high-risk criteria in our journal entry testing procedures, changed our audit approach of rental income, and involved forensic specialists in our audit procedures.

As a result from our risk assessment we identified the following laws and regulations as those most likely to have a material effect on the financial statements in case of non-compliance:

- Financial supervision act;
- Anti-money laundering and anti-terrorist financing law;
- Trade sanctions law; and
- Data protection law.

Further, we assessed the presumed fraud risk on revenue recognition, relating to rental income, as not significant, 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 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 data analytics procedures to identify high-risk journal entries (e.g. description) related to fraudulent reporting and evaluated key estimates and judgments for bias by the Fund's management. Our procedures included retrospective reviews of prior years' estimate regarding the valuation of investment property, in which we compared realised sales results to the appraised values in prior year. Where we identified instances of high-risk journal entries or other risks through our data analytics procedures, we performed additional audit procedures to address each risk, including testing transactions based on source information.

We communicated our risk assessment, audit responses and results to the Fund Manager.

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 a 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 2023
- Key figures 2023
- 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 all the information regarding the report of the Fund Manager and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

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

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

The Fund Manager is responsible for the preparation of the other information, including the report of the Fund Manager, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

### **DESCRIPTION OF THE RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS Responsibilities of the Fund Manager for the financial statements**

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

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, 19 April 2024

KPMG Accountants N.V.

S. van Oostenbrugge RA

# LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON THE SELECTED NON-FINANCIAL INDICATORS

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

### OUR CONCLUSION

We have performed a limited assurance engagement on the selected non-financial indicators in the Annual Report 2023 ('the annual report') of Amvest Residential Core Fund, based in Amsterdam ('the Fund').

Based on the procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the selected non-financial indicators in the accompanying annual report are not, in all material respects, prepared in accordance with the internal reporting criteria of the Fund as described in the 'Reporting criteria' section below.

The selected sustainability indicators are the following:

- Tenant satisfaction
- GRESB score
- Energy use intensity (EUI)
- Carbon emissions
- Energy performance certificates
- GPR Certificates score
- Increase coverage GPR/BREEAM certification
- Generated economic value
- Vacancy rate
- Investing in mid-priced rental segment
- Limit rental increases
- Renovation roadmap

The selected non-financial indicators that fall within the scope of limited assurance are marked with an astrich (\*), disclosed throughout the Annual Report as well as in the Annex 'KPIs for the purpose of non-financial data in the annual report' of the Annual Report.

### BASIS FOR OUR CONCLUSION

We performed our limited assurance engagement on the selected non-financial indicators 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 'Our responsibilities for the assurance engagement on the selected non-financial indicators' 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 for Professional Accountants).

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

### REPORTING CRITERIA

The selected non-financial indicators need to be read and understood together with the internal reporting criteria of the Fund. 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 non-financial 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 selected non-financial indicators. When evaluating our materiality levels, we have taken into account quantitative and qualitative aspects as well as the relevance of information for both stakeholders and the Fund.

### RESPONSIBILITIES OF THE FUND MANAGER FOR THE SELECTED NON-FINANCIAL INDICATORS

The Fund Manager is responsible for the preparation and fair presentation of the non-financial indicators in accordance with the criteria as included in the section 'Reporting criteria', including the identification of stakeholders and the definition of material matters. The Fund Manager is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of stakeholders, considering applicable law and regulations related to reporting. The choices made by the Fund Manager regarding the scope of the non-financial indicators and the reporting criteria are summarized in the Annex 'KPIs for the purpose of non-financial data in the annual report' of the annual report.

Furthermore, the Fund Manager is responsible for such internal control as it determines is necessary to enable the preparation of the non-financial indicators that is free from material misstatement, whether due to fraud or error.

