Annual report 2021

Bouwinvest Dutch Institutional Healthcare Fund N.V.

Bouwinvest Real Estate Investors

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The Fund
at a glance

Real Value for Life

Real Value for Life – that's what drives us. Our real estate investment management contributes to sustainable, liveable, accessible urban environments and to improving pension benefits.

But we can't do that alone. Together with our partners we are helping to give shape to the city of the future. In this way, Bouwinvest invests in what society needs and we create a stable return for our shareholders.

The Fund's strategy

Growth
Solutions for the increasing demand for suitable housing for the elderly

Social return
Healthcare solutions offering optimal social return

Sustainability
Sustainable and responsible investments

The Fund's key strategic objectives

- Growth NAV
- Focus on core regions
- Focus on growing healthcare segments

- Community building
- Affordable housing

- Sustainable buildings, investments and operations
- Reducing environmental impact
- Stakeholder engagement
- Sustainable stewardship

The Fund's strategic actions

The Fund's financial, social and environmental return 2021

Total return	Average occupancy rate	NAV IFRS
10.5%	97.5%	€456 MILLION

Transactions	Investments	Divestments
€83 MILLION	€46 MILLION	€0 MILLION

GRESB 5-star	Paris Proof	Tenant satisfaction	Stakeholder engagement
★★★★★	end of 2045 & increase climate resilience of the portfolio	SCORE 7.4	ACTIVE ENGAGEMENT WITH OUR COMMUNITY

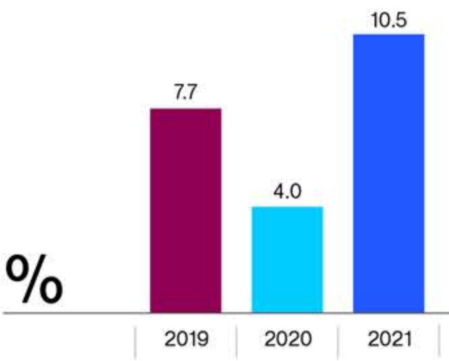
Real Value for Life

Stable long-term pension benefits with limited environmental impact

Healthy, safe and affordable places where people want to live – now and in the future

The Fund's contribution to Real Value for Life

Fund return

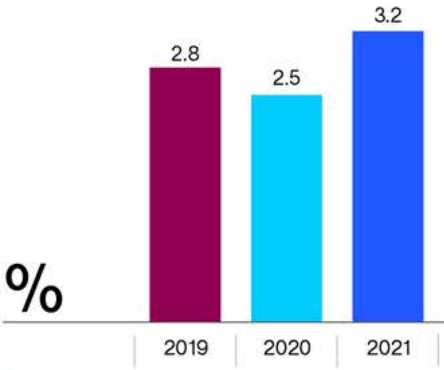


Realised 2021
10.5%

Plan 2021
1.8%

Long-term average target
5.5%- 7.0%

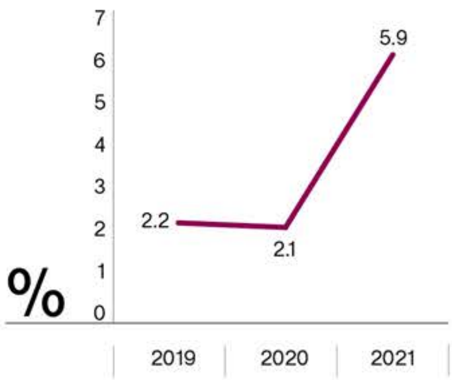
Fund income return



Realised 2021
3.2%

Plan 2021
3.5%

Like-for-like rental income



Realised 2021
5.9%

Plan 2021
13.5%

Acquisitions (x € MILLION)

Realised 2021
€ 83

Plan 2021
€ 100

Investments (x € MILLION)

Realised 2021
€ 46

Plan 2021
€ 66

Occupancy rate

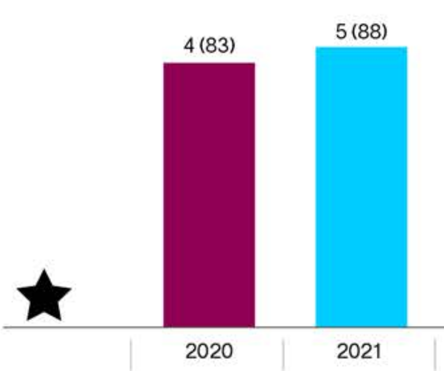
Realised 2021
97.5%

Plan 2021
98.5%

Core regions

Realised 2021
92.8%

GRESB star rating (score)

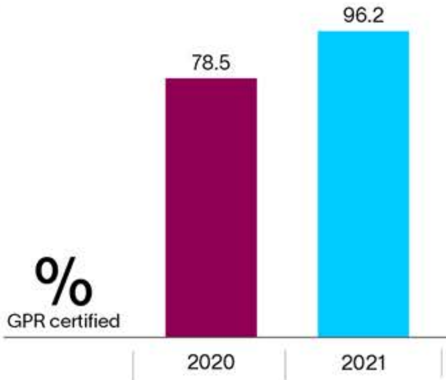


Realised 2021

★★★★★

5 star rating
(88 Points)

