



Triodos Vastgoedfonds

Semi-annual report June 2019

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 NV
semi-annual report
June 2019

Key figures ¹

| (amounts in EUR x 1,000) | 1st half year 2019 | 1st half year 2018 | 2018 | 2017 | 2016 |
|---|--------------------------|--------------------------|--------|--------|--------|
| Financial result | | | | | |
| Gross rental income | 3,850 | 2,781 | 6,076 | 6,282 | 6,446 |
| Other income from investment property | 4 | 1 | 4 | 174 | 12 |
| Total income from investment property | 3,854 | 2,782 | 6,080 | 6,456 | 6,458 |
| Total property expenses | -601 | -548 | -1,227 | -941 | -847 |
| Net rental income | 3,253 | 2,234 | 4,853 | 5,515 | 5,611 |
| Management expenses and other operating costs | -864 | -453 | -1,145 | -921 | -730 |
| Net finance costs | -1,514 | -307 | -1,598 | -1,569 | -1,726 |
| Direct result | 875 | 1,474 | 2,110 | 3,025 | 3,155 |
| Indirect result | 1,818 | 812 | 5 | 878 | -114 |
| Profit (total result) | 2,693 | 2,286 | 2,115 | 3,903 | 3,041 |
| Ongoing charges | 5.18% | 3.49% | 4.31% | 4.41% | 5.50% |
| Fund costs expense ratio | 2.82% | 1.76% | 2.06% | 2.17% | 2.49% |
| Balance and ratios | | | | | |
| Investment property ultimo | - | 77,070 | - | 63,865 | 66,150 |
| Disposal group classified as held for sale | 111,432 | - | 98,909 | - | - |
| Borrowings ultimo | 57,448 | 18,648 | 45,660 | 18,651 | 33,662 |
| Net asset value ultimo | 53,091 | 53,872 | 53,701 | 54,889 | 30,341 |
| Solvency | 46% | 68% | 53% | 73% | 46% |
| Loan to Value | 51% | 28% | 45% | 29% | 51% |
| Cost of Borrowings | 2.5% | 3.1% | 2.6% | 3.1% | 4.7% |
| Interest coverage | 1.6 | 5.8 | 2.3 | 2.9 | 2.8 |
| Average maturity of borrowings (in years) | 6.2 | 6.5 | 6.7 | 7.0 | 3.4 |
| Number of shares outstanding ultimo (x 1,000) | 16,516 | 16,516 | 16,516 | 16,516 | 8,399 |
| Weighted average number of shares outstanding (x 1,000) | 16,516 | 16,516 | 16,516 | 12,566 | 8,399 |
| Portfolio figures | | | | | |
| Number of properties in the fund's portfolio ultimo | 16 | 16 | 17 | 15 | 16 |
| Occupancy rate ultimo | 95% | 89% | 94% | 87% | 92% |
| Average term of leases (in years) | 5.7 | 5.4 | 5.4 | 5.1 | 4.1 |
| Ratio of illiquid investments ultimo | 210% | 143% | 188% | 116% | 219% |

¹ Unless stated otherwise, all figures in this semi-annual report are including estimated costs to sell.

Per share

| (amounts in EUR) | 1st half year 2019 | 1st half year 2018 | 2018 | 2017 | 2016 |
|-------------------------------|-----------------------|-----------------------|------|------|-------|
| Net asset value ultimo | 3.21 | 3.26 | 3.25 | 3.32 | 3.61 |
| Share price ultimo | 2.86 | 2.59 | 2.68 | 2.80 | 3.00 |
| Direct result | 0.05 | 0.09 | 0.13 | 0.24 | 0.37 |
| Indirect result | 0.11 | 0.05 | 0.00 | 0.07 | -0.01 |
| Total result | 0.16 | 0.14 | 0.13 | 0.31 | 0.36 |
| Distributions to shareholders | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 |

Return Triodos Vastgoedfonds

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|-----------------|------|------|------|------|------|
| Dividend yield* | 7.5% | 7.1% | 6.7% | 6.4% | 7.6% |

* The dividend yield is calculated by dividing the distribution to shareholders by the market price per share as at the end of the financial year in which the distribution to shareholders took place.

General information

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

Triodos Vastgoedfond was established in 2004 by Triodos Bank N.V. (Triodos Bank) and was the first sustainable real estate fund in the Netherlands. Triodos Vastgoedfond 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 Vastgoedfond has a consistent track record in delivering a solid distribution to its shareholders.

Triodos Vastgoedfond has been CO₂ 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 Vastgoedfond 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 Vastgoedfond. 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/governance.

The board of Triodos Investment Management consists of:

Jacco Minnaar (Chair)

Kor Bosscher (Managing Director Risk & Finance)

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 Vastgoedfond since 2010.

Investment committee

Properties are acquired and disposed of partly on the basis of the advice obtained from an investment committee. The investment committee currently consists 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.

During the Annual General Meeting of Shareholders held on 4 June 2019, Mr. G.H.W. Groener was reappointed as member of the Supervisory Board.

The composition of the Supervisory Board is currently as follows:

Gerard Groener (Chair)

Jan Willem van der Velden

Semi-annual report

The figures shown in this semi-annual report have not been subjected to an external audit.