### OUR RESPONSIBILITIES FOR THE ASSURANCE ENGAGEMENT ON THE SELECTED NON-FINANCIAL INDICATORS

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

Our assurance engagement is aimed to obtain a limited level of assurance to determine the plausibility of the selected non-financial indicators. The procedures vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance that is obtained when a reasonable assurance engagement is performed.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality management 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 sustainability themes and issues, and the characteristics of the Fund;
- Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures of the selected non-financial indicators. This includes the reasonableness of estimates made by the Fund Manager;
- Obtaining through inquiries a general understanding of the internal control environment, the reporting processes, the information systems and the Fund's risk assessment process relevant to the preparation of the selected non-financial indicators, without obtaining assurance information about the implementation or testing the operating effectiveness of controls;
- Identifying areas of the selected non-financial indicators where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise.
- Designing and performing further assurance procedures aimed at determining the plausibility of the selected non-financial indicators responsive to this risk analysis. These procedures consisted amongst others of:
  - Obtaining inquiries from relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the selected non-financial indicators;

- Obtaining assurance evidence that the selected non-financial indicators reconcile with underlying records of the Fund;
- Reviewing, on a limited test basis, relevant internal and external documentation;
- Considering the data and trends.
- Reading the information in the annual report which is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the selected non-financial indicators;
- Considering whether the selected non-financial indicators are clearly and adequately disclosed in accordance with applicable criteria.

We communicate with the Fund Manager regarding, among other matters, the planned scope and timing of the assurance engagement and significant findings that we identify during our assurance engagement.

Rotterdam, 19 April 2024

KPMG Accountants N.V.

S. van Oostenbrugge RA

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

---

Article 28 of the Terms and Conditions of Management and Custody of the ARC Fund stipulate that Net Proceeds are distributed among the Investors in proportion to their participation in the ARC Fund's capital. In accordance with the Dutch Civil Code, article 13.4 of the Terms and

Conditions of Management and Custody of the ARC Fund stipulates that the liability of the Investors does not exceed their commitment to the ARC Fund's capital.

# ANNEXES



# KEY FIGURES 2023

Amounts in EUR x 1 million	2023	2022	2021	2020	2019
<b>Fund returns (as a percentage of the INREV NAV as at 1 January)</b>					
Income return	2.4%	2.8%	2.8%	2.8%	3.3%
Capital results	(7.5%)	(1.7%)	11.0%	6.7%	12.0%
<b>Total return</b>	<b>(5.1%)</b>	<b>1.1%</b>	<b>13.8%</b>	<b>9.5%</b>	<b>15.3%</b>
Dividend yield (dividend / INREV NAV as at 1 January)	2.5%	2.7%	2.9%	3.8%	4.0%
Dividend	90.8	94.0	93.0	112.3	89.3
Total comprehensive income of the year	(179.2)	39.6	437.8	280.6	341.5
<b>Real estate returns (as a percentage of the average real estate portfolio value)</b>					
Direct return (1)	3.2%	3.0%	3.0%	3.1%	3.5%
Indirect return by selling (2)	0.1%	(0.1%)	0.1%	0.9%	0.5%
Indirect return by value changes	(7.1%)	(2.0%)	8.8%	4.0%	7.5%
<b>Total return</b>	<b>(3.8%)</b>	<b>0.9%</b>	<b>11.9%</b>	<b>8.0%</b>	<b>11.5%</b>
Cash yield (= 1 + 2)	3.3%	2.9%	3.1%	4.0%	4.0%
Gross initial yield	4.2%	4.1%	3.9%	4.1%	4.3%

