Triodos Vastgoedfonds

Annual report 2018

Triodos Investment Management

Sustainable real estate

Sustainable real estate takes into account the efficient use of assets and the impact on individuals and the environment during the entire life cycle of a building, from its development and funding to its management and reuse.

Triodos Vastgoedfonds Annual report 2018

Information for shareholders

Annual general meeting of shareholders: 04-06-2019
Ex-dividend date: 07-06-2019
Dividend payment date: 11-06-2019

Key figures

(amounts in EUR x 1,000)	2018	2017	2016	2015	2014
Financial result					
Gross rental income	6,076	6,282	6,446	6,631	6,817
Other income from investment property	4	174	12	18	1
Total income from investment property	6,080	6,456	6,458	6,649	6,818
Total property expenses	-1,227	-941	-847	-1,265	-945
Net rental income	4,853	5,515	5,611	5,384	5,873
Management expenses and other operating costs	-1,145	-921	-730	-750	-764
Net finance costs	-1,598	-1,569	-1,726	-1,864	-1,886
Direct result	2,110	3,025	3,155	2,770	3,223
Indirect result*	5	878	-114	-2,051	-1,771
Profit for the year (total result)*	2,115	3,903	3,041	719	1,452
Ongoing charges	4.31%	4.41%	5.50%	6.77%	5.67%
Fund costs expense ratio	2.06%	2.17%	2.49%	2.99%	3.06%
Balance and ratios					
Investment property at year-end*	–	63,865	66,150	67,310	69,310
Disposal group classified as held for sale	98,909	–	–	–	–
Borrowings at year-end	45,660	18,651	33,662	36,287	37,573
Net asset value at year-end*	53,701	54,889	30,341	28,981	29,941
Solvency	53%	73%	46%	42%	43%
Loan to Value	45%	29%	51%	54%	54%
Cost of borrowings	2.6%	3.1%	4.7%	5.0%	5.0%
Interest coverage	2.3	2.9	2.8	2.5	2.7
Average maturity of borrowings (in years)	6.7	7.0	3.4	4.7	5.7
Number of shares outstanding at year-end (x 1,000)	*16,516*	*16,516*	*8,399*	*8,399*	*8,399*
Weighted average number of shares outstanding at year-end (x 1,000)	*16,516*	*12,566*	*8,399*	*8,399*	*8,399*
Portfolio figures					
Number of properties in the fund's portfolio at year-end	*17*	*15*	*16*	*17*	*17*
Occupancy rate at year-end	94%	87%	92%	93%	97%
Average term of leases (in years)	5.4	5.1	4.1	4.3	5.0
Ratio of illiquid investments at year-end	188%	116%	219%	232%	231%

(amounts in EUR x 1,000)	2018	2017	2016	2015	2014
Net asset value at year-end (excluding costs to sell and break costs)	56,256	54,889	30,341	28,981	29,941
Costs to sell the disposal group classified as held for sale**	-1,896	–	–	–	–
Break costs of borrowings***	-659	–	–	–	–
Net asset value at year-end (including costs to sell and break costs)	53,701	54,889	30,341	28,981	29,941

(amounts in EUR x 1,000)	2018	2017	2016	2015	2014
Profit for the year (excluding costs to sell and break costs)	4,671	3,903	3,041	719	1,452
Costs to sell the disposal group classified as held for sale**	-1,896	–	–	–	–
Break costs of borrowings***	-660	–	–	–	–
Profit for the year (including costs to sell and break costs)	2,115	3,903	3,041	719	1,452

Per share

(amounts in EUR)	2018	2017	2016	2015	2014
Net asset value at year-end (excluding costs to sell and break costs)	3.41	3.32	3.61	3.45	3.56
Costs to sell the disposal group classified as held for sale**	-0.12	–	–	–	–
Break costs of borrowings***	-0.04	–	–	–	–
Net asset value at year-end (including costs to sell and break costs)	3.25	3.32	3.61	3.45	3.56
Share price at year-end	2.68	2.80	3.00	3.12	2.63
Direct result	0.13	0.24	0.37	0.33	0.38
Indirect result*	0.00	0.07	-0.01	-0.24	-0.21
Total result*	0.13	0.31	0.36	0.09	0.17
Distributions to shareholders	0.20	0.20	0.20	0.20	0.20

Return Triodos Vastgoedfonds

	2018	2017	2016	2015	2014
Dividend yield based on trading price****	7.5%	7.1%	6.7%	6.4%	7.6%

* These figures include the costs to sell the disposal group classified as held for sale in the 2018 annual accounts. Furthermore, they include the break costs of borrowings. Since the year 2018, investment property is classified as disposal groups classified as held for sale. Further details can be found on page 29.
** In line with the IFRS accounting principles, the estimated costs to sell the disposal group classified as held for sale in 2019 are included in the 2018 annual accounts. Please see page 29 for more information.
*** The break costs of borrowings concern the prepayment and interest penalty fees which are contractually required in case of early repayment of the borrowings. According to accounting principles, the pro-rata 2018 future expected costs need to be accounted for in 2018.
**** The dividend yield is calculated by dividing the dividend or distribution by the market price per share as at the end of the financial year in which the dividend or distribution was distributed.

For a further disclosure of key figures which cannot be reconciled directly with the annual accounts, we refer to Appendix D.

Contents

General information

Triodos Vastgoedfonds N.V. (Triodos Vastgoedfonds) is a closed-end investment company with variable capital. Shares in Triodos Vastgoedfonds are traded on Euronext Amsterdam. Triodos Vastgoedfonds is an investment institution within the scope of the Financial Supervision Act (Wet op het financieel toezicht – Wft) and is supervised by the Financial Markets Authority (Autoriteit Financiële Markten – AFM).

Triodos Vastgoedfonds was established in 2004 by Triodos Bank N.V. (Triodos Bank) and was the first sustainable real estate fund in the Netherlands. Triodos Vastgoedfonds is an active impact investor, focused on making real estate more sustainable. It aims to lead the Dutch office market forward by enhancing environmental performance and to make a positive contribution to the social aspects of real estate, while generating a balanced return for its shareholders. Triodos Vastgoedfonds has a consistent track record in delivering a solid distribution to its shareholders.
Triodos Vastgoedfonds has been CO_2 neutral since 2014. The fund invests in properties that are let to various tenants and involves these tenants in the realisation of its objectives.

Triodos Vastgoedfonds has its registered office in Zeist, the Netherlands.

Board

Triodos Investment Management B.V. (Triodos Investment Management), a wholly-owned subsidiary of Triodos Bank, constitutes the Board and is the alternative investment fund manager of Triodos Vastgoedfonds. Triodos Investment Management is licensed to act as manager of investment institutions within the meaning of article 2:65 Wft. The AFM is the licensing supervisor and performs the conduct-of-business supervision. De Nederlandsche Bank (DNB) is charged with the prudential oversight. Triodos Investment Management is a member of the Dutch Fund and Asset Management Association (DUFAS). DUFAS has drafted the Asset Managers Code, containing a number of principles. As a member of DUFAS, Triodos Investment Management has agreed to act in accordance with these principles. Therefore, Triodos Investment Management has established the Principles of Fund Management. The Principles of Fund Management of Triodos Investment Management can be found on www.triodos-im.com.

The board of Triodos Investment Management consists of:

Jacco Minnaar (Chair, as of 1 January 2019)
Kor Bosscher (Managing Director Risk & Finance, as of 1 March 2018)
Marilou van Golstein Brouwers (Managing Director, until 1 April 2019)
Dick van Ommeren (Managing Director)

Fund manager

Triodos Investment Management has appointed a fund manager, Guus Berkhout, who has acted as fund manager of Triodos Vastgoedfonds since 2010.

Investment committee

Properties are acquired and disposed of partly on the basis of the advice obtained from an investment committee, in 2018 consisting of Jeanet van Antwerpen, Jan Doets, Itske Lulof (Chair) and John Mak.

Supervisory Board

The tasks and responsibilities of the Supervisory Board are laid down in the Articles of Association, which can be found on www.triodos-im.com.

The composition of the Supervisory Board is currently as follows:

Gerard Groener (Chair)
Jan Willem van der Velden

Report of the board

Highlights of 2018

- The fund has initiated the process to end its activities following the decision by the Extraordinary General Meeting of shareholders on 17 December 2018
- Investments up from EUR 63.9 million to EUR 100.8 million
- Annual contracted rent up from EUR 4.7 million to EUR 7.2 million
- Loan to Value up to 45%
- Occupancy rate increased to 94%
- Financing costs down to 2.6%
- Intention to pay out EUR 0.20 per share over 2018
- Zero emission status prolonged

On 17 December 2018, Triodos Vastgoedfonds organised an Extraordinary General Meeting (EGM) to propose to the investors in the fund to end the fund's activities. This proposal was the result of a number of developments throughout 2018. The real estate market showed a continued process of consolidation, resulting in a growing number of larger companies and investment funds. In order to remain relevant for investors and to realise sufficient scale in order to lower costs further, the board was of the opinion that Triodos Vastgoedfonds needed to grow. Future growth could only be facilitated through issuance of share capital, hence the equity raise in 2017. Investing the available new resources in new assets to the portfolio took longer than expected. To enhance growth further, new share capital was needed. At the Annual General Meeting of shareholders on 25 May 2018, the majority of the present and represented shareholders, representing 16% of the issued capital, voted against the board's proposal to raise the authorised share capital.

Following the decision by the general meeting not to raise the share capital, the board has reviewed the fund's growth strategy and investigated alternative options for growth, now with limited resources available. In doing so, the board has, on the one hand, looked at the overall support for the fund in general and the growth strategy in particular, and on the other hand the interest of all stakeholders. This has led to the board's conclusion that it would not be possible for the fund to realise significant growth in the coming three years. The board held the opinion that the remaining option for the fund was to end its activities. Continuation without growth would not be in the interest of the fund's shareholders. During the EGM on 17 December 2018, shareholders were therefore asked to vote for the proposal of the board to end the fund's activities and this proposal was accepted by 96% of the shareholders present and represented. The board of Triodos Vastgoedfonds subsequently initiated the process to end the fund's activities. Based on obtained advice and shown interest, the focus will initially be on selling the portfolio, followed by a separate decision of shareholders to dissolve and liquidate the fund. At the same time, the option to sell the fund by facilitating a public bid on the fund's shares, is still not excluded.

As part of the process to end the activities of Triodos Vastgoedfonds, the fund has appointed a legal advisor and a real estate agent in February 2019, in order to facilitate a transparent, structured and compliant sales process. The expected time needed for ending the fund's activities is in line with the time span mentioned during the Extraordinary General Meeting on 17 December 2018, being six to twelve months.

Given the commitment to sell the portfolio in 2019, the assets are no longer classified as 'Trading' but as 'disposal group classified as held for sale' in line with IFRS accounting principles. This implies that all expected costs to be made during the course of 2019 related to selling the assets of Triodos Vastgoedfonds should already be incorporated in the results of the fund as per 31 December 2018. This is a different accounting principle to be applied in comparison with business as usual. The costs to sell concern all costs to sell the disposal group classified as held for sale (amongst others including a disposition fee for the manager of the fund, market maker fees and legal fees). These costs are determined by underlying agreements and represent the best estimate of the costs to sell per the end of the financial year. The actual costs realised to sell the investment property in 2019 may differ.

The main impact of the IFRS accounting principles that are applicable to assets classified as 'disposal group classified as held for sale', is that the carrying amount of these assets is reflected as their fair value minus the costs to sell the assets. As per 31 December 2018, the fair value of the portfolio of Triodos Vastgoedfonds was EUR 100.8 million. The costs to sell the portfolio during the course of 2019 are estimated at EUR 1.9 million, based on the portfolio as per 31 December 2018. Taking into account the IFRS accounting principles and thus including the estimated costs for sale, the resulting carrying amount of the portfolio at year-end 2018 was EUR 98.9 million. Additionally, in the case of a sale of the investment portfolio in 2019, the fund is contractually required to pay prepayment and interest penalty fees to borrowers. These so-called break costs applicable to the year 2018 are estimated at EUR 0.6 million and are added to borrowings and other long-term liabilities at year-end. As a result, the net asset value of the fund was EUR 53.7 million and the net asset value per share was EUR 3.25 as at 31 December 2018. Additionally, applying these IFRS principles will also be reflected in the indirect result and the total result of the fund per year-end 2018. Including the estimated costs for sale, the indirect result came to nil and the total result of the fund came to EUR 2.1 million in 2018. Presented per share, the indirect result came to EUR 0.00 and the total result to EUR 0.13.

In order to ensure comparability with the 2017 annual figures, the remainder of the Report of the Board presents the fund's results in 2018 excluding the estimated costs to sell the portfolio in 2019 and break costs.

Specific fund developments in 2018

In 2018, Triodos Vastgoedfonds improved the overall quality of the fund. The fund acquired new office buildings in Amsterdam and The Hague and added the property in Delft to the portfolio, which was acquired in 2017. Furthermore, Triodos Vastgoedfonds sold one of its smaller properties in Emmeloord in 2018. On 31 October 2018, the fund announced the acquisition of an office building in Eindhoven, to be added to the portfolio in 2019. These acquisitions and disposition have resulted in a portfolio which is more exposed to the Randstad, while the average size of the properties has increased. This was in line with the fund's portfolio strategy.

Since the capital increase in the third quarter of 2017, the fund committed to invest EUR 48.0 million in four new buildings (Delft, The Hague, Amsterdam and Eindhoven). The weighted average gross yield of the investments added to the portfolio in 2018 (which excludes the acquisition in Eindhoven), was 6.9% and the annual contracted rent went up from EUR 4.7 million to EUR 7.2 million per year. At the same time, following various (re)financing efforts, the average interest rate decreased from 3.1% as per 31 December 2017 to 2.6% as per 31 December 2018. Also in 2018, the fund started trading continuously on Euronext, as per 1 August, and prolonged its zero-emission status which it has since 2014.

Market developments[1]

The expansion of the Dutch economy continued in 2018. The second half of 2018 however saw consumer confidence dropping, while business confidence indicators dropped slightly and then stabilized at the end of the year. The continued economic growth provided a positive boost for the real estate market resulting in record-breaking investment volumes.

Market developments in the office market

Forecasts from Statistics Netherlands and CPB, among others, confirm that the current Dutch

1 The fund has based its projections for market developments on the following sources:
- CBRE research (2019), The Netherlands, real estate market outlook 2019
- Cushman & Wakefield (2018), The Netherlands, Office Market Snapshot Fourth Quarter 2018
- Savills (2018), Netherlands, Market in Minutes December 2018

economic growth is expected to remain at a sustainable level. At the same time, the potential rising of interest rates cannot be excluded, due to developments in the (international) bond market and geopolitical issues such as Brexit. Although the office market continues to develop positively, the low unemployment rate in the Netherlands might start to form a barrier for further growth on the occupier side of the market. On the investment side of the market, cross-border investors still have an appetite for Dutch real estate due to the strong Dutch fundamentals. If external factors do not cause macro-economic shocks, appetite is expected to last.

Availability

The vacancy rate was at the lowest point since 2002 at just below 10%. This number considers both prime and non-prime markets. The vacancy rates for prime locations in the biggest cities in the Netherlands remain very low at between 1% and 3%.

Take-up

The take-up of office space totalled 1.4 million m^2 in 2018. In comparison to 2017, this means a growth of 6%. Half of total take-up was realised in the five biggest cities in the Netherlands (Amsterdam, Rotterdam, The Hague, Utrecht and Eindhoven). Amsterdam was responsible for 23% of the national take up in 2018, compared to 32% in 2017. Although there is still a strong demand for offices in Amsterdam, the scarcity of available offices is responsible for this drop. The take-up in Rotterdam in 2018 was at the highest level since 2008. Rotterdam was responsible for 10% of the national take-up, Utrecht 7%, The Hague 5% and Eindhoven 4%.

Rents

Stabilising yields are encouraging investors either to adjust to lower rates of return or to offset weaker capital gains with income growth. Occupier market fundamentals in the Netherlands were strong in 2018 and offered opportunities for investors to capitalise on rent growth. This resulted in rising rent levels in the major Dutch cities, owing to a combination of growing demand for high-quality office buildings in prime locations, limited availability of such spaces and only a modest volume of new construction. In an international context however, Dutch rents continue to be affordable compared to cities like London, Paris or Dublin.

Initial yields

The continued strong demand for office properties in the Netherlands resulted in a further decline in initial yields in 2018 compared to 2017. Initial yields for prime office locations dropped to around 3.5% (2017: 3.8%). Towards the end of the year, yields were beginning to stabilize at their current low levels.

Investment market

The investment volume in the Netherlands reached an all-time high of EUR 22 billion. Compared with 2017, the previous record, investment volume rose 9.5%. Investments in offices took up 29% of the total investment volume. In absolute numbers EUR 6.5 billion was invested in office space in 2018. This is comparable with the volume in 2017, but still below the all-time high in 2007. The geographical spread is also visible on the investment side of the office market. Cities like Rotterdam and Utrecht are popular now.

There has been substantially more investment outside the Randstad in recent years, as well as in areas such as Amsterdam Zuidoost – a prime example of an area that until recently had been considered secondary. Due to this shifting focus to ‘secondary’ areas and cities, a clear drive for quality is becoming more visible. Examples include quality improvements in the spatial environment, but also a better mix of uses that enhances local dynamics and quality of life. Partly as a result of investments, many areas have been brought to higher levels of quality, making them more attractive to both users and investors.

Investments

Portfolio developments

The fair value of the portfolio assets, excluding the estimated costs to sell the portfolio in 2019, amounted to EUR 100.8 million (2017: EUR 63.9 million). Since the capital increase in the third quarter of 2017, the fund invested EUR 33.4 million in three new buildings (excluding the recent acquisition in Eindhoven).

On 21 December 2017, the fund acquired 'De Rode Haan' in Delft. The transfer of the property was on 16 January 2018. The property has recently been fully refurbished and is fully let for ten years to three tenants.

In May 2018, Triodos Vastgoedfonds acquired the 2,850 m^2 office building at the Anna van Saksenlaan in The Hague. The building is home to the Red Cross Netherlands headquarters. The office building is located within walking distance of the intercity station Laan van NOI in The Hague and has been fully refurbished. The building is an example of improving the sustainable character of the object, while at the same time taking into account co-worker's well-being by the introduction of innovative work space concepts.

On 18 September 2018, the fund announced the acquisition of Naritaweg 70 in Amsterdam. The 6,800 m^2 office building, within walking distance of Amsterdam Sloterdijk train station, was recently architecturally renovated and made more sustainable by the well-known architectural firm Dedato, and has an energy label A. The renovation included the construction of a new atrium and the installation of a new climate control system, LED lighting and electric vehicle charging stations. The multi-tenant building is leased to various tenants.

