


Triodos Vastgoedfonds

Annual report 2017

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 2017

Information for shareholders

Annual general meeting of shareholders: 25 May 2018
Ex-dividend date: 29 May 2018
Dividend payment date: 31 May 2018

Key figures

(amounts in EUR x 1,000)	2017	2016	2015	2014	2013
Financial result					
Gross rental income	6,282	6,446	6,631	6,817	6,715
Other income from investment property	174	12	18	1	40
Total income from investment property	6,456	6,458	6,649	6,818	6,755
Total property expenses	-941	-847	-1,265	-945	-1,335
Net rental income	5,515	5,611	5,384	5,873	5,420
Management expenses and other operating costs	-921	-730	-750	-764	-1,013
Net finance costs	-1,569	-1,726	-1,864	-1,886	-1,947
Direct result	3,025	3,155	2,770	3,223	2,460
Indirect result	878	-114	-2,051	-1,771	-5,319
Profit for the year (total result)	3,903	3,041	719	1,452	-2,859
Ongoing charges	4.41%	5.50%	6.77%	5.67%	6.89%
Fund costs expense ratio	2.17%	2.49%	2.99%	3.06%	3.35%
Balance and ratios					
Investment property at year-end	63,865	66,150	67,310	69,310	71,045
Borrowings at year-end	18,651	33,662	36,287	37,573	37,253
Net asset value at year-end	54,889	30,341	28,981	29,941	30,168
Solvency	73%	46%	42%	43%	42%
Loan to Value	29%	51%	54%	54%	52%
Cost of Borrowings	3.1%	4.7%	5.0%	5.0%	5.0%
Interest coverage	2.9	2.8	2.5	2.7	2.3
Average maturity of borrowings (in years)	7.0	3.4	4.7	5.7	6.7
Number of shares outstanding at year-end (x 1,000)	*16,516*	*8,399*	*8,399*	*8,399*	*8,399*
Weighted average number of shares outstanding at year-end (x 1,000)	*12,566*	*8,399*	*8,399*	*8,399*	*8,399*
Portfolio figures					
Number of properties in the fund's portfolio at year-end	*15*	*16*	*17*	*17*	*17*
Occupancy rate at year-end	87%	92%	93%	97%	98%
Average term of leases (in years)	5.1	4.1	4.3	5.0	5.3
Ratio of illiquid investments at year-end	116%	219%	232%	231%	235%

Per share

(amounts in EUR)	2017	2016	2015	2014	2013
Net asset value at year-end	3.32	3.61	3.45	3.56	3.59
Share price at year-end	2.80	3.00	3.12	2.63	2.86
Direct result	0.24	0.37	0.33	0.38	0.29
Indirect result	0.07	-0.01	-0.24	-0.21	-0.63
Total result	0.31	0.36	0.09	0.17	-0.34
Distributions to shareholders	0.20	0.20	0.20	0.20	0.20

Return Triodos Vastgoedfonds

	2017	2016	2015	2014	2013
Dividend yield*	7.1%	6.7%	6.4%	7.6%	7.0%

* 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.

Contents

	Page
Key figures	5
General information	6
Report of the Board	8
Report of the Supervisory Board	22
Annual accounts 2017 Triodos Vastgoedfonds	23
Other information	60
Appendix A. Investment portfolio Triodos Vastgoedfonds	71
Appendix B. Triodos Sustainable Real Estate Screen	77
Appendix C. EPRA Performance Measures	79
Glossary	80
Personal details	81
Address and colophon	83

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 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 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:

Marilou van Golstein Brouwers (Chair)
Kor Bosscher (Managing Director Risk & Finance, as of 1 March 2018)
Jacco Minnaar (Managing Director, as of 1 June 2017)
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, currently consisting of Jeanet van Antwerpen, Jan Doets, Itske Lulof, John Mak and Liesbeth Soer (Chair).

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 12 May 2017, Mr R. Geskes resigned as member of the Supervisory Board and Mr J. W. van der Velden was appointed as member of the Supervisory Board. As a result, the composition of the Supervisory Board is currently as follows:

Gerard Groener (Chair)
Anke van Hal
Carel de Vos tot Nederveen Cappel
Jan Willem van der Velden

Report of the board

Highlights of 2017

- Successful share issue to allow growth and to make use of current market momentum
- Acquisition of strong office asset in Delft (EUR 11.5 million), reflecting a gross initial yield of 8.0%
- Slightly lower direct result of EUR 3.0 million (2016: EUR 3.2 million); the direct result per share was EUR 0.24 (2016: 0.37) due to the increased number of shares outstanding
- Uptrend in valuations of portfolio assets; portfolio represents a value of EUR 64 million
- Successful refinancing resulted in significant decline of cost of borrowings, from 4.7% to 3.1%
- 28% higher total result over 2017 compared to 2016
- Intention to pay out EUR 0.20 per share over 2017, equal to 2016
- Zero emission status maintained

Impact in 2017

Since 2004, when Triodos Vastgoedfonds was established, the fund has been managing a sustainable real estate portfolio. The fund has been carbon neutral since 2014, making it the first carbon neutral real estate fund in the Netherlands. In order to ensure carbon neutrality, the fund focuses on the following specific areas when managing the portfolio:
- Reducing the energy requirement and carbon emissions;
- Energy generation within the properties;
- Sourcing carbon-neutral energy and gas to cover the residual energy requirement, and
- Voluntary compensation of the remaining transport and production losses.

Energy consumption

Improving the energy performance of properties is a constant focus for Triodos Vastgoedfonds. In 2017 the fund placed new electricity meters in its buildings. These meters report to the energy consumption to the fund on a real-time basis and help to further improve the energy management and therefore reduce the energy consumption of the properties in the fund's portfolio.

In 2017 the energy consumption of the properties that were in the fund's portfolio during the entire year amounted to 6.159 megawatt hours (MWh) (2016 like-for-like: 6.201 MWh). The energy consumption of the office properties [1] in the portfolio of Triodos Vastgoedfonds is over 33% lower than the average energy consumption of office buildings in the Netherlands [2]. This is one of the reasons why Triodos Vastgoedfonds is ranked as 'Green Star' by the Global Real Estate Sustainability Benchmark (GRESB) for the sixth consecutive year.

Generating sustainable energy locally

Triodos Vastgoedfonds focuses not only on reducing energy consumption, but also on opportunities for generating energy locally and, of course, sustainably. The fund has equipped several properties with thermal energy storage systems, solar panels and solar collectors. In 2017 the solar systems that generate sustainable energy produced a total of 105 MWh in energy (2016 like-for-like: 112 MWh). In addition, the fund sold on 18 MWh of the electricity that was generated to tenants for them to power their electric vehicles (2016 like-for-like: 18 MWh).

In time, Triodos Vastgoedfonds aims to further reduce the energy consumption of the portfolio and increase the energy that is produced by the buildings themselves. The fund currently has a total solar energy generation capacity of 129 kWp and over a third of its properties have been equipped with climate systems that store heat and cold in the ground. In 2017 the fund ordered solar panels for the building in Utrecht. These panels will be installed in the first quarter of 2018 and have a capacity of 29.2 kWp.

1 Excluding the properties in Velp (not an office) and and at Nieuwe Kanaal 9abc in Wageningen (houses a laboratory)
2 J.M. Sipma (2016), Nieuwe benchmark energieverbruik utiliteitsgebouwen en industriële sectoren

Green power and green gas

The energy that is not generated locally, i.e. in the property itself, is sourced as sustainably as possible. The properties that are serviced entirely by Triodos Vastgoedfonds thus use electricity generated by Dutch wind farms, Dutch hydroelectric plants and biogas installations. By generating and sourcing sustainable energy, Triodos Vastgoedfonds has avoided 2,397 tonnes of carbon emissions (2016: 2,466 tonnes).

2,397

tonnes of carbon emissions avoided by Triodos Vastgoedfonds

Voluntary emission rights

Triodos Vastgoedfonds offset the remaining 1,077 tonnes of carbon emissions by buying voluntary Gold Standard emission rights.

Example for the market

The fund's carbon neutral approach proves that it is possible to make a substantial contribution to the battle against carbon emissions via real estate. In 2015 the Netherlands had more than 56.5 million m² in office space[3]. If all offices were managed according to the same carbon-neutral principle, a total of 2,839 kilotonnes of carbon emissions would be avoided.

[3] R.L. Bak (2017), Kantoren in cijfers 2016.

Well-being of tenants

Triodos Vastgoedfonds believes that sustainability is not only determined by the energy management for the properties in the fund's portfolio, but that it also includes the well-being of its tenants. The Triodos Real Estate Screen includes a pleasant and healthy environment as a category (see Appendix B). The fund recently invited all its tenants to its property in Baarn to discuss how the portfolio properties might contribute to the well-being of the fund's tenants.

Market developments[4]

The expansion of the Dutch economy continued in 2017. This is reflected in positive consumer and business confidence. The recovery of the economy is having a positive impact on demand for office space, as employment in the office-based segments of the services sector is picking up.

Market developments in the office market

Due to the recovery of the Dutch economy, demand for office space remains high and the national vacancy rate decreased even further in 2017. Over the past year, the national vacancy rate fell to 11.7% (2016: 14.1%). Besides quantitative growth, the market is also witnessing an ongoing increase in demand for higher-quality offices. Tenants require more comprehensive services and greater flexibility in terms of lease options and have changed their requirements with regard to the type of office location. Furthermore, the sustainability of the property and a healthy environment are becoming more important to tenants. Higher-quality properties that offer such amenities are increasingly popular. However, due to a lack of prime office

[4] The fund has based its projections for market developments on the following sources:
- CBRE research (2018), 2018 The Netherlands, real estate market outlook
- Cushman & Wakefield (2018), The Netherlands, a national picture
- Savills (2018), Netherlands, Market in Minutes

space, rents are increasing and tenants are forced to find office space in secondary locations or stay where they are.