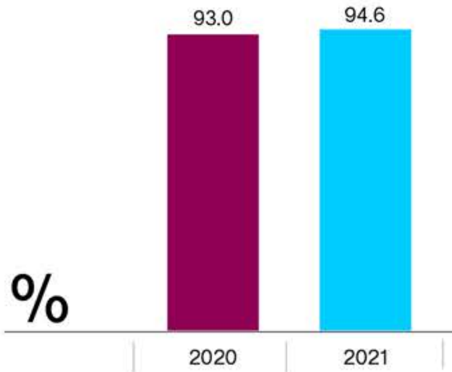
GPR building label



Realised 2021

96.2%

Energy label (A)



Realised 2021

94.6%

Tenant satisfaction (score)

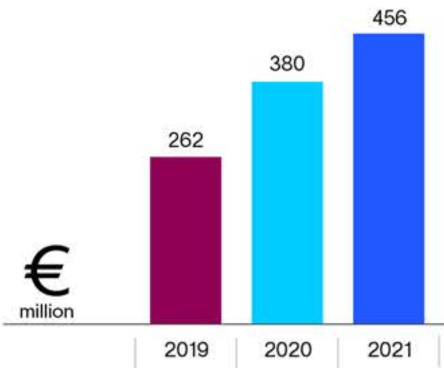
Plan 2021

>7.0

Realised 2021

7.4

NAV (x € MILLION)



Realised 2021

456

Plan 2021

375

Dividend paid per share

Plan 2021

€ 97.62

Realised 2021

€ 86.63

Issued capital (x € MILLION)

Plan 2021

€ 70.00

Realised 2021

€ 44.50

Key performance over five years

All amounts in € thousands, unless otherwise stated	2021	2020	2019	2018	2017
Statement of financial position					
Total assets	470,387	394,780	278,010	184,775	114,049
Total shareholders' equity	455,796	380,381	262,368	178,443	112,001
Total debt from credit institutions	-	-	-	-	-
Performance per share					
Dividends (in €)	86.63	73.66	81.48	86.28	81.99
Net earnings (in €)	320.21	104.00	206.64	196.04	195.19
Net asset value IFRS (in €, at year-end)	3,262.12	3,032.59	2,989.03	2,859.02	2,738.14
Result					
Net result	42,381	10,328	16,385	9,781	5,061
Total Global Expense Ratio after tax (TGER)	0.56%	0.56%	0.54%	0.64%	0.51%
Real Estate Expense Ratio (REER)	0.80%	0.78%	0.40%	0.46%	0.37%
Distributable result	12,982	7,604	6,405	4,305	2,126
Pay-out ratio	100%	100%	100%	100%	100%
Fund return					
Income return	3.2%	2.5%	2.8%	3.0%	3.0%
Capital growth	7.2%	1.4%	4.8%	5.0%	4.6%
Total Fund return	10.5%	4.0%	7.7%	8.1%	7.7%
Portfolio figures					
Investment property	444,471	342,594	221,961	136,920	57,870
Investment property under construction	17,728	44,608	54,068	47,079	47,960
Gross initial yield	4.9%	5.3%	5.3%	5.6%	6.4%
Total number of properties	38	33	22	15	7
Average monthly rent per square metre (in €)	14	12	13	14	14
Financial occupancy rate (average)	97.5%	91.1%	98.7%	99.1%	100.0%
Property performance (all properties)					
Income return	3.7%	3.2%	3.6%	3.8%	3.7%
Capital growth	7.3%	1.1%	4.7%	4.4%	4.0%
Total property return	11.2%	4.3%	8.5%	8.4%	7.7%

Message from the Director Dutch Healthcare Investments

Market developments

Like 2020, last year was dominated by the Covid-19 pandemic and government measures and restrictions, including several full and partial lockdowns, aimed at containing the spread of the virus. Despite this, the Dutch economy proved remarkably resilient last year, with most experts agreeing that GDP would increase by around 4% in 2021 after contracting by 3.6% in 2020, and cautiously optimistic on the outlook for the coming years. This was partly due to the continued government support for the sectors hardest hit by the outbreak, plus the fact that most public and private sector organisations that were able to had already switched to remote working or hybrid models. And despite initial delays, the subsequent rapid roll-out of the vaccine programme led to a sharp dip in the number of hospital admissions and absenteeism rates. Unemployment also failed to rise as much as initially feared and the biggest threat to the labour market turned out to be the rising shortage of personnel in a number of important sectors, including the construction industry and healthcare sector. More worrying was the sudden rise in inflation in 2021. If this continues, it could have a negative impact on both consumer confidence and consumer spending in 2022. And the surge in Covid-19 infections in late 2021, largely driven by the new Omicron variant, could endanger the recovery of the Dutch economy if the outbreak is prolonged and the government imposes further lockdowns.