Amounts in EUR x 1 million	2023	2022	2021	2020	2019
<b>Real estate results</b>					
Net rental income (1)	125.1	119.5	110.9	103.9	95.1
Other income (1)	1.2	6.2	1.7	0.5	0.1
Realised capital results (2)	4.1	(3.6)	5.0	30.6	14.8
Unrealised capital results	(269.9)	(54.5)	344.7	168.4	252.2
<b>Total capital results</b>	<b>(265.8)</b>	<b>(58.2)</b>	<b>349.7</b>	<b>199.0</b>	<b>267.0</b>
Direct income	86.6	97.8	88.2	135.0	110.0
Indirect income	(265.8)	(58.2)	349.7	168.4	252.2
<b>Total income</b>	<b>(179.2)</b>	<b>39.6</b>	<b>437.8</b>	<b>303.4</b>	<b>362.2</b>
Cash (= 1 + 2)	130.4	122.1	117.6	135.0	110.0
<b>Balance sheet</b>					
Investment property as at 31 December after revaluation	3,759.7	3,955.8	3,926.7	3,405.7	3,161.4
Assets under construction as at 31 December	540.4	439.5	432.9	441.1	431.2
Assets held for sale as at 31 December	11.8	16.0	19.9	29.5	49.0
<b>Total property investments including assets under construction and assets held for sale</b>	<b>4,311.9</b>	<b>4,411.2</b>	<b>4,379.5</b>	<b>3,876.3</b>	<b>3,641.6</b>
<b>Total assets (balance sheet total)</b>	<b>4,336.6</b>	<b>4,466.2</b>	<b>4,428.9</b>	<b>3,910.1</b>	<b>3,670.0</b>

Amounts in EUR x 1 million	2023	2022	2021	2020	2019
Equity capital	3,315.8	3,502.8	3,457.8	3,183.9	2,955.8
Syndicated loan (drawn)	940.0	885.0	890.0	625.0	620.0
Financial income and expenditures	23.8	13.1	10.9	9.6	9.2
<b>Key indicators/ratios</b>					
Equity capital divided by balance sheet total	76.5%	78.4%	78.1%	81.4%	80.5%
Long-term liabilities compared to total property investments (loan-to-value) (< 30.0%)	21.8%	20.1%	20.3%	16.1%	17.0%
Average interest rate on long-term liabilities (including costs and interest rate swaps)	2.6%	1.4%	1.4%	1.3%	1.5%
<b>Bank covenants</b>					
Long-term liabilities including MtM value IRS compared to total property investments (loan-to-value) (<40.0%)	21.8%	20.1%	20.3%	16.1%	17.0%
Long-term liabilities compared to mortgaged property investments (loan-to-mortgage-value EUR 850M loan) (<50.0%)	43.1%	46.9%	38.8%	27.7%	33.3%
Long-term liabilities compared to mortgaged property investments (loan-to-mortgage-value EUR 125M loan) (<50.0%)	34.2%	30.5%	30.0%	32.6%	0.0%
Ratio of net rental income to gross interest (>2.5)	4.8	8.9	10.1	10.9	10.1
Occupancy rate (as a percentage of the theoretical rental income)	98.3%	97.8%	97.2%	97.4%	97.2%
Cost percentage excluding the landlord tax (as a percentage of the theoretical rental income)	23.4%	21.4%	20.2%	22.2%	19.1%
Cost percentage including the landlord tax (as a percentage of the theoretical rental income)	23.4%	21.7%	20.6%	22.6%	19.5%

Amounts in EUR x 1 million	2023	2022	2021	2020	2019
INREV NAV as at 1 January	3,567.0	3,498.8	2,958.2	2,232.5	2,232.5
INREV NAV as at 31 December	3,354.0	3,565.7	3,185.2	2,958.2	2,958.2
Total Expense Ratio (TGER) (INREV NAV) (management expenses / average INREV NAV)	0.46%	0.42%	0.43%	0.44%	0.44%
Total Expense Ratio (TGER) (INREV GAV) (management expenses / average INREV GAV)	0.36%	0.33%	0.35%	0.36%	0.36%
Total Real Estate Expense Ratio (REER) (INREV GAV) (operating costs / average INREV GAV)	0.88%	0.85%	0.83%	0.74%	0.74%
Letting portfolio (number of homes)	11,155	11,010	10,418	10,170	10,170
<b>MSCI property indexes</b>					
All residential assets					
MSCI property indexes	(6.1%)	1.6%	8.3%	13.6%	13.6%
Amvest Residential Core Fund	(2.3%)	1.3%	9.9%	15.3%	15.3%

# COMPOSITION OF THE PROPERTY PORTFOLIO

## PROPERTY ASSETS

Amounts in EUR x Million	Book value
Investment property	3,760
Assets held for sale	12
	<b>3,772</b>
Assets under construction	540
<b>Total</b>	<b>4,312</b>

## COMPOSITION OF THE PORTFOLIO

Amounts in EUR x Million	Number of homes	Bookvalue
Residential portfolio (individually rented)	11,155	3,696
Commercial/other	-	76
<b>Total</b>	<b>11,155</b>	<b>3,772</b>

## COMPOSITION OF THE RESIDENTIAL PORTFOLIO BY TYPE

Amounts in EUR x Million	Number of homes	Bookvalue
Single-family	3,603	1,152
Multi-family	7,552	2,544
<b>Total</b>	<b>11,155</b>	<b>3,696</b>

## COMPOSITION OF THE RESIDENTIAL PORTFOLIO BY REGION\*

Amounts in EUR x Million	Number of homes	Bookvalue
Amsterdam & Utrecht	3,283	1,265
Rotterdam & The Hague	1,914	619
Central Circle - North Wing - Satellites	1,643	542
Central Circle - East - Regional Cities	1,568	457
Central Circle - South Wing - Satellites	1,127	347
Central Circle - South Wing - Remainder	541	162
Regional Economic Centres	494	130
Central Circle - East - Satellites	296	87
Central Circle - East - Remainder	136	40
Central Circle - North Wing - Remainder	107	34
Remaining Regions	46	13
<b>Total</b>	<b>11,155</b>	<b>3,696</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
Low	534	125
Lower-Mid	4,234	1,175
Upper-Mid	4,838	1,652
High	1,549	683
	<b>11,155</b>	<b>3,635</b>

Excluding e.g. parking lots and indoor storage.

**YIELD ACCORDING TO THE MSCI RESIDENTIAL INDEX**

	ARC Fund total	MSCI Total	ARC Fund SI**	MSCI SI**
Income return 2023	3.5%	3.1%	3.5%	3.3%
Capital growth 2023	(5.6%)	(8.9%)	(6.0%)	(8.8%)
<b>Total return 2023</b>	<b>(2.3%)</b>	<b>(6.1%)</b>	<b>(2.8%)</b>	<b>(5.8%)</b>
Income return 3 year average	3.3%	2.9%	3.3%	3.1%
Capital growth 3 year average	0.5%	0.3%	0.3%	0.3%
<b>Total return 3 year average</b>	<b>3.8%</b>	<b>3.2%</b>	<b>3.6%</b>	<b>3.4%</b>
Income return 5 year average	3.3%	2.9%	3.3%	3.1%
Capital growth 5 year average	3.8%	3.2%	2.6%	2.8%
<b>Total return 5 year average</b>	<b>7.3%</b>	<b>6.2%</b>	<b>6.0%</b>	<b>6.0%</b>
Income return 7 year average	3.5%	3.1%	3.5%	3.3%
Capital growth 7 year average	6.7%	6.2%	5.1%	5.6%
<b>Total return 7 year average</b>	<b>10.4%</b>	<b>9.5%</b>	<b>8.8%</b>	<b>9.1%</b>
Income return 10 year average	3.9%	3.5%	3.9%	3.7%
Capital growth 10 year average	6.2%	6.2%	5.0%	5.6%
<b>Total return 10 year average</b>	<b>10.3%</b>	<b>9.9%</b>	<b>9.1%</b>	<b>9.5%</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	2,227	874
<b>Total</b>	<b>2,269</b>	<b>886</b>