On 31 October 2018, the fund signed a turnkey purchase agreement to acquire the fully redeveloped office building located at Prof. Dorgelolaan 12 in Eindhoven, the Netherlands, including a long-term lease agreement for the entire period with its tenant, EY. The office building is within walking distance of Eindhoven Central Station. The redeveloped building is all-electric, meaning that it has no gas connection. It is the third building in the fund's portfolio that no longer has a gas connection. Various sustainable applications result in an A+++ label and a 65% reduction in CO_2 emissions. A green certificate was issued by the Dutch Ministry of Infrastructure and Water Management, providing a 0.7% discount on the financing of part of the building. This property was added to the portfolio in 2019.

The weighted average gross yield of the investments added to the portfolio in 2018, was 6.9%. Annual contracted rent went up from EUR 4.7 million to EUR 7.2 million per year. Within the portfolio of the fund, the valuations of properties in the big cities went up, while those of properties in less desirable locations remained stable.

Leases and occupancy rate

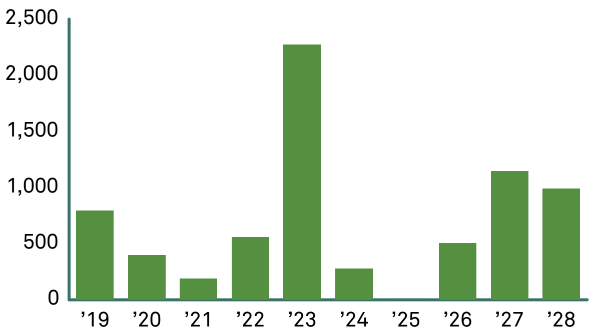
The occupancy rate of the portfolio was 94.4% at year-end 2018 (2017: 87.3%), primarily due to the expansion of the portfolio with fully let buildings. The weighted average unexpired term of the leases (WAULT) in the portfolio increased to 5.4 years (2017: 5.1 years).

Acquisitions	Date	Investment	Divestments	Date	Divestment
De Rode Haan, Delft	Jan 18	€ 11,500,000	Platinaweg, Emmeloord	Aug 18	€ 1,330,000
Anna van Saksenlaan, The Hague	July 18	€ 7,000,000			
Naritaweg, Amsterdam	Sept 18	€ 14,890,000			
Total		**€ 33,390,000**			**€ 1,330,000**

Term of leases as a percentage of rental income

	31-12-2018	31-12-2017
<1 year	11.2%	3.1%
1-3 years	8.2%	25.3%
3-5 years	39.7%	6.3%
5-10 years	40.9%	65.3%
>10 years	0.0%	0.0%
Total	100.0%	100.0%

Annual expirations of leases in terms of rental income (in EUR x 1,000)



The fund’s management is in close contact with the tenants in order to be able to respond to their requirements and monitor the quality of its debtors.

Diversification

The tenants of Triodos Vastgoedfonds are spread across various industries and sectors. This prevents the fund from becoming dependent on specific economic developments that have an impact on certain sectors. As per the end of 2018, the fund had 49 tenants (2017: 37), who operate in various markets. Triodos Vastgoedfonds has diversified its investments across the Netherlands, with a focus on the urban areas, in particular the Randstad conurbation. As at 31 December 2018, 68.9% (2017: 49.5%) of the portfolio of the fund was located in this conurbation.

Financials

Statement of financial position

The assets under management of Triodos Vastgoedfonds increased from EUR 63.9 million to EUR 100.8 million. Of this increase, EUR 36.3 million was due to investments including acquisition costs, EUR -2.3 million was related to divestments and EUR 2.9 million was a result of revaluations of the portfolio.

The net asset value of the fund grew by 2.5% to EUR 56.3 million as at the end of 2018 (2017: EUR 54.9 million). The net asset value per share as at 2018 year-end was EUR 3.41 (2017: EUR 3.32).

In 2018, the fund refinanced loans on more advantageous conditions. As a result, the fund has a loan portfolio of EUR 45 million as at 31 December 2018 (2017: EUR 18.7 million). The average rate of interest payable on these loans has been reduced from 3.1% to 2.6%. The average term of the loan portfolio has decreased slightly from 7.0 years to 6.7 years. More detailed information about the loan portfolio of the fund can be found on page 49.

The loan-to-value of the fund increased in 2018 to 44.6% (2017: 29.2%) and the solvency ratio decreased to 52.6% (2017: 72.6%).

Bad debt provisions

As at 31 December 2018, Triodos Vastgoedfonds had no bad debtors.

Rental income

The gross rental income changed due to acquisitions and a disposition in the portfolio. The acquisitions of the properties in Delft (annualised rent EUR 949 thousand), The Hague (annualised rent EUR 440 thousand) and Amsterdam (annualized rent EUR 971 thousand) led to an increase in gross rental income. The disposition of the property in Emmeloord only slightly decreased gross rental income (annualised rent EUR 97 thousand). Furthermore, as the fund acquired several fully let office buildings, the vacancy rate decreased from 12.7% as per 2017 year-end to 5.6% as per 2018 year-end. However, in 2017 the fund received a termination fee of EUR 0.8 million paid for early termination of the rental agreement for the property in Utrecht. This was a one-off income which the fund did not receive in 2018. As a result, gross rental income decreased to EUR 6.1 million in 2018 (2017: EUR 6.3 million). Due to higher property expenses as a result of the increased portfolio, net rental income fell from EUR 5.5 million in 2017 to EUR 4.9 million in 2018.

Revaluation

The indirect result, consisting of the realised and unrealised changes in the value of investments, increased to EUR 1.9 million in 2018 (2017: EUR 0.9 million). The total value of the investment portfolio amounted to EUR 100.8 million at 31 December 2018 (63.9 million at 31 December 2017), an increase of EUR 36.9 million. Primarily capital value of properties in the big cities went up, particularly in Amsterdam, while values in other areas remained stable.

Total property expenses

The total property expenses increased from EUR 0.9 million in 2017 to EUR 1.2 million in 2018. This was mainly due to one-off higher costs of maintenance, related to the refurbishing of the property in Utrecht.

Management expenses

In 2018, the management expenses increased to EUR 1.0 million (2017: EUR 0.7 million), mostly resulting from the increased management fee related to the growth of the portfolio from EUR 63.9 million to EUR 100.8 million. The management expenses include such items as the management fee paid to Triodos Investment Management, auditor's fee, valuation costs, the fees payable to the depositary and the remuneration of the Supervisory Board.

Other operating costs

The other operating costs decreased to EUR 144 thousand as per 2018 year-end (2017: EUR 188 thousand). Costs are mainly attributable to marketing costs in the first half of 2018 and costs related to the process of ending the fund's activities.

Net finance costs

The net finance costs decreased from EUR 1.6 million in 2017 tot EUR 0.9 million in 2018. Due to refinancing efforts in the third quarter of 2018, the average interest rate decreased from 3.1% (end of 2017) to 2.6% as of 31 December 2018. The fund deployed EUR 45 million of the existing EUR 56 million loan facility. The seven-year loan was arranged by ING Bank, which also acts as facility and security agent. Triodos Bank and Triodos Groenfonds participated for EUR 15 million in the new facility. The tenor of the loan is 6.7 years as per 31 December 2018.

Total costs

In 2018, the total costs, consisting of property expenses, management expenses and net finance costs, amounted to EUR 3.3 million (2017: EUR 3.4 million). The ongoing charges of the fund are represented by the ratio between the average net asset value and the costs incurred by the fund. In 2018, the ongoing charges for Triodos Vastgoedfonds came to 4.31% (2017: 4.41%). It should be noted, though, that the ongoing charges for real estate funds cannot be compared with those of, for instance, equity and bonds funds. This is due to the running costs for property that real estate funds incur, for instance for maintaining the properties in their portfolio. Not taking into account the property expenses, the fund costs expense ratio came to 2.06% (2017: 2.17%). The total costs provide an overview of the realised costs in 2018. As a result, the expected costs for selling the portfolio in 2019 are not included as they are unrealised costs.

Result per share (excluding costs to sell and break costs)

(amounts in EUR)	2018	2017	2016	2015	2014
Direct result	0.17	0.24	0.37	0.33	0.38
Indirect result	0.11	0.07	-0.01	-0.24	-0.21
Total result	**0.28**	**0.31**	**0.36**	**0.09**	**0.17**

Financial result

The result of Triodos Vastgoedfonds comprises of the operating result (direct result) and the changes in the value of the properties (indirect result). The direct result for 2018 decreased to EUR 2.8 million (2017: EUR 3.0 million). The direct result per share for 2018 amounts to EUR 0.17 (2017: EUR 0.24). The indirect result increased to EUR 1.9 million in 2018 (2017: EUR 0.9 million). The indirect result per share amounts to EUR 0.11 (2017: EUR 0.07). This brings the total result per share to EUR 0.28 (2017: EUR 0.31). The net asset value per share as at 2018 year-end amounts to EUR 3.41 (2017: EUR 3.32). Including the costs to sell, the indirect result was nil, or EUR 0.0 per share and the total result per share decreased to EUR 0.11.

Please note that the weighted average number of shares outstanding (x 1,000) in 2018 was 16,516. In 2017 it was 12,566. Therefore, the results per share are lower, as the result is divided by more shares.

Liquidity management

Liquidity projections are prepared based on operating budgets. Monthly checks are carried out to ascertain whether the liquidity position is developing in line with projections.

EPRA performance measures

Triodos Vastgoedfonds presents its figures also according the format of the EPRA performance measures. The EPRA performance measures are included in Appendix C.

Financial risks

In order to keep shareholders as fully informed as possible, all known risks to which the fund is exposed are described in the fund's prospectus. The fund's risk appetite is described in the prospectus, in the paragraph on investment restrictions. Triodos Vastgoedfonds publishes its prospectus on www.triodos-im.com.

Market risk

Market risk is defined as the impact of fluctuations in market circumstances on the valuation of assets and the cash flows of a fund. The value of investment property is influenced by many factors, including the outlook for economic growth, interest rate levels and the rate of inflation. The more these factors fluctuate, the greater the market risk will be. Triodos Vastgoedfonds cannot influence these macro-economic factors that impact the value of its investment property. The fund performs sensitivity analysis on several variables which may have a significant impact on the fund's equity, including the average discount rate used for valuation of the investment property.

The market risk is mitigated by means of intensive management of the properties, which keeps them attractive from a commercial perspective and ensures that they meet the latest technical standards. The fund tries to ensure the attractiveness of its investment property through appropriate management of its properties and by making its view on sustainability visible in those properties by means of investing in the sustainability of the properties. The market risk is also mitigated by investing in various regions (submarkets) of the Netherlands.

Rental risk

Rental risk is the risk that it may not be possible to let a property at a pre-estimated rate owing to its nature and location. This can result in vacancies, causing an increase in service charges that cannot be passed on and therefore a lower return for the fund. Triodos Vastgoedfonds' policy is aimed at limiting this risk by carrying out thorough market research prior to acquiring a property. The fund also performs a hold/sell analysis in order to assess whether the long-term rental risks are still acceptable. If possible, the fund implements measures to ensure that the rental risks also remain acceptable in the future. This is why Triodos Vastgoedfonds invests in the properties in order to keep them attractive for potential tenants. To this end, the fund invested EUR 495 thousand in its properties in 2018 (2017: EUR 285 thousand). Another measure is that the fund strives for properties with multi-tenants with varying expiration dates of the rental contracts. This ensures that properties should always (partly) be occupied, which increases the attractiveness for potential tenants. The weighted average vacancy rate in 2018 was 9.7% (2017: 8.8%); the vacancy rate as at the end of 2018 is 5.6% (2017: 12.7%).

Credit risk

Credit risk relates primarily to counterparty's potential inability to meet its obligations towards the fund (in case of debt) and the losses that might be incurred as a result.

Triodos Vastgoedfonds is exposed to credit risk on rent payments from its tenants. The fund is subject to mandatory tenant protection laws in the Netherlands that limit its flexibility in terminating or amending leases in case the credit rating of a tenant deteriorates. This risk can cause a lower direct and indirect result. The fund's policy is aimed at minimising this risk. For this purpose a number of internal procedures have been put in place:

- The fund aims for a balanced mix of lease expiration dates whilst observing the applicable rent legislation.
- The fund aims for an optimum mix of tenants and observes a maximum exposure to a single tenant.
- The fund assesses the solvency of (potential) tenants.
- The fund prepares periodic reports about the occupancy rate of the property portfolio, as well as about rent arrears. If necessary, measures are taken to address any issues.
- The fund requires bank guarantees and/or the payment of a deposit.

As at 2018 year-end, the total gross rental income received from the fund's largest tenant represented 12.6% of the gross rental income (2017: 14.2%). Per ultimo 2018, the fund had 49 tenants (2017: 37) spread across various sectors (see the paragraph on concentration risk).

Concentration risk

Concentration risk is related to the rental and credit risks. This risk may occur when Triodos Vastgoedfonds has a large concentration of investments in a particular region or sector. The tenants of Triodos Vastgoedfonds are spread across various industries and sectors. This prevents the fund from becoming dependent on specific economic developments that have an impact on certain sectors. Furthermore, the fund's investments are spread across the Netherlands. In 2018 no events occurred that increased the concentration risk.

Geographical diversification of properties

Valuation risk

Valuation risk refers to the risk that the values of assets do not reflect their fair market value because valuations are based on infrequent market-based data, assumptions and peer group comparisons. As the fund invests almost exclusively in real estate assets, its investments may not have readily available prices and may be difficult to value. In order to determine the value of these investments, the fund employs a consistent, transparent and appropriate valuation methodology.

In order to ensure an independent, sound, comprehensive, consistent and auditor-approved valuation methodology, Triodos Investment Management has implemented a comprehensive valuation framework that includes valuation methodologies and procedures. This framework sets out general requirements regarding the selection, implementation and application of valuation methodologies and techniques for all asset types, taking into account the varied nature of asset types and the related market practices for the valuation of these assets. In addition, this framework sets out the requirements regarding the valuation function at fund level. It ensures consistent procedures regarding the selection, implementation and application of valuation methodologies and ensures a consistent approach to the valuation function, independent valuation committees and for Triodos Vastgoedfonds, the manager outsources the valuation of all properties to one or more external valuers. The appointed external valuer(s) must meet certain criteria in order to qualify as an external valuer, as described in the prospectus of the fund. With regard to outsourcing of the valuation of the properties, the manager is responsible for the timely, correct and complete execution of the valuation.

More financial risks are described in the notes to the annual accounts, starting on page 38.

Non-financial risks

Triodos Investment Management aims for adequate control of relevant risks. The manager has therefore developed an integral risk management system. This includes the risk management policy of Triodos Vastgoedfonds and the framework for the integrated risk management of the manager.

The non-financial risks consist of operational risks and compliance risks. Operational risks are the risks of damage resulting from inadequate or failed internal processes, people and systems or from external events. Compliance risks are the risks related to failure to comply with or comply in time with laws and regulations. These risks are determined, measured, managed and monitored on an ongoing basis by means of appropriate procedures and reporting methods. With respect to these assessments of risks, a predetermined and quantified “risk appetite” is used, which is based upon the “risk appetite” on the level of Triodos Group.

The risk control framework was developed on the basis of the ‘three-lines-of-defence’ model. The executive function of the manager, the risk management function and the internal audit function operate independently. The risk management function is functionally and hierarchically separated from the portfolio management function.

Risk management function

As a result of the growth and development of Triodos Investment Management, diverse knowledge and "awareness" training sessions have been organised for the first line and a Risk & Compliance application has been purchased in 2017.

This application will result in the central registration (audit trail) of all risk events which have been identified during the audit period, the lessons learned and the potential improvements implemented as a result in the internal control framework. Furthermore, in the application the results of "risk and control self-assessments" will be registered, as well as these sessions in the internal control framework.
As a result, the risk management function has become even more professional and risks can be mitigated more effectively and efficiently.

ISAE 3402

The objective of an ISAE 3402 Assurance Report is to provide assurance about the quality of the control measures related to the services provided.
The ISAE 3402 standard provides two types of reports:
An ISAE 3402 type I report provides assurance about the framework and the existence of the implemented control measures. An ISAE 3402 type II report provides assurance about the effective functioning of the implemented control measures.
On March 12, 2019, Triodos Investment Management obtained an ISAE 3402 type II report for the period January 1, 2018 until December 31, 2018.

Solvency

Triodos Investment Management amply meets the minimum solvency requirements that asset managers must meet in accordance with the Decree on Prudential Rules for Financial Undertakings (Besluit prudentiële regels Wft – BPR), AIFMD and the Dutch Civil Code. This makes Triodos Investment Management a solid party that is sufficiently able to absorb setbacks.

In control statement

During the past financial year, Triodos Investment Management assessed various aspects of its operational management procedures. Based on the outcome of this assessment, Triodos Investment Management states that as manager of Triodos Vastgoedfonds it has a description of the operational management procedures as referred to in Article 115y, paragraph 5 of the Dutch Decree on the Supervision of the Conduct of Business (Besluit Gedragstoezicht financiële ondernemingen - Bgfo).

During its assessment activities, Triodos Investment Management found no evidence that operational management does not function effectively or not in accordance with the description. Triodos Investment Management reports with a reasonable degree of certainty that operational management during the financial year 2018 functioned effectively and in accordance with the description.

Remuneration policy

All staff members of Triodos Investment Management were employed by Triodos Bank until December 31, 2017. As of January 1, 2018, all staff members of Triodos Investment Management are employed by Triodos Investment Management. In 2018, the total remuneration of the 186 co-workers working for Triodos Investment Management amounted to EUR 17,305,929 (2017: 186 co-workers, EUR 14,664,563). The increase in remuneration of 2018 versus 2017 can entirely be explained by a combination of a yearly increase in wages (no bonus or distribution of profits), a CLA impact and increased pension costs. Triodos Bank and Triodos Investment Management believe good and appropriate remuneration for all of its employees is very important. The core elements of Triodos Bank's international remuneration policy are set out in the annual report of Triodos Bank (www.triodos.nl). Triodos Bank and Triodos Investment Management have a salary system without bonuses or option schemes. Financial incentives are considered an inappropriate way to motivate and reward co-workers.

Managers are required to at least provide information on their remuneration practices for employees whose professional activities may have an impact on the risk profile of the fund (so-called ‘identified staff’). This is mandatory under Article 22(2) of the Alternative Investment Fund Managers Directive (AIFMD) and section XIII (Guidelines on disclosure) of ‘ESMA Guidelines on sound remuneration policies under the AIFMD’. Members of the board of directors, fund managers and managers of supporting departments qualify as ‘identified staff’. The Management Board of Triodos Investment Management annually assesses the remuneration policy and the ‘identified staff’ and shall modify these where necessary.