Report of the Board

Highlights of first half year 2019

- Process to end the fund's activities following the decision by the EGM on 17 December 2018 is in progress
- 38% increase of gross rental income compared to first half of 2018
- Net result increased to EUR 2.7 million (first half 2018: EUR 2.3 million)
- Direct result decreased to EUR 0.9 million (first half 2018: EUR 1.5 million) due to recognition of costs related to the sale of the portfolio
- Uptrend in valuations of the portfolio assets
- EUR 0.20 per share over 2018 was paid out on 11 June 2019

During the Extraordinary General Meeting (EGM) on 17 December 2018, the shareholders of Triodos Vastgoedfonds have voted in favor of the proposal to end the fund's activities. As part of the process to end the fund's activities, the fund appointed a legal advisor and a real estate agent in February in order to facilitate a transparent, structured and compliant sales process. Law firm and civil law notary Lexence is assisting the fund in this process as a legal and tax advisor. BNP Paribas Real Estate Advisory Netherlands acts as selling agent for the real estate.

As per 9 April 2019, the portfolio of Triodos Vastgoedfonds has been made available to the market. Following a successful marketing phase, Triodos Vastgoedfonds signed non-disclosure agreements with 69 interested parties, after which these parties were provided access to information based on which they could make a non-binding offer. This has resulted in 25 non-binding offers for the portfolio of Triodos Vastgoedfonds, or parts of it.

Following the non-binding offers, selling agent BNP Paribas Real Estate entered into discussion with a selection of potential buyers. This selection was made based on the height of the bids and a number of qualitative criteria, such as experience in the Dutch real estate market and available resources for investment. More information about the process to end the fund's activities is available in the outlook.

In the first half of 2019, the net result of Triodos Vastgoedfonds increased by 18% to EUR 2.7 million (first half 2018: EUR 2.3 million). The direct result was EUR 0.9 million (first half year 2018: EUR 1.5 million). The decrease compared to the first half year of 2018 was mainly a result of the recognition of estimated costs related to selling the portfolio and an increased outstanding loan amount. The indirect result increased with EUR 1.0 million to EUR 1.8 million (first half year 2018: EUR 0.8 million).

In June 2019, the fund paid out EUR 0.20 per share over the year 2018. Due to this distribution to shareholders, the equity of the fund has decreased to EUR 53.1 million (from EUR 53.7 million as per 31 December 2018).

As per 30 June 2019, the portfolio represents a value of EUR 111.4 million. During the first half of 2019, the fund divested two properties and added one property to the portfolio.

Market developments ¹

The Netherlands firmly remains one of the most sought-after global real estate investment markets. Dutch real estate investment volume exceeded EUR 20 billion in 2018, of which 50% were cross border transactions. The Netherlands' appeal is fueled by a relatively strong macroeconomic environment. Despite international geopolitical uncertainties due to issues such as Brexit and the US-China trade conflict, there is relatively little political uncertainty in the Netherlands and primary Dutch economic indicators remain positive.

As a result of the current economic climate, demand for office space in prime locations is high. Consequently, office rents are increasing and vacancy is declining. For example, in the first quarter of 2019, office take-up was approximately 470,000 sqm, resulting in office vacancy falling further. Reduced supply and accelerating rent in

¹ The fund based the market developments on the following sources:

- Cushman & Wakefield (2019), Office Market Snapshot 2019
- Savills (2019), Netherlands, Market in Minutes, June 2019

prime locations in recent times have contributed to secondary locations and cities becoming an alternative and more affordable choice for an increasing amount of companies. The demand for office space continues to be exceptionally high and office vacancy remains limited.

The developments in the occupier market are now also translating into results in the investment market. In general, the occupier market is performing well, which attracts a wide variety of investors. 2019 commenced well with relatively high investment volumes (approximately EUR 4 billion in the first quarter of 2019). A significant share is cross border capital (still above 50%). Amsterdam investment volumes remain high, as well as other primary locations. Investment volumes in secondary cities are growing significantly. For instance, the growth of investment volumes in offices over the past three years in Amsterdam was 13%. Interestingly, secondary cities such as Zwolle (+158%) and Breda (+143%), where significant investments have been made in public infrastructure, experienced a relatively higher growth of corresponding investment volumes during the same period.

Investments

Portfolio developments

In the first half of 2019 the value of the investment portfolio of Triodos Vastgoedfonds increased to EUR 111.4 million (31 December 2018: EUR 98.9 million). This was due to a EUR 2.7 million increase (2.3%) of the value of the existing portfolio and EUR 15.1 million acquisitions and EUR 5.3 million divestments.

In January 2019, the fund sold its property in Wageningen. The process to sell the property in Wageningen was initiated earlier in 2018, as part of the fund's intention to concentrate the portfolio more on easily accessible locations in the larger cities. The sale of Wageningen was followed by a sale of the property in Velp, which was part of the

fund's strategy to turn the portfolio more into a pure office portfolio.

In March 2019, the fund added the property in Eindhoven to its portfolio. The acquisition of the fully redeveloped, all-electric office building was announced on 31 October 2018.