Availability

The decline of the availability of office space in the Netherlands continued in 2017, falling to around 6.54 million m^2 (2016: 7.64 million m^2), the lowest level since 2012. In previous years we saw a clear split in the market, as the availability of modern office buildings in prime locations declined further, while the availability of outdated properties in less desirable locations increased. In 2017, however, sub-prime locations also registered an average decline in the amount of available office space, although the decline was relatively smaller than in prime locations.

Take-up

The take-up of office space in the Netherlands during 2017 was equal to the take-up during 2016. In total, around 1.26 million m^2 was let or sold to a new user (2016: 1.26 million m^2).

Rents

The average rent level in the Netherlands rose slightly, from EUR 132 per m^2 in 2016 to EUR 134 per m^2 in 2017. In previous years, rents were under pressure due to the oversupply and modest demand from tenants. However, as demand is increasing, rents in prime locations are moving up. Rents are rising fastest in the cities of Amsterdam (8.8%), Utrecht (4.1%) and Rotterdam (4.1%). Rents for office space in less desirable locations are still under pressure.

Initial yields

Due to the increased demand for office properties in the Netherlands, the initial yields continued to fall throughout the Netherlands in 2017. Initial yields decreased not only in prime locations, but also in other locations. At the top end of the market, the initial yield for properties in the four biggest cities of the Netherlands was between 3.5% and 6.0% in 2017, compared to 4.0% to 6.5% in 2016. In other big cities, the initial yield at the top end of the market averaged between 6.0% and 9.0% (2016: between 6.7% and 10.5%).

Investment market

In 2017 the investment volume in the office market in the Netherlands continued to grow. Most investments were made in Amsterdam. However, secondary cities are benefitting from the scarcity of modern office buildings in prime locations. For example, the investment volume for offices in Den Bosch increased by 87% in 2017 compared to 2016. Besides Den Bosch, Eindhoven, Utrecht, Rotterdam and the Hague are also becoming more popular with investors.

Regulatory developments

The Dutch government’s coalition agreement reached in October 2017 contains positive elements that will stimulate further sustainability enhancement of office buildings. In addition, the agreement introduces limitations for Fiscal Investment Institutions (FIIs), which possibly makes direct investment in properties less attractive. As yet, few details are available about how the new government’s plans are to be implemented.

Investments

Portfolio Strategy

The portfolio strategy of the fund focuses on assets with a strong sustainability performance or potential, and on locations with good public transport connections in central and urban areas of the Netherlands, suitable for multi-tenant use and catering to the needs of the modern office worker.

The fund has a clear set of asset assessment criteria in place to support acquisition and divestment decisions. The fund aims to arrive at a more focused portfolio through asset rotation.
To improve efficiency, the fund has the ambition to expand its portfolio.

Portfolio developments

The value of the portfolio assets amounted to EUR 63.9 million (2016: EUR 66.2 million) as per 31 December 2017. Although the investment portfolio experienced a value increase of 1.8%, the value of the investment portfolio was lower following the sale of an office building in Nieuwegein in June 2017 with a book value of EUR 3.4 million as at 31 December 2016. The divestment of the property in Nieuwegein was in line with the fund's strategy, as the property did not fully match the desired asset criteria. Moreover, the rental contract was about to expire, which made this a good moment to take advantage of the current liquidity in the market.

In December 2017, Triodos Vastgoedfonds acquired the 6,769 m^2 office property 'De Rode Haan' in Delft for EUR 11.5 million. As the transaction was completed and the asset was transferred in January 2018, this property is not included in the portfolio value as per 31 December 2017. The acquisition fits in perfectly with the fund's strategy. The property has an IFD construction (Industrial Flexible and Dismountable), ensuring that it is sustainably built and that dismountable materials have been used to ensure maximum flexibility of the property throughout its entire life span.

Acquiring new buildings is currently the fund's highest priority. In the current market with limited availability and rising prices, the fund practices a much-needed disciplined acquisition approach.

Leases and occupancy rate

The occupancy rate of the portfolio decreased to 87.3% at 2017 year-end (2016 year-end: 92.4%). The decrease is primarily due to the sale of a fully let building in June 2017 and the buy-off of a contract for the property at Blaeulaan in Utrecht in November 2017. The cancellation concerned a relatively substantial lease contract, representing EUR 655,000 in annual rental income. The fund succeeded in reletting 50% of the building for a period of ten years within six weeks, taking effect as per 15 December 2017. Both the new tenant and Triodos Vastgoedfonds are striving to improve the energy label from A+ to an A++, as documented in the 'Green Lease' contract. This swift reletting demonstrates that the fund's is capable of adequately and quickly anticipating tenants' needs, while at the same time enhancing its strategy to further improve the portfolio's sustainability. The fund expects to be able to rent out the remaining 50% of the building in 2018. The building that was acquired in Delft is also fully rented out. The transaction was completed in January 2018, bringing the occupancy rate of the portfolio to 89.2%.

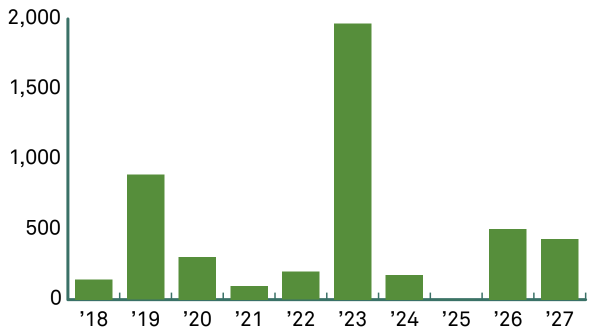
The weighted average unexpired lease term (WAULT) increased to 5.1 years (2016: 4.1 years).

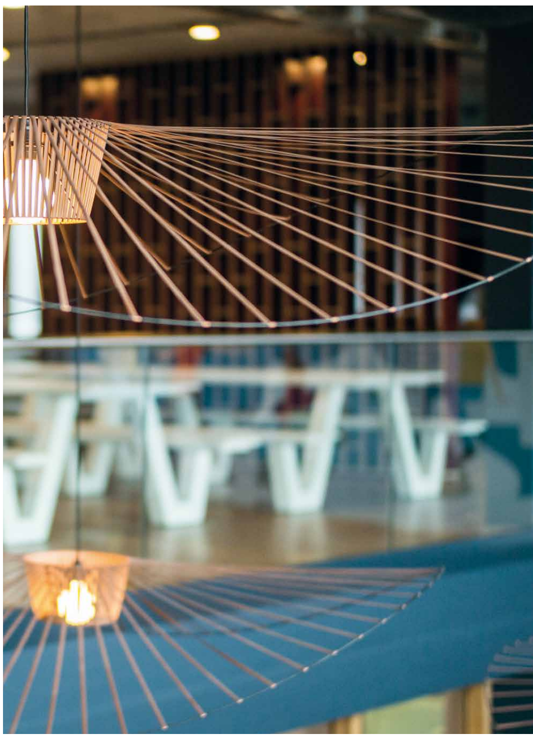
The fund is in close contact with the tenants in order to be able to respond to their requirements and monitor the quality of its tenants.

Annual expirations of leases as a percentage of rental income

	31-12-2017	31-12-2016
<1 year	3.1%	16.5%
1-3 years	25.3%	39.1%
3-5 years	6.3%	3.2%
5-10 years	65.3%	28.5%
>10 years	0.0%	12.7%
Total	**100.0%**	**100.0%**

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





DELFT, WESTLANDSEWEG

Triodos Vastgoedfonds added this property to the fund’s portfolio in January 2018. The office building ‘De Rode Haan’ in Delft is an example of IFD (Industrial Flexible and Dismountable) building. One of the applied innovations is the reduction of the gross floor height to save building material. To achieve this reduction a relatively light hybrid floor construction was used. The air filtering system, including all the necessary installation routes, are included in the hollow spaces of the floor.
The prefabricated construction has resulted in an industrially manufactured and extremely flexible concept.

Diversification

The tenants of Triodos Vastgoedfonds are spread across various industries and sectors. This prevents the fund from becoming dependent on specific sectors. At the end of 2017, the fund had 37 tenants (2016: 39), 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 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 decreased from EUR 66,150,000 to EUR 63,865,000. This was due to the sale of the property in Nieuwegein for EUR 3.2 million and the revaluation of the portfolio by EUR 0.9 million. The total assets of the fund amounted to EUR 75.6 million as per 2017 year-end (2016: EUR 66.6 million).

The net asset value (NAV) of the fund grew by 80.9% to EUR 54.9 million as at the end of 2017 (2016: EUR 30.3 million). This increase is mostly the result of the successful issue of new shares by the fund. The issue was executed by means of a private placement with qualified investors and a public placement with existing and new investors. The share issue resulted in the issue of 5,357,143 new shares during the private placement and another 2.759.620 shares through the public placement. In total, the fund issued 8,116,763 new shares, which added EUR 22,726,936 to the fund's capital. The issue price for both placements was EUR 2.80.

The net asset value per share as at 2017 year-end amounts to EUR 3.32 (2016: EUR 3.61). The positive impact of the total result of EUR 0.31 per share minus the distribution of EUR 0.20 per share paid out to shareholders in 2017 was more than offset by the effect of the share issue, which had a negative impact of EUR -0.40 per share.

In order to immediately put the capital that was raised to work, the fund repaid a number of loans. Furthermore, loans were refinanced on more advantageous terms. As a result, the fund has a loan portfolio of EUR 18.7 million as at 31 December 2017 (2016: EUR 33.5 million). The average rate of interest payable on these loans has been reduced from 4.7% to 3.1%. The average term of the loan portfolio has increased from 3.4 years to 7.0 years. The refinancing does not affect the existing collateral and terms and conditions of the loans. More detailed information about the loan portfolio of the fund can be found on page 47.

The loan-to-value of the fund was reduced to 29% (2016: 51%) and the solvency ratio increased to 73% (2016 : 46%).