Healthcare real estate sector

The healthcare real estate sector was largely unaffected by the Covid-19 pandemic, thanks to its strong fundamentals, mainly driven by the double ageing and dejuvenation of the population and structural changes in how healthcare is provided. The enormous need for homes suited to elderly people, more demand for buildings equipped for specialist care and the replacement of old and outdated buildings offer investors solid opportunities for growth and both financial and societal returns. The Netherlands also has a lot of badly outdated stock, while elderly people now have more varied living requirements and expect greater quality. This is driving strong demand for quality care homes or healthcare-related real estate, but also new combined living and care concepts with a focus on meeting like-minded people, personal attention and experience, alignment with various lifestyles and combatting loneliness.

The government's drive to keep people living in their own homes as long as possible is also increasing demand for lifecycle-proof homes and intensive care facilities for people with multiple age-related conditions. This is increasing demand for local councils to come up with a 'housing and care' vision and more concrete plans to address the growing shortage of healthcare real estate. However, some healthcare institutions are already postponing plans for new-build facilities due to staff shortages. This is increasing the demand for lifecycle-proof homes in which people can live independently for longer. But the perceived greater complexity of these projects is putting a brake on the growth of new-build real estate with a combined living and care function, especially in the face of rising building costs, affordability requirements and (environmental) limitations.

"The enormous need for homes suited to elderly people offers investors solid opportunities for growth and both financial and societal returns."

Erwin Drenth
Director Dutch Healthcare Investments

Despite all of this, last year once again saw the entry of new (international) healthcare real estate investors, expansion by existing players and continued consolidation in the market. The ongoing professionalisation of the healthcare market will continue in the years ahead, providing investors with ever more stable returns. And of course, the healthcare real estate market gives institutional investors the opportunity to increase the social impact of their investments, which will lead to even more interest in this growth market going forward.

The Healthcare Fund's achievements in 2021

In these challenging conditions, the Healthcare Fund made solid progress on all its strategic pillars. The fund acquired new assets in the mid-segment and intramural segment valued at € 83 million (target € 100 million) and internal approval totalling € 160 million. The Fund's NAV grew from € 380 million at year-end 2020 to € 456 million at year-end 2021, compared with a target of € 375 million. We also saw a major improvement in our occupancy rate, which had increased to 97.5% by year end. On the social impact front, further refinements of our community-based approach proved very popular with the tenants in our LIFE complex in Amsterdam. The majority of tenants are now taking part and we saw an unusually high satisfaction score of 8.4 for the community approach.

Our efforts on the sustainability front also paid off, as we achieved a GRESB five-star rating, a year ahead of schedule. Plus we moved forward with our Paris Proof roadmap. And we made a lot of progress on the analysis of climate risks. Bouwinvest also appointed a Paris Proof programme manager.

The Fund recorded a total return of 10.5% in 2021, compared with a target of 1.8%. This was fully due to higher-than-expected capital growth of 7.2% (versus a forecast of -1.7%), which was driven by market demand and increasing competition for healthcare real estate, together with the strong economic recovery and continued government support for the healthcare sector. While the Fund's income return was lower than expected, largely due to a low occupancy rate in Houthaven LIFE, rent deferrals and discounts, we expect this to recover in 2022 on the back of our high occupancy rate and new assets.

Outlook for the market and the Fund

We expect investment volumes to increase steadily in this market going forward. The sector does face some serious challenges, including staffing shortages, but the demand for senior housing will only increase, along with the demand for new and innovative living concepts to help people live in their own homes for longer. The fact that bpfBOUW has increased its mandate by € 460 million for the next three years shows that our shareholder has faith in our strategy, our community-based approach and our focus on social returns and sustainability. It will be a challenge to meet our growth targets of around € 150 million a year, but we know the market intimately, and the market knows us, plus we have a highly organised acquisition department. We are known to be a reliable partner to both healthcare operators and developers and we are known as a long-term investor. We are quietly confident that we will achieve our growth targets and our long-term return targets.

All that remains is for me to thank our shareholder for its continued trust in us and our strategy. And of course I would like to thank our team for their flexibility and dedication in a very challenging year. And for their professionalism and collaboration, which helped us to anticipate and respond to developments in a very dynamic environment. It is thanks to them that we emerged so strongly from another exceptional year.

Erwin Drenth
Director Dutch Healthcare Investments

Report of the
Executive Board of Directors

Market environment

Key macro developments

After the challenging year 2020 and a steep decline in economic activity, the year 2021 showed strong economic recovery overall. Despite positive expectations due to a successful vaccination programme, the year ended somewhat disappointing with a strict lockdown. December 2021 saw a fifth wave of Covid-19 infections and a subsequent lