

Sustainability-related disclosures

Amvest Residential Core Fund

(a) Summary

This document provides information relating to the financial product Amvest Residential Core Fund (the “Fund”), as required by Article 10 of the Sustainable Finance Disclosure Regulation. The Fund does not have a sustainable investment objective, but does promote environmental/social characteristics, namely:

1. investing in energy-efficient/future-proof homes
2. achieving a reduction of CO2 emissions
3. providing high-quality living environments
4. providing affordable/attainable homes

(b) No sustainable investment objective

This financial product promotes environmental or social characteristics, but does not have as its objective a sustainable investment.

The Fund ensures that the real estate objects in which it invests are sustainable investments and do no significant harm to any environmental or social sustainable investment objective. It does this by monitoring 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 real estate mandatory indicators and therefore do not qualify when the EPC label is lower than B.

(c) Environmental or social characteristics of the financial product

Sustainability, including environmental and social elements, is an integral part of our business and therefore embedded in our mission, which is “to improve the lives of our tenants by ensuring that sustainable homes in high-quality living environments are brought within the reach of many, while at the same time generating healthy, long-term financial returns for our investors”. A materiality analysis among stakeholders is conducted on a regular basis. Yearly targets (key performance indicators or KPIs) are derived from the materiality matrix and contain environmental and social targets. Among these targets are the following recurring environmental and social KPIs:

Environmental characteristics

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

Social characteristics

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

(d) Investment strategy

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

Objectives are formulated for the Fund and are derived from the long-term strategy related to sustainable assets.

The Fund aims to improve energy efficiency or reduce the CO2 emissions of the residential properties by making adjustments/improvements to them and by investing in new builds with an EU EPC energy label A or higher.

The Fund aims to maintain or improve its performance in terms of social characteristics related to affordable/attainable housing in order to help achieve a solution for the growing problem faced by middle-income households in finding affordable, high-quality housing in economically attractive and densely populated cities in the Netherlands.

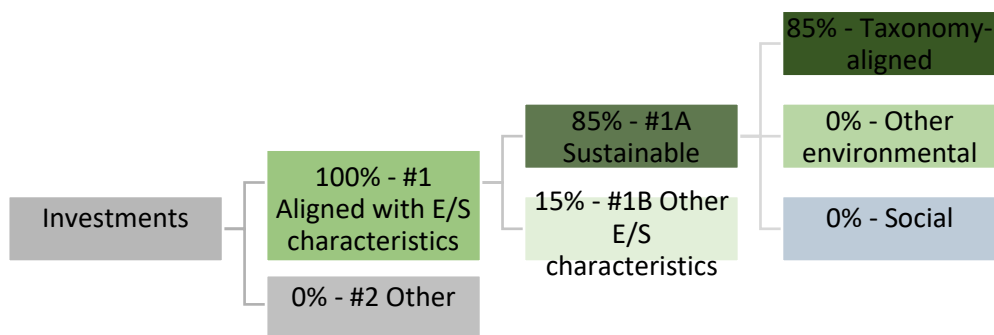
(e) Proportion of investments

#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category #1 Aligned with E/S characteristics covers:

- o The sub-category #1A Sustainable covers sustainable investments with environmental or social objectives.
- o The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.
- o The sub-category Other environmental covers the percentage of assets aligned with the environmental objective (EPC label A and better) and does no significant harm to the prescribed real estate indicators (EPC label B>). The percentage partly includes investments that represent a social objective and is therefore also included in the “sub-category Social” below.
- o The sub-category Social covers the percentage of assets aligned with the social objective (affordable) and does no significant harm to the prescribed real estate indicators (EPC label B>). The percentage partly includes investments that represent an Other environmental objective and is therefore also included in the “sub-category Other environmental” above.



(f) Monitoring of environmental or social characteristics

The reporting and monitoring phase takes place after project completion. At this stage the property is finished and then rented out and managed. ARC Fund monitors the performance and impact of sustainability factors. This is done by gathering data from the properties, getting our tenants to complete questionnaires and carrying out property performance tests.

(g) Methodologies

The methodologies used for determining the sustainability indicators are:

- Composition of the portfolio by energy labels per property: the percentage of homes (both single-family and multi-family) in absolute numbers and weighted on the basis of the value of the properties in the portfolio allocated Low Energy Performance Certificates (A and B) compared with the total value of homes in the portfolio.
- Carbon emissions: in relation to the portfolio and in line with GRESB: scope 1 direct = onsite gas use of communal spaces / scope 2 indirect = electricity and heating of communal spaces / scope 3 = emissions that are outside the control of the Fund, e.g. energy consumption of UFCV tenants (gas, electricity and heating).
- Annual tenant satisfaction score on the 'living environment and/or quality of home' criteria. The satisfaction score is measured on the basis of the answers provided by tenants in response to an anonymous survey, which is quantitatively based and fully digital. The scale for the scores is 1-10.
- Percentage of affordable/attainable homes: the percentage of homes (both single-family and multi-family) in absolute numbers and weighted on the basis of the value of the properties in the portfolio in the mid and low-priced segment compared with the total in-use portfolio value. The upper limit for affordable homes (mid-priced segment) differs from region to region. The upper limit is set at €1,150 in the case of outlying regions (i.e. regions outside economic centres as defined by the Fund) and at €1,600 in the case of densely populated areas within the central conurbation, such as Amsterdam and Utrecht (levels set for 2024).