Bad debt provisions

As at 31 December 2017 Triodos Vastgoedfonds has no provisions for bad debtors.

Rental income

The sale of the properties in Nijmegen (December 2016) and Nieuwegein (June 2017) led to a decrease in gross rental income (annualised rent EUR 799 thousand, actual rent in 2017 EUR 319 thousand). This decrease was compensated for by the termination fee of EUR 894 thousand paid for the early termination of the rental agreement for the property in Utrecht. Furthermore, the vacancy rate increased from 7.6% as per 2016 year-end to 12.7% as per 2017 year-end. As a result, gross rental income amounted to EUR 6.3 million in 2017 (2016: EUR 6.4 million). Due to higher net service charges as a result of the increased vacancy rate, net rental income fell slightly, from EUR 5.6 million in 2016 to EUR 5.5 million in 2017.

Revaluation

The indirect result, consisting of the realised and unrealised changes in the value of investments, increased to EUR 0.9 million in 2017 (2016: EUR -0.1 million). This reflects a 1.8% higher portfolio value compared to 31 December 2016. Primarily capital values of properties in the big cities went up, particularly in Amsterdam, while values in other areas remained stable. The realised changes in the value of investments relate to the divestment of the property at Wattbaan in Nieuwegein.

Total property expenses

The total property expenses increased from EUR 846,750 in 2016 to EUR 940,843 in 2017. This increase is attributable to service charges that could not be passed on to tenants, partly because of an increase of vacancy.

Management expenses

In 2017, the management expenses increased to EUR 732,715 (2016: EUR 694,055). The management expenses include such items as the management fee paid to Triodos Investment Management and the asset manager, 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 portfolio value of the fund to Triodos Investment Management. This management fee is mainly used to cover staff costs, travel expenses, accommodation costs and ICT costs. Most of these costs concern the fee for the outsourced asset and property management activities. 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.

Other operating costs

The other operating costs increased to EUR -188,059 as per 2017 year-end (2016: EUR -36,289). This was partly attributable to the costs incurred due to the fund's share issue in 2017. The total costs of the share issue amounted to EUR 538 thousand, of which EUR 135 thousand was accounted for by one-off costs and EUR 403 thousand was charged to equity.

Net finance costs

The net finance costs decreased from EUR 1.7 million to EUR 1.6 million. In 2017, the fund renewed and refinanced almost its entire loan portfolio in order to benefit from the current low interest environment and to optimise its funding structure. In July 2017, all the loans from Rabobank, totalling EUR 12.6 million, were repaid using the proceeds from the share issue in order to reduce the interest rate and allow the fund to finance future acquisitions from a new loan facility at lower interest rates. In September 2017, existing loans with Triodos Bank and Triodos Groenfonds were renewed and another EUR 3.8 million loan with Triodos Bank was renewed in December 2017. The complete refinancing operation involved the payment of a total amount of EUR 330 thousand in penalty fees. These penalty fees are included in the net finance costs.

Total costs

In 2017 the total costs, consisting of property expenses, management expenses and net finance costs, amounted to EUR 3,435,546 (2016: EUR 3,303,252). The ongoing charges of the fund are represented by the ratio between the net asset value and the costs incurred by the fund. In 2017 the ongoing charges for Triodos Vastgoedfonds came to 4.41% (2016: 5.50%). The decrease of the ratio was mainly due to lower maintenance and service costs. It should be noted, though, that the ongoing charges for real estate funds cannot be compared with those 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 came to 2.17% (2016: 2.49%).

Financial result

The result of Triodos Vastgoedfonds comprises the direct and the indirect result. The direct result comprises of rent and other income minus all costs, i.e. the total result minus (un)realised changes in the fair value of the properties. The indirect result comprises the (un)realised changes in the fair value of the properties. The direct result for 2017 decreased to EUR 3.0 million (2016: EUR 3.2 million). The direct result per share for 2017 amounts to EUR 0.24 per share (2016: EUR 0.37). The indirect result increased to EUR 0.9 million in 2017 (2016: EUR -0.1 million). The indirect result per share amounts to EUR 0.07 (2016: -0.01). This brings the total result per share to EUR 0.31 (2016: EUR 0.36). Calculated as a percentage of the average net asset value of the shares in 2017, the direct result was 7.2% (2016: 10.8%) and the indirect result of 2.1% (2016: -0.4%).

The results per share are calculated based on the weighted average number of outstanding shares over the reporting period. The weighted average number of shares outstanding increased from 8,398,991 in 2016 to 12,565,603 in 2017 as a result of the share issue that took place in 2017.

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 wants to improve disclosure of information to the shareholders. Therefore, the fund 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 tolerance is described in the prospectus, in the paragraph on investment restrictions. Triodos Vastgoedfonds publishes its prospectus on www.triodos-im.com.

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. In order to ensure their attractiveness, the fund invested EUR 285,216 in its properties in 2017 (2016: EUR 284,946). The weighted average vacancy rate in 2017 was 8.8% (2016: 6.1%); the vacancy rate as at the end of 2017 is 12.7% (2016: 7.6%).

Result per share

(amounts in EUR)	2017	2016	2015	2014	2013
Direct result	0.24	0.37	0.33	0.38	0.29
Indirect result	0.07	-0.01	-0.24	-0.21	-0.63
Total result	**0.31**	**0.36**	**0.09**	**0.17**	**-0.34**

Credit risk

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 2017 year-end, the total gross rental income received from the fund's largest tenant represented 14.2% of the gross rental income (2016: 13.8%). At 2017 year-end the fund had 37 tenants (2016: 39) spread across various sectors (see the paragraph on concentration risk).

Concentration risk

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 2017 no events occurred that increased the concentration risk.

Geographical diversification of properties

More financial risks are described in the notes to the annual accounts, starting on page 36.

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.

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, the Risk & Compliance department has grown and purchased a Risk & Compliance application. 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 guideline provides two types of reports. An ISAE 3402 type I report provides assurance about the framework and the existence of the implemented control measures. On April 11, 2017, Triodos Investment Management obtained an ISAE 3402 type I report as at December 31, 2016. An ISAE 3402 type II report provides assurance about the effective functioning of the implemented control measures. On March 12, 2018, Triodos Investment Management obtained an ISAE 3402 type II report for the period July 1, 2017 until December 31, 2017.

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.

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 invest 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.

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 2017 functioned effectively and in accordance with the description. More information with regard to the management of operational risks can be found in the annual report of Triodos Investment Management.

Remuneration policy

All staff members of Triodos Investment Management are 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 2017 the total remuneration of the 186 co-workers working for Triodos Investment Management amounted to EUR 14,664,564 (2016: 160 co-workers, EUR 12,083,258). 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 remuneration figures given in the tables below and on the next page 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, the 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

Triodos Vastgoedfonds

Applicable for the year 2017 (remuneration in EUR)	Co-workers directly involved in Triodos Vastgoedfonds		'Identified staff' in senior management positions		Other identified staff	
	2017	2016	2017	2016	2017	2016
Number of staff involved	*13*	*15*	*5*	*5*	*5*	*5*
Average FTEs	*4.6*	*3.7*	*0.3*	*0.3*	*1.1*	*1.1*
Fixed remuneration	481,052	385,411	62,018	49,466	157,686	149,527
Variable remuneration	3,227	2,916	143	218	611	918
Total remuneration	**484,279**	**388,327**	**62,161**	**49,684**	**158,297**	**150,445**

Triodos Investment Management

Applicable for the year 2017 (remuneration in EUR)	Co-workers at AIFM		'Identified staff' in senior management positions		Other identified staff	
	2017	2016	2017	2016	2017	2016
Number of staff	*186*	*160*	*9*	*7*	*23*	*21*
Average FTEs	*156.6*	*128.1*	*6.6*	*6.5*	*18.3*	*17.0*
Fixed remuneration	14,545,631	11,987,201	1,224,062	1,216,949	2,414,615	2,279,973
Variable remuneration	118,933	96,057	2,123	5,674	13,584	9,877
Total remuneration	**14,664,564**	**12,083,258**	**1,226,185**	**1,222,623**	**2,428,199**	**2,289,850**

retrospect. 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 2017, no collective end-of-year token of appreciation was awarded. As an outcome of the collective labour agreement negotiations, however, every co-worker received a one-off benefit of EUR 500. This amount is reported under variable remuneration. The largest part of the variable remuneration awarded in 2016 was related to the collective token of appreciation.

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.

Outlook

The outlook for the real estate market remains favourable. Falling unemployment figures, particularly in sectors related to office real estate, contribute to the further decline of the vacancy rate. It seems likely that the office market outside the five big cities will also benefit.

Raising the rental income by investing in new properties has the highest priority. Triodos Vastgoedfonds continues to work diligently on exploring investment opportunities. Given the current strong investment market, in which prices for high-quality assets tend to rise, the fund approaches the market in a structured and disciplined way. The acquisition of the property "De Rode Haan" was fully completed in January 2018. This property will add EUR 880 thousand to the fund's rental income in 2018.

Another focus point remains the improvement of the occupancy rate. The recent Delft acquisition has increased the occupancy rate to 89.2% following the finalisation of the transaction on 18 January 2018.

The fund will also continue to further drive its sustainability performance and aims for a 5% energy reduction in 2018 compared with 2017. Furthermore, the fund will increase the capacity of installed solar panels with at least 10% in 2018 compared with 2017. The fund will also look for enhancements to improve the well being of the tenants and start with the implementation of a circularity maintenance plan for part of the portfolio.

In 2018, the fund will benefit from the reduction of the cost of borrowings from 4.7% to 3.1% as a result of the successful refinancing efforts in 2017.

Furthermore, Triodos Vastgoedfonds aims to maintain the stable distribution policy that it has pursued in recent years.

As of 1 July 2018, Triodos Vastgoedfonds will be bringing the asset management of the fund in-house. The fund is taking this step in order to be more visible for the fund's tenants and to jointly make an effort to further share the fund's sustainability targets.

Zeist, the Netherlands, 12 April 2018

Fund manager Triodos Vastgoedfonds
Guus Berkhout

Management Board Triodos Investment Management
Marilou van Golstein Brouwers (Chair)
Kor Bosscher (as of 1 March 2018)
Jacco Minnaar (as of 1 June 2017)
Dick van Ommeren

Report of the Supervisory Board

The Supervisory Board proposes to the General Meeting of Shareholders to discharge the management 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 2017 at the General Meeting of Shareholders on 25 May 2018.

PwC audited the financial statements and issued an unqualified opinion (see page 61). 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.

The Supervisory Board met four times during the reporting period. During these meetings funding, balance sheet management, risk management and sustainability were on the agenda. Throughout the year, the Supervisory Board had in depth discussions with the management of the fund about the growth strategy of the fund and the share issue in 2017. Furthermore, trends in the real estate market and the financial markets were discussed. The Supervisory Board had special attention regarding important aspects of laws and regulations, as for example the MiFID II regulation and its implications for the fund.

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 General Meeting of Shareholders on 12 May 2017 René Geskes resigned as member of the Supervisory Board. Jan Willem van der Velden was appointed as member of the Supervisory Board for a term of four years.

The Supervisory Board would like to thank the management of the fund for their efforts in 2017.

Zeist, the Netherlands,
12 April 2018

Gerard Groener (Chair)
Anke van Hal
Carel de Vos tot Nederveen Cappel
Jan Willem van der Velden

Annual accounts 2017
Triodos Vastgoedfonds

Page

Statement of financial position as at 31 December 2017	24
Statement of comprehensive income for 2017	25
Statement of cashflows for 2017	26
Statement of changes in equity	27
Notes to the annual accounts	29

Statement of financial position as at 31 December 2017

Before profit appropriation (amounts in EUR)	Note*	31 december 2017	31 december 2016
Assets			
Non-current assets			
Investment property	1	63,865,000	66,150,000
Other long-term assets	2	261,325	347,519
Total Non-current assets		**64,126,325**	**66,497,519**
Current assets			
Receivables, prepayments and accrued income	3	1,324,804	54,001
Cash and cash equivalents	4	10,146,593	8,550
Total current assets		**11,471,397**	**62,551**
Total assets		**75,597,722**	**66,560,070**
Equity and Liabilities			
Equity			
Issued capital	5	8,257,877	4,199,496
Share premium	6	69,231,998	50,965,991
Revaluation reserves	7	1,936,899	104,448
Other reserves	8	-28,440,815	-27,969,078
Profit for the year	9	3,902,873	3,040,512
Total Equity		**54,888,832**	**30,341,369**
Liabilities			
Long-term liabilities			
Borrowings	10	18,650,522	26,338,505
Short-term liabilities			
Borrowings	11	–	7,323,053
Accounts payable and other liabilities	12	2,058,368	2,557,143
Total Liabilities		**20,708,890**	**36,218,701**
Total Equity and Liabilities		**75,597,722**	**66,560,070**

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

Statement of comprehensive income for 2017

(amounts in EUR)	Note*	2017	2016
Gross rental income	13	6,281,400	6,445,351
Other income from investment property	14	174,347	12,014
Total income from investment property		**6,455,747**	**6,457,365**
Service charge expenses passed on		944,914	909,190
Service charge expenses		-1,145,731	-977,132
Net service charges expenses	15	-200,817	-67,942
Property expenses	16	-740,026	-778,808
Total property expenses		**-940,843**	**-846,750**
Net rental income		**5,514,904**	**5,610,615**
Net realised result from fair value adjustments on investment property	17	**-6,368,320**	**-1,950,749**
Net unrealised result from fair value adjustments on investment property	18	**7,246,598**	**1,837,106**
Management expenses	19	**-732,715**	**-694,055**
Other operating costs	20	**-188,059**	**-36,289**
Net operating profit		**5,472,408**	**4,766,628**
Loss of liquidated participation		**-612**	**–**
Finance costs		-1,573,929	-1,726,158
Interest income		5,006	42
Net finance costs	21	**-1,568,923**	**-1,726,116**
Profit for the year		**3,902,873**	**3,040,512**
Other comprehensive income		0	0
Total comprehensive income		**3,902,873**	**3,040,512**
Earnings per share		0.31	0.36

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

Statement of cashflows for 2017

(amounts in EUR)	Note*	2017	2016
Cash flow from operating activities			
Rental income received		5,838,098	6,179,484
Property expenses paid		-951,424	-862,230
Management expenses and other operating costs paid		-1,090,351	-739,578
Interest paid		-1,710,950	-1,734,527
Interest received		5,006	42
Proceeds from other receivables and payments of other liabilities		412,575	-159,617
		2,502,954	**2,683,574**
Cash flow from investment activities			
Investments in investment property including purchase costs		-1,171,244	-58,184
Divestments of investment property including selling expenses		3,172,779	1,092,476
		2,001,535	**1,034,292**
Cash flow from finance activities			
Capital issue	5, 6	22,726,936	–
Capital issue costs	6	-402,548	–
Distributions paid	9	-1,679,798	-1,679,796
Repayment of long-term borrowings	10	-7,687,983	-2,748,489
Increase short-term borrowings	11	–	123,053
Repayment of short-term borrowings	11	-7,323,053	–
		5,633,554	**-4,305,232**
Change in cash and cash equivalents		**10,138,043**	**-587,366**
Cash and cash equivalents at beginning of reporting period	4	8,550	595,916
Change in cash and cash equivalents		10,138,043	-587,366
Cash and cash equivalents at end of reporting period	4	**10,146,593**	**8,550**

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

Statement of changes in equity

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**
Note*	5	6	7	8	9	

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 5 through 9 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 2016

(amounts in EUR)	Issued capital	Share premium	Revaluation reserve	Other reserves	Retained earnings for the year	Total
Equity as at 31 December 2015	4,199,496	50,965,991	22,451	-26,926,749	719,464	28,980,653
Transactions with shareholders:						
Distribution	–	–	–	–	-1,679,796	-1,679,796
Profit appropriation 2015	–	–	–	-960,332	960,332	–
Transfer of reserves	–	–	81,997	-81,997	–	–
Profit for the year	–	–	–	–	3,040,512	3,040,512
Equity as at 31 December 2016	**4,199,496**	**50,965,991**	**104,448**	**-27,969,078**	**3,040,512**	**30,341,369**
Note*	5	6	7	8	9	

In 2016 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 5 through 9 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.

As per 1 June 2017, Jacco Minnaar was appointed as Managing Director of Triodos Investment Management B.V. Kor Bosscher was appointed as Director Risk & Finance of Triodos Investment Management B.V. as per 1 March 2018. Since 1 November 2017, Laura Pool is no longer Director Risk & Finance of Triodos Investment Management B.V.

AIFMD

As a result of the AIFMD coming into force on 22 July 2014, Triodos Vastgoedfonds is required to have an independent AIFMD depositary. BNP Paribas Securities Services S.C.A. has been appointed as independent AIFMD depositary for the Dutch investment funds managed by Triodos Investment Management B.V. The AIFMD 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 60. This distribution test also takes into account the liquidity projections.

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, also have 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 2017 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 2017 and of the development of the fund during 2017 as included in the annual accounts, as well as a description of the main risks to which the fund is exposed.

Consolidation and comparative figures

During financial year 2017 the fund has liquidated her only participating interest in Triodos Vastgoedfonds Duurzame Concepten B.V. At date of liquidation, the equity of the participating interest amounted to EUR -3,817, with a result over financial year 2017 at time of liquidation amounting to EUR -612. Following this liquidation, the fund does not consolidate its annual accounts for the financial year 2017.

The figures of the former participating interest are not material to interpret and understand the figures of the fund. The size and nature of the comparative figures in the annual accounts 2016 would be materially similar to the annual accounts including changed comparative figures.

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 2017 year-end the fund owned EUR 63.9 million in investment property that can potentially be impacted by these choices.
- The decision whether or not to recognise provisions: as at 2017 year-end, the fund had EUR 1.3 in current assets, amongst others EUR 1.1 million prepayment for the investment property in Delft, 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.

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 it is probable that the future 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 standards and interpretations of the existing standards that have limited relevance for the fund and have not yet come into effect concern IFRS:

- 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. The impact analysis on the fund was completed at the end of 2017. The 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 decided that the ECL bookings will be processed quarterly in the financial administration as of 1 January 2018. The effect on figures is relatively small: with for the short-term receivables as of 1 January 2018 of EUR 1.2 million an ECL provision of EUR 1,093 will be booked.
- 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 analyses 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. This analysis has shown that the Amsterdam parking spaces are rented and leased, from these new standards must be capitalised. The capitalisation is also applicable for the ground lease related to the object own in The Hague. After the activation, these items must be amortised over the entire term. The impact of this activation is a balance sheet increase of EUR 1.3 million as of 1 January 2018 for the right-of-use asset (debit) and a lease liability (credit). The fund

is considering to early adopt IFRS 16 as of 1 January 2018. IFRS 16 has no impact on lease contracts where the funds 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.

Measurement after recognition

Investment properties are measured at their fair value. 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 sale 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 2017 year-end, the entire portfolio of Triodos Vastgoedfonds was valued by external valuers.

Subsidiary

A subsidiary is a company over which Triodos Vastgoedfonds may exercise decisive control. The fund can exercise decisive control if it exercises indirect control over the financial and operational policies of the company for the benefit of its own operations. When determining the degree of control, potential voting rights that may as of year-end date be exercised are taken into account. The figures of the subsidiary are, in case of control, included in the consolidated figures from the date on which the control comes into effect until the date on which this ceases to exist.

At the end of the financial year 2016 Triodos Vastgoedfonds Duurzame Concepten B.V. was a fully owned subsidiary of Triodos Vastgoedfonds N.V. The subsidiary Triodos Vastgoedfonds Duurzame Concepten B.V. was liquidated during 2017 resulting in a termination of the relationship between the two companies.