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

Amounts in EUR x Million	Number of homes	Bookvalue
Rotterdam & The Hague	818	354
Amsterdam & Utrecht	411	173
Central Circle - North Wing - Satellites	544	200
Central Circle - South Wing - Satellites	295	105
Central Circle - East - Regional Cities	201	54
<b>Total</b>	<b>2,269</b>	<b>886</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 aspect
- Green mobility
- Circularity
- Environmental aspect

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 based on 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 (0-5);

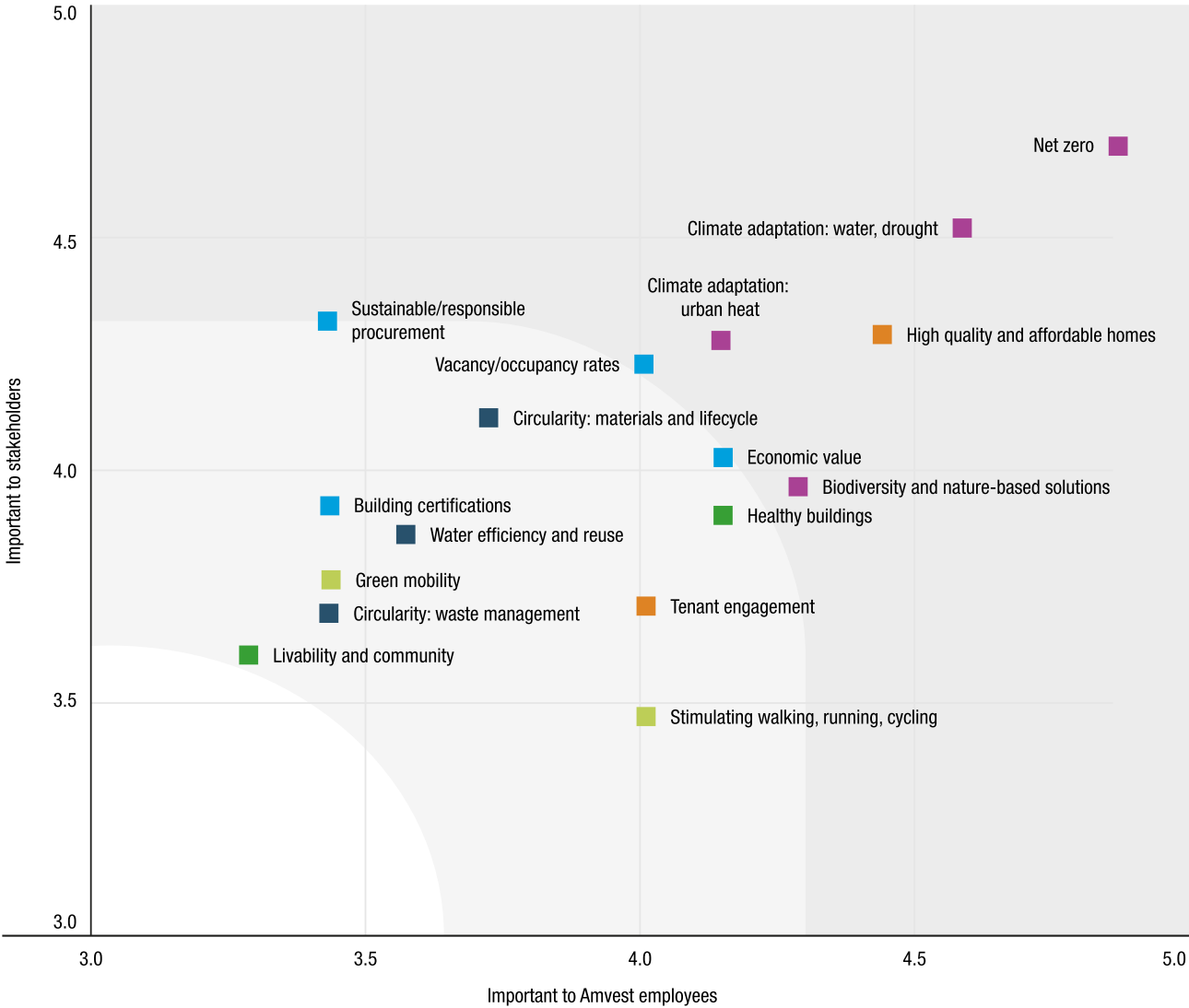
on the horizontal axis, the importance of the theme to the employees of the Fund Manager (0-5).