The table above includes the total remuneration of staff members who are employed by Triodos Investment Management. Remuneration is divided in a fixed and variable component and presented for senior management and “identified staff”. In allocating the staff to Triodos Vastgoedfonds the cost allocation model of the investment manager is used. The allocations used in this model are based on activities of staff (‘Activity Based Costing’,

Triodos Investment Management

Applicable for the year 2018 (remuneration in EUR)	Co-workers at AIFM		‘Identified staff’ in senior management positions		Other identified staff	
	2018	2017	2018	2017	2018	2017
Number of staff	*186*	*186*	*8*	*9*	*24*	*21*
Average FTEs	*158.6*	*153.7*	*8.3*	*6.9*	*22.1*	*18.4*
Fixed remuneration	17,180,253	14,546,082	1,624,019	1,425,534	3,162,612	2,518,295
Variable remuneration	125,676	118,481	0	2,107	75,590	14,340
Total remuneration	**17,305,929**	**14,664,563**	**1,624,019**	**1,427,641**	**3,238,202**	**2,532,635**

Triodos Vastgoedfonds

Applicable for the year 2018 (remuneration in EUR)	Co-workers directly involved in Triodos Vastgoedfonds		‘Identified staff’ in senior management positions		Other identified staff	
	2018	2017	2018	2017	2018	2017
Number of staff involved	*18*	*17*	*7*	*7*	*8*	*8*
Average FTEs	*3.5*	*2.7*	*0.4*	*0.3*	*1.0*	*0.9*
Fixed remuneration	469,023	410,981	79,271	102,460	148,922	132,227
Variable remuneration	1,436	2,402	0	201	1,395	504
Total remuneration	**470,459**	**413,383**	**79,271**	**102,661**	**150,317**	**132,731**

often referred to as the ABC-method). As of 2018, indirect expenses are allocated using a key based on a three components approach (FTE, income and Assets under management). Up to 2017, the key for allocations was a detailed list of estimated FTE's per fund. As a result, the comparative figures for 2017 haven been changed compared to the annual report 2017. The purpose of this table is to clearly present all remuneration of staff during the year. Hence, all other costs (like housing- and workplace costs, travel costs, costs for outsourced activities, costs of external consultants and external employees) have not been included.

The remuneration figures given in the tables above include all fees and charges paid in favour of staff, including wage tax, social security contributions, pension contributions and bonuses. Triodos Bank and Triodos Investment Management may grant staff additional individual remuneration amounting to up to one month's salary. In consultation with Human Resources, management determines to whom these so-called Tokens of Appreciation, which are intended as a reward for extraordinary performances, are to be awarded. The Tokens of Appreciation are not based on predetermined targets (as is the case with conventional bonuses) but are offered exclusively in retrospect. In 2017 and 2018 there are no co-workers at Triodos Investment Management with a total remuneration of EUR 1 million or more. Triodos Vastgoedfonds does not have any co-workers.

Once a year, a collective token of appreciation may be awarded for the overall achievements and contributions of all members of staff. This modest amount is the same for every member of staff and is maximised at EUR 500 per staff member. Instead of cash, members of staff may choose to receive the equivalent of the financial amount in depositary receipts in Triodos Bank. In 2018, no collective end-of-year token of appreciation was awarded. In 2017, every co-worker received a one-off benefit of EUR 500 as an outcome of the collective labour agreement negotiations. This amount is reported under variable remuneration.

In the autumn of 2017, the European Securities and Markets Authority (ESMA) set further requirements with regards to the scope of the remuneration disclosures under article 22(2) of the AIFMD. The remuneration disclosures must now also include a disclosure concerning delegated portfolio management activities. The disclosure about the remuneration policy applied by Cairn Real Estate B.V. (Cairn) should also be included in this annual report. For privacy reasons and because of contractual restrictions, this disclosure is not available for Triodos Vastgoedfonds. Cairn has indicated, however, that its remuneration policy is in line with market practice and does not contain any elements that fundamentally conflict with the remuneration policy applied by Triodos Investment Management. CAIRN was the asset manager of Triodos Vastgoedfonds until July 1, 2018.

Outlook

Looking back at the outlook of 2018

In the annual report 2017 an outlook was given on the developments for 2018. The acquisitions and disposition made in 2018 have resulted in a portfolio that is more exposed to the Randstad while the average size of the properties increased. This resulted in an overall increase of the gross rental income, while the vacancy rate declined. Additionally, the fund benefitted from a further reduction in costs following the refinancing of loans against more advantageous conditions. As of 1 July 2018, Triodos Vastgoedfonds brought the asset management of the fund in-house.

Outlook for 2019

During the EGM in December 2018, shareholders voted in favour of the proposal to end the fund's activities. The board of Triodos Vastgoedfonds subsequently initiated the process to do so. Based on obtained advice and shown interest, the focus will initially be on selling the portfolio, followed by a separate decision of shareholders to dissolve and liquidate the fund. At the same time, the option to sell the fund by facilitating a public bid on the fund's shares, is still not excluded. Most likely the fund's activities will end in the second half of 2019.

Zeist, the Netherlands, 23 April 2019

Fund manager Triodos Vastgoedfonds
Guus Berkhout

Management Board Triodos Investment Management
Jacco Minnaar (Chair)
Kor Bosscher
Marilou van Golstein Brouwers (until 1 April 2019)
Dick van Ommeren

Report of the Supervisory Board

The Supervisory Board proposes to the General Meeting of Shareholders to discharge the board of the fund and the Supervisory Board for the performance of their duties in the past financial year and to adopt the annual accounts for 2018 at the Annual General Meeting of shareholders on 4 June 2019.

PwC audited the financial statements and issued an unqualified opinion (see page 66). The Supervisory Board of Triodos Vastgoedfonds discussed the annual accounts with the auditor and signed these annual accounts as required by law and in accordance with the Articles of Association of the fund.

During the Annual General Meeting of shareholders on 25 May 2018, the proposal for increasing the share capital of Triodos Vastgoedfonds was not approved by the attending and represented shareholders of the fund (representing 16% of the subscribed capital). As a result, the board of the fund investigated alternative growth strategies for the fund. During this process the Supervisory Board had in-depth discussions with the board about these alternative growth strategies. The board concluded that the fund was not able to grow (significantly) within the coming three years, and therefore investigated an alternative strategy to terminate the fund. The board of Triodos Vastgoedfonds and the Supervisory Board shared the believe that continuing the fund in its current form was not in the best interest of the shareholders and that the goals of the fund could not be realized in a scenario where there is no possibility for significant growth. Therefore, Triodos Investment Management proposed to the shareholders to end the fund's activities. This proposal has been approved by 96% of the shareholders present and represented during the Extraordinary General Meeting on 17 December 2018. After this approval the board of the fund initiated the process to end the fund's activities. The Supervisory Board oversees the board of the fund in managing this process.

As Triodos Vastgoedfonds qualifies as an investment institution under the FMSA, the Dutch corporate governance code is not applicable to the fund, the management of the fund and the Supervisory Board. Triodos Investment Management is however subject to any governance related provisions under the AIFM Directive, the FMSA and other applicable legislation. A document including the fund governance principles that relates to the management of Triodos Vastgoedfonds by Triodos Investment Management, can be obtained from the website of the fund.

During the Annual General Meeting of shareholders on 25 May 2018, Anke van Hal resigned as member of the Supervisory Board. According to the rotation schedule, the term of office of Carel de Vos tot Nederveen Cappel as a member of the Supervisory Board ended in 2018.

The Supervisory Board would like to thank the board of Triodos Vastgoedfonds for their efforts in 2018.

Zeist, the Netherlands, 23 April 2019

Gerard Groener (Chair)
Jan Willem van der Velden

Annual accounts 2018
Triodos Vastgoedfonds

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Statement of financial position as at 31 December 2018

Before profit appropriation (amounts in EUR)	Note*	31 December 2018	31 December 2017
Assets			
Non-current assets			
Investment property	1	–	63,865,000
Other long-term assets		243,911	261,325
Total non-current assets		**243,911**	**64,126,325**
Current assets			
Receivables, prepayments and accrued income	2	405,591	1,324,804
Cash and cash equivalents	3	2,603,424	10,146,593
Subtotal current assets		**3,009,015**	**11,471,397**
Disposal group classified as held for sale	14	98,909,000	–
Total current assets		**101,918,015**	**11,471,397**
Total assets		**102,161,926**	**75,597,722**
Equity and liabilities			
Equity			
Issued capital	4	8,257,877	8,257,877
Share premium	5	69,231,998	69,231,998
Revaluation reserves	6	4,047,774	1,936,899
Other reserves	7	-29,951,968	-28,440,815
Profit for the year	8	2,114,899	3,902,873
Total equity		**53,700,580**	**54,888,832**
Liabilities			
Long-term liabilities			
Borrowings and other long-term liabilities	9	45,659,804	18,650,522
Short-term liabilities			
Accounts payable and other liabilities	10	2,801,542	2,058,368
Total liabilities		**48,461,346**	**20,708,890**
Total equity and liabilities		**102,161,926**	**75,597,722**

* The annual accounts should be read in conjunction with the accompanying notes

(amounts in EUR x 1,000)	Note*	2018	2017
Net asset value at year-end (excluding costs to sell and break costs)		56,256	54,889
Costs to sell - disposal group classified as held for sale**		-1,896	–
Break costs of borrowings	9	-659	–
Net asset value at year-end (including costs to sell and break costs)		53,701	54,889

* The annual accounts should be read in conjunction with the accompanying notes

** For an elaboration on the inclusion of the estimated costs to sell the disposal group classified as held for sale in the 2018 annual accounts, we refer to page 29.

Statement of comprehensive income for 2018

(amounts in EUR)	Note*	2018	2017
Continuing operations			
Net unrealised result from fair value adjustments on receivables		-125	–
Management expenses	11	-1,001,221	-732,715
Other operating costs	12	-143,897	-188,059
Net operating loss		**-1,145,243**	**-920,774**
Loss of liquidated participation		**–**	**-612**
Finance costs		-1,605,144	-1,573,929
Interest income		6,763	5,006
Net finance costs	13	**-1,598,381**	**-1,568,923**
Loss for the period from continuing operations		**-2,743,624**	**-2,490,309**
Profit for the period from discontinued operations	14	4,858,523	6,393,182
Profit for the year		**2,114,899**	
Other comprehensive income		0	0
Total comprehensive income		**2,114,899**	**3,902,873**
Earnings per share from continuing operations		-0.16	0.31
Earnings per share from discontinued operations		0.29	–

(amounts in EUR)	Note*	2018	2017
Profit for the year (excluding costs to sell and break costs)		4,670,703	3,902,873
Costs to sell - disposal group classified as held for sale**		-1,896,000	–
Break costs of borrowings	9	-659,804	–
Profit for the year (including costs to sell and break costs)		2,114,899	3,902,873

* The annual accounts should be read in conjunction with the accompanying notes

** The costs to sell have been incorporated in the Net unrealised result from fair value adjustments on investment property - disposal group classified as held for sale. For an elaboration on the inclusion of the estimated costs to sell the disposal group classified as held for sale in the 2018 annual accounts, we refer to page 29.

Statement of cashflows for 2018

(amounts in EUR)	Note*	2018	2017
Cash flow from operating activities			
Rental income received	14	6,589,756	5,838,098
Property expenses paid	14	-1,283,596	-951,424
Management expenses and other operating costs paid		-989,961	-1,090,351
Interest paid		-896,650	-1,710,950
Interest received		6,763	5,006
Proceeds from other receivables and payments of other liabilities		-301,119	412,575
		3,125,193	**2,502,954**
Cash flow from investment activities			
Investments in investment property including purchase costs	14	-34,984,309	-1,171,244
Divestments of investment property including selling expenses	14	1,269,620	3,172,779
		-33,714,689	**2,001,535**
Cash flow from finance activities			
Capital issue	4, 5	–	22,726,936
Capital issue costs	5	–	-402,548
Distributions paid	8	-3,303,151	-1,679,798
Increase long-term borrowings	9	41,340,150	–
Repayment of long-term borrowings	9	-14,990,672	-7,687,983
Repayment of short-term borrowings		–	-7,323,053
		23,046,327	**5,633,554**
Change in cash and cash equivalents		**-7,543,169**	**10,138,043**
Cash and cash equivalents at beginning of reporting period	3	10,146,593	8,550
Change in cash and cash equivalents		-7,543,169	10,138,043
Cash and cash equivalents at end of reporting period	3	**2,603,424**	**10,146,593**

* The annual accounts should be read in conjunction with the accompanying notes

Statement of changes in equity

Changes in 2018

(amounts in EUR)	Issued capital	Share premium	Revaluation reserve	Other reserves	Profit for the year	Total
Equity as at 31 December 2017	8,257,877	69,231,998	1,936,899	-28,440,815	3,902,873	54,888,832
Transactions with shareholders:						
Distributions paid	–	–	–	–	-3,303,151	-3,303,151
Profit appropriation 2017	–	–	–	599,722	-599,722	–
Transfer of reserves	–	–	2,110,875	-2,110,875	–	–
Profit for the year	–	–	–	–	2,114,899	2,114,899
Equity as at 31 December 2018	**8,257,877**	**69,231,998**	**4,047,774**	**-29,951,968**	**2,114,899**	**53,700,580**
Note*	4	5	6	7	8	

In 2018, a distribution of EUR 0.20 per share was paid out.

* For further information about the items that constitute the fund's equity we refer to notes 4 through 8 of the notes to the statement of financial position and statement of comprehensive income. The annual accounts should be read in conjunction with the accompanying notes

Changes in 2017

(amounts in EUR)	Issued capital	Share premium	Revaluation reserve	Other reserves	Profit for the year	Total
Equity as at 31 December 2016	4,199,496	50,965,991	104,448	-27,969,078	3,040,512	30,341,369
Transactions with shareholders:						
Capital issue	4,058,381	18,668,555	–	–	–	22,726,936
Capital issue costs	–	-402,548	–	–	–	-402,548
Distributions paid	–	–	–	–	-1,679,798	-1,679,798
Profit appropriation 2016	–	–	–	1,360,714	-1,360,714	–
Transfer of reserves	–	–	1,832,451	-1,832,451	–	–
Profit for the year	–	–	–	–	3,902,873	3,902,873
Equity as at 31 December 2017	**8,257,877**	**69,231,998**	**1,936,899**	**-28,440,815**	**3,902,873**	**54,888,832**

In 2017, a distribution of EUR 0.20 per share was paid out.

* For further information about the items that constitute the fund's equity we refer to notes 4 through 8 of the notes to the statement of financial position and statement of comprehensive income. The annual accounts should be read in conjunction with the accompanying notes

Notes to the annual accounts

General

Triodos Vastgoedfonds N.V. (Triodos Vastgoedfonds, ‘the fund’) is a closed-end investment company with variable capital within the meaning of article 2:76a of the Dutch Civil Code. The fund has the legal form of a public limited company. The fund has its registered office in Zeist and is registered in the trade register under number 30197270. Private investors can buy shares in Triodos Vastgoedfonds via the stock market of Euronext Amsterdam.

The investments owned by Triodos Vastgoedfonds are illiquid by nature. The ratios for illiquid investments relative to the fund’s equity are presented in the key figures included in this report. All special arrangements concerning this category of investments are, if applicable, described in this report.

Basis of preparation of the annual accounts

During the Extraordinary General Meeting of Shareholders (EGM) on 17 December 2018, shareholders were asked to vote for the proposal of the board to discontinue the fund. This proposal was accepted by the majority of the shareholders present or represented. The board of Triodos Vastgoedfonds subsequently initiated the process to end the fund’s activities. The focus will initially be on selling the portfolio, followed by a separate decision of shareholders to dissolve and liquidate the fund. At the same time, the option to sell the fund by facilitating a public bid on the fund’s shares, cannot be excluded.

As part of the process to end the activities of Triodos Vastgoedfonds, the fund has appointed a legal advisor and a real estate agent in order to facilitate a transparent, structured and compliant sales process. The expected time needed for ending the fund’s activities is in line with the time span mentioned during the EGM on 17 December 2018, being six to twelve months.

Based on the decisions made in the EGM, the fund was committed to sell the portfolio and to end the fund’s activities. Therefore, the financial statements have been prepared on a non-going concern basis for the year ended 31 December 2018. The board considered on which basis these financial statements should be prepared and concluded that the existing accounting policies under the EU-IFRS Framework would continue to provide relevant and reliable information to the economic decision making needs of users.
Therefore, the conclusion that the fund is in a non-going concern situation has no impact on the applicable accounting policies, as applied in previous years. The fund will have sufficient resources and will be able to meet its current and future obligations. Any costs in the possible event of liquidation (e.g. legal fees and delisting costs) of the fund are not incorporated in the annual accounts 2018.

Given the commitment to sell the portfolio in 2019, the investment properties are no longer classified as non-current assets but as ‘Disposal group classified as held for sale’ in line with IFRS 5 accounting principles for current assets. This approach also means that the assets continue to be measured at fair value, but the disposal group as a whole is measured at fair value less cost to sell. All directly attributable costs to be made during the course of 2019 related to selling the disposal group’s assets of Triodos Vastgoedfonds should be recognized as part of the measurement as per 31 December 2018 and in the result for the year ended. This is a significantly different accounting principle to be applied in comparison with business as usual.

Given the committed sale of the investment properties, the board expects that outstanding borrowings will be repaid in advance of its contractual commitments. This may trigger penalty fees and break up costs: such extra cash outflows have been taken into consideration when measuring the borrowings under the amortised cost method as at 31 December 2018.

In order to provide a comprehensive comparability overview of the fund's results in 2018, additional disclosures will be provided to show the results both including and excluding the incremental costs for selling the portfolio and penalty and break costs, where applicable. For a further elaboration on these costs, we refer to the Changes on the financial accounting principles on page 32 of this report.

Although the focus will be on selling the portfolio, the board cannot exclude a public bid on the fund's shares. Initiating a public bid is beyond the control of the board and therefore cannot be taken into account when preparing financial statements. The board currently performs its plan to sell the portfolio and therefore the sale is highly probable.

Please note that the costs to sell are part of the discontinued operations, where the penalty fees and break costs of borrowings are part of continuing operations.

AIFMD

Triodos Vastgoedfonds is required to have an independent depositary. BNP Paribas Securities Services S.C.A. has been appointed as independent depositary for the Dutch investment funds managed by Triodos Investment Management B.V. The depositary is charged with the safekeeping of the assets and has certain supervisory duties. The depositary supervises the fund by monitoring the manner in which investments are acquired and divested, the changes in the fund's assets and cash flows.

Monitoring of capital requirements

Triodos Vastgoedfonds must comply with the minimum capital requirements. Compliance is monitored by the manager on an ongoing basis. Prior to paying out a distribution, the manager performs a distribution test, taking into account the legal capital requirements and the capital requirements set out in the articles of association. For information about the capital requirements according to the articles of association we refer to the paragraph 'Other Information' on page 65. This distribution test also takes into account the liquidity projections, taking into account the eventual buying or selling of investment property.

Statement of compliance

These annual accounts were prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter: EU-IFRS) and the interpretations that have been issued by the IFRS Interpretations Committee (IFRIC). The additional requirements that ensue from Dutch Financial Supervision Act and the Dutch Civil Code Book 2, Titel 9, have also been taken into account.

Statement regarding fair presentation

With reference to article 5.25c, paragraph 2c of the Dutch Financial Supervision Act, the Board of the fund states that, to the best of its knowledge:

- The annual accounts for 2018 are accurate and complete and present a fair view of the assets, liabilities, financial position and profit or loss of the fund.
- The annual accounts present a true and fair view of the position on 31 December 2018 and of the development of the fund during 2018 as included in the annual accounts, as well as a description of the main risks to which the fund is exposed.