Other long-term assets (capitalised costs)

Capitalised rent-free periods and other lettings costs 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. The book value of receivables also 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.

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 5.
- 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 6.
- 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 7.
- Other reserves: for further information about this item we refer to note 8.
- 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. The fair value of borrowings is considered to be approximately equal to the nominal value. Short-term liabilties have a term to maturity of less than one year.

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, 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 4. 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 13 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 16 to the statement of comprehensive income. Differences between the property expenses and the cash flows are attributable to the allocation principle.

The divestments concern the sale of the property in Nieuwegein (2017) and the property in Nijmegen (2016).

Management of the financial risks

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.

Liquidity projections are prepared based on operating budgets. Frequent checks are carried out to ascertain whether the liquidity position is developing in line with projections. The fund aims to achieve this mainly by means of lease revisions.

As at 2017 year-end the average term of the leases that have been entered into weighted according to annual rental income is 5.1 years (2016: 4.1 years). The lease terms weighted according to annual rental income can be broken down as follows:

	31-12-2017	31-12-2016
<1 year	3.1%	16.5%
1-3 years	25.3%	39.1%
3-5 years	6.3%	3.2%
5-10 years	65.3%	28.5%
>10 years	0.0%	12.7%
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 2017, the vacancy rate for the property in the fund's portfolio is 12.7% (As at 31 December 2016: 7.6%).

Market risk

The value of investment property is influenced by many factors, including the outlook for economic growth, interest rate levels, the rate of inflation and rental income. 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 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. As the market is picking up, the fund increasingly focuses on opportunities for selling 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. Market trends in the Randstad conurbation, and particularly in Amsterdam, were extremely favourable in 2017. In the peripheral regions of the Netherlands, on the other hand, the market evolved at a distinctly slower pace.

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. This is why Triodos Vastgoedfonds invests in the properties in order to keep them attractive for potential tenants. In order to ensure their attractiveness, the fund invested EUR 285,216 in its properties in 2017 (2016: EUR 284,946).

The average vacancy rate in 2017 was 8.8% (2016: 6.1%).

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 2017 no events occurred that increased the concentration risk.

Analysis by credit quality of financial assets is as follows:

Receivables, prepayments and accrued income

Note 3, euro's	2017	2016
Receivables from large companies	–	–
Receivables from small or medium-sized companies	1,324,804	54,001
Total neither past due nor impaired	**1,324,804**	**54,001**
Total past due but not impaired	**–**	**–**
Total individually determined to be impaired (gross)	**–**	**–**
Less: impairment provision	–	–
Total receivables, prepayments and accrued income	**1,324,804**	**54,001**

Cash and cash equivalents, rating of counterparty

Note 4, euro's	2017	2016
A- rated	73	376
Not rated*	10,146,520	8,174
Total cash and cash equivalents	10,146,593	8,550

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

Geographical diversification of properties

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 2017 the average modified duration of the borrowings was: 7.7 (31 December 2916: 3.4). Because the fair value of borrowings is approximately equal to its nominal value and the fund intends to maintain the funding until the maturity dates, this effect is limited for Triodos Vastgoedfonds.

At 2017 year-end, the fund had EUR 18.7 million in loans (2016: EUR 33.5 million). The structure of the fixed-rate periods of the fund's borrowings is set out on page 47 and subsequent pages. The fund's policy is aimed at keeping the fixed-rate periods of its borrowings aligned with the lease terms. Triodos Vastgoedfonds does not use financial derivatives in order to hedge its interest-rate risk.

At 2017 year-end the interest expenses for Triodos Vastgoedfonds amounted to 3.1% (2016: 4.7%). Due to the fund's risk averse funding structure, the interest rates for loans were in the past fixed for a long period of time, as a result of which the fund was only able to benefit to a limited extent from the fall in interest rates.

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 2017 year-end the fiscal value of the fund's investment property was EUR 70.2 million (2016 year-end: EUR 74.7 million). At 2017 the funds borrowed represented 26.6% of the fiscal book value of the investment property or rights to which such investment property was subject (2016 year-end: 45.1%). 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 2017 year-end the leverage ratio based on the 'commitment method of calculation' was: 177% (2016: 341%). As at 2017 year-end the leverage ratio based on the "gross method of calculation" is: 116% (2016: 219%). The aforementioned calculation methodologies are pursuant to AIFMD-guidelines.

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. 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 notes 10 and 11 (borrowings). The maturity date of borrowings can be presented as follows:

	31-12-2017	31-12-2016
<1 year	0.0%	21.5%
1-3 years	12.6%	25.8%
3-5 years	19.6%	16.4%
5-10 years	44.3%	35.3%
>10 years	23.5%	1.0%
Totaal	**100.0%**	**100.0%**

In order to absorb unforeseen circumstances that may cause the liquidity risk to materialise, a stand-by credit facility of EUR 3,000,000 has been arranged with Triodos Bank.
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.

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 2017	Situation in 2016
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.	87.3%	92.4%
Rental income per m^2	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 122	EUR 134
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.	7.41%	9.47%
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.	3.10%	4.68%
Average discount rate	The average discount rate is the factor that is used to calculate the present value of the values of investment property.	6.66%	5.125%

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

(amounts in EUR)	Values in 2017	Values in 2016
Occupancy rate +1%	639,000	662,000
Rental income per m^2 +1%	639,000	662,000
GIY +1%	-643,000	-691,000
Average discount rate +1%	-8,333,000	-4,900,000

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 2017 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”.

Triodos Vastgoedfonds Duurzame Concepten B.V., a former subsidiary of Triodos Vastgoedfonds, was liable to pay tax under the Corporation Tax Act 1969.

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 direct result per share for 2017 amounts to EUR 1,765,919 (2016: EUR 22,540). The reconciliation of the tax result with the commercial result is as follows:

	2017	2016
Commercial result	**3,902,873**	**3,040,512**
Correction commercial unrealised changes in value	-7,246,598	-1,837,106
Fiscal unrealised change in value	-332,477	-2,176,946
Correction commercial realised change in value	6,368,320	1,950,749
Fiscal realised change in value	-577,874	-540,299
Amortisation of acquisition costs	-348,937	-420,975
Correction commercial valuation subsidiaries	612	6,605
	-2,136,954	**-3,017,972**
Fiscal result	**1,765,919**	**22,540**

As at 2017 year-end the tax loss amounts to EUR 6,894,442 (2016 year-end: 8.660.361).
As at 2017 year-end, the authorised capital amounts to EUR 61,2234,222 (2016 year-end: 38,905,590).

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.

For the purpose of income tax, until 31 December 2016 Triodos Vastgoedfonds was part of a tax entity of which Triodos Vastgoedfonds was the parent company and Triodos Vastgoedfonds Monumenten B.V. was the subsidiary. The income tax is settled between Triodos Vastgoedfonds N.V. and its subsidiary as if the entities are independently liable to pay tax. The entity ceased to exist following the merger on 31 December 2016.

Notes to the statement of financial position as at 31 December 2017

1. Investment property

(amounts in EUR)	2017	2016
Balance as at 1 January	66,150,000	67,310,000
Investments including acquisition costs	1,720	53,900
Divestments including acquisition costs	-9,533,318	-3,051,006
Write-down revaluation divestments	6,093,318	1,801,006
Revaluation during the reporting period	1,153,280	36,100
Balance as at 31 December	**63,865,000**	**66,150,000**

Any acquisition costs for investment properties are an inherent part of the acquisition price. Investment property is stated at fair value. 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 32, 'Determination of the fair value of investment property'. The sum of the acquisition price plus purchase costs of investment properties amount to EUR 85,6 million (2016: 98,1 million). The sum of the revaluations of investment properties at balance sheet date amount to EUR -21.7 million (2016: EUR -32.0 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.

2. Other long-term assets

(amounts in EUR)	2017	2016
Capitalised estate agent's commission		
Balance as at 1 January	225,713	112,438
Capitalised amount	39,326	165,672
Amortisation	-70,096	-52,397
	194,943	225,713
Transferred to short-term assets	-64,808	–
Balance as at 31 December	130,135	225,713
Capitalised lease incentives		
Balance as at 1 January	110,182	99,662
Capitalised amount	120,175	133,594
Amortisation	-75,699	-123,074
	154,658	110,182
Transferred to short-term assets	-44,336	–
Balance as at 31 December	110,322	110,182
Capitalised loan commissions		
Balance as at 1 January	7,340	12,580
Amortisation	-2,299	-5,240
	5,041	7,340
Transferred to short-term assets	-882	–
Balance as at 31 December	4,159	7,340
Other items	16,709	4,284
Total balance as at 31 December	261,325	347,519

3. Receivables, prepayments and accrued income

(amounts in EUR)	2017	2016
Deposit on investment property	1,150,000	–
Capitalised estate agent's commission (short-term part)	64,808	–
Rent debtors	57,678	–
Capitalised lease incentives (short-term part)	44,336	–
Acquisition costs on property investment	7,100	–
Capitalised loan commissions (short-term part)	882	–
VAT	–	44,568
Costs to be charged on	–	1,477
Other prepayments and accrued income	–	7,956
Balance as at 31 December	**1,324,804**	**54,001**

The term of other receivables, other prepayments and accrued income is less than 1 year. The deposit on investment property has been made for the acquisition in the end of 2017, which is finalised by notary transfer in 2018. For further information please refer to Off-balance sheet commitments, assets and arrangements.

Specification of rent debtors

(amounts in EUR)	2017	2016
Overview of items outstanding as at 31 December	57,678	–
Less: provision	–	–
Balance as at 31 December	**57,678**	**–**

4. Cash and cash equivalents

(amounts in EUR)	2017	2016
Triodos Bank, savings accounts)	5,000,002	–
Triodos Bank, current accounts	5,146,518	8,174
KAS BANK, current account	73	376
Balance as at 31 December	**10,146,593**	**8,550**

Cash and cash equivalents are at the fund's free disposal, except EUR 1,143,977 at a current account at Triodos Bank. This amount represents the remainder of the sale of the office building in Nieuwegein, which is not used for the repayment of loan(s) of Triodos Bank.