(h) Data sources and processing

The information used to determine the indicators is extracted from the data sources mentioned below. Also a description of how the data are processed is included:

- Composition of the portfolio by energy labels for each property: when a new building has been completed the technical manager contacts a certified contractor to request an Energy Performance Certificate (EPC). The contractor hires a certified company to measure the environmental characteristics of the building and determine the EPC. When the EPC is finished and delivered to the company, the report, including the EPC, is entered into the data warehouse by an asset controller.
- Carbon emissions: the data inputs are collected by an external service provider (Cooltree) and obtained from smart meters, readings on location and determined standard year usage of the energy/gas supplier. Total Energy Consumption is calculated by validating the data before they are processed and then calculating the consumptions at six different levels of detail. At these levels, the stored data concern what kind of energy is consumed, whether the energy is green or grey and who consumed the energy (tenant or landlord). Based on this information, the three different scopes of the carbon emissions are calculated. The scopes are defined by the following definitions, in line with the GHG protocol:
 - o Scope 1: Scope 1 emissions are emissions from fuels that are burned onsite, such as natural gas.
 - o Scope 2: Scope 2 emissions are emissions from fuels that are burned offsite to deliver energy to your building, mainly emissions from electricity use. For example, electricity and district heating consumption in parts of the building under the control of the landlord.
 - o Scope 3: Scope 3 emissions are other emissions your organisation generates indirectly, such as emissions by tenants. This means that all tenant-controlled consumption falls under Scope 3.

To calculate the carbon emissions, all scopes are considered and aggregated. First, all energy consumptions are converted to kWh. Then, using the emission factors listed at www.co2emissiefactoren.nl, all consumption can be converted to Kg carbon emissions. Finally, this is aggregated at asset and Fund level and converted to Kg/m² based on the data on square metres extracted from the data warehouse.

- Annual tenant satisfaction: an external party determines tenant satisfaction by carrying out a predetermined survey among the tenants. The survey is designed in collaboration with the IVBN (overarching body for institutional investors). The sample is based on rental information provided by Amvest. The results of the survey are summarised in six scores on a scale of 1-10, representing six different criteria that are deemed the most important satisfactory elements by tenants. Among these six criteria are quality of home and living environment. The scores are distributed to Amvest by the external party and are analysed and incorporated in a report by the asset manager. This report is reviewed by the portfolio manager.
- Percentage of affordable/attainable homes: every year, the portfolio manager concerned determines the boundaries for the mid-priced segment based on IVBN guidelines. The low-priced boundary is aligned with the social housing boundaries set by government. Based on these boundaries, the asset controller determines each quarter what percentage of rental contract amounts and the relative value of units compared with the total portfolio value is in the low- and mid-segment market. This percentage is then added to the quarterly/annual report. Rental contract amounts and values per unit are derived from data extracted from the data warehouse.

(i) Limitations to methodologies and data

The sustainability indicators that are applied are:

- Composition of the portfolio by energy labels for each property: no limitations to methodologies or data.
- Carbon emissions: the energy use of buildings where no data are delivered is determined on the basis of a location method. In such cases, the total energy usage of the building is calculated on the basis of data obtained from the energy supplier. Moreover, carbon emissions are not measured directly, but determined on the basis of conversion factors.
- Annual tenant satisfaction score on the 'living environment and/or quality of home' criteria: the results are based on quantitative research, a limitation could be that there are insufficient tenants willing to participate in the annual tenant satisfaction survey.
- Percentage of affordable/attainable homes: definitions of bandwidths are determined on the basis of the Fund's own insights into market mechanisms and may differ from market-determined definitions.

(j) Due diligence

The acquisition policy sets out a number of criteria that have to be met when properties are acquired. One of these criteria is that acquisitions must be in line with Amvest's sustainability ambition in its capacity as manager and with the objectives defined at Fund level. The guiding principle is that acquisitions must increase the sustainability of the portfolios. Together with the schedule of requirements, this ensures that impacts on environmental or social characteristics are taken into account when making an investment decision.

An investment decision is based on an investment proposal. Amvest, in its role as manager, discusses an investment proposal extensively in a range of bodies before coming to 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's conditions and portfolio plans. Environmental and social impact is measured as part of the investment proposal. The investment proposal contains several aspects that are discussed in the various bodies:

- expected EPC labels are included and set off against portfolio targets;
- the theoretical impact on carbon emissions is part and parcel of the EPC label assessment;
- affordability/attainability is assessed when setting rental levels in the light of portfolio restrictions.

(k) Engagement policies

The Fund does not invest in investee companies, solely in property. It does not therefore have an engagement policy in place.

(l) where an index is designated as a reference benchmark to attain the environmental or social characteristics promoted by the financial product, 'Designated reference benchmark'

No designated reference benchmark is applicable.

The Fund's ESG performance is measured against the Global Real Estate Sustainability (GRESB) benchmark. Even though the GRESB is a worldwide benchmark for measuring the sustainability performance of property, the GRESB assessment and benchmark do not currently comply with the EU Benchmarks Regulation (EBR).