Comparative figures

During financial year 2018 the fund has changed their comparative figures for the estate agent's commission (book value as at 31 December 2017: EUR 194.943) by adding this annual account to Investment Property, from Other long-term assets. The change is a result of alignment with reporting standards and has no impact on comprehensive income nor cashflows over 2017. For further disclosure of this change, we refer to Notes 1 and 2.

Furthermore, due to the application of IFRS 5 in the financial statements 2018, the comparative figures in the statement of comprehensive income have been adjusted. This adjustment has no impact on total comprehensive income.

Functional currency

The annual accounts were prepared in euros; the euro is both the functional and the presentation currency of the fund.

Use of estimates and judgements

The preparation of the annual accounts requires the management of the fund to make judgements, estimates and assumptions that affect the application of accounting principles and the reported amounts of assets and liabilities and income and expenses. The actual figures may differ from these estimates. Estimates and underlying assumptions are constantly reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has an impact.
The fund's management believes that the following topics are the most critical for reflecting the financial position and require estimates and assumptions to be made:

- The choices made with regard to the organisation of the valuation process, the choice of valuer and definition of the valuation assignment. These choices impact the valuation of investment property. As at 2018 year-end the fund owned EUR 100.8 million in investment property that can potentially be impacted by these choices. We have detailed our assumptions in arriving at the fair value of measurement after recognition on page 34.
- The decision whether or not to recognise provisions: as at 2018 year-end, the fund had EUR 0.4 million in current assets that can potentially be impacted by these choices. Based on the analysis of management, there has not been an impairment trigger and therefore there is no impact on these assets.
- The decision to apply or not to apply IFRS 5 in the financial statements: as at 2018 year-end, Investment property classifies as disposal group classified as held for sale and hence IFRS 5 is applied. Hence, Investment property is accounted for at Fair value less costs to sell. The costs to sell are a best estimate of expenses to incur in 2019 upon sale of the portfolio.

In order to monitor the valuation method and make the management estimates as prudent as possible, the manager uses multidisciplinary departments and valuation committees that operate independently from the operational departments.

Criteria for initial recognition in the statement of financial position

When the fund irrevocably becomes a party to the contractual provisions of assets and liabilities (including investment property), that asset or liability shall be recognised in the statement of financial position. Investment property is recognised when the economic benefits that are associated with the investment property will flow to the entity and the costs can be measured reliably. Upon initial recognition, the fair value of assets and liabilities (including investment property) is equal to the cost price. An asset/liability (including investment property) is no longer recognised in the statement of financial position after it has been transferred to a third party following a transaction. In that case, all or almost all beneficial rights and all or almost all risks regarding the asset/liability (including investment property) are then vested in that third party.

Changes in the financial accounting principles

New standards, changes to existing standards, and interpretations of the existing standards that have limited relevance for the fund and have not yet come into effect concern:

- Per December 17, 2018 the Extraordinary General Meeting of shareholders approved the proposal of Triodos Investment Management to end the activities of the fund or to transfer all shares of the fund to a new investor. As a result of that decision and the concrete plan of the process ending the activities whether by monetising the assets or to sell the shares of the fund, the fund is required to apply IFRS 5 “Non-current assets held for sale and discontinued operations” as per December 31, 2018.

  As the assets of the fund will be entirely monetised in accordance with the concrete plan, all non-current assets are reclassified as disposal group classified as held for sale. To continue to provide useful and relevant information, the fund separately presents the significant line-items in the Statement of financial position and the Statement of comprehensive income, which is comparable with the previous year. The measurement principle of investment property remains fair value through profit or loss, however less costs to sell. By applying IFRS 5, investment property is accounted for less costs to sell, hence the estimated costs which will be realised in 2019 are included in the Statement of financial position per 31 December 2018, and Statement of comprehensive income for the year 2018.

  The application of IFRS 5 requires the fund to provide additional disclosures regarding the process of monetising the assets which are disclosed in paragraph Calculation of the fair value of investment property, on page 33 and onwards.

- The International Accounting Standards Board (IASB) finalised the final element of a major project in response to the financial crisis with the publication of IFRS 9 Financial Instruments in July 2014. The total package of changes as introduced by IFRS 9 contains a model for the classification and valuation, a forward looking ‘expected credit loss (ECL)‘ impairment model for financial assets and a modified approach for hedge accounting. The effective date for the mandatory application of IFRS 9 Financial Instruments is 1 January 2018. Our impact analysis has shown that there is no impact on investment property. However, since the debtors and the short-term receivables are within IFRS terminology also regarded as financial assets, ECL provisions must also be made for these items. Triodos Vastgoedfonds has processed ECL bookings in the financial administration as of 1 January 2018 and hence, in the financial statements. The effect on figures is relatively small: for the short-term receivables as of 31 December 2018 of EUR 0.4 million an ECL provision of EUR 125 is booked. Given the non-significant impact of the expected credit loss provision as per 31 December 2018, the fund has not changed the comparative figures as a result of IFRS 9.

Furthermore, the fund has performed the Solely Payments of Principal and Interest-test (SPPI-test) and concluded that the borrowings and other long-term liabilities can be measured at amortised cost.

- In May 2014, the IASB and its US equivalent, the Financial Accounting Standards Board (FASB), published the standard for revenue accounting under IFRS 15. This standard has consequences for the manner in which revenues must be accounted for under IFRS, starting from the 2018 financial year onwards. An impact analysis to assess the impact for the fund was performed in 2017 and finalised early in 2018. In the analysis the contracts with the customers, delivery obligations and pricing arrangements were considered. The conclusion of the analysis was that revenues were already recognised when delivery obligation was met, so the introduction of IFRS 15 as per 1 January 2018 has no effect on the figures of Triodos Vastgoedfonds.
- The International Accounting Standards Board (IASB) presented the new IFRS 16 Leases standards in January 2016. The compulsory capitalisation of leased tangible fixed assets in most cases is the major change to this standard and will have to be introduced in the fiscal year 2019. The impact analysis on the financial reporting of the fund has been completed in 2018. The analysis has shown that the Amsterdam parking spaces which are rented and leased, must be capitalised under these new standards. The capitalisation will also be applicable for the ground lease related to the property owned in The Hague. After the capitalization, these items must be amortised over the entire term.

  Last year the fund announced that it would voluntarily adopt IFRS 16 and reported on the impact in the semi-annual report 2018. Given the current investment focus of the fund and the extensive disclosure requirements when applying IFRS 16, the fund has for 2018 decided to withdraw early adoption. There is no financial impact as a result of this withdrawal in the annual report 2018. The impact of this capitalization is a balance sheet increase of EUR 1.5 million as of 1 January 2019 for the right-of-use asset (debit) and a lease liability (credit). The fund will adopt IFRS 16 as of 1 January 2019. IFRS 16 has no impact on lease contracts where the fund act as a lessor.
- IAS 7 requires disclosure for all balance sheet items (statement of financial position), resulting from cashflow from financing activities or future cashflows from financing activities (IAS7, 44C). This disclosure is aimed at to provide insight in changes of the balance sheet items (cash and non-cash), linking to the balance sheet and the statement of cashflows (IAS7, 44D). The IASB effective date was 1 January 2017, however, the European Union has not yet endorsed this change in IAS 7. Management reviewed the potential impact of this amendment to IAS 7 as not-significant to the annual accounts.

Calculation of the fair value of investment property

Investments are recognised in the statement of financial position at fair value. EU-IFRS distinguishes three different levels:
Level 1 - Fair value based on published prices in an active market
Level 2 - Fair value based on available market information
Level 3 - Fair value not based on available market information
All investments owned by Triodos Vastgoedfonds are level 3 investments. During the reporting period no transfers between the different levels occurred. For the movements of the level 3 investments we refer to note 1 of the Notes to the statement of financial position.

Investment property

Investments in investment property are level 3 investments that are held in order to realise rental income and/or increases in value, according to IAS40 Investment property. When determining the value of level 3 investments, subjective assumptions apply. Below we will describe how investments in investment property are recognised and how their fair value is determined.

Measurement at recognition

Investment properties that are acquired during the financial year are recognised at their acquisition price plus the purchase costs. The purchase costs include all external costs related to the purchase of investment property, including the acquisition costs, comprising property transfer tax, notarial charges, registration charges, estate agent's commission and the costs of external due diligence. Expenditure incurred after the purchase has been made is added to the book value when it is likely that such expenditure will result in future economic income. All other expenditure, for instance on repairs and maintenance, is charged to the result for the period in which the costs are incurred. Real estate agent's commission for arranging new tenants for investment property are capitalized.

Measurement after recognition

Investment properties are measured at their fair value, and for the year 2018 pursuant the application of IFRS 5 at fair value less costs to sell. Hence, the estimated costs to sell investment property in 2019 is accounted for in the annual report 2018. The fair value is based on the market value, being the estimated amount for which an investment property should reasonably be expected to exchange on the date of statement of financial position between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties have each acted knowledgeably, prudently, and without compulsion. The market values are determined on a quarterly basis. Each year, the entire portfolio is valued by an external valuer. After three years a new external valuer is appointed. The external valuer is independent and holds a recognised and relevant professional qualification and has recent experience in the location and class of the investment property investments that are to be valued. Investment property that has not been valued by an external valuer during the relevant quarter is valued in-house.

The value of investment property is determined by capitalising the gross or net rental value (gross rental value less the charges related to the property). The rental value is determined by means of the so-called comparative method: by comparing the property with a supply of comparable properties or realised transactions in similar investment property. The value is determined by dividing the rental value by the required gross or net yield. This yield is determined by assessing factors such as the market conditions (supply and demand), economic conditions (interest rates, inflation, etc.), location (surroundings, accessibility, infrastructure, amenities and developments) and the quality of the property (type of construction, quality, state of repair and potential uses). In case of any discrepancy between the rent that is actually paid and the rental value, the present value of any such discrepancy is calculated for the remaining term of the lease. The value that has been determined based on the comparative method is compared with the value that is determined using the discounted cash flow method. The final valuation is determined by the outcome of both values. The discounted cash flow method involves calculating the present value of all expected future income and expenditure as per the valuation date, taking into account potential vacancies and lease incentives. During this process, the rental value trend, rate of inflation and exit value are also taken into account. The discount rate is estimated based on the long-term government bond yield plus a risk premium that depends on the degree of investment risk of the property itself. If Triodos Vastgoedfonds decides to redevelop an existing investment property for continued future use, the investment property will remain recognised at fair value. For all investment properties that are recognised at fair value, the current valuation method is considered to be the most commonly used and most appropriate method.

Changes due to (un)realised revaluations of investment properties are taken through the statement of comprehensive income. That part of the result that concerns unrealised revaluations shall be added to or deducted from the revaluation reserve or other reserves via the profit appropriation, depending on whether the revaluation is positive or negative. In case of divestment of investment property, the realised change in value consists of the sales price minus the cost price minus the selling expenses incurred for the investment property. At the same time, the historical unrealised changes in value of the divested investment property are released via the statement of comprehensive income. The tax laws allow realised revaluations to be added to the reinvestment reserve. Triodos Vastgoedfonds makes use of this option.

As at 2018 year-end, the entire portfolio of Triodos Vastgoedfonds was valued by external valuers. The most important assumptions for this valuation were:
- In arriving at the fair value of investment property, the fund used two independent valuers. These valuers have been selected based on market knowledge, reputation and knowledge of the specific regions in the Netherlands. Our assumption is that the selection of two independent external valuers is sufficient and “fund-tailored” in providing a detailed overview and a best estimate with regard to fair value of investment property. The fund annually determines whether external valuers still meet the requirements necessary as to provide the valuation service.
- The inflation rate used for the valuation in the fair value calculation is set between 1.84% and 1.99% (2017: 1.59%) over the next 15 years.
- The rental values used in the calculation of fair value are mostly derived from current contracts with customers (if not, the comparative method is used).
- The discount rate used in the calculation differs from property to property, however is in line with the average discount rate as disclosed In the annual report. For a clustered overview of the discount rate, we refer to the sensitivity analysis.

We believe that the underlying assumptions for determining the fair value of investment properties are reasonable and provide a true and fair view of our best estimate.

Other long-term assets (capitalised costs)

Capitalised rent-free periods and loan commissions are initially stated at cost price and subsequently valued based on amortised costs, which are amortised over the term of the lease.

Receivables, prepayments and accrued income

Upon initial recognition, receivables, prepayments and accrued income are recognised at the fair value of the consideration paid; after initial recognition they are recognised at the amortised cost price. Provisions for irrecoverability are deducted from the book value of the receivable and are calculated according to the ‘expected credit loss’ method in accordance with IFRS 9. In this approach, the fund determines the 12-month expected credit losses and accounts for these expected losses as a provision. At the moment when the credit risk for receivables, prepayments and accrued income increases significantly since initial recognition, the fund determines the provision by determining the lifetime expected credit losses.

The book value of receivables approximates their fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and term deposits with original maturities of three months or less. Current account overdrafts at banks are included in short-term borrowings. Cash and cash equivalents are recognised at their nominal value, which also approximates their fair value.

Disposal group classified as held for sale and discontinued operations

Disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale or distribution, excluding the finance costs and income tax expense.

An impairment loss is recognised for any initial or subsequent write-down of the disposal group to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of a disposal group, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the disposal group is recognised at the date of derecognition. Disposal group are not depreciated or amortised while they are classified as held for sale.

The assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet.
A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

Costs to sell

Costs to sell are measured at nominal value and concern all costs to sell the disposal group classified as held for sale (amongst others including disposition fee for the fund manager, market maker fees and legal fees). These costs are determined by underlying agreements and represent the best estimate of the costs to sell per the end of the financial year. The actual costs realised to sell the investment property in 2019 may differ.

Equity

Equity represents the fair value of the fund and has the following components:

- Issued capital: the nominal amount of EUR 0.50 per share. For further information about this component we refer to note 4.
- Share premium: the proceeds from share issues less the difference with the nominal value of EUR 0.50 per share. For further information about this component we refer to note 5.
- Revaluation reserves: the amount of individual unrealised positive revaluations relative to the cost prices of investments in investment property as at the year-end date. For further information about this item we refer to note 6.
- Other reserves: for further information about this item we refer to note 7.
- Profit for the year: the amount from the statement of comprehensive income for the corresponding period. For further information we refer to the notes to the items of the statement for profit or loss.

Borrowings

Upon initial recognition, long-term and short-term borrowings are recognised at fair value. After initial recognition, long-term and short-term borrowings are stated at amortised cost price, i.e. the amount payable taking into account premiums or discounts as well as transaction costs (including prepayment and interest penalty fees). The fair value of borrowings is considered to be approximately equal to the nominal value. Short-term liabilities have a term to maturity of less than one year. Liabilities from external parties can be repaid before maturity date, resulting in break costs (prepayment fee) and a possible interest penalty fee for the fund.

Accounts payable and other liabilities

Accounts payable and other liabilities are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

Gross rental income

Gross rental income from investment properties covered by operational leases is added to the statement of comprehensive income on a linear basis over the term of the lease contracts. Lease incentives are recognized over the lease term, on a straight-line basis, as a reduction of rental income.

Revenue from service and management charges is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns and lease incentives. The fund recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the fund.

Service, property and management expenses

Service expenses for service contracts with third parties are passed on to tenants one-on-one. The service expenses with regard to vacant properties are charged directly to the profit for the year.
Service expenses mainly consist of charges for gas, water and light and cleaning and security costs. The property expenses include the expenses that can be attributed directly to the operation of the investment properties, excluding the expenses that are passed on to tenants. These mainly include taxes, insurance premiums, maintenance costs and consultancy fees. These expenses are charged to the result when they are incurred. Management expenses are expenses that cannot be attributed directly to the operation of property. These include fees payable to the manager, office expenses, consultancy fees, publicity costs, auditor’s fees, depositary fees, charges for the supervision exercised by the Dutch Financial Markets authority and listing charges.

Other operating costs

Other operating costs include the costs related to the registration of shares, marketing expenses and other operating expenses. Based on the allocation principle, other operating expenses are attributed to the period to which the activities relate.

Net finance costs

Net finance costs consist of the interest expense for outstanding liabilities and are calculated by means of the effective interest rate method. Interest income is attributed to the period that it relates to.

Statement of cashflows

The statement of cashflows is prepared using the direct method. For further information about the item cash and cash equivalents as at the end of the reporting period, we refer to note 3. Below we provide further information about the relevant items of the statement of cashflows.

For further information about the rental income received we refer to note 15 to the statement for profit or loss. Differences between the rental income and the cash flows are due to the application of the allocation principle.

For further information about the property expenses we refer to note 18 to the statement of comprehensive income. Differences between the property expenses and the cash flows are attributable to the allocation principle.

The divestment concerns the sale of the property in Emmeloord.

Management of financial risks

The fund is exposed to a variety of risks. Procedures performed by the investment manager in response to these risks are described below.

Cash flow risk

Cash flow risk is the risk that future cash flows related to a financial instrument will fluctuate in volume. The fund has no investments that involve variable cash flows, which limits its exposure to a significant cash flow risk. Future rental income is, however, dependent on contract revisions at the end of the lease terms.

As at 2018 year-end the average term of the leases that have been entered into weighted according to annual rental income is 5.4 years (2017: 5.1 years). The lease terms weighted according to annual rental income can be broken down as follows:

	31-12-2018	31-12-2017
<1 year	11.2%	3.1%
1-3 years	8.2%	25.3%
3-5 years	39.7%	6.3%
5-10 years	40.9%	65.3%
>10 years	0.0%	0.0%
Total	**100.0%**	**100.0%**

The development of rental income is also determined by the rate of inflation. Upon the expiration of leases, rents are adjusted based on arm’s length conditions. Rents are in principle indexed on an annual basis.

The occupancy rate for investment property can decrease due to the termination of leases or bankruptcy of tenants. In order to control the vacancy rate, the fund aims to enter into leases with a medium to long term whenever possible. As at 31 December 2018, the vacancy rate for the property in the fund’s portfolio is 5.6% (as at 31 December 2017: 12.7%).

Market risk

Market risk is defined as the impact of fluctuations in market circumstances on the valuation of assets and the cash flows of a fund. The value of investment property is influenced by many factors, including the outlook for economic growth, interest rate levels and the rate of inflation. The more these factors fluctuate, the greater the market risk will be. Triodos Vastgoedfonds cannot influence these macro-economic factors that impact the value of its investment property. The fund performs sensitivity analysis on several variables which may have a significant impact on the fund's equity, including the average discount rate used for valuation of the investment property.

The market risk is mitigated by means of intensive management of the properties, which keeps them attractive from a commercial perspective and ensures that they meet the latest technical standards. The fund tries to ensure the attractiveness of its investment property through appropriate management of its properties and by making its view on sustainability visible in those properties by means of investing in the sustainability of the properties. The market risk is also mitigated by investing in various regions (submarkets) of the Netherlands. The fund has noted that in the Netherlands market developments do not occur at the same rate in each region.