As at 2017 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 2,500,000 (positive) (2016: 0.00%).
As at 2017 year-end, the interest rate for the current and return accounts held at Triodos Bank is -0.50% as far as the balance is above EUR 2,500,000 (positive) (2016: 0.00%).
As at 2017 year-end, the interest rate for the current account held at KAS BANK is -0.87% (for a positive balance) (2016: -0.85%).
As at 2017 year-end, the interest rate for the current account held at KAS BANK is 1.13% (for an overdrawn balance) (2016: 1.15%).

5. Issued capital

As at the year-end date, the authorised capital amounts to EUR 10,000,050 (2016 year-end: EUR 10,000,050) consisting of 20,000,000 ordinary shares and 10 priority shares with a nominal value of EUR 0.50 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 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 General Meeting of Shareholders, also in case of a loss. The priority shares are owned by Stichting Triodos Holding.
As at 2017 year-end, 11,958,091 ordinary shares had been issued via Euronext Fund Services (2016: 4,448,024) and 4,557,653 ordinary shares were registered in the shareholders' register (2016 3,950,957) 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 2017	priority shares 2017	ordinary shares 2016	priority shares 2016
Number of shares as at 1 January	8,398,981	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**	**8,398,981**	**10**

As at 2017 year-end the total number of shares issued amounted to 16,515,754 (2016: 8,398,991).

6. 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).

7. 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)	2017	2016
Balance as at 1 January	104,448	22,451
Transferred from the other reserves	1,832,451	81,997
Balance as at 31 December	**1,936,899**	**104,448**

8. 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)	2017	2016
Balance as at 1 January	-27,969,078	-26,926,749
Transferred to the revaluation reserve	-1,832,451	-81,997
Profit approporiation	1,360,714	-960,332
Balance as at 31 December	**-28,440,815**	**-27,969,078**

9. 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)	2017	2016
Balance as at 1 January	3,040,512	719,464
Distributions to shareholders paid	-1,679,798	-1,679,796
Profit appropriation	-1,360,714	960,332
	–	–
Profit for the year	3,902,873	3,040,512
Balance as at 31 December	**3,902,873**	**3,040,512**

10. Long-term borrowings

(amounts in EUR)	2017	2016
Loans from Triodos Groenfonds	6,006,510	6,673,900
Loans from Triodos Bank	12,529,890	14,145,865
Loans from Rabobank	–	5,400,000
Loan from Stichting Nationaal Restauratiefonds (Dutch National Restauration Fund)	114,122	118,740
Balance as at 31 December	**18,650,522**	**26,338,505**
This item has changed as follows:		
Balance as at 1 January	26,338,505	35,893,394
Loan repayments (long-term part)	-7,687,983	-2,354,889
Loans transferred to short-term debt	–	-7,200,000
Balance as at 31 December	**18,650,522**	**26,338,505**

The fair value of the long-term borrowings is in line with the book value.

Triodos Groenfonds

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

As per 2016, the fund has received long-term loans from Triodos Groenfonds N.V.:

Principal amount in EUR	Maturity date	Interest rate	Repayment
1,711,800	1 July 2019	3.900% until 1 July 2019	In full
895,600	1 July 2020	4.310% until 1 July 2020	In full
4,066,500	1 April 2022	4.800% until 1 April 2022	in full

Triodos Bank

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

As per 2016, the fund has received four long-term loans from Triodos Bank N.V.:

Principal amount in EUR	Maturity date	Interest rate	Repayment
4,263,800	1 January 2018	5.191% until 1 January 2018	in full
1,895,000	1 July 2021	5.250% until 1 May 2021	in full
4,737,500	1 July 2022	5.300% until 1 May 2022	in full
3,025,800	1 December 2022	4.960% until 1 December 2020	in full
223,765	1 July 2035	5.310% until 1 April 2020	EUR 2,984 per quarter

The collateral for the loans taken out from Triodos Groenfonds and Triodos Bank consists of:
A first mortgage of EUR 40,000,000 plus 37.5% for interest and costs on the following properties:

- Stationsweg in Groningen
- Platinaweg in Emmeloord
- Bosscheweg in Boxtel
- Honingerdijk in Rotterdam
- Laan van Westenenk in Apeldoorn
- J.F. Kennedylaan in Baarn
- Prins Hendrikstraat in Den Haag
- Willemsplein in Arnhem
- Rostockweg in Groningen
- Utrechtseweg in Amersfoort

For the loans provided by Triodos Groenfonds and Triodos Bank, Triodos Vastgoedfonds must meet a number of ratios:

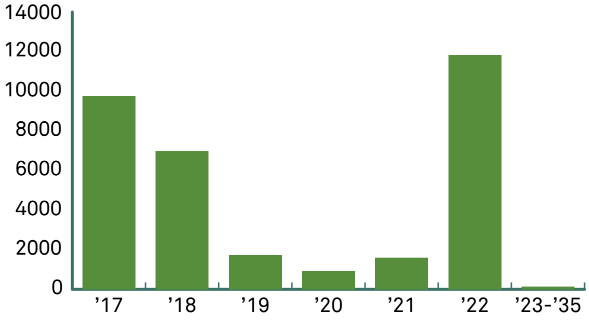
	2017	2016	Requirement
Solvency ratio	72.6%	45.6%	> 35%
Loan to Value entire portfolio	29.2%	50.9%	< 70%
Loan to Value for the portfolio funded by Triodos	29.0%	47.5%	< 70%

Stichting Nationaal Restauratiefonds (Dutch National Restauration Fund)

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 has been granted.

Maturity calendar cash flows for all external funding, creditors and other liabilities (in EUR x 1,000)



11. Short-term borrowings

(amounts in EUR)	2017	2016
Loans from Rabobank	–	7,200,000
Overdraft facility provided by Triodos Bank	–	123,053
Balance as at 31 December	**–**	**7,323,053**

This item has changed as follows:

(amounts in EUR)	2017	2016
Balance as at 1 January	7,323,053	393,600
Loan repayment	-7,200,000	-393,600
Change of facility provided by Triodos Bank	-123,053	123,053
Loans transferred from long-term debt	–	7,200,000
Balance as at 31 December	**–**	**7,323,053**

The credit facility provided by Triodos Bank amounts to EUR 3,000,000 (2016 year-end: EUR 3,000,000). Interest at a rate of 4.0% is due on the part of the credit facility that has been used. The fund did not draw from the credit facility provided by Triodos Bank. The loan from Rabobank has been fully repaid during the year.

12. Accounts payable and other liabilities

(amounts in EUR)	2017	2016
Rent invoiced in advance	1,020,348	772
Service charges to be set off	240,112	47,668
VAT	166,585	–
Management fee payable	158,725	166,794
Maintenance costs payable	151,457	121,785
Interest payable	113,478	251,466
Accounts payable	88,499	62,162
Costs incurred for decarbonisation	20,000	20,000
Deposits paid by tenants	11,892	165,883
Rent received in advance	–	1,537,984
Letting commission payable	–	87,336
Other short-term debt	87,272	95,293
Balance as at 31 December	**2,058,368**	**2,557,143**

No interest is due on short term debt. The fair value 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
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 2017 the ground rent amounted to EUR 83,517. The ground rent is indexed on 1 January of each year.

On 28 November 2017, Triodos Vastgoedfonds entered into a sale and purchase agreement with Gemeente Delft to purchase the building located Westlandseweg 2 to 40 in Delft. The purchase price was EUR 11,500,000. A deposit of EUR 1,150,000 was paid to a notary's blocked bank account. On 18 January 2018 the settlement of the transfer was finalised and the remainder of the purchase price was paid without the use of borrowings. From 18 January 2018, all income and expenditure are for the account and risk of Triodos Vastgoedfonds.

Earnings per share

(in euro's)	2017	2016
Direct result	3,024,595	3,154,155
Indirect result	878,278	-113,643
Total result	**3,902,873**	**3,040,512**

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

	2017	2016
Weighted average number of ordinary shares	12,565,593	8,398,981
Total outstanding ordinary shares eligible for distributions per 31 december	16,515,744	8,398,981

All results are from continued operations. Concerning the calculation of the earnings per share there has not been accounted for taxes, since the fund is exempted from profit taxes (0%).

13. 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 2017 an amount of EUR 75,699 in lease incentives was charged to the result (2016: EUR 123,074). In 2017 a termination fee payment of EUR 837,778 was made (2016: EUR 178,000). The rental income relates to an average of 15 properties (2016: 16 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 2017 (2016: nil).

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

	2017	2016
No later than 1 year	4,632,479	5,763,308
Later than 1 year and no later than 5 years	14,356,960	13,081,601
Later than 5 years	4,915,516	7,412,651
Total	**23,904,955**	**26,257,560**

14. Other income from investment property

(amounts in EUR)	2017	2016
Release reserved bank guarantee from bankrupt ex-tenant	171,679	–
Government subsidies for sustainability enhancing measures	1,930	6,863
Income from charging points for electric cars	–	3,137
Other income	738	2,014
	174,347	**12,014**

15. Net service charge expenses

(amounts in EUR)	2017	2016
Service costs related to vacancies	-206,612	-167,638
Settlement vacancy costs previous financial year	6,772	62,636
Settlement of service charges for previous financial year with tenants	-136	3,506
Result on basis of fixed fees for service charges	-841	33,554
	-200,817	**-67,942**

16. Property expenses

(amounts in EUR)	2017	2016
Maintenance costs including transaction costs	285,216	245,646
Property tax	136,767	150,576
Property management fee	134,611	143,136
Ground rent	83,517	82,690
Letting commission	78,917	54,350
Rent for parking spaces	25,337	20,461
Insurance premiums	24,199	24,841
Costs of decarbonisation	18,446	20,920
Consultancy fees	11,513	16,209
Water authority charges	9,652	15,109
Marketing and promotion costs	4,294	4,870
Government subsidies for sustainability enhancing measures	-72,443	–
	740,026	**778,808**

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

The net realised result from fair value adjustments on investment property relate to the divestment of the property Wattbaan in Nieuwegein (2016: Kerkenbosch in Nijmegen).