Leases and occupancy rate

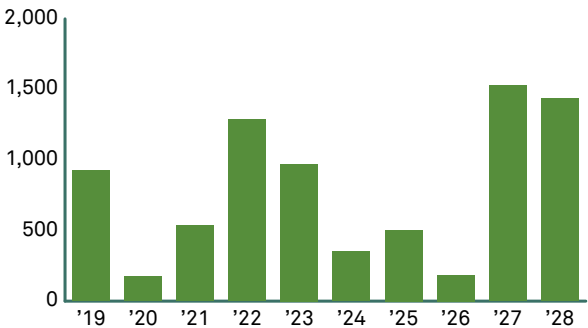
The occupancy of the portfolio of Triodos Vastgoedfonds increased to 94.6% (year-end 2018: 94.4%). The weighted average term (WALT) of the leases is 5.7 years (year-end 2018: 5.4 years).

The acquisition in Eindhoven will add EUR 940 thousand additional annual rental income to the fund.

Term of leases as a percentage of rental income

| | 30 June 2019 | 30 June 2018 |
|--------------|----------------------|----------------------|
| <1 year | 11.5% | 11.2% |
| 1-3 yers | 8.8% | 8.2% |
| 3-5 years | 27.9% | 39.7% |
| 5-10 years | 49.5% | 40.9% |
| >10 years | 2.3% | 0.0% |
| Total | <u>100.0%</u> | <u>100.0%</u> |

Expiration years of leases in terms of rental income (in EUR x 1,000)



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. Mid 2019 the fund had 49 tenants 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 per 30 June, 2019 64% of the portfolio was invested in the Randstad conurbation (30 June 2018: 58%).

Financials

Statement of financial position

The assets under management of Triodos Vastgoedfonds increased from EUR 98.9 million as at 31 December 2018 to EUR 111.4 million as at 30 June 2019. Of this increase, EUR 15.1 million was due to investments including acquisition costs (the property in Eindhoven was added to the portfolio in the first quarter of 2019), EUR -5.3 million was related to divestments and EUR 2.7 million was a result of revaluations of the portfolio. The total assets of the fund amounted to EUR 115.7 million as at 30 June 2019 (year-end 2018: EUR 103.8 million).

The net asset value (NAV) of the fund decreased by 1.1% to EUR 53.1 million as at 30 June 2019 (year-end 2018: EUR 53.7 million). The net asset value per share as at 30 June 2019 amounts to EUR 3.21 (year-end 2018: EUR 3.25). The positive impact of the total result of EUR 0.16 per share as at 30 June 2019 was offset by the distribution of EUR 0.20 per share over 2018 paid out to shareholders on 11 June 2019.

The fund has a loan portfolio of EUR 56.0 million as at 30 June 2019 (year-end 2018: EUR 45.0 million). The average rate of interest payable on these loans is 2.5% as at 30 June 2019 (year-end 2018: 2.6%). The average term of the loan portfolio has decreased from 6.7 years to 6.2 years in the first half of 2019. The loan-to-value of the fund increased

to 51% (year-end 2018: 45%) and the solvency ratio decreased to 46% (year-end 2018: 53%) as at 30 June 2019.

Bad debt provisions

As at 30 June 2019, Triodos Vastgoedfonds has no bad debtors.

Rental income

The gross rental income increased from EUR 2.8 million (first half 2018) to EUR 3.9 million (first half 2019). On the one hand, the fund missed rental income of the sales of the Wageningen and Velp properties. This was however more than compensated for by the additional rental income received from the newly acquired properties during the second half of 2018 and the first half of 2019.

Total property expenses

The total property expenses increased from EUR 0.5 million in the first half of 2018 to EUR 0.6 million in the first half of 2019.

Management expenses

In the first half of 2019, the management expenses increased to EUR 0.9 million, mostly due to an increase of the average assets under management (first half 2018: EUR 0.5 million). The management expenses include such items as the management fee paid to Triodos Investment Management, auditor's fees, valuations costs, the fees payable to the depositary and the remuneration of the Supervisory Board.

Triodos Vastgoedfonds pays an annual management fee of 1.0% of the average assets under management of the fund to Triodos Investment Management. This management fee is mainly used to cover staff costs, travel expenses, accommodation costs and ICT costs. In addition, the management fee is used to cover the costs of all the activities required to maintain the fund administration and meet the reporting requirements.

Net finance costs

Net finance costs increased from EUR 0.3 million over the first half of 2018 to EUR 1.5 million over the first half of 2019. This is partly due to the break costs of 0.8 million in the first half of 2019 and partly due to the increase of the loans from EUR 21.4 million at 30 June 2018 to EUR 56.0 million at 30 June 2019 (excluding break costs). More information about the break costs is available on page 17.

Following refinancing efforts in 2017, the average interest rate decreased from 3.1% as at 30 June 2018 to 2.5% as at 30 June 2019.