Rental risk

Rental risk is the risk that it may not be possible to let a property at a pre-estimated rate owing to its nature and location. This can result in vacancies, causing an increase of service charges that cannot be passed on and a lower return for the fund.

Triodos Vastgoedfonds' policy is aimed at limiting this risk by carrying out thorough market research prior to acquiring a property. Each year, the fund also performs a hold/sell analysis in order to assess whether the long-term rental risks are still acceptable. If possible, the fund implements measures to ensure that the letting risks also remain acceptable in the future. Therefore, Triodos Vastgoedfonds invests in the properties in order to keep them attractive for potential tenants. To this end, the fund invested EUR 494,740 in its properties in 2018 (2017: EUR 285,216).

Another measure is that the fund strives for properties with multi-tenants with varying expiration dates of the rental contracts. This ensures that properties should always (partly) be occupied, which increases the attractiveness for potential tenants. The average vacancy rate in 2018 was 9.7% (2017: 8.8%).

Concentration risk

The concentration risk is related to the letting and credit risks. This risk may occur when Triodos Vastgoedfonds has a large concentration of investments in a particular region or sector.

The tenants of Triodos Vastgoedfonds are spread across various industries and sectors. This prevents the fund from becoming dependent on specific economic developments that have an impact on certain sectors. Furthermore, the fund's investments are spread across the Netherlands.

In 2018, no events occurred that increased the concentration risk.

Analysis by credit quality of financial assets is as follows:

Receivables, prepayments and accrued income

(amounts in EUR)	2018	2017
Receivables from large companies	–	–
Receivables from small or medium-sized companies	405,716	1,324,804
Total neither past due nor impaired	**405,716**	**1,324,804**
Total past due but not impaired	**–**	**–**
Total individually determined to be impaired (gross)	**–**	**–**
Less: impairment provision	-125	–
Total receivables, prepayments and accrued income	**405,591**	**1,324,804**

Cash and cash equivalents, rating of counterparty

(amounts in EUR)	2018	2017
A- rated	395	73
Not rated*	2,603,029	10,146,520
Total cash and cash equivalents	**2,603,424**	**10,146,593**

* The not rated cash and cash equivalents are held at Triodos Bank.

Interest rate risk

The interest rate risk to which Triodos Vastgoedfonds is exposed consists of the risk that the value of borrowings will fluctuate owing to fluctuations in interest rates.

Depending on the composition of the portfolio, changes in the interest rate on the capital market can have a positive or a negative impact on the value of such borrowings. The interest rate sensitivity of fixed income assets is expressed by means of the modified duration. The modified duration is to a large extent determined by the fixed-rate periods; a longer fixed-rate period increases the interest rate sensitivity, which is reflected in a higher modified duration. A modified duration of 2.5 for a portfolio of loans implies that if the average market rate rises by 1%, the value of the investments will fall by 2.5%. As at the end of 2018, the average modified duration of the borrowings was: 6.1 (31 December 2017: 7.7). The fund will likely prepay its borrowings due to termination of fund's activities which would limit the interest rate risk.

Refinancing risk

At 2018 year-end, the fund had EUR 45.0 million in loans (2017: EUR 18.7 million). The structure of the fixed-rate periods of the fund's borrowings is set out on page 49 and subsequent pages. Triodos Vastgoedfonds does not use financial derivatives in order to hedge its interest-rate risk.

At 2018 year-end, the interest expenses for Triodos Vastgoedfonds amounted to 2.6% (2017: 3.1%).

Liquidity risk

Liquidity risk is the risk that Triodos Vastgoedfonds cannot obtain the financial means necessary to meet its short-term obligations. Triodos Vastgoedfonds mitigates this risk by frequently preparing liquidity projections in order to gain insight into the movements of the liquidity position. Liquidity projections are prepared based on operating budgets. Monthly checks are carried out to ascertain whether the liquidity position is developing in line with projection and whether a sufficient liquidity position is being upheld. The repayment dates for the borrowings are events that have a material impact on the liquidity risk. This is why the repayment dates are an important element of the liquidity projections. For further information about the repayment dates we also refer to note 9 (borrowings). The maturity date of borrowings can be presented as follows:

	31-12-2018	31-12-2017
<1 year	0.0%	0.0%
1-3 years	0.0%	12.6%
3-5 years	0.0%	19.6%
5-10 years	100.0%	44.3%
>10 years	0.0%	23.5%
Totaal	**100.0%**	**100.0%**

The fund is under no obligation to purchase the shares of shareholders who wish to exit the fund, given its closed-end status. Shares can be bought and sold on the stock exchange of Euronext Amsterdam.

Risk of investing with borrowed money

The fund may borrow up to 60% of the fiscal book value of the fund's investment property or rights attached to that investment property. Triodos Vastgoedfonds aims to limit its borrowings to 50% of the invested capital. The risk of investing with borrowed money is that the shareholders may lose the capital that they have invested because upon divestment loans must be repaid first, as the investments serve as collateral for the debt. This risk is limited by the fact that the shareholders are not required to supplement any shortfalls incurred by Triodos Vastgoedfonds in case the losses exceed the capital that they have invested.

At 2018 year-end, the fiscal value of the fund's investment property was EUR 102.7 million (2017 year-end: EUR 70.2 million). At 2018 year-end, the funds borrowings represented 43.8% of the fiscal book value of the investment property or rights to which such investment property was subject (2017 year-end: 26.6%). The target limit is constantly monitored by the manager.

Leverage ratio

Leverage ratios provide insight into the degree to which the fund uses debt as compared with the net asset value. The leverage ratio is calculated based on the so-called 'commitment method of calculation'.

As at 2018 year-end, the leverage ratio based on the 'commitment method of calculation' was: 285% (2017: 177%). As at 2018 year-end, the leverage ratio based on the "gross method of calculation" is: 184% (2017: 116%). The aforementioned calculation methodologies are pursuant to AIFMD-guidelines.

Sensitivity analysis

Below is a summary of some of the variables that may have a significant impact on the fund's equity or result:

Variables	Explanation	Situation in 2018	Situation in 2017
Occupancy rate	This rate indicates the degree of occupancy of the portfolio and can vary according to the expiration of leases. We also refer to the notes on cash flow risk.	94.4%	87.3%
Rental income per m^2 [1]	This indicates the rent per m^2 and can change following the expiration of leases, depending on market developments. We also refer to the notes on cash flow risk.	EUR 141	EUR 122
GIY	In the investment property sector, the GIY (Gross Initial Yield) is a popular instrument for expressing the value and quality of a building. The gross initial yield is expressed as a percentage and is calculated by dividing the rental income in the first year by the total investment. This in effect reflects the degree entailed by the property investment as perceived by the market and may go up or down depending on market developments.	7.11%	7.41%
Average borrowing rate	This is determined by the finance costs payable to the bank providing the loan and by the risk premiums that this lender believes to be opportune for the portfolio. As the borrowing rate is fixed for a longer period of time, which limits its impact for the reporting period, this variable has not been included in the sensitivity analysis.	2.62%	3.10%
Average discount rate	The average discount rate is the factor that is used to calculate the present value of the values of investment property.	6.34%	6.66%

The sensitivity of the valuation of the investment property to these variables is as follows:

(amounts in EUR)	Values in 2018	Values in 2017
Occupancy rate +1%	1,008,000	639,000
Rental income per m^2 +1%	1,008,000	639,000
GIY +1%	-12,436,000	-643,000
Average discount rate +1%	-13,740,000	-8,333,000

[1] As average rent is calculated including the vacancy in the portfolio, average rent decreases as vacancy rises. When calculated excluding the vacancy, average rent per square meter was EUR 155/sqm (2017: EUR 146/sqm).

Tax aspects of the fund

Income tax

Triodos Vastgoedfonds is a fiscal investment institution within the meaning of Article 28 of the Dutch Corporation Tax Act 1969. This means that the fund is in principle liable to income tax at a rate of 0%, provided that all the applicable conditions are met. One condition is that the taxable profit that is available for distribution must be fully distributed within eight months after the end of the relevant financial year. In Dutch law this is referred to as the “doorstootverplichting”. The taxable result for the 2018 financial year can be off-set against previous year’s tax losses to carry forward in full. A distribution is therefore not required in order to comply with the “doorstootverplichting”.

Dividend tax

In accordance with the Dutch Dividend Withholding Tax Act 1965, Triodos Vastgoedfonds in principle withholds dividend withholding tax at a rate of 15%.

Tax position

The fiscal result for 2018 amounts to EUR 2,502,830 (2017: EUR 1,684,043). The reconciliation of the tax result with the commercial result is as follows:

(amounts in EUR)	2018	2017
Commercial result	**2,114,899**	**3,902,873**
Correction commercial unrealised changes in value	-1,174,228	-7,246,598
Fiscal unrealised change in value	1,100,334	-332,477
Correction commercial realised change in value	992,665	6,368,320
Fiscal realised change in value	-130,380	-637,933
Amortisation of acquisition costs	-400,460	-348,937
Correction commercial valuation subsidiaries	–	-21,205
	387,931	**-2,218,830**
Fiscal result	**2,502,830**	**1,684,043**

As at 2018 year-end, the tax loss amounts to EUR 4,473,489 (2017 year-end: 6,976,319).
As at 2018 year-end, the authorised capital amounts to EUR 60,433,901 (2017 year-end: 61,234,222).

VAT

Triodos Vastgoedfonds qualifies as a company based on the Turnover Tax Act 1968. Collective investment management is in principle exempt from VAT. The management fee charged to the fund by Triodos Investment Management is therefore exempt from VAT.

Notes to the statement of financial position as at 31 December 2018

1. Investment property

(amounts in EUR)	2018	2017
Balance as at 1 January	63,865,000	66,150,000
Investments including acquisition costs	36,132,933	1,720
Divestments including acquisition costs	-2,262,285	-9,533,318
Capitalization of estate agent's commission	198,634	–
Write-down revaluation divestments	932,285	6,093,318
Revaluation during the reporting period	1,938,433	1,153,280
Fair value of investment property	**100,805,000**	**63,865,000**
Costs to sell	-1,896,000	–
Transfer to disposal group classified as held for sale	-98,909,000	–
Balance as at 31 December	–	63,865,000

The costs to sell stated above are the best estimate of the costs to sell the portfolio as per 31 December 2018. Pursuant to the application of IFRS 5, the estimated costs to sell in 2019 need to be accounted for in the annual report 2018 and investment property has been reclassified to Disposal group classified as held for sale (refer to Note 14). As these concern costs to be made in 2019, the realised costs in 2019 may fluctuate from the costs to sell as stated in this report. After the balance sheet date, the portfolio of investment property changed: the fund transferred two properties at Wageningen and Velp (out) and one property in Eindhoven (in). Given this development, the portfolio of investment property (at fair value) as per March 1, 2019 is EUR 111,358,000. The fund's best estimate of the costs to sell the investment portfolio (as of 1 March 2019) is EUR 2,068,000.

The estimated costs to sell are amongst others comprised of:

- disposition fee for the board of the fund
- market maker fees
- legal fees

The actual costs realised to sell the investment property in 2019 may differ.

For an overview of investment properties held by the fund, please refer to the appendix A on page 76.

Any acquisition costs for investment properties are an inherent part of the acquisition price. Investment property is stated at fair value less costs to sell. As a rule, the subsequent valuation will result in a negative revaluation, because the acquisitions costs are not taken into account for the valuation. Valuations are performed in line with the guidelines of the IPD/ROZ property index. Important input variables are rents and gross initial yields. For further information about the main input variables we refer to page 33, 'Calculation of the fair value of investment property'. The sum of the acquisition price plus purchase costs of investment properties amount to EUR 119.6 million (2017: 85,6 million). The sum of the revaluations of investment properties at balance sheet date amount to EUR -18.8 million (2017: EUR -21,7 million).

The revaluations of investment property include both unrealised positive and negative revaluations. The unrealised positive revaluations of individual investment properties which are above the initial cost price, are added to the revaluation reserves.

In accordance with reporting standards, the capitalized estate agent's commission has been added to investment property. Last year this commission was presented under Other long-term assets. For the year 2018, this commission has, by revaluation, been accounted for through profit and loss, since the fair value of Investment Property is determined as described in the paragraph "Calculation of the fair value of Investment Property". The fair value of investment property is mainly determined by reliance on external appraisers.

The key parameters for valuation of investment property and sensitivity analysis are described on page 42.

2. Receivables, prepayments and accrued income

(amounts in EUR)	2018	2017
VAT	128,630	–
Credit invoices to be received	99,901	–
Capitalised loan commissions (short-term part)	27,430	882
Acquisition costs on property investment	26,060	7,100
Rent debtors	24,865	57,678
Property tax	19,972	–
Capitalised lease incentives (short-term part)	15,215	44,336
Finance costs	10,000	–
Deposit on investment property	–	1,150,000
Capitalised estate agent's commission (short-term part)	–	64,808
Other prepayments and accrued income	53,518	–
Balance as at 31 December	**405,591**	**1,324,804**

The term of other receivables, other prepayments and accrued income is less than 1 year. The fair value of receivables, prepayments and accrued income approximates the carrying amount due to their short-term character.

Specification of rent debtors

(amounts in EUR)	2018	2017
Overview of items outstanding as at 31 December	24,990	57,678
Less: provision	-125	–
Balance as at 31 December	**24,865**	**57,678**

For the year 2018, the expected credit loss method has been used in calculating the provision.

3. Cash and cash equivalents

(amounts in EUR)	2018	2017
Triodos Bank, saving accounts	499,003	5,000,002
Triodos Bank, current accounts	2,104,026	5,146,518
KAS BANK, current account	395	73
Balance as at 31 December	**2,603,424**	**10,146,593**

Cash and cash equivalents are at the fund's free disposal.

As at 2018 year-end, the interest rate for the current and saving accounts held at Triodos Bank is 0.00% as far as the balance is up to EUR 500,000 (positive) (31 December 2017: 0.00% up to EUR 2,500,000).
As at 2018 year-end, the interest rate for the current and saving accounts held at Triodos Bank is -0.50% as far as the balance is above EUR 500,000 (positive) (31 December 2017: -0.50% as far as the balance is above EUR 2,500,000).
As at 2018 year-end, the interest rate for the current account held at KAS BANK is -0.86% (for a positive balance) (31 December 2017: -0.87%).
As at 2018 year-end, the interest rate for the current account held at KAS BANK is 1.13% (for an overdrawn balance) (31 December 2017: 1.13%).

4. Issued capital

As at the year-end date, the authorised capital amounts to EUR 10,000,050 (2017 year-end: EUR 10,000,050) consisting of 20,000,000 ordinary shares with a nominal value of EUR 0.50 each and 10 priority shares with a nominal value of EUR 5.00 each.
The holders of ordinary shares are entitled to a distribution as declared from time to time and are entitled to cast one vote per share at the Annual General Meeting of shareholders.
The priority shares entitle the holder to a dividend of 4% of the capital paid up on these shares and entitle the holder to vote at the Annual General Meeting of shareholders. The priority shares are owned by Stichting Triodos Holding.
As at 2018 year-end, 13,708,809 ordinary shares had been issued via Euronext Fund Services (2017: 11,958,091) and 2,806,935 ordinary shares were registered in the shareholders' register (2017: 4,557,653) at Triodos Bank. In this disclosure only the number of shares are presented.

Changes in the number of shares issued:

(number of shares)	ordinary shares 2018	priority shares 2018	ordinary shares 2017	priority shares 2017
Number of shares as at 1 January	16,515,744	10	8,398,981	10
Shares issued during the year	–	–	8,116,763	–
Shares redeemed during the year	–	–	–	–
Shares issued to other parties than the fund as at 31 December	**16,515,744**	**10**	**16,515,744**	**10**

As at 2018 year-end, the total number of shares issued amounted to 16,515,754 (2017: 16,515,754). The issued shares have been fully paid.

5. Share premium

The share premium comprises the proceeds from the issue of shares insofar as these exceed the nominal value of the shares (above par proceeds).

6. Revaluation reserves

The revaluation reserves comprise the unrealised positive revaluations of individual investment properties above the initial cost price as at the year-end date, which is legally required by Dutch law.

This item has changed as follows:

(amounts in EUR)	2018	2017
Balance as at 1 January	1,936,899	104,448
Transferred from the other reserves	2,110,875	1,832,451
Balance as at 31 December	**4,047,774**	**1,936,899**

The positive revaluations of individual investment properties above the initial cost price are added to the revaluation reserves. Negative revaluations below the initial cost price are accounted for through the statement of comprehensive Income. Hence there is no direct reconciliation possible between the revaluations of investment properties in note 1 and the revaluation reserves.

7. Other reserves

This item includes the individual negative revaluations relative to the cost price of investment property investments as a result of the profit appropriation and other adjustments.

This item has changed as follows:

(amounts in EUR)	2018	2017
Balance as at 1 January	-28,440,815	-27,969,078
Transferred to the revaluation reserve	-2,110,875	-1,832,451
Profit appropriation	599,722	1,360,714
Balance as at 31 December	**-29,951,968**	**-28,440,815**

8. Profit for the year

The profit for the year is the result that has not yet been distributed.

This item has changed as follows:

(amounts in EUR)	2018	2017
Balance as at 1 January	3,902,873	3,040,512
Distributions to shareholders paid	-3,303,151	-1,679,798
Profit appropriation	-599,722	-1,360,714
	–	–
Profit for the year	2,114,899	3,902,873
Balance as at 31 December	**2,114,899**	**3,902,873**

(amounts in EUR)	2018	2017
Profit for the year	2,114,899	3,902,873
Add: Costs to sell	1,896,000	–
Profit for the year (excluding costs to sell)	**4,010,899**	**3,902,873**

9. Borrowings and other long-term liabilities

(amounts in EUR)	2018	2017
Loans from Triodos Groenfonds	5,159,850	6,006,510
Loans from Triodos Bank	9,840,150	12,529,890
Loans from ING	30,000,000	–
Loan from Stichting Nationaal Restauratiefonds (Dutch National Restauration Fund)	–	114,122
Prepayment and interest penalty fees addition for amortised cost	659,804	–
Balance as at 31 December	**45,659,804**	**18,650,522**
This item has changed as follows:		
Balance as at 1 January	18,650,522	26,338,505
Loan repayments	-14,990,672	-7,687,983
Loan drawdowns	41,340,150	–
Prepayment and interest penalty fees addition for amortised cost	659,804	
Balance as at 31 December	**45,659,804**	**18,650,522**

For the classification as long-term borrowings the legal documentation is leading. This is because of uncertainties regarding the exact moment and the conditions of the intended sale of the investment portfolio.

In the case of a sale of the Investment portfolio in 2019, the fund is contractually required to pay prepayment and interest penalty fees to borrowers. These prepayment and interest penalty fees are the fund's best estimate of impact on the amortised cost calculation of borrowings and other long-term liabilities per 31 December 2018. These costs have been allocated to the financial year 2018 on a pro-rata basis.

The fair value of borrowings and other long-term liabilities approximates the carrying amount. The loans to external parties can be repaid, as determined by contract.