(amounts in EUR)	2017	2016
Realised result from fair value adjustments on investment property	-6,308,260	-1,876,006
Sales expenses	-60,060	-74,743
	-6,368,320	**-1,950,749**

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

(amounts in EUR)	2017	2016
Unrealised positive changes in the value of investment property	2,110,000	2,351,353
Unrealised negative changes in the value of investment property	-956,720	-2,315,253
Release of negative changes in value due to divestment	6,093,318	1,801,006
	7,246,598	**1,837,106**

19. Management expenses

(amounts in EUR)	2017	2016
Management fee (Triodos Investment Management)	352,921	369,483
Asset management (Cairn Investment property)	168,264	180,021
Auditor's fees	61,226	25,488
Valuation costs	36,567	45,988
AIFMD depositary fees	29,034	28,519
Remuneration Supervisory Board	23,371	18,203
Supervisor's charges	19,200	16,983
Publicity costs	14,454	-9,708
Consultancy fees	9,618	8,524
Acquisition costs of non-purchased office	5,585	–
Accounting costs	223	1,648
Other costs	12,252	8,906
	732,715	**694,055**

In 2016 the publicity costs were negative due to the release of the publicity costs reserved in previous periods.

20. Other operating costs

(amounts in EUR)	2017	2016
Costs of bearer shares	-5,062	-4,461
Marketing costs	-48,270	-31,828
Share issue costs	-134,727	–
	-188,059	**-36,289**
	-188,059	**-36,289**

21. Net finance costs

(amounts in EUR)	2017	2016
Interest charges based on contractual interest rate	1,229,830	1,715,597
Penalty interest regarding early repayments	330,001	–
Interest costs of bank accounts	7,522	–
Administration and commitment fees	6,576	10,561
	1,573,929	1,726,158
Interest income	-5,006	-42
	1,568,923	1,726,116

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 investments 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 asset and property management payable to Investment property Growth Fund) amounts to EUR 655,796 (2016: EUR 692,640).

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 2017, without taking into account whether these assurance procedures are performed in 2017. Other assurance procedures performed by the auditor concern the ISAE 3402 Type II report 2017. The auditor did not perform consultancy work. The total audit costs amount to:

(amounts in EUR)	2017	2016
Audit of the annual accounts	59,766	25,001
ISAE 3402 report	1,460	487
Total auditor’s fee	**61,226**	**25,488**

The fees included in 2017 of the audit of the annual accounts include additional fees invoiced for the audit procedures related to the annual accounts 2016. These additional fees amount to EUR 17.217 and have been invoiced by the auditor after finalisation of the annual accounts 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)	2017	2016
Gerard Groener	6,750	5,250
Anke van Hal	4,500	3,000
Carel de Vos tot Nederveen Cappel	4,500	3,750
Jan Willem van der Velden	4,500	–
Kees Duijvestein*	–	1,485
René Geskes*	1,500	3,750
	21,750	17,235
Employer's contributions	–	455
Non-deductible VAT	1,621	513
	23,371	18,203

* Is no longer a member of the Supervisory Board.

Total costs
The total costs for the fund amount to EUR 3,435,546 (2016: EUR 3,303,252).

Comparison of costs
In the following overview the costs for 2017 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 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
AIFMD 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

(amounts in EUR)	Costs 2016	Cost limit
Management fee	692,640	692,640
Remuneration Supervisory Board members	18,203	18,203
External auditor's fee	25,488	25,488
AIFMD depositary fees	28,519	28,519
Supervisor's charges	16,983	16,983
Marketing costs*	31,828	59,178
Costs for outsourcing work to third parties	4,461	4,461
Maintenance costs	245,646	245,646
Other property and service expenses	457,968	457,968
Finance costs	1,726,158	1,726,158
Other fund costs**	55,358	330,325

* 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 2017 is 4.41% (2016: 5.50%). This ratio has decreased mainly because of the increase of the net asset value of the fund.

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 is 2.17% (EUR 910,127) (2016: 2.49%, EUR 725,883).

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.

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 67% of the fund's external debt.
- Triodos Vastgoedfonds N.V. has access to a credit facility of EUR 3,000,000 at Triodos Bank N.V. at market conditions and rates.
- Triodos Vastgoedfonds N.V. has issued 4,557,653 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 2017 this fee amounted to EUR 655,674 including non-recoverable VAT (2016: EUR 692,640).
- Triodos Investment Management B.V. receives a fee of up to 1.2% 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. In 2017 this fee amounted to EUR 38,701 (2016: EUR 14,100).

4 Triodos Groenfonds N.V.

Triodos Groenfonds N.V. is an entity that is also managed by Triodos Management B.V. Triodos Groenfonds N.V. has provided loans at market conditions and rates based on sustainability (green) certificates. These loans represent 32% of the fund's external debt.

5 Triodos Vastgoedfonds Monumenten B.V.

Triodos Vastgoedfonds Monumenten B.V. was a full subsidiary of Triodos Vastgoedfonds N.V. (until 31 December 2016) and its objective was to preserve listed buildings within the meaning of the Listed Buildings Act 1988 (Monumentenwet 1988.) Nationally listed buildings that were bought by Triodos Vastgoedfonds N.V. before 2010 had been transferred to this fund in view of fiscal regulations.
Triodos Vastgoedfonds N.V. distributed the costs that also related to its subsidiary Triodos Vastgoedfonds

Monumenten B.V. in proportion to the value of the investments at the end of the financial year. In 2016 EUR 466,700 in funding charges and EUR 218,000 in general costs were charged on to Triodos Vastgoedfonds Monumenten B.V.

Post-balance sheet events

No events occurred after balance sheet date that have impact on the insight into and interpretation of the annual accounts as at 31 December 2017.

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 maintain 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, KASBANK 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.

In 2017 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.

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 2017 financial year.

Share ownership

As at 31 December 2017 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, 12 April 2018

Fund manager
Guus Berkhout

The Board of Directors of Triodos Investment Management
Marilou van Golstein Brouwers (Chair)
Kor Bosscher (Direcotr since 1 March 2018)
Jacco Minnaar (Director since 1 June 2017)
Dick van Ommeren (Director)

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 2017

Our opinion

In our opinion, Triodos Vastgoedfonds N.V.'s financial statements give a true and fair view of the financial position of the Fund as at 31 December 2017, 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 2017 of Triodos Vastgoedfonds N.V., Zeist ('the Fund').

The financial statements comprise:
- the statement of financial position as at 31 December 2017;
- the following statements for 2017: 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.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 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 Vastgoedfonds 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 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 investment property, we considered this to be a key audit matter as set out in the key audit matter section of this report. Furthermore, we identified the accuracy and completeness of rental income 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 specialists in the areas of valuation (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: €548,000.

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 purpose of our audit for the period 1 January 2017 through 31 December 2017, we have used Cairn's ISAE 3402 type II report.

Key audit matters
- Valuation of investment property.
- Accuracy and completeness of rental income.

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	€548,000 (2016: €303,414).
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) of the Fund.
Rationale for benchmark applied	We used this 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 €27,000 (2016: €15,082) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our audit

In 2016, Triodos Vastgoedfonds N.V. held an interest of 100% in Triodos Vastgoedfonds Duurzame Concepten B.V. This entity was liquidated during 2017. As such, the financial statements for 2017 have been prepared on a standalone basis for 2017 while the comparative figures are based on consolidated figures (refer also to section 'Consolidation and comparative figures' in the financial statements). In both 2016 and 2017, the entity did not have any activities and as such the reported figures in both 2016 and 2017 were not material.

The Fund is managed by Triodos Investment Management B.V. The manager is also the board of the Fund. Triodos Investment Management B.V. has outsourced the asset and property management of the Fund to Real Estate Growth Fund Management B.V. ('Cairn'). Cairn, as the asset manager, is responsible for the letting and maintenance of the properties and for formulating purchasing-and-selling plans of the properties. Cairn also takes care of property management that involves managing the properties at an operational level, including administrative and technical duties.

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 and Cairn.

We place reliance on the ISAE 3402 type II reports of the manager (1 July 2017 through 31 December 2017) and Cairn (full year 2017) 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. These reports comprise, among other things, a description of the design of internal controls at the manager and Cairn and an assurance report thereon provided by an independent auditor based on generally accepted assurance standards. With respect to the internal controls performed by the manager, we obtained and read the relevant parts of the report for the period 1 July 2017 through 31 December 2017. 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. For the remaining period 1 January 2017 through 30 June 2017, we have independently identified the significant internal controls at the manager that are relevant for the purpose of our audit of the Fund's financial statements and tested the operating effectiveness of those internal controls. We have not identified any exceptions in this regard.

With respect to the internal controls performed by Cairn, we obtained and read the relevant parts of the report for the year ended 31 December 2017. 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.

The key audit matters were addressed 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.

Key audit matters	How our audit addressed the key matter
Valuation of investment property The investment property has been valued on the balance sheet at €63,865,000 (2016: €66,150,000) and is based on the accounting policy for valuation as explained on pages 32 and 33 of the financial statements. The valuation of investment property at fair value, requires a high level of professional judgement by the manager. This is the result of 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. 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 investment property 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 2017. The external appraisers are appointed by the manager and perform their work in accordance with 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 a point estimate is taken. Due to the unique nature of each property, the applied assumptions take into consideration the	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 in the 2017 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 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 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 for the purpose of valuation of the investment property in the financial statements. For a sample of investment properties, we reconciled the assessed value in the valuation reports with the financial administration and 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 capitalisation rate, discount rate, market rent and vacancy expectations) against external data (including market transactions) based on sampling. Due to the high level of professional judgement applied by the manager in the valuation of investment property and the existence of alternative assumptions and valuation methods, we tested the outcome of an external appraisal against an acceptable bandwidth.

Key audit matters	How our audit addressed the matter
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 2017 financial statements.	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. 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 investment property. 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 The rental income recorded in the statement of profit and loss is based on the accounting policies as explained on page 35 of the financial statements. The rental income of the Fund amounts to €6,281,400 (2016: €6,445,351) in 2017. 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. In addition, the Dutch auditing standards imply the existence of an inherent 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 a correct recognition of the lease incentives granted over the term of the leases.	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. 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
- 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 2016 to 2019. We are auditors for a total period of uninterrupted engagement appointment for two 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, 12 April 2018
PricewaterhouseCoopers Accountants N.V.

Origineel getekend door M.P.A. Corver RA

Appendix to our auditor's report on the financial statements 2017 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 2017. Because of the updated Screen, not all properties are assessed yet for the year 2017 and no comparative figures for 2016 are available.

Sustainably constructed and managed

very energy efficient

A^{++}	≤ 0.50
A^{+}	0.51-0.70
A	0.71-1.05
B	1.06-1.15
C	1.16-1.30
D	1.31-1.45
E	1.46-1.60
F	1.61-1.75
G	≥ 1.75

very energy inefficient

Amersfoort, Utrechtseweg, owned since 2010

A 0.71-1.05

	2017
People	7.0
Planet	6.3
Profit	7.2
Project	8.3

Boxtel, Bosscheweg, owned since 2006

B 1.06-1.15

	2017
People	7.4
Planet	6.5
Profit	6.2
Project	7.9

Emmeloord, Platinaweg, owned since 2005

A^{+} 0.51-0.70

	2017
People	–
Planet	–
Profit	–
Project	–

Groningen, Rostockweg,
owned since 2008

A^{+} 0.51-0.70

	2017
People	–
Planet	–
Profit	–
Project	–

Groningen, Stationsweg,
owned since 2011

A^{+} 0.51-0.70

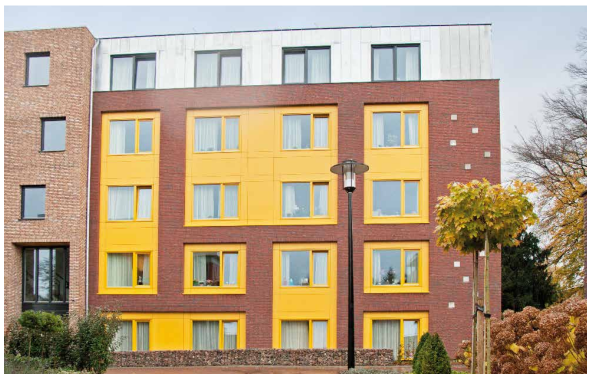
	2017
People	7.1
Planet	7.3
Profit	7.3
Project	8.4

Utrecht, Blaeulaan I en II,
owned since 2009

A^{+} 0.51-0.70

D 1.31-1.45

	2017
People	7.4
Planet	6.4
Profit	7.1
Project	7.6



Velp, Kastanjehof 2,
owned since 2012

A^{++} ≤0.50

	2017
People	–
Planet	–
Profit	–
Project	–

Wageningen, Nieuwe Kanaal II, owned since 2005

A 0.71-1.05

	2017
People	–
Planet	–
Profit	–
Project	–

Amsterdam, Herengracht, owned since 2008

G ≥1.75

	2017
People	5.8
Planet	5.5
Profit	6.1
Project	6.4

C 1.16-1.30

Baarn, Kennedylaan, owned since 2004

F 1.61-1.75

	2017
People	6.7
Planet	7.0
Profit	6.5
Project	7.8

Arnhem, Willemsplein,
owned since 2011

G ≥ 1.75

	2017
People	5.8
Planet	5.2
Profit	6.5
Project	7.6

Rotterdam, Honingerdijk,
owned since 2009

G ≥ 1.75

	2017
People	5.9
Planet	4.5
Profit	6.3
Project	6.7

Den Haag, Prins Hendrikstraat,
owned since 2011

A 0.71-1.05

	2017
People	6.6
Planet	7.0
Profit	5.9
Project	7.2

Existing property, sustainably managed

Apeldoorn, Laan van Westenenk,
owned since 2008

A 0.71-1.05

	2017
People	7.4
Planet	6.5
Profit	7.5
Project	7.6

Wageningen, Nieuwe Kanaal I,
owned since 2005

A 0.71-1.05

	2017
People	7.5
Planet	6.0
Profit	6.7
Project	7.5

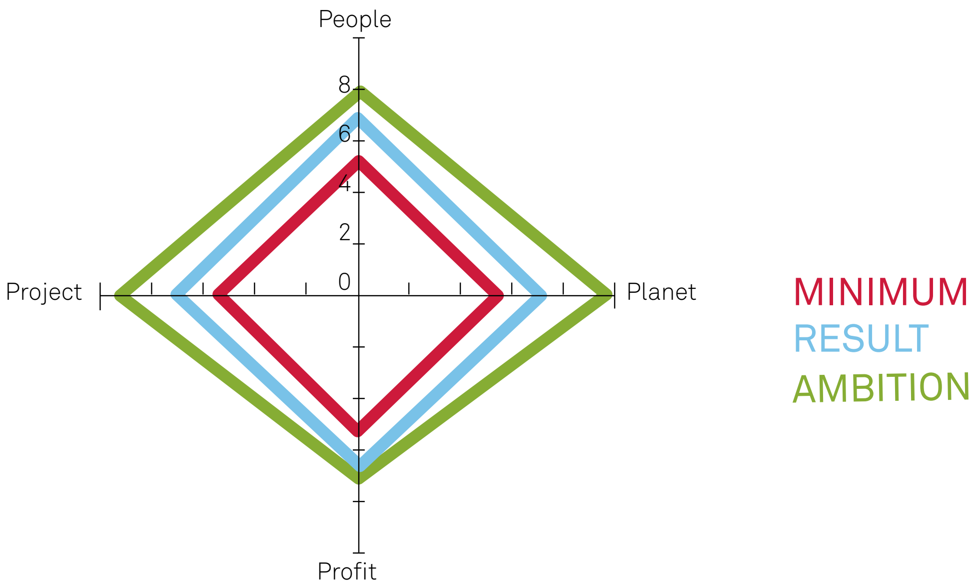
Appendix B
Triodos Sustainable Real Estate Screen

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 article [1] 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 developments [2].

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, an 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.

	2017	2016
EPRA Earnings	3,025,000	3,155,000
EPRA NAV	3,32	3,61
EPRA NNNAV	3,32	3,61
EPRA Net Initial Yield (NIY)	6.6%	8.1%
EPRA 'topped-up' NIY	6.8%	8.3%
EPRA Vacancy Rate	12.7%	7.6%
EPRA Cost Ratios	(a) 25.9% and (b) 22.7%	(a) 23.3% and (b) 21.6%

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.

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

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 Ikea Centres, a subsidiary of IKEA 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. 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 2017 he did not hold any shares in Triodos Vastgoedfonds.

J.D.M. van Hal

Anke van Hal is Professor of Sustainable Building & Development at Nyenrode Business University. She focuses in particular on the business case for sustainable building, based on the so-called Merger of Interests approach. Prior to her appointments as professor, she worked as a consultant in this field. She was also the chief editor of the magazine Puur Wonen (Pure living) and the technical journal Puur Bouwen (Pure Building; formerly called Duurzaam Bouwen, i.e. Sustainable Building). Furthermore, she was a member of the board of the Dutch Green Building Council. Anke van Hal was first appointed in 2016. According to the rotation schedule, her first term of office will end in 2020. As at 31 December 2017 she 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 Radboud University Nijmegen 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 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 2017 he did not hold any shares in Triodos Vastgoedfonds.

H.C.A. de Vos tot Nederveen Cappel

Carel de Vos was formerly a managing partner at Twynstra Gudde. He is a member of the Supervisory Board of Altera Vastgoed N.V. and chairman of the Supervisory Board of WoondroomZorg B.V. Carel de Vos was first appointed in 2014. According to the rotation schedule, his first term of office will end in 2018. As at 31 December 2017 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 2017 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:

M.H.G.E. van Golstein Brouwers

Marilou van Golstein Brouwers is Chair of the Management Board of Triodos Investment Management and Triodos Investment Advisory & Services B.V. In addition, she is a Member of the Board of Triodos SICAV I, Triodos SICAV II, Stichting Triodos Sustainable Trade Fund, Stichting Hivos-Triodos Fund and Stichting Triodos Renewable Energy for Development Fund. Marilou van Golstein Brouwers is also a Member of the Board of Global Impact Investing Network (GIIN), a Member of the Advisory Council on International Affairs Committee for Development Cooperation (AIV/COS) and a Member of the Supervisory Board of B Corps Europe. As at 31 December 2017 she did not hold any shares in Triodos Vastgoedfonds.

K. Bosscher (as of 1 March 2018)

Kor Bosscher is Director Risk and Finance at Triodos Investment Management and Triodos Investment Advisory & Services B.V. In addition, he is director of Stichting International Pension Solutions. As at December 31, 2017, he did not hold any shares in Triodos Vastgoedfonds.

J.J. Minnaar (as of 1 June 2017)

Jacco Minnaar is Managing Director 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 2017 he 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 2017 he did not hold any shares in Triodos Vastgoedfonds.

Address

Triodos Vastgoedfonds
Nieuweroordweg 1
PO Box 55
3700 AB Zeist
the Netherlands
www.triodos.nl

Colophon

Triodos Vastgoedfonds N.V. Annual report 2017

Published
April 2018

Photography
The photos in this annual report on page 12 and 13 have been provided by Refitters and are made in the offices of TOPdesk.

Graphic design
Michael Nash Associates, London, United Kingdom

Layout
Via Bertha, Utrecht, the Netherlands

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