## ESG MEASURES

From the extensive list of material themes, twelve themes were selected as most material for the Fund in the coming years. These most material themes were selected in the following manner:

- themes which scored 4.0/5 or higher by both the stakeholders of the ARC Fund and the employees of the Fund Manager;
- themes which scored 4.0/5 or higher by the stakeholders or the employees of the Fund Manager;

FIGURE 27: MATERIALITY MATRIX ARC FUND



# 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	Flores	80	multi-family	2022	Central Circle - North Wing - Satellites
Almere	Flores 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	23	single-family	2001	Central Circle - North Wing - Satellites
Alphen aan den Rijn	Andromedastraat	81	multi-family	2006	Central Circle - South Wing - Remainder
Alphen aan den 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	Berkhout	44	multi-family	2023	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Berkhout COG		commercial	2023	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

Town	Address	Number of homes	Housing type/commercial	Construction year	Region**
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
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	116	multi-family	2017	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Cruquius MGW kavel 1.2	42	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	Jonas	190	multi-family	2022	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Jonas COG	0	commercial	2022	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	Twins - Aan 't IJ	128	multi-family	2022	Central Circle - North Wing: Amsterdam & Utrecht
Amsterdam	Twins - Aan 't IJ 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)	3	multi-family	2007	Central Circle - North Wing: Amsterdam & Utrecht

Town	Address	Number of homes	Housing type/commercial	Construction year	Region**
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
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	48	single-family	2000	Central Circle - South Wing - Remainder
Barendrecht	Drogerij	41	single-family	2001	Central Circle - South Wing - Remainder
Barendrecht	Koperslagerij	20	single-family	1998	Central Circle - South Wing - Remainder
Barendrecht	Waddenring	15	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
Breda	Waterdonken Teteringen	30	multi-family	2023	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

Town	Address	Number of homes	Housing type/commercial	Construction year	Region**
Delft	Spoorzone veld 5 MWG	130	multi-family	2020	Central Circle - South Wing - Satellites
Den Bosch	Daliënwaard	27	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
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	5	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	5	multi-family	2013	Central Circle - East - Regional Cities
Eindhoven	Londen	8	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	3	multi-family	2013	Central Circle - East - Regional Cities

Town	Address	Number of homes	Housing type/commercial	Construction year	Region**
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
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	13	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	31	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	5	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

Town	Address	Number of homes	Housing type/commercial	Construction year	Region**
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
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 Rijnhof	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	Aviolandaplein	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	78	multi-family	2013	Central Circle - South Wing: Rotterdam & The Hague

Town	Address	Number of homes	Housing type/commercial	Construction year	Region**
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
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)	43	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	26	multi-family	2000	Central Circle - South Wing: Rotterdam & The Hague
The Hague	De Bruijnvaart	27	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	73	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	9	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

Town	Address	Number of homes	Housing type/commercial	Construction year	Region**
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	27	single-family	2002	Central Circle - South Wing: Rotterdam & The Hague
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	26	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	De Steyn	120	multi-family	2022	Central Circle - North Wing: Amsterdam & Utrecht
Utrecht	De Steyn COG	0	commercial	2022	Central Circle - North Wing: Amsterdam & Utrecht
Veenendaal	Tuinstraat	41	multi-family	2016	Central Circle - North Wing - 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	32	single-family	2005	Central Circle - North Wing: Amsterdam & Utrecht

Town	Address	Number of homes	Housing type/commercial	Construction year	Region**
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
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>11,155</b>			