Triodos Groenfonds

As per 2018, the fund has received long-term loans from Triodos Groenfonds N.V.:

Principal amount in EUR	Maturity date	Interest rate	Repayment
1,500,000	12 September 2025	1.52% until 12 September 2025	In full at maturity date
3,659,850	12 September 2025	4.80% until 18 July 2022	In full at maturity date

As per 2017, the fund has received long-term loans from Triodos Groenfonds N.V.:

Principal amount in EUR	Maturity date	Interest rate	Repayment
1,540,620	1 July 2019	1.14% until 1 July 2019	In full at maturity date
806,040	1 July 2020	1.17% until 1 July 2020	In full at maturity date
3,659,850	18 July 2022	4.80% until 18 July 2022	In full at maturity date

Triodos Bank

As per 2018, the fund has received a long-term loan from Triodos Bank N.V.:

Principal amount in EUR	Maturity date	Interest rate	Repayment
9,840,150	12 September 2025	3.82% until 12 September 2025	In full at maturity date

As per 2017, the fund has received four long-term loans from Triodos Bank N.V.:

Principal amount in EUR	Maturity date	Interest rate	Repayment
3,837,420	31 December 2024	1.20% until 31 March 2018	In full at maturity date
1,705,500	31 August 2024	3.88% until 31 August 2024	In full at maturity date
4,263,750	31 August 2028	3.96% until 31 August 2028	In full at maturity date
2,723,220	31 August 2026	3.43% until 31 August 2026	In full at maturity date

ING Bank

As per 2018, the fund has received a long-term loan from ING Bank N.V.:

Principal amount in EUR	Maturity date	Interest rate	Repayment
30,000,000	12 September 2025	2.02% until 12 September 2025	In full at maturity date

ING Bank N.V. is the agent and security agent of the other finance parties (Triodos Groenfonds and Triodos Bank) for all above-mentioned loans with a total of EUR 45.0 million as at 31 December 2018.

The collateral for these loans consists of all properties of the fund.

For the loans provided by Triodos Groenfonds, Triodos Bank and ING Bank, the fund must meet a number of ratios. The Loan to Value ratio as presented below is calculated as borrowings less cash and cash equivalents at year-end, divided by the fair value of investment property at year-end.

	2018	2017	Requirement
Loan to Value	42.1%	13.3%	< 67.5%
Debt Yield Cover	9.3%	26.8%	>7.5%

Stichting Nationaal Restauratiefonds (Dutch National Restauration Fund)

The loan from Stichting Nationaal Restauratiefonds has been fully repaid during the year.

As per 2017, the fund had received a long-term loan from Stichting Nationaal Restauratiefonds:

Principal amount in EUR	Maturity date	Interest rate	Repayment
114,122	1 January 2040	1.00% until 1 January 2020	based on annual annuities

As collateral a right first mortgage on the property at 433 Herengracht in Amsterdam had been granted till repayment. The collateral provided has been released.

10. Accounts payable and other liabilities

(amounts in EUR)	2018	2017
Rent received in advance	1,260,477	–
Interest payable	349,236	113,478
Service charges to be set off	334,108	240,112
Management fee payable	249,119	158,725
Deposits paid by tenants	168,206	11,892
Accounts payable	98,988	88,499
Maintenance costs payable	88,084	151,457
Estate agent's commission payable	63,482	–
Rent invoiced in advance	4,961	1,020,348
VAT	–	166,585
Other short-term debt	184,881	107,272
Balance as at 31 December	**2,801,542**	**2,058,368**

No interest is due on short-term debt. The fair value of accounts payable and other liabilities approximates the carrying amount due to their short-term character.

Off-balance sheet commitments, assets and arrangements
The land under the property at Prins Hendrikstraat 39 in The Hague has been allocated to Triodos Vastgoedfonds under a perpetually renewable ground lease by Stichting Duurzaam Erfgoed. In 2018, the ground rent amounted to EUR 84,826. The ground rent is indexed on 1 January of each year.

On 6 July 2018, Triodos Vastgoedfonds entered into a turnkey agreement with VB Dorgelolaan B.V. to purchase the building located Prof. Dr. Dorgelolaan 12 in Eindhoven. The purchase price is EUR 14.6 million. On 1 March 2019, the settlement of the transfer was finalised and the purchase price was paid with an additional amount of the loan of ING of EUR 11.0 million. From 1 March 2019, all income and expenditure are for the account and risk of Triodos Vastgoedfonds.

The fund has a commitment to rent parking spaces nearby the investment property up until 31 January 2022.

The future cash-out as a result of off-balance sheet commitments and arrangements is as follows:

(amounts in EUR)	2018	2017
No later than 1 year	14,710,492	10,459,183
Later than 1 year and no later than 2 years	110,492	109,183
Later than 2 year and no later than 5 years	282,283	304,023
Later than 5 years (per year)	84,826	83,517

As at 31 December 2018, the fund had entered into a sales agreement to divest the property in Wageningen, Nieuwe Kanaal II. On 15 January 2019, settlement of the transfer was finalised and the sales price received was EUR 1.0 million.

11. Management expenses

(amounts in EUR)	2018	2017
Management fee (Triodos Investment Management)	459,401	352,921
Asset management fee (Cairn Investment property)	215,858	168,264
Consultancy fees	84,038	9,618
Auditor’s fees	52,420	61,226
Valuation costs	47,783	36,567
Publicity costs	42,248	14,454
Depositary fees	30,345	29,034
Acquisition costs of non-purchased office	23,258	5,585
Remuneration Supervisory Board	15,800	23,371
Remuneration Investment Committee	12,504	3,189
Supervisor’s charges	-3,738	19,200
Accounting costs	–	223
Other costs	21,304	9,063
	1,001,221	**732,715**

In 2018 the supervisor’s charges were negative due to the release of the supervisor’s charges reserved in previous periods.

12. Other operating costs

(amounts in EUR)	2018	2017
Costs of bearer shares	4,167	5,062
Marketing costs	91,754	48,270
Advisory costs	47,976	–
Share issue costs	–	134,727
	143,897	**188,059**

13. Net finance costs

(amounts in EUR)	2018	2017
Interest charges based on contractual interest rate	870,411	1,229,830
Prepayment and interest penalty fees addition for amortised cost	659,804	–
Administration and commitment fees	72,816	6,576
Interest costs of bank accounts	1,405	7,522
Penalty interest regarding early repayments	–	330,001
Other interest costs	708	–
	1,605,144	**1,573,929**
Interest income	-6,763	-5,006
	1,598,381	**1,568,923**

As a result of the committed plan to sell the investment property in 2019, the prepayment and interest penalty fees for the year are included in the amortised cost calculation in borrowings and other long-term liabilities. Hence, the part which is based on IFRS accounting principles needs to be attributed to the financial year 2018 and is accounted for in the Statement of comprehensive income.

During the Extraordinary General Meeting of shareholders (EGM) on 17 December 2018, shareholders were asked to vote for the proposal of the board to discontinue the fund. This proposal was accepted by the majority of the shareholders present or represented. The board of Triodos Vastgoedfonds subsequently initiated the process to end the fund’s activities. The focus will initially be on selling the portfolio, hence for the year 2018 investment property is presented as Disposal group classified as held for sale.

For a further elaboration, we refer to Basis of preparation of the annual accounts on page 29.

14. Disposal group classified as held for sale and discontinued operations

Disposal group classified as held for sale in the Statement of Financial position

(amounts in EUR)	2018	2017
Balance as at 1 January	–	–
Transferred from investment property	98,909,000	–
Balance as at 31 December	**98,909,000**	**–**

For the description of measurement after recognition and an overview of movements during the year, please refer to Note 1.

Profit for the period from discontinued operations in the Statement of comprehensive Income

(amounts in EUR)	Note	2018	2017
Gross rental income	15	6,075,977	6,281,400
Other income from investment property	16	4,379	174,347
Total income from investment property		**6,080,356**	**6,455,747**
Expenses for investment property			
Service charge expenses passed on		744,170	944,914
Service charge expenses		-953,015	-1,145,731
Net service charges expenses	**17**	**-208,845**	**-200,817**
Property expenses	18	-1,018,309	-740,026
Total property expenses		**-1,227,154**	**-940,843**
Net rental income		4,853,202	5,514,904
Net realised result from fair value adjustments on investment property	19	-992,665	-6,368,320
Net unrealised result from fair value adjustments on investment property	20	997,986	-7,246,598
Profit for the period from discontinued operations		**4,858,523**	**6,393,182**

Cashflow from discontinued operations in the Statement of cashflows

(amounts in EUR)	2018	2017
Rental income received	6,589,756	5,838,098
Property expenses paid	-1,283,596	-951,424
Investments in investment property including purchase costs	-34,984,309	-1,171,244
Divestments of investment property including selling expenses	1,269,620	3,172,779
Cashflow during the financial year	**-28,408,529**	**6,888,209**

15. Gross rental income

Gross rental income comprises the rental income excluding service charges and including lease incentives attributed to the corresponding period to the term of the leases and termination fee payments related to early termination of rental agreements. When making this allocation any lease incentives are also taken into account. During 2018, an amount of EUR 42,905 in lease incentives was charged to the result (2017: EUR 75,699). In 2017, a termination fee of EUR 837,778 was received. The rental income relates to an average of 16 properties (2017: 15 properties). The period of leases whereby the fund leases out its investment property under operating leases is 5 years or more. There were no contingent rents recognised as income during 2018 (2017: nil).

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

(amounts in EUR)	2018	2017
No later than 1 year	7,242,256	4,632,479
Later than 1 year and no later than 5 years	26,217,067	14,356,960
Later than 5 years	16,816,454	4,915,516
Total	**50,275,777**	**23,904,955**

16. Other income from investment property

(amounts in EUR)	2018	2017
Government subsidies for sustainability enhancing measures	4,379	1,930
Release reserved bank guarantee from bankrupt ex-tenant	–	171,679
Other income	–	738
	4,379	**174,347**

17. Net service charge expenses

(amounts in EUR)	2018	2017
Service costs related to vacancies	-270,400	-206,612
Settlement vacancy costs previous financial year	55,156	6,772
Settlement of service charges for previous financial year with tenants	156	-136
Result on basis of fixed fees for service charges	6.243	-841
	-208,845	**-200,817**

The ongoing charges figure for 2018 is 4.31% (2017: 4.41%).

18. Property expenses

(amounts in EUR)	2018	2017
Maintenance costs including transaction costs	494,740	285,216
Property management fee	172,686	134,611
Property tax	133,847	136,767
Ground rent	84,826	83,517
Letting commission	51,588	78,917
Consultancy fees	39,947	11,513
Insurance premiums	28,588	24,199
Rent for parking spaces	25,667	25,337
Marketing and promotion costs	9,052	4,294
Water authority charges	8,852	9,652
Costs of decarbonisation	-2,812	18,446
Government subsidies for sustainability enhancing measures	-28,672	-72,443
	1,018,309	**740,026**

19. Net realised result from fair value adjustments on investment property

The net realised result from fair value adjustments on investment property mainly relate to the divestment of the property Platinaweg in Emmeloord (2017: Wattbaan in Nieuwegein).

(amounts in EUR)	2018	2017
Realised result from fair value adjustments on investment property	-912,285	-6,308,260
Sales expenses	-57,988	-60,060
Depreciation of estate agent’s commission	-22,392	–
	-992,665	**-6,368,320**

20. Net unrealised result from fair value adjustments on investment property

(amounts in EUR)	2018	2017
Unrealised positive changes in the value of investment property	4,442,747	2,110,000
Unrealised negative changes in the value of investment property	-2,304,804	-956,720
Release of negative changes in value due to divestment	932,285	6,093,318
Unrealised negative changes in the value of investment property due to the addition of estate agent's commission to the investment property	-198,634	–
Release of realised depreciation of estate agent's commission	22,392	–
Unrealised change in the value of investment property due to costs to sell	-1,896,000	–
	997,986	**7,246,598**

Cost structure

Management fee
Triodos Vastgoedfonds does not employ any staff or board members. The fund is managed by Triodos Investment Management for an annual fee of 1.0% of the assets under management, to be calculated over the average value of the assets under management during a financial year.
This fee is used to cover all the costs of managing Triodos Vastgoedfonds, including the costs related to managing the investments and keeping the accounts and IT costs. The management fee (including the fee for the property management payable to CBRE) amounts to EUR 847,945 (2017: EUR 655,796).

Auditor's fee
The audit fees concerning the audit of the annual accounts and other services are detailed below. The audit fees for the annual accounts concern the financial year 2018, without taking into account whether these assurance procedures are performed in 2018. Other assurance procedures performed by the auditor concern the ISAE 3402 Type II report 2018. The auditor did not perform consultancy work. The total audit costs amount to:

(amounts in EUR)	2018	2017
Audit of the annual accounts	49,695	59,766
ISAE 3402 report	2,725	1,460
Total auditor's fee	**52,420**	**61,226**

The fees included in 2018 of the audit of the annual accounts include additional fees invoiced for the audit procedures related to the annual accounts 2017. These additional fees amount to EUR 4,485 (2017: 17,217) and have been invoiced by the auditor after finalisation of the annual accounts 2017 (2016).

Accounting costs
The accounting costs concern the salary administration for the members of the Supervisory Board.

Remuneration Supervisory Board

The remuneration of the members of the Supervisory Board is determined by the General Meeting of Shareholders. The General Meeting does not necessarily aim for remuneration in line with market practice. No loans, advances or guarantees have been provided to supervisory directors. For reasons of principle, there is no share option scheme for supervisory directors.

The remuneration of the members of the Supervisory Board of Triodos Vastgoedfonds is as follows:

(amounts in EUR)	2018	2017
Gerard Groener	6,750	6,750
Anke van Hal*	1,875	4,500
Carel de Vos tot Nederveen Cappel*	1,875	4,500
Jan Willem van der Velden	4,500	4,500
René Geskes*	–	1,500
	15,000	**21,750**
Non-deductible VAT	740	1,621
Travel costs	60	–
	15,800	**23,371**

* Is no longer a member of the Supervisory Board.

Total costs

The total costs for the fund amount to EUR 3,977,416 (2017: EUR 3,435,546).

Comparison of costs

In the following overview the costs for 2018 are compared with the limits set for the costs. The relevant limits defined are intended partly to offer the shareholders greater insight into the cost structure. The notes to the costs included in the annual accounts are aimed primarily at providing more insight into the costs of Triodos Vastgoedfonds. Several presentation methods are used which mainly manifest themselves with respect to outsourced activities and property expenses.

(amounts in EUR)	Costs 2018	Cost limit
Management fee	847,945	847,945
Remuneration Supervisory Board members	15,800	15,800
Remuneration Investment Committee members	12,504	12,504
External auditor’s fee	52,420	52,420
Depositary fees	30,345	30,345
Supervisor’s charges	-3,738	–
Marketing costs*	91,754	136,220
Acquisition costs	23,258	23,258
Costs for outsourcing work to third parties	4,167	4,167
Maintenance costs	494,740	494,740
Other property and service expenses	559,728	559,728
Finance costs	1,605,144	945,340
Other fund costs**	243,349	331,085
	3,977,416	

(amounts in EUR)	Costs 2017	Cost limit
Management fee	655,796	655,796
Remuneration Supervisory Board members	23,371	23,371
Remuneration Investment Committee members	3,189	3,189
External auditor’s fee	61,226	61,226
Depositary fees	29,034	29,034
Supervisor’s charges	19,200	19,200
Marketing costs*	48,270	103,696
Acquisition costs	5,585	5,585
Costs for outsourcing work to third parties	5,062	5,062
Maintenance costs	285,216	285,216
Other property and service expenses	521,016	521,016
Finance costs	1,573,929	1,573,929
Other fund costs**	204,652	343,555
	3,435,546	

* The annual marketing costs amount to a maximum of 0.25% of the average amount of equity (excluding the result for the current financial year with the exception of the unrealised changes in the value of investments).
** The other fund costs stated amount to up to 10% of the total costs.

Ongoing charges figure

The ongoing charges figure indicates the ratio between the average net asset value and the total costs during the past 12 months. The total costs do not include the costs of investment transactions and the finance costs. The costs related to the acquisition and redemption of shares by shareholders are not included either. When calculating this ratio, each calculation and published value for the net asset value is taken into account.

The ongoing charges figure for 2018 is 4.31% (2017: 4.41%).

Fund costs expense ratio

The fund costs expense ratio is represented by the fund costs, including the management fee, auditor's fees and marketing costs, as a percentage of the net asset value. The difference with the ongoing charges is that the property expenses, such as maintenance costs, that are included in that ratio, are not included in the fund costs expense ratio. The fund costs expense ratio is 2.06% (EUR 1,117,693) (2017: 2.17%, EUR 910,127).

Portfolio turnover rate

The portfolio turnover rate (PTR) for 2018 is 66.5% (2017: 10.4%). The PTR is the total amount of all investments related to average intrinsic value. Triodos Vastgoedfonds invests in investment property.

Earnings per share

(in EUR)	**2018**	**2017**
Direct result	0.13	0.24
Indirect result	0,00	0.07
Total result	**0.13**	**0.31**

Earnings per share is calculated by dividing the direct result or the indirect result by the weighted average number of ordinary shares.

(in EUR)	**2018**	**2017**
Earnings per share from continuing operations	-0.16	0.31
Earnings per share from discontinued operations	0.29	–
Total result	**0.13**	**0.31**

Earnings per share is calculated by dividing the loss from continuing operations or the profit from discontinued operations by the weighted average number of ordinary shares.

To calculate the earnings per share the weighted averages are used. The number of shares is as follows:

	2018	2017
Weighted average number of ordinary shares	16,515,744	12,565,593
Total outstanding ordinary shares eligible for distributions per 31 December	16,515,744	16,515,744

Concerning the calculation of the earnings per share, taxes have not been accounted for, since the fund is exempted from profit taxes (0%).

Related parties

Based on the definition of related parties in IAS 24, Triodos Vastgoedfonds has the following relevant relationships and transactions:

1 Stichting Triodos Holding

Stichting Triodos Holding holds 10 priority shares and has the right to make non-binding proposals for the appointment of members of the Supervisory Board. Stichting Triodos Holding is also entitled to a dividend of 4% of the nominal value of 10 priority shares with a nominal value of EUR 5 each.

2 Triodos Bank N.V.

- Triodos Bank N.V. is the sole shareholder of Triodos Investment Management B.V.
- Triodos Vastgoedfonds N.V. has deposited its cash and cash equivalents at Triodos Bank N.V. at market rates.
- Triodos Vastgoedfonds N.V. has taken out loans at Triodos Bank N.V. at market conditions and rates. These loans represent 22% of the fund’s external debt.
- Triodos Vastgoedfonds N.V. has issued 2,806,935 shares via Triodos Bank N.V.

3 Triodos Investment Management B.V.

- Triodos Investment Management B.V. manages Triodos Vastgoedfonds N.V. for an annual management fee of 1.0% of the assets under management, to be calculated over the average value of the investments during a financial year. In 2018 this fee amounted to EUR 847,945 including non-recoverable VAT (2017: EUR 655,674).
- Triodos Investment Management B.V. receives a fee of up to 1.0% of the acquisition or selling price of investment property as consideration for the support that it provides for the acquisition or divestment transactions in investment property. Before 1 August 2018, these fees were 1.2% of the acquisition or selling price of investment property. In 2018, this fee amounted to EUR 383,500 (2017: EUR 38,701).