Total costs

In 2019, the total costs, consisting of property expenses, management expenses and net finance costs, amounted to EUR 3.0 million (first half 2018: EUR 1.3 million). The ongoing charges of the fund are represented by the ratio between the net asset value and the costs incurred by the fund. In the period from 1 July 2018 up to 30 June 2019, the ongoing charges for Triodos Vastgoedfondos came to 5.18% (over the period from 1 July 2017 up to 30 June 2018: 3.49%). The increase of the ratio was mainly due to the fact that the equity of the fund remained approximately the same while the costs over the period have increased due to the increase of the value of the portfolio. It should be noted, though, that the ongoing charges for real estate funds cannot be compared with that of, for instance, equity and bond 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 for the period from 1 July 2018 up to 30 June 2019 is 2.82% (over the period from 1 July 2017 up to 30 June 2018: 1.76%).

Financial result

The result of Triodos Vastgoedfondos comprises the operating result (direct result) and the changes in value of the properties (indirect result). The direct

result is made up of the rental income and other income minus the total costs. The indirect result comprises the (un)realised changes in the fair value of the properties. The direct result in the first half of 2019 was EUR 0.9 million (first half 2018: EUR 1.5 million). The decrease of this result was caused by the EUR 0.8 million estimated costs of sale of the portfolio. The indirect result over the period increased to EUR 1.8 million (first half 2018: EUR 0.8 million).

Results per share

The direct result per share for the first half of 2019 amounts to EUR 0.05 (first half 2018: EUR 0.09 per share). The indirect or revaluation result per share amounts to EUR 0.11 (first half 2018: EUR 0.05 per share). This brings the total result per share in the first half of 2019 to EUR 0.16 (first half 2018: EUR 0.14). The net asset value per share as per 30 June 2019 was EUR 3.21 (first half 2018: EUR 3.26). This decrease represents the balance of the total result of EUR 0.16 per share minus the distribution of EUR 0.20 per share paid out to shareholders in 2019. Compared with the average net asset value of the shares in 2019, the direct result over the first half of 2019 was 1.8% (first half 2018: 3.2%), and an indirect result over the first half of 2019 of 3.6% (first half 2018: 1.7%).

Result per share

| Per share | YTD 2019 | YTD 2018 |
|-------------------|--------------------|--------------------|
| Direct result | 0.05 | 0.09 |
| Indirect result | 0.11 | 0.05 |
| Net result | <u>0.16</u> | <u>0.14</u> |

Return

On 30 June 2019, the market price per share in Triodos Vastgoedfondos was EUR 2.86 (31 December 2018: EUR 2.68). The discount, i.e. the negative difference between the net asset value of the share and the stock market price, was 11%. Triodos

Vastgoedfonds aims for a stable distribution policy. On 11 June 2019, a distribution of EUR 0.20 per share was paid out. The return for investors based on the stock market price amounted to 14.1% in the first half 2019. This includes reinvestment of dividends.

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 also presents its figures according to the format of the EPRA (European Public Real Estate) performance measures. The EPRA performance measures are included in Appendix A.

Outlook

Currently, selling agent BNP Paribas Real Estate is in discussion with a selection of potential buyers. The selection was made based on the height of the bids and a number of qualitative criteria, such as available resources for investment. Concrete developments in the process to end the fund's activities will be shared with investors in the fund and the market in due time. The expected time needed for ending the fund's activities is still in line with the time span mentioned during the EGM held on 17 December 2018, being six to twelve months.

Zeist, the Netherlands, 30 August 2019

Fund manager Triodos Vastgoedfonds
Guus Berkhout

Management Board Triodos Investment
Management
Jacco Minnaar (Chair)
Kor Bosscher
Dick van Ommeren

Statement of financial position as at 30 June 2019

| Before profit appropriation (amounts in EUR) | 30.06.2019 | 31.12.2018 | 30.06.2018 |
|--|---------------------------|---------------------------|--------------------------|
| Assets | | | |
| Non-current assets | | | |
| Investment property | – | – | 77,070,000 |
| User rights* | 1,674,223 | 1,634,030 | 1,554,876 |
| Other long-term assets | 682,968 | 243,911 | 310,013 |
| Total non-current assets | <u>2,357,191</u> | <u>1,877,941</u> | <u>78,934,889</u> |
| Current assets | | | |
| Receivables, prepayments and accrued income | 534,902 | 405,591 | 370,205 |
| Cash and cash equivalents | 1,332,106 | 2,603,424 | 44,966 |
| Subtotal current assets | <u>1,867,008</u> | <u>3,009,015</u> | <u>415,171</u> |
| Disposal group classified as held for sale | 111,432,000 | 98,909,000 | – |
| Total current assets | <u>113,299,008</u> | <u>101,918,015</u> | <u>415,171</u> |
| Total assets | <u>115,656,199</u> | <u>103,795,956</u> | <u>79,350,060</u> |
| Equity and liabilities | | | |
| Equity | | | |
| Issued capital | 8,257,877 | 8,257,877 | 8,257,877 |
| Share premium | 69,231,998 | 69,231,998 | 69,231,998 |
| Revaluation reserves | 4,047,774 | 4,047,774 | 1,936,899 |
| Other reserves | -31,140,217 | -29,951,968 | -27,841,093 |
| Profit for the year | 2,693,371 | 2,114,899 | 2,286,000 |
| Total equity | <u>53,090,803</u> | <u>53,700,580</u> | <u>53,871,681</u> |
| Liabilities | | | |
| Long-term liabilities | | | |
| Borrowings and other liabilities | 57,448,037 | 45,659,804 | 18,648,190 |
| Lease obligations * | 1,674,223 | 1,634,030 | 1,554,876 |
| Total long-term liabilities | <u>59,122,260</u> | <u>47,293,834</u> | <u>20,203,066</u> |

* With the adoption of the new IFRS 16 lease standards as per 1 January 2019, the right to use the assets and the lease liabilities had to be materialized. See page 16 for more details.

| Before profit appropriation (amounts in EUR) | 30.06.2019 | 31.12.2018 | 30.06.2018 |
|--|--------------------|--------------------|-------------------|
| Short-term liabilities | | | |
| Current account overdraft facility | – | – | 2,792,173 |
| Accounts payable and other liabilities | 3,443,136 | 2,801,542 | 2,483,140 |
| Total short-term liabilities | <u>3,443,136</u> | <u>2,801,542</u> | <u>5,275,313</u> |
| Total liabilities | <u>62,565,396</u> | <u>50,095,376</u> | <u>25,478,379</u> |
| Total equity and liabilities | <u>115,656,199</u> | <u>103,795,956</u> | <u>79,350,060</u> |

The figures included in the statement have not been audited by an external auditor.

Statement of comprehensive income

| (amounts in EUR) | 1st half year 2019 | 2nd half year 2018 | 1st half year 2018 |
|--|-----------------------|-----------------------|-----------------------|
| Continuing operations | | | |
| Net unrealised result from fair value adjustments on receivables | 89 | -65 | -60 |
| Management expenses | -587,203 | -586,721 | -414,500 |
| Other operating costs | -276,246 | -105,032 | -38,865 |
| Net operating loss | -863,360 | -691,818 | -453,425 |
| Interest expense | -668,501 | -561,865 | -310,659 |
| Other financial costs | -845,855 | -731,680 | -940 |
| Interest income | - | 1,791 | 4,972 |
| Net finance costs | -1,514,356 | -1,291,754 | -306,627 |
| Loss for the period from continuing operations | -2,377,716 | -1,983,572 | -760,052 |
| Profit for the period from discontinued operations | 5,071,087 | 1,812,471 | 3,046,052 |
| Profit for the year | 2,693,371 | -171,101 | 2,286,000 |
| Total comprehensive income/loss | 2,693,371 | -171,101 | 2,286,000 |
| Earnings per share from continuing operations | -0.15 | -0.12 | -0.05 |
| Earnings per share from discontinued operations | 0.31 | 0.11 | 0.19 |

The figures included in the statement have not been audited by an external auditor.

Statement of cashflows

| (amounts in EUR) | 1st half year 2019 | 2nd half year 2018 | 1st half year 2018 |
|---|-----------------------|-----------------------|-----------------------|
| Cash flow from operating activities | | | |
| Rental income received | 3,367,097 | 3,625,048 | 2,964,708 |
| Property expenses paid | -585,072 | -698,833 | -584,763 |
| Management expenses and other operating costs paid | -608,578 | -778,283 | -211,678 |
| Interest paid | -698,339 | -526,840 | -369,810 |
| Interest received | - | 1,791 | 4,972 |
| Proceeds from other receivables and payments of other liabilities | 239,787 | -147,595 | -153,524 |
| | <u>1,714,895</u> | <u>1,475,288</u> | <u>1,649,905</u> |
| Cash flow from investment activities | | | |
| Investments in investment property including purchase costs | -15,057,356 | -23,746,087 | -11,238,222 |
| Divestments of investment property including selling expenses | 4,374,291 | 1,269,620 | - |
| | <u>-10,683,065</u> | <u>-22,476,467</u> | <u>-11,238,222</u> |
| Cash flow from finance activities | | | |
| Distributions paid | -3,303,148 | - | -3,303,151 |
| Increase long-term borrowings | 11,000,000 | 41,340,150 | - |
| Repayment of long-term borrowings | - | -14,988,340 | -2,332 |
| Increase credit in current account | - | - | 2,792,173 |
| Decrease credit in current account | - | -2,792,173 | - |
| | <u>7,696,852</u> | <u>23,559,637</u> | <u>-513,310</u> |
| Change in cash and cash equivalents | <u>-1,271,318</u> | <u>2,558,458</u> | <u>-10,101,627</u> |
| Cash and cash equivalents at beginning of reporting period | 2,603,424 | 44,966 | 10,146,593 |
| Change in cash and cash equivalents | -1,271,318 | 2,558,458 | -10,101,627 |
| Cash and cash equivalents at end of reporting period | <u>1,332,106</u> | <u>2,603,424</u> | <u>44,966</u> |

The figures included in the statement have not been audited by an external auditor.

Statement of changes in equity

Changes in equity during the 1st half year 2019

| (amounts in EUR) | Issued capital | Share premium | Revalua- tion reserve | Other reserves | Profit for the year | Total |
|----------------------------------|-------------------|-------------------|-----------------------------|--------------------|------------------------|-------------------|
| Equity as at 01.01.2019 | 8,257,877 | 69,231,998 | 4,047,774 | -29,951,968 | 2,114,899 | 53,700,580 |
| Distributions paid | - | - | - | - | -3,303,148 | -3,303,148 |
| Profit appropriation 2018 | - | - | - | -1,188,249 | 1,188,249 | - |
| Profit 1st half year 2019 | - | - | - | - | 2,693,371 | 2,693,371 |
| Equity as at 30.06.2019 | <u>8,257,877</u> | <u>69,231,998</u> | <u>4,047,774</u> | <u>-31,140,217</u> | <u>2,693,371</u> | <u>53,090,803</u> |

Changes in equity during the 1st half year 2018

| (amounts in EUR) | Issued capital | Share premium | Revalua- tion reserve | Other reserves | Profit for the year | Total |
|----------------------------------|-------------------|-------------------|-----------------------------|--------------------|------------------------|-------------------|
| Equity as at 01.01.2018 | 8,257,877 | 69,231,998 | 1,936,899 | -28,440,815 | 3,902,873 | 54,888,832 |
| Distributions paid | - | - | - | - | -3,303,151 | -3,303,151 |
| Profit appropriation 2017 | - | - | - | 599,722 | -599,722 | - |
| Profit 1st half year 2018 | - | - | - | - | 2,286,000 | 2,286,000 |
| Equity as at 30.06.2018 | <u>8,257,877</u> | <u>69,231,998</u> | <u>1,936,899</u> | <u>-27,841,093</u> | <u>2,286,000</u> | <u>53,871,681</u> |

The figures included in the statement have not been audited by an external auditor.

Notes to the semi-annual accounts

(amounts in EUR)

General

Triodos Vastgoedfond N.V. (Triodos Vastgoedfond, 'the fund') is a closed-end investment company with variable capital within the meaning of article 2:76a of the Dutch Civil Code.

Basis of preparation of the semi-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 Vastgoedfond subsequently initiated the process to end the fund's activities.

As part of the process to end the activities of Triodos Vastgoedfond, 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 is 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 period ended 30 June 2019. 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 reports. 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 this report.

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 Vastgoedfond should be recognized as part of the measurement as per 30 June 2019 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 30 June 2019.

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.

Accounting principles

The accounting principles and principles for the determination of the result have been updated and changed as per 1 January 2019. In accordance with the International Financial Reporting Standards in relation to following changes are applicable:

- The International Accounting Standards Board (IASB) presented the new IFRS 16 Leases standards in January 2016. The compulsory capitalization of leased tangible fixed assets in most cases is the major change to this standard. The fund has adopted IFRS 16 as of 1 January 2019. IFRS 16 has no impact on lease contracts where the fund acts as a lessor. 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 capitalized under these new standards. The capitalization is also applicable for the ground lease related to the property owned in The Hague. After the capitalization, these items have been amortized over the entire term. The impact of this capitalization is a balance sheet increase of EUR 1.7 million as of 1 January 2019 for the user rights (debit) and lease obligations (credit).

Besides the introduction of IFRS 16 in 2019, the following principles were already introduced in 2018 with significant impact on the financial figures and are still applicable and relevant to be emphasized:

- As the assets of the fund will be entirely monetized in accordance with the plan to end the fund's activities, 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 including costs to sell. By applying IFRS 5, investment property is accounted including costs to sell, hence the estimated costs which will be realized in 2019 are included in the Statement of financial position per 30 June 2019, and Statement of comprehensive income for the 1st half of the year 2019. Liabilities from external parties can be repaid before maturity date, resulting in prepayment fee and a possible interest penalty fee for the fund, the so-called break costs. Break costs with regard to liabilities are also included in the financial figures of the fund.

Notes to the statement of financial position as at 30 June 2019

Investment property

| | 1st half year 2019 | 2nd half year 2018 | 1st half year 2018 |
|--|-----------------------|-----------------------|-----------------------|
| Balance as at the beginning of the period | – | 77,070,000 | 63,865,000 |
| Investments including acquisition costs | – | 23,739,929 | 12,393,004 |
| Divestments including acquisition costs | – | -2,262,285 | – |
| Capitalization of estate agent's commission | – | 198,634 | – |
| Write-down revaluation divestments | – | 932,285 | – |
| Revaluation during the reporting period | – | 1,126,437 | 811,996 |
| Fair value of investment property | – | 100,805,000 | 77,070,000 |
| Costs to sell | – | -1,896,000 | – |
| Transfer to disposal group classified as held for sale | – | -98,909,000 | – |
| Balance as at end of the period | – | – | 77,070,000 |

User rights

| | 30.06.2019 | 31.12.2018 | 30.06.2018 |
|--|------------------|------------------|------------------|
| Right of use ground | 1,639,088 | 1,587,443 | 1,496,107 |
| Right of use parking lots | 35,135 | 46,587 | 58,769 |
| Balance as at end of the period | 1,674,223 | 1,634,030 | 1,554,876 |

Other long-term assets

| | 30.06.2019 | 31.12.2018 | 30.06.2018 |
|--|----------------|----------------|----------------|
| Capitalised estate agent's commission | – | 176,242 | 203,064 |
| Estate agent's commission transferred to investment properties | – | -176,242 | – |
| Estate agent's commission transferred to short-term assets | – | – | -52,881 |
| Capitalised lease incentives | 587,299 | 104,215 | 165,586 |
| Lease incentives transferred to short-term assets | -45,528 | -15,215 | -43,037 |
| Capitalised loan commissions | 168,627 | 182,341 | 4,601 |
| Loan commissions transferred to short-term assets | -27,430 | -27,430 | -882 |
| Other items | – | – | 33,562 |
| Balance as at end of the period | 682,968 | 243,911 | 310,013 |

Receivables, prepayments and accrued income

| | 30.06.2019 | 31.12.2018 | 30.06.2018 |
|---|-----------------------|-----------------------|-----------------------|
| VAT | 137,061 | 128,630 | 58,796 |
| Prepaid property tax | 94,189 | – | 42,318 |
| Credit invoices to be received | 60,739 | 99,901 | – |
| Capitalised lease incentives (short-term part) | 45,528 | 15,215 | 43,037 |
| Capitalised loan commissions (short-term part) | 27,430 | 27,430 | 882 |
| Rent debtors | 7,190 | 24,865 | 12,026 |
| Prepaid purchase costs on investment properties | – | 26,060 | 87,106 |
| Property tax to be received | – | 19,972 | – |
| Prepaid finance costs | – | 10,000 | 40,000 |
| Capitalised estate agent's commission (short-term part) | – | – | 52,881 |
| Other prepayments and accrued income | 162,765 | 53,518 | 33,159 |
| Balance as at end of the period | <u>534,902</u> | <u>405,591</u> | <u>370,205</u> |

The term of other receivables, other prepayments and accrued income is less than 1 year.

Cash and cash equivalents

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

Disposal group classified as held for sale

| | 1st half year 2019 | 2nd half year 2018 | 1st half year 2018 |
|--|---------------------------|--------------------------|-----------------------|
| Balance as at the beginning of the period | 98,909,000 | – | – |
| Investments including acquisition costs | 15,083,416 | – | – |
| Divestments including acquisition costs | -5,241,798 | – | – |
| Capitalization of estate agent's commission | -3,758 | – | – |
| Revaluation during the reporting period | 2,857,140 | – | – |
| Fair value of the real estate held for sale | <u>111,604,000</u> | – | – |
| Costs to sell | -172,000 | – | – |
| Transfer from investment properties | – | 98,909,000 | – |
| Balance as at end of the period | <u>111,432,000</u> | <u>98,909,000</u> | – |

Long-term borrowings and other long-term liabilities

| | 30.06.2019 | 31.12.2018 | 30.06.2018 |
|---|--------------------------|--------------------------|--------------------------|
| Loans from Triodos Groenfonds | 5,159,850 | 5,159,850 | 6,006,510 |
| Loans from Triodos Bank | 9,840,150 | 9,840,150 | 12,529,890 |
| Loans from ING | 41,000,000 | 30,000,000 | – |
| Loan from Stichting Nationaal Restauratiefonds (Dutch National Restoration Fund) | – | – | 111,790 |
| Prepayment and interest penalty fees addition for amortised cost | 1,448,037 | 659,804 | – |
| Balance as at end of the period | <u>57,448,037</u> | <u>45,659,804</u> | <u>18,648,190</u> |
| This item has changed as follows: | | | |
| Balance as at the start of the period | 45,659,804 | 18,648,190 | 18,650,522 |
| Loan repayments | – | -14,988,340 | -2,332 |
| Loan drawdowns | 11,000,000 | 41,340,150 | – |
| Prepayment and interest penalty fees addition for amortised cost | 788,233 | 659,804 | – |
| Balance as at end of the period | <u>57,448,037</u> | <u>45,659,804</u> | <u>18,648,190</u> |

Accounts payable and other liabilities

| | 30.06.2019 | 31.12.2018 | 30.06.2018 |
|--|-------------------------|-------------------------|-------------------------|
| Rent received in advance | 981,906 | 1,260,477 | 1,003,228 |
| Accounts payable | 650,522 | 98,988 | 445,209 |
| Dividend tax | 495,472 | – | – |
| Interest payable | 354,538 | 349,236 | 94,360 |
| Management fee payable | 275,218 | 249,119 | 191,606 |
| Deposits paid by tenants | 166,900 | 168,206 | 25,016 |
| Rent invoiced in advance | 148,871 | 4,961 | 151,797 |
| Capitalised lease incentives payables | 138,688 | – | – |
| Service charges to be off-set | 122,270 | 334,108 | 289,368 |
| Maintenance costs payable | – | 88,084 | 117,896 |
| Estate agent's commission payable | – | 63,482 | – |
| Costs incurred for decarbonisation | – | – | 20,000 |
| Other short-term debt | 108,751 | 184,881 | 144,660 |
| Balance as at end of the period | <u>3,443,136</u> | <u>2,801,542</u> | <u>2,483,140</u> |

No interest is due on accounts payable and other liabilities. The fair values of accounts payable and other liabilities are considered to be the same as their carrying values, due to their short-term nature.

Off-balance sheet commitments, assets and arrangements

There are no off-balance sheet commitments, assets and arrangements, which occurred after the reporting period.

Notes to the statement of comprehensive income

Management expenses

| | 1st half year 2019 | 2nd half year 2018 | 1st half year 2018 |
|--|-----------------------|-----------------------|-----------------------|
| Management fee (Triodos Investment Management) | 295,209 | 257,713 | 201,688 |
| Asset management (Cairn) | 139,783 | 120,676 | 95,182 |
| Consultancy fees | 49,944 | 69,059 | 14,979 |
| Valuation costs | 30,532 | 23,235 | 24,548 |
| Auditor's fees | 24,957 | 31,154 | 21,266 |
| Publicity costs | 22,008 | 34,433 | 7,815 |
| AIFMD depositary fees | 11,321 | 15,914 | 14,431 |
| Remuneration Supervisory Board | 5,640 | 3,011 | 12,789 |
| Supervision costs AFM | 3,600 | -13,338 | 9,600 |
| Acquisition costs of non-purchased office | – | 21,258 | – |
| Remuneration Investment committee | – | 12,504 | – |
| Other costs | 4,209 | 11,102 | 12,202 |
| | <u>587,203</u> | <u>586,721</u> | <u>414,500</u> |

Other operating costs

| | 1st half year 2019 | 2nd half year 2018 | 1st half year 2018 |
|------------------------|-----------------------|-----------------------|-----------------------|
| Costs of bearer shares | -1,980 | -2,125 | -2,042 |
| Marketing costs | -30,948 | -54,931 | -36,823 |
| Advisory costs | -243,318 | -47,976 | – |
| | <u>-276,246</u> | <u>-105,032</u> | <u>-38,865</u> |

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

| (amounts in EUR) | 1st half year 2019 | 2nd half year 2018 | 1st half year 2018 |
|--|-------------------------|-------------------------|-------------------------|
| Gross rental income | 3,850,532 | 3,295,356 | 2,780,621 |
| Other income from investment property | 4,029 | 2,758 | 1,621 |
| Total income from investment property | <u>3,854,561</u> | <u>3,298,114</u> | <u>2,782,242</u> |
| Expenses for investment property | | | |
| Service charge expenses passed on | 703,093 | 422,954 | 321,216 |
| Service charge expenses | -792,435 | -485,655 | -467,360 |
| Net service charges expenses | -89,342 | -62,701 | -146,144 |
| Property expenses | -511,765 | -616,267 | -402,042 |
| Total property expenses | <u>-601,107</u> | <u>-678,968</u> | <u>-548,186</u> |
| Net rental income | 3,253,454 | 2,619,146 | 2,234,056 |
| Net realised result from fair value adjustments on investment property | -867,507 | -992,665 | - |
| Net unrealised result from fair value adjustments on investment property | 2,685,140 | 185,990 | 811,996 |
| Profit for the period from discontinued operations | <u>5,071,087</u> | <u>1,812,471</u> | <u>3,046,052</u> |

Cost structure

Total costs

The total costs for the fund over the first half of 2019 amounts to EUR 2,978,912 (first half 2018: EUR 1,313,210). The total costs for the fund, excluding the costs for investment transactions and interest costs over the first half of 2019 amounts to EUR 1,462,576 (first half 2018: EUR 997,569). The fund costs like management fee, auditor's fees and marketing costs over the first half of 2019 amounts to EUR 861,469 (first half 2018: EUR 449,383).

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 the period from 1 July 2018 up till 30 June 2019 amounts to 5.18% (over the period from 1 July 2017 up till 30 June 2018: 3.49%).

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 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. The fund costs expense ratio for the period from 1 July 2018 up till 30 June 2019 is 2.82% (over the period from 1 July 2017 up till 30 June 2018: 1.76%).

Post-balance sheet events

No events occurred after balance sheet date that have impact on the insight into and interpretation of the semi-annual accounts as at 30 June 2019.

Other information

Payment to shareholders

In the past reporting period EUR 0.20 per share is paid to the shareholders from Triodos Vastgoedfondos.

Zeist, 30 August 2019

Fund manager Triodos Vastgoedfondos

Guus Berkhout

The Board of Directors of Triodos Investment Management

Jacco Minnaar (Chair)

Dick van Ommeren

Kor Bosscher

Appendix A

EPRA Performance Measures

Triodos Vastgoedfonds reports 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 others.

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

| | H1 2019 | H1 2018 |
|------------------------------|---------|---------|
| EPRA Earnings | 0.10 | 0.09 |
| EPRA NAV | 3.43 | 3.26 |
| EPRA NNNAV | 3.43 | 3.26 |
| EPRA Net Initial Yield (NIY) | 6.4% | 6.2% |
| EPRA 'topped-up' NIY | 6.5% | 6.3% |
| EPRA Vacancy Rate | 5.4% | 10.7% |

Glossary EPRA Performance Measures

| | |
|-------------------------------------|--|
| 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. |

Glossary

| | |
|--|---|
| Direct result | Rent and other income minus all costs, i.e. the total result minus (un)realised changes in value. |
| Invested capital | Capital invested in investment properties. |
| 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. |
| Realised change in value | Change in the value of investment properties that is realised by selling the property. |
| 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. |
| 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. |
| Total result (profit/loss for the year) | Rent and other income minus all costs plus (un)realised changes in value. |

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Colophon

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This report is also available and may be downloaded via: www.triodos-im.com