# OVERVIEW OF THE PIPELINE PORTFOLIO

Project	Units completed (expected)			
	2024	2025	2026	2027 >
<b>Commitments (signed SPA): RoFR</b>				
Diemen, Hollandpark Toren 6 Blok 8	144			
Amsterdam, Overhoeks Bow	67			
Amsterdam, Overhoeks Stack	58			
Amsterdam - Sphinx		89		
	269	89	-	-
<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	-	-	-
The Hague, KJ-plein	-	-	273	-
Almere - Hortus	-	-	42	-
	<b>901</b>	<b>203</b>	<b>807</b>	<b>-</b>
Total Commitments (signed SPA)	1,170	292	807	-
<b>Total Pipeline</b>	<b>1,170</b>	<b>292</b>	<b>807</b>	<b>-</b>

After YE 2023 the Almere Hortus project with planned 42 units was cancelled and the contractually agreed put option to unwind the sale and land transfer was exercised...

# 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	2023
NAV per the IFRS financial statements	3,315,819
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	19,000
<b>Diluted NAV</b>	<b>3,334,819</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**	19,148
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>3,353,967</b>

\* A five-year amortisation term is used.

\*\* As Per 31/12/2023 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 2023, 19.0 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 2023.

## 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 2023.

## 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 2023, 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 2023, 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 'valuation of real estate held as inventory'.

As per 31 December 2023, 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 2023, 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 2023, 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 2023, adjustment of 19,148,000 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 2023, 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 2023, the set-up costs of the Fund had been amortised, so no adjustment was made as per 31 December 2023.

### **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 2023, the acquisition expenses of property had been amortised, so no adjustment was made per 31 December 2023.

**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 2023, 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 2023, 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 2023, 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 2023, 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 the notes to the INREV NAV calculation in the 2023 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 INREV NAV Guidelines, as set out in notes to the to the INREV NAV calculation in the 2023 Financial Statements of Amvest Residential Core Fund. 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 Fund'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 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 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 Fund 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, 19 April 2024*

KPMG Accountants N.V.

S. van Oostenbrugge RA

# KPIS 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 2023	<p>The average score of three components measured in the the tenant satisfaction score for the ARC Fund was 7.0, which is below the benchmark (7.1), and 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: 7.6</li> <li>• Quality of property manager: 6.1</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 90
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 2023	GRESB score of 91 (2022: 90), 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.
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 2023	Average Energy Use Intensity 2022: 93.1 kWh/m <sup>2</sup> /year, which is above target. The change percentage between 2021 and 2022 is a 16.9% decrease.

## CARBON EMISSIONS

Objective	Measure carbon emissions from the ARC Fund
KPI owner	Amvest
Definition	The total CO <sub>2</sub> emissions in kg/m <sup>2</sup> 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 'grey' 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> <li>• For approx. 70-80% of the electricity consumption, the source is unknown so therefore an 'energy mix' assumption is applied. The energy mix consists of 65% grey and 35% green electricity (based on CBS data, before the update November 14, 2023).</li> </ul>
Target	Carbon emission of 19.3kg CO <sub>2</sub> /m <sup>2</sup> /year over 2022 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 2023	<p>Average Carbon Emission Intensity 2022: 17.4kg CO<sub>2</sub>/m<sup>2</sup> /year, which is above target.</p> <p>The change percentage between 2021 and 2022 is a 0.6% decrease.</p>

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	91.4% 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 2023	The percentage of homes with a A and B energy performance certificate for 2023 amounted to 97%, which is above 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 during the year
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 10 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 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 2023	The average score of the GPR certificates over 2023 is 6.6, which is below target.