4 Triodos Groenfonds N.V.

Triodos Groenfonds N.V. is an entity that is also managed by Triodos Investment Management B.V. Triodos Groenfonds N.V. has provided loans at market conditions and rates based on sustainability (green) certificates. These loans represent 11% of the fund’s external debt.

Post-balance sheet events

Investment property

After balance sheet date, the following investment properties were transferred:
- on 15-01-2019 the property at Wageningen, Nieuwe Kanaal II was transferred (out), resulting in a realised loss of EUR 810,183;
- on 01-02-2019 the property at Velp was transferred (out), resulting in a realised gain of EUR 339,560;
- on 01-03-2019 the property at Eindhoven was transferred (in), for a purchase price of EUR 14.6 million.

For an elaboration of the transferred (in) property in Eindhoven, please refer to Off-balance sheet commitments, assets and arrangements on page 51.

Borrowings and other long-term liabilities

At the moment of sale of the investment portfolio in 2019, the borrowings and other long-term liabilities will be repaid. Hence, when the Investment portfolio is sold in 2019, the borrowings and other long-term liabilities will become current liabilities and repaid within the financial year 2019.

Profit appropriation

The result available for distribution is nil as the taxable result can be offset against losses accumulated in previous years.

Outsourcing of core activities

The following core activities have been outsourced by Triodos Vastgoedfonds:

The duty of maintaining the market via Euronext Fund Services and the duty of payment agent have been outsourced to KAS BANK. The arrangements concerning these services have been laid down in contracts. In case of an attributable failure, KAS BANK may be held liable for any direct losses. The maximum amounts that may be claimed vary, depending on the nature of the failure. Indirect losses, including loss of income and damage to the fund's reputation, have been contractually excluded.

Until 1 July 2018, the asset management and property management activities were outsourced to Cairn. The fee is part of the management fee paid to Triodos Investment Management. The arrangements concerning these services have been laid down in an outsourcing agreement. If the services provided are not in accordance with the outsourcing agreement or laws and regulations, Triodos Investment Management will first of all demand proper performance by Cairn. If Cairn still fails to perform, the fund will give Cairn a notice of default and Cairn may subsequently be held liable for any losses (if applicable).

The outsourced activities can be specified as follows:

Asset management
Asset management comprises the management of properties (operation, preparing budgets, innovation, renovation and maintaining contact with the tenants). Asset management allows more detailed insight into the performance of the portfolio, so as to enable proposals for the acquisition and divestment of properties to be made.

Property management
Property management involves the management of investment property on an operational level and includes administrative (recording, categorising and processing in an outgoing flows of money, such as direct debits, changes and service charges), technical (energy management, maintenance contracts and scheduled maintenance) and commercial tasks. Property management is a source of information for the fund and asset managers.

As of 1 July 2018, the asset management is not outsourced anymore.

As of 1 July 2018, the property management activities are outsourced to CBRE. The fee is part of the management fee paid to Triodos Investment Management. The arrangements concerning these services have been laid down in an outsourcing agreement.

Directors and management

Triodos Vastgoedfonds does not employ any staff.

Priority shares

Ten priority shares have been issued to Stichting Triodos Holding.

The board of directors of this foundation consists of Pierre Aeby, Peter Blom and Jellie Banga.
Based on the Articles of Association the following special rights have been granted to the holders of priority shares:

- The right to submit a non-binding proposal to the General Meeting for every vacancy on the Supervisory Board;
- The right to prior approval of decisions of the General Meeting to amend the Articles of Association or to dissolve Triodos Vastgoedfonds;
- The right to a preferred dividend of four percent (4%) of the capital paid up on the Priority Shares, or the legal interest rate, if lower, to be charged to the amount of the profit as determined in the adopted annual accounts that remains after reservation of any amount destined for the creation or reinforcement of reserves;
- The right to receive the nominal value of the Priority Shares upon liquidation of the fund, before the subsequently remaining amount is distributed to the Shareholders.

Interests of members of the Supervisory Board and the Board of Directors in investments of the fund

The members of the Supervisory Board of Triodos Vastgoedfonds as well as the members of the Management Board of Triodos Investment Management and the fund manager do not and did not have personal interests in an investment of Triodos Vastgoedfonds at any time during the 2018 financial year.

Share ownership

As at 31 December 2018, the members of the Supervisory Board, the Management Board of Triodos Investment Management and the fund manager did not own any shares in Triodos Vastgoedfonds.

Zeist, the Netherlands, 23 April 2019

Fund manager
Guus Berkhout

The Board of Directors of Triodos Investment Management
Jacco Minnaar (Chair)
Kor Bosscher
Marilou van Golstein Brouwers
Dick van Ommeren

Other information

Statutory provisions regarding profit appropriation

According to Article 30 of the Articles of Association, the profit is to be appropriated as follows:
1. The General Meeting may adopt a proposal by the Board to first appropriate part of the profit as determined in the adopted annual accounts for creating or reinforcing reserves, provided this proposal has been approved by the Supervisory Board.
2. Out of the remaining profit, a dividend amounting to four percent (4%) of the capital paid in on the priority shares or the legal interest, if lower, is paid to the holders of priority shares. The remaining profit is at the disposal of the General Meeting, provided that no more than the amount indicated in the first sentence may be paid out on the priority shares.
3. The fund may only make distributions to the shareholders and other entities that are entitled to the distributable profit if its equity exceeds the amount of paid in and called up capital plus the legally required reserves.
4. On the proposal of the Board and after this proposal has been approved by the Supervisory Board, the General Meeting may decide that distributions to shareholders shall be made entirely or partially by distributing shares in the capital of the fund.
5. Whenever possible and legally allowed, the Board, subject to the approval of the Supervisory Board, shall be authorised to distribute one or more interim dividends to be charged to the expected dividend and/or other interim distributions, provided that the conditions of paragraph 3 have been met as shown by an interim statement of assets and liabilities as referred to in article 2:105 paragraph 4 of the Dutch Civil Code.
6. When calculating the profit distribution, the shares held by the Company in its capital shall be disregarded.

In accordance with Article 31.2 of the Articles of Association the claim of the shareholder to a distribution shall expire after five years.

Independent auditor's report

To: the general meeting and supervisory board of Triodos Vastgoedfonds N.V.

Report on the financial statements 2018

Our opinion

In our opinion, Triodos Vastgoedfonds N.V.'s financial statements give a true and fair view of its financial position as at 31 December 2018, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code and the Dutch Financial Supervision Act.

What we have audited

We have audited the accompanying financial statements 2018 of Triodos Vastgoedfonds N.V., Zeist ('the Fund').

The financial statements comprise:
- the statement of financial position as at 31 December 2018;
- the following statements for 2018: the statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The financial reporting frameworks that have been applied in the preparation of the financial statements are EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Financial Supervision Act.

Emphasis of matter – discontinuity of the activities of the Fund

We draw attention to the note 'Basis of preparation of the annual accounts' in the notes to the financial statements which indicates that a proposal in the extraordinary general meeting of shareholders was accepted by the majority of the shareholders to discontinue the Fund. The board of the Fund expects that the Fund will be able to meet its obligations. Our opinion is not modified in respect of this matter.

The basis for our opinion

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

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

Independence
We are independent of Triodos Vastgoedfonds N.V. in accordance with the European Regulation on specific requirements regarding the statutory audit of public interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

Our audit approach

Overview and context

Triodos astgoedfonds N.V. is a listed investment property fund in the Netherlands. The Fund invests in sustainably built or sustainably managed buildings and monuments. The Fund focuses mainly on commercial property, such as offices. Investments are made in the Netherlands. The Fund is managed and administered by Triodos Investment Management B.V. ('the manager'). The manager is also the board of the Fund. The depositary of the Fund is BNP Paribas Securities Services S.C.A. ('the depositary'). The asset manager and property manager of the Fund is Real Estate Growth Fund Management B.V. ('Cairn') for the period 1 January 2018 through 1 July 2018. As of 1 July 2018, the property manager is CBRE. The asset management is not outsourced anymore as of 1 July 2018. The organisational structure of the Fund, with a separate manager, asset manager and property manager, and the consequences of this structure for our audit, are discussed in the section 'The scope of our audit'.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where the manager made important judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. In the section 'Use of estimates and judgements' of the financial statements, the Fund describes the areas of judgement in applying accounting policies and the key sources of estimation uncertainty. Given the significant estimation uncertainty and the related higher inherent risks of material misstatement in the valuation of disposal group classified as held for sale, we considered this to be a key audit matter as set out in the 'Key audit matters' of this report. Furthermore, we identified the accuracy and completeness of rental income which is part of the profit for the period from discontinued operations as a key audit matter because incomplete or inaccurate revenue recognition is material for the net asset value of the Fund.

As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the manager that may represent a risk of material misstatement due to fraud.

We ensured that the audit team had the appropriate skills and competences regarding the valuation of investment property and taxation, which are needed for the audit of an investment property fund. We therefore included experts and specialists in the areas of valuation of investment property and tax in our team. Furthermore, for the assessment of relevant IT dependencies, like the completeness and accuracy of the reports from the different systems we used in our audit, we added IT specialists to our team.

The outline of our audit approach was as follows:

Materiality
• Overall materiality: €562,564.

Scope of the audit
• The Fund is managed by Triodos Investment Management B.V. The manager is also the board of the Fund. The depositary of the Fund is BNP Paribas Securities Services S.C.A.
• The asset and property manager of the Fund is Real Estate Growth Fund Management B.V. ('Cairn') for the period 1 January 2018 through 1 July 2018. As of 1 July 2018, the property management is outsourced to CBRE.

Key audit matters
• Valuation of disposal group classified as held for sale.
• Accuracy and completeness of rental income which is part of the profit for the period from discontinued operations.

Materiality

The scope of our audit is influenced by the application of materiality, which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements, both individually and in aggregate, on the financial statements as a whole and on our opinion.

Overall materiality	€562,564 (2017: €548,000).
Basis for determining materiality	We used our professional judgement to determine overall materiality. As a basis for our judgement we used 1% of the net asset value (equity) based on the preliminary numbers of the Fund. It was considered not necessary to update the materiality based on the final numbers of the Fund.
Rationale for benchmark applied	We used net asset value as the primary benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements and the purchasing-and-selling considerations of the Fund's shareholders. On this basis, we believe that the net asset value is an important metric for the financial performance of the Fund.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements identified during our audit above €28,000 (2017: €27,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our audit

The Fund is managed by Triodos Investment Management B.V. The manager is also the board of the Fund.

Given that we have overall and ultimate responsibility for our opinion, we are responsible for directing, supervising and performing the audit of the financial statements. We have designed the scope of our audit in such a way that we are able to give an opinion on the financial statements, taking into consideration the involvement of the manager, and the environment in which the Fund operates, where administrative processes and internal controls are largely outsourced to the manager, asset manager and property manager.

We placed reliance on the ISAE 3402 type II report of the manager (1 January 2018 through 31 December 2018) for the operating effectiveness of internal controls since these cover controls at an operational process level that are relevant to our audit of the financial statements. This report comprises, among other things, a description of the design of internal controls at the manager and an assurance report thereon provided by an independent auditor based on generally accepted assurance standards.

With respect to the internal controls performed by Triodos Investment Management B.V., we obtained and read the report for the period 1 January 2018 through 31 December 2018. Based on our risk assessment and understanding of the Fund we identified those internal controls in the ISAE 3402 type II report which were relevant for our audit of the financial statements. We applied professional judgement to determine the extent of testing required over each balance in the financial statements, including whether we needed to perform additional testing in respect of the controls described in the ISAE 3402 type II report to support our substantive work.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. In this section, we describe the key audit matters and include a summary of the audit procedures we performed on those matters.

We addressed the key audit matters in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide separate opinions on these matters or on specific elements of the financial statements. Any comments or observations we make on the results of our procedures should be read in this context.

Due to the nature of the Fund's business we recognise that key audit matters may be long-standing and therefore may not change significantly year over years. As compared to last year, there have been no changes in key audit matters.

In addition to the matters described in the section 'Emphasis of matter – discontinuity of the activities of the Fund' we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key matter
Valuation of disposal group classified as held for sale The investment property as disclosed under the disposal group classified as held for sale has been valued on the balance sheet at €98,909,000 (2017: €63,865,000 classified as investment property) and is based on the accounting policies for valuation as explained on pages 33 to 35 of the financial statements. The valuation of the disposal group classified as held for sale is fair value less costs to sell. The fair value measurement of the investment properties concerns estimations that are based on assumptions and considering future events that are inherently uncertain where significant judgement is required. This is due to the characteristics of each property, the specific location, and expectations regarding the future rental income and cost of each property. A relatively minor adjustment to assumptions used in the valuation of each property can lead to a significantly different valuation of investment property in the financial statements. Costs to sell are the incremental costs directly attributable to the sale. The costs to sell are based on the manager's best estimate based on the available information. As a result of the extent of these assets in relation to the balance sheet total, and given the significant estimation uncertainty involved in the valuation of these assets, we considered the valuation of disposal group classified as held for sale as a key audit matter. The manager uses external appraisers to determine the fair value of the individual investment property. These external appraisers rotate once every three years. All investment properties have been valued by external appraisers as at 31 December 2018. The external appraisers are appointed by the manager and perform their work in accordance with	We assessed the design and tested the operating effectiveness of internal controls over the valuation process for investment property from the manager. Refer to our procedures as described in 'The scope of our audit'. We have evaluated the competence, capacities and objectivity of the external appraisers appointed by the manager. We have read the instructions given by the manager to determine whether the external appraisers received appropriate instructions that could be used for the valuation of the investment property as disclosed under the disposal group classified as held for sale in the 2018 financial statements and to determine that no impediments were placed on the scope of the instructions towards the external appraisers. We did not identify any clauses that might affect their objectivity or impose limitations on their work. We have concluded that the valuation methods used by the external appraisers are acceptable. Due to these procedures with regard of competence, capacities, objectivity, instructions and methodology used, we established that the assessments can be used as audit evidence for the valuation of the investment property in the financial statements. We reconciled the assessed value in the valuation reports with the financial administration for all the investment properties. For a sample of investment properties, we reconciled the source data in the valuation reports with the underlying rent contracts. We did not find any material differences in this respect. With the support of our valuation experts, we assessed the assumptions used by the external appraisers in the valuations (including the

Key audit matters	How our audit addressed the matter
the standards laid down by the Royal Institute of Chartered Surveyors (RICS). When determining the valuation of a property, the external appraisers take the current, property-specific information from the existing lease contracts into account. The external appraiser then makes assumptions relating to factors such as the capitalisation rate, discount rate, market rent and vacancy expectations, based on the available market information and transactions, to arrive at a set of valuation outcomes, from which the valuation is determined. Due to the unique nature of each property, the applied assumptions take into consideration the individual characteristics at tenancy level and the quality of the property as a whole. The manager has included the outcomes of the external appraisals without adjustments in the 2018 financial statements.	capitalisation rate, discount rate, market rent and vacancy expectations) against external data (including market transactions) based on sampling. We tested the outcome of an external appraisal against an acceptable bandwidth. For the appraisals in our sample, we determined that the appraised value fell within a bandwidth that we deem acceptable. We did not find any material differences in this regard. In relation to the costs to sell, we have tested this on a sample basis with the underlying supporting documentation. Further we have challenged the estimates and assumptions made by the manager in relation to their best estimate. We have also examined the adequacy of the notes to the financial statements regarding the assumptions, and the impact of sensitivity on the manager's assessment, given the importance of this information for users of the financial statements and in view of the estimation uncertainty in the valuation of disposal group classified as held for sale. We did not find any material differences in this regard.

Key audit matters	How our audit addressed the key matter
Accuracy and completeness of rental income which is part of the profit for the period from discontinued operations The rental income as disclosed under the profit for the period from discontinued operations recorded in the statement of profit and loss is based on the accounting policies as explained on page 37 of the financial statements. The rental income of the Fund amounts to €6,075,977 (2017: €6,281,400) in 2018. The accuracy and completeness of rental income from investment property is a key audit matter in our audit because revenue recognition is an important element for assessing the performance of the Fund.	We assessed the design and tested the operating effectiveness of internal controls over the rental income process. Refer to our procedures as described in 'The scope of our audit'. In addition, we performed substantive testing. We have tested the accuracy of the rental income by reconciling the rental income recorded in the financial statements with the current lease contracts on a sample basis. We did not find any material differences in this regard. We have verified the completeness of the rental income through a combination of procedures, including reconciling the available area of the properties with their area measurements, the periodicity of the rental income and vacancy checks.

Key audit matters	How our audit addressed the key matter
In addition, the Dutch auditing standards imply the existence of an inherent significant audit risk of fraud in revenue recognition given the potential pressure the manager can experience when realising the objective for obtaining sufficient return on the investment for the long term. The manager must ensure accurate and complete recognition of the rental income, including an accurate recognition of the lease incentives granted over the term of the leases.	We did not find any material differences in this regard. We have specifically assessed whether the lease incentives granted are accounted for on a straight-line basis over the term of the leases. We did not find any material differences in this regard. We have also examined the adequacy of the notes to the financial statements regarding the rental income. We did not find any material differences in this regard.

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:

- key figures;
- general information;
- report of the board;
- report of the supervisory board;
- other information;
- appendix A. Investment portfolio Triodos Vastgoedfonds;
- appendix B. Triodos Sustainable Real Estate Screen;
- appendix C. EPRA Performance Measure;
- appendix D. Disclosure of key figures which cannot directly be reconciled with the financial statements;
- glossary;
- personal details; and
- address and colophon.

Based on the procedures performed as set out below, we conclude that the other information:

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

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

By performing our 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 such procedures was substantially less than the scope of those performed in our audit of the financial statements.

The manager is responsible for the preparation of the other information, including the report of the board and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code and the Dutch Financial Supervision Act.

Report on other legal and regulatory requirements

Our appointment

We were appointed as auditors of Triodos Vastgoedfonds N.V. by the shareholders following the decision of the general meeting on 21 May 2015 for the book years 2017 to 2019. We are auditors for a total period of uninterrupted engagement appointment for three years.

No prohibited non-audit services

To the best of our knowledge and belief, we have not provided prohibited non-audit services as referred to in article 5(1) of the European Regulation on specific requirements regarding statutory audits of public interest entities.

Services rendered

The non-audit services, in addition to the audit, that we have provided to the Fund for the period to which our statutory audit relates, are disclosed in note 'Cost structure' to the financial statements.

Responsibilities for the financial statements and the audit

Responsibilities of the board (being the manager of the Fund) and the supervisory board for the financial statements

The board is responsible for:
- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code and the Dutch Financial Supervision Act; and for
- such internal control as the board 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 board is responsible for assessing the Fund's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the board should prepare the financial statements using the going-concern basis of accounting unless the board either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so. The board 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.

The supervisory board is responsible for overseeing the Fund's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement.

Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be 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.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Rotterdam, 23 April 2019
PricewaterhouseCoopers Accountants N.V.

M.P.A. Corver RA

Appendix to our auditor's report on the financial statements 2018 of Triodos Vastgoedfonds N.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, 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 error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional 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 board.
- Concluding on the appropriateness of the board's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Fund to cease 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 communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. In this respect we also issue an additional report to the supervisory board in accordance with article 11 of the EU Regulation on specific requirements regarding statutory audits of public interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Appendix A
Investment portfolio Triodos Vastgoedfonds

Triodos Vastgoedfonds invests directly in properties that meet the sustainability criteria of the fund. The fund invests in sustainably constructed properties, listed properties or existing properties, which are subsequently made more sustainable by the fund. The fund invests exclusively in offices.

In order to determine whether properties are truly sustainable, Triodos Vastgoedfonds has developed an assessment model: the Triodos Sustainable Real Estate Screen. Since 2010 all properties ares assessed by means of this Screen. In order to determine whether a property is sustainable, this model also takes into account the (local) surroundings and the user, as well as the owner and the financial return that the owner requires. These elements can be subdivided into four main categories: People, Planet, Profit and Project. This is what distinguishes the Triodos Sustainable Real Estate Screen from other models that are used to assess buildings in isolation. Further information about the Triodos Sustainable Real Estate Screen can be found in Appendix B.

When determining the weight of the Planet factor in the Triodos Sustainable Real Estate Screen, the energy performance of a building is a consideration. Since 1 January 2008 the energy performance must also be determined on the basis of the 'European Energy Performance of Buildings Directive'. Since 2012 year-end, all properties owned by Triodos Vastgoedfonds have an energy label.

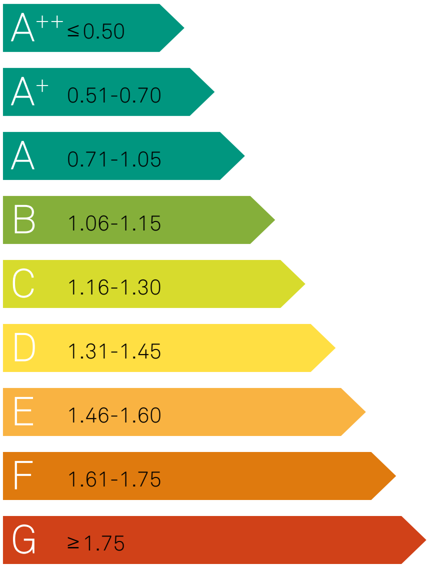
Triodos Vastgoedfonds breaks its investment portfolio down into three categories:
1. New properties that have been sustainably constructed and are managed sustainably;
2. National listed properties that are managed sustainably;
3. Existing properties that are managed sustainably.

The results of the screening for the properties of the fund in each category are given on the following pages. In a small number of cases the score is inadequate (<5.5). As part of the property management activities, measures will be implemented to reach the minimum score of 5.5. For listed properties the fund accepts the scores for "Planet" to be less than 5.5 as most of these properties are not energy efficient.

As technologies and ideas about sustainability constantly are changing, the Screen is regularly updated. The fund has updated the Screen in December 2017, which is used for the scores of 2018.

Sustainably constructed and managed

very energy efficient



very energy inefficient

Amersfoort, Utrechtseweg, owned since 2010

A 0.71-1.05

	2018
People	7.0
Planet	6.3
Profit	6.2
Project	8.3

Apeldoorn, Laan van Westenenk, owned since 2008

A 0.71-1.05

	2018
People	7.4
Planet	6.5
Profit	5.9
Project	7.6

Delft, Westlandseweg, owned since 2018

A 0.71 - 1.05

	2018
People	7.5
Planet	6.6
Profit	7.7
Project	6.8

Groningen, Rostockweg,
owned since 2008

A+ 0.51-0.70

	2018
People	–
Planet	–
Profit	–
Project	–

Groningen, Stationsweg,
owned since 2011

A+ 0.51-0.70

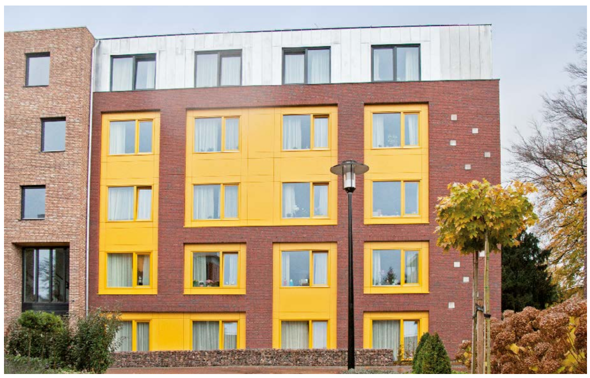
	2018
People	7.1
Planet	7.3
Profit	6.5
Project	8.4

Utrecht, Blaeulaan I en II,
owned since 2009

A+ 0.51-0.70

D 1.31-1.45

	2018
People	7.4
Planet	6.9
Profit	6.9
Project	7.6



Velp, Kastanjehof 2,
owned since 2012

A++ ≤0.50

	2018
People	–
Planet	–
Profit	–
Project	–

Wageningen, Nieuwe Kanaal II,
owned since 2005

A 0.71-1.05

	2018
People	–
Planet	–
Profit	–
Project	–

Amsterdam, Herengracht,
owned since 2008

G ≥ 1.75

	2018
People	5.8
Planet	5.5
Profit	7.7
Project	6.4

Arnhem, Willemsplein,
owned since 2011

G ≥ 1.75

	2018
People	5.8
Planet	5.2
Profit	6.6
Project	7.6

Baarn, Kennedylaan,
owned since 2004

C 1.16-1.30

F 1.61-1.75

	2018
People	6.7
Planet	7.0
Profit	6.7
Project	7.8

Rotterdam, Honingerdijk,
owned since 2009

G ≥1.75

	2018
People	5.9
Planet	4.5
Profit	6.1
Project	6.7

Den Haag, Prins Hendrikstraat,
owned since 2011

A 0.71-1.05

	2018
People	6.6
Planet	7.0
Profit	6.5
Project	7.2

Existing property, sustainably managed

Amsterdam, Naritaweg,
owned since 2018

A 0.71-1.05

	2018
People	7.5
Planet	6.8
Profit	6.3
Project	6.9

Boxtel, Bosscheweg,
owned since 2006

B 1.06-1.15

	2018
People	7.4
Planet	6.5
Profit	6.2
Project	7.9

Den Haag, Anna van Saksenlaan,
owned since 2018

A 0.71-1.05

	2018
People	7.5
Planet	6.4
Profit	6.8
Project	7.4

Wageningen, Nieuwe Kanaal I,
owned since 2005

A 0.71-1.05

	2018
People	7.5
Planet	6.0
Profit	5.4
Project	7.5

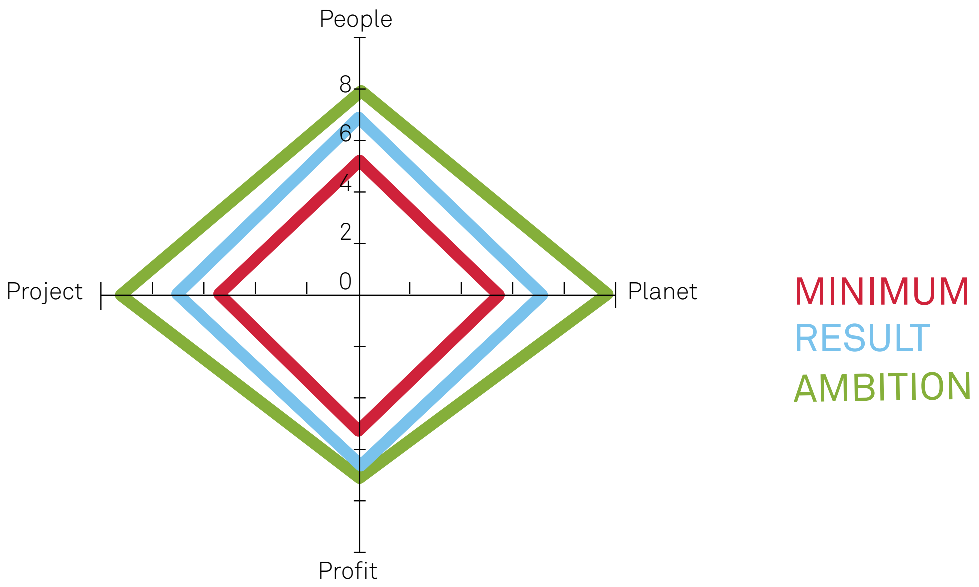
Appendix B
Triodos Sustainable Real Estate Screen

Triodos Vastgoedfonds invests directly in properties that meet the sustainability criteria of the fund. The fund invests in sustainably constructed properties, listed properties or existing properties, which are subsequently made more sustainable by the fund. The fund invests exclusively in offices.

To determine whether properties are sustainable, Triodos Vastgoedfonds has developed an assessment model: the Triodos Sustainable Real Estate Screen. This test was developed on the basis of an article1 on sustainable real estate by emeritus Prof. ir. C.A.J. Duijvestein of the technical university of Delft and incorporated the GPR software. The GPR software assesses and rates environmental impact, energy performance and design quality of building and urban developments2.

The Triodos Sustainable Real Estate Screen is a tool to maximize impact, manage risks and optimize financial returns. This assessment tool is subdivided into four main categories: People, Planet, Profit and Project. People for Health and Quality of use, Planet for Energy and Environmental impact, Profit for risk and financial return and Project for Future Value. Each category is divided into sub-categories. For every category, there is a rating on a scale from 1 (very poor) to 10 (very good). These categories are part of the Screen and result in four scores. Triodos Vastgoedfonds requires a property to have at least a pass score (5.5) in three of these categories and have a score of at least 7.5 for one category. For listed properties the fund accepts the scores for “Planet” to be less than 5.5 as most of these properties are not energy efficient.

This means that the screen only qualifies a property as sustainable if the requirements with regard to the four Ps are met. This approach is what clearly sets the screen used by Triodos Vastgoedfonds apart from other assessment methods. By using this model Triodos Vastgoedfonds looks beyond energy consumption and the environmental quality of a property. For instance, a property that does get a good score for the energy and environment elements, but has insufficient rental potential, will not meet the criteria of the model and can therefore not be included in the portfolio. The Triodos Sustainable Real Estate Screen thus shows that, when it comes to sustainability, financial aspects cannot be considered separately from the environmental elements. Sustainability and financial return are inextricably linked.



1 Prof. Ir. C.A.J. Duijvestein; http://docplayer.nl/15006072-De-tetraeder-van-duurzaam-bouwen.html
2 https://www.gprsoftware.nl/english-information/

The outcome of the Screen is also set out in a radar chart. In the figure above, the red line indicates the minimum requirements defined by Triodos Vastgoedfonds. The blue line indicates the property's current scores, while the green line is the potential outcome as estimated by the fund's management. In this case, the blue line is well above the minimum requirements and the property therefore amply meets the sustainability requirements.

The Triodos Sustainable Real Estate Screen also stimulates active property management. Together with the asset manager, Triodos Vastgoedfonds defines the objectives based on the criteria of the Triodos Sustainable Real Estate Screen. This leads to innovative energy management and creates long term tenant engagement.

Appendix C
EPRA Performance Measures

Triodos Vastgoedfonds has started to report figures and indicators based on the guidelines and Best Practices Recommendations (BPR) published by the European Public Listed Real Estate Association (EPRA). EPRA is the association of Europe's leading property companies, investors and consultants which strives to establish best practices in accounting, reporting and corporate governance and to provide high-quality information to investors. Triodos Vastgoedfonds endorses the intended standardisation in reporting to promote comparability and improving the quality of information provided to investors and other users of the annual report. The fund therefore has decided to include the key performance indicators in the annual report.

EPRA's Best Practices Recommendations guide is available on EPRA's website www.epra.com.

(amounts in EUR)	2018	2017
EPRA Earnings	2,770,000	3,025,000
EPRA NAV	3.41	3.32
EPRA NNNAV	3.41	3.32
EPRA Net Initial Yield (NIY)	6.6%	6.6%
EPRA 'topped-up' NIY	6.6%	6.8%
EPRA Vacancy Rate	5.6%	12.7%
EPRA Cost Ratios	(a) 37.6% and (b) 33.1%	(a) 25.9% and (b) 22.7%

Glossary EPRA Performance Measure

EPRA Earnings — Earnings from operational activities.

EPRA NAV — Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.

EPRA NNNAV — EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.

EPRA Net Initial Yield (NIY) — Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.

EPRA 'topped-up' NIY — This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

EPRA Vacancy Rate — Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.

EPRA Cost Ratios — Administrative & operating costs (including (a) & excluding costs (b) of direct vacancy) divided by gross rental income.

Appendix D: Disclosure of key figures which cannot directly be reconciled with the financial statements

In the key figures of the annual report 2018, we have included several figures and percentages which cannot directly be reconciled with the financial statements. Below we have set out the calculation.

Indirect result

This result is determined by adding up the net (un)realised result from fair value adjustments on investment property and receivables.

Solvency

This ratio is calculated by dividing the net asset value at year-end by the balance sheet total and expressing the outcome as a percentage.

Loan to Value

This ratio is calculated by dividing borrowings at year-end by the fair value of investment property at year-end.

Cost of borrowings

The cost of borrowings is determined by the weighted average interest percentage of the loans accounted for in borrowings at year-end.

Interest coverage

The figure as disclosed provides information whether the fund generates sufficient cash income to cover the interest expenses during the year. This figure is calculated by dividing “corrected income” by the net finance costs. “Corrected income” is determined by adding the net finance costs and indirect result to the profit for the year.

Ratio of illiquid investments at year-end

This ratio is calculated by dividing the fair value of investment property by the net asset value at year-end.

Glossary

Debt yield cover	Net rental income as a percentage of the loans.
Direct result	Rent and other income minus all costs (excluding costs to sell), i.e. the total result minus (un)realised changes in value
Dividend yield	Dividend or distribution divided by the stock market price of the share as at the end of the financial year in which the dividend or distribution was paid out
Equity or net asset value	Possessions minus debt
Fund costs expense ratio	The fund costs expense ratio refers to the fund costs, including the management fee, auditor's fees and marketing costs, as a percentage of the net asset value The difference with the current cost ratio is that the property expenses, such as maintenance costs, that are included in that ratio are not included in the fund costs expense ratio.
Invested capital	Capital invested in investment properties
Ongoing charges	The ongoing charges is the ratio between the average net asset value and the total costs during the past 12 months. The total costs do not include the costs of investment transactions and the interest charges. The costs related to the acquisition and redemption of shares by shareholders are not included either. When calculating this ratio, each calculation and published value for the net asset value is taken into account.
Realised change in value	Change in the value of investment properties that is realised by selling the property.
Total result (profit/loss for the year)	Rent and other income minus all costs plus (un)realised changes in value
Unrealised change in value	Change in the value of a property in the portfolio, including reversal of historical unrealised changes in the value of investment properties upon divestment.

Personal details

Supervisory Board

G.H.W. Groener (chair)

Gerard Groener is chairman of the Supervisory Board of Triodos Vastgoedfonds. He is managing director at Ingka Centres, a subsidiary of Ingka Group that develops and manages shopping centres around the world. Previously, Gerard Groener was CEO at Corio, the former Utrecht-based listed property company. Corio merged with Klépierre in January of 2015. He is also a member of the Supervisory Board of Triodos Fair Share Fund and Triodos Groenfonds. Gerard Groener was first appointed in 2015. According to the rotation schedule, his first term of office will end in 2019. As at 31 December 2018, he did not hold any shares in Triodos Vastgoedfonds.

J.W.P.M. van der Velden

Jan Willem van der Velden is a lawyer at Keijser Van der Velden and deputy judge at the court in Den Bosch. He is a lecturer at the Institute for Financial Law of University of Amsterdam and obtained his PhD with a thesis on investment funds. He is also a member of the Supervisory Board of Triodos Fair Share Fund, the Supervisory Board of Triodos Groenfonds, the Board of Stichting Bisschoppelijke Vastenaktie Nederland and a member of the Supervisory Board of SolarNow. Jan Willem van der Velden was first appointed in 2017. According to the rotation schedule, his first term will end in 2021. As at 31 December 2018, he did not hold any shares in Triodos Vastgoedfonds.

Fund manager

G.T. Berkhout

Guus Berkhout is the fund manager of Triodos Vastgoedfonds and has been involved with the fund since its launch. Before he became the fund's manager he worked as team manager at Triodos Groenfonds, as investment manager at Triodos Venture Capital fund and as account manager corporate banking at Triodos Bank. He began his career at ING and decided to move to Triodos Bank in order to contribute to making the financial world more sustainable. The property sector provides excellent opportunities to make this happen.
Guus Berkhout has obtained an MBA at Erasmus University Rotterdam and has published several articles about funding and valuing sustainable real estate. He gives lectures and acts as guest speaker, for instance at the Amsterdam School of Real Estate. In 2014 Guus Berkhout joined the Royal Institution of Chartered Surveyors (RICS), a leading global organisation of property professionals. As at 31 December 2018, he did not hold any shares in Triodos Vastgoedfonds.

Board

Triodos Vastgoedfonds is managed by Triodos Investment Management. The board of Triodos Investment Management consists of:

J.J. Minnaar

Jacco Minnaar is Chair of the Management Board at Triodos Investment Management and Triodos Investment Advisory & Services B.V. In addition, he is a Member of the Board of Stichting Hivos-Triodos Fund. As at 31 December 2018, he did not hold any shares in Triodos Vastgoedfonds.

K. Bosscher

Kor Bosscher is Director Risk and Finance at Triodos Investment Management and Triodos Investment Advisory & Services B.V. As at 31 December 2018, he did not hold any shares in Triodos Vastgoedfonds.

M.H.G.E. van Golstein Brouwers

Marilou van Golstein Brouwers is Managing Director of Triodos Investment Management and Triodos Investment Advisory Services BV. In addition, she is a Member of the Board of Stichting Triodos Sustainable Trade Fund, Stichting Triodos Renewable Energy for Development Fund and Stichting Hivos-Triodos Fund. She is also a Member of the Board of Triodos SICAV I and Triodos SICAV

II. Furthermore, Marilou van Golstein Brouwers is a Member of the Board of the Global Impact Investing Network (GIIN), Chair of the Supervisory Board of B Corps Europe and member of the We-Fi's Leadership Champions, the Women Entrepreneurs Finance Initiative housed in the World Bank. She Is also Chair of the Supervisory Board of Qredits. As at 31 December 2018, she did not hold any shares in Triodos Vastgoedfonds.

D.J. van Ommeren

Dick van Ommeren is Managing Director at Triodos Investment Management and Triodos Investment Advisory & Services B.V. He is a Member of the Board of Triodos SICAV I and a Member of the Board of the Dutch Fund and Asset Management Association (DUFAS). As at 31 December 2018, he did not hold any shares in Triodos Vastgoedfonds.

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Colophon

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