## INCREASE COVERAGE GPR/BREEAM CERTIFICATION

Objective	Achieve a GPR/BREEAM certificate for the portfolio
KPI owner	Amvest
Definition	Percentage of the received GPR/BREEAM certificates per property in comparison to the portfolio
Scale / unity	Absolute percentage
Calculation	Percentage of the received GPR/BREEAM certificates per property in comparison to the portfolio and previous year based on bookvalue.
Target	Above prior year
Scope	The portfolio of ARCF
Frequency	Once a year
Reporting process	The financial staff of the fund determines the properties with a certificate in relation to the total amount of properties and compare the percentage with previous year.
Systems and sources	Amvest data systems
Audit process	Financial process of Amvest
Result 2023	75.6% of the properties in 2023 are GPR or BREEAM certified, the percentage increased, therefore, the target is met.

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 >2.5%
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 2023	The dividend yield for 2023 amounted to 2.5%, which is on target.

VACANCY RATE

Objective	Maintain a minimal stable vacancy rate
KPI owner	Amvest
Definition	The realised vacancy rate of the ARC Fund per calender year
Scale / unity	Absolute percentage
Calculation	The average vacancy rate of all existing properties of the ARC Fund, corrected for property size (excluding properties built in 2022/2023)
Target	<2.5%
Scope	All existing properties of the ARC Fund, corrected for property size (excluding properties built in 2022/2023)
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 2023	The vacancy rate for 2023 amounted to 1.7%, which above 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 2024)
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) based on bookvalue within 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 2023	The percentage of homes in mid-prized segment for 2023 amounted to 78%, which is below target.

MID-PRICED RENTAL SEGMENT

Focus area	Mid-priced	
Amsterdam & Utrecht	879.7	€1,600 >
Central Circle - North Wing - Satellites	879.7	€1,450 >
Central Circle - North Wing - Remainder	879.7	€1,350 >
Rotterdam & The Hague	879.7	€1,450 >
Central Circle - South Wing - Satellites	879.7	€1,350 >
Central Circle - South Wing - Remainder	879.7	€1,350 >
Central Circle - East - Regional Cities	879.7	€1,400 >
Central Circle - East - Satellites	879.7	€1,400 >
Central Circle - East - Remainder	879.7	€1,350 >
Regional Economic Centres	879.7	€1,250 >
Remaining regions	879.7	€1,150 >

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 highest 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 2023	The highest rental increase in the ARC portfolio is 4.1%, which is inline with IVBN recommendation of 4.1%.

## RENOVATION ROAD MAP

Objective	Investigate investment options per identified property for meeting portfolio-wide CRREM targets for carbon emissions
KPI owner	Amvest
Definition	The renovation roadmap provides guidance for sustainable transformation of the portfolio towards energy-neutral
Scale / unity	# kg CO <sub>2</sub> / m <sup>2</sup> / year
Calculation	This Roadmap links up with the Carbon Risk Real Estate Monitor (CRREM). The CRREM decarbonization pathways align with the Paris climate goals of limiting global temperature rise to 2°C, with the ambition towards 1.5°C.
Target	Investigate which investments can be made to improve the identified properties within the portfolio for meeting the CRREM targets.
Scope	Identified properties in previous year
Frequency	Once a year
Reporting process	The relevant properties are investigated by Sweco, Technical manager and Asset manager for investment opportunities which will decrease the property's carbon footprint. Different kinds of scenarios are determined and plotted within the CRREM. Based on these investigations further actions are determined for the following years.
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 CRREM line.
Result 2023	Insight has been created and assets with the highest need for improvement are further investigated and planned investments are determined.

# EXTERNAL APPRAISERS AND PROPERTY MANAGERS

---

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

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

## PROPERTY MANAGERS

- NMG
- MVGM
- Van der Linden
- Schep
- VB&T

# 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**
- Chairman IVBN (since 2024)



**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.

**ICR**

Interest coverage rate, which is used to assess the ability to pay its interest obligations on outstanding debt. The ICR is calculated by dividing earnings before interest and taxes (EBIT) by the interest expense.

**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.

**Secured net leverage ratio**

The "Secured Net Leverage Ratio" is used to evaluate the financial leverage, particularly concerning the secured debt. This ratio compares the secured debt to the earnings before interest, taxes (EBIT), minus capital expenditures.

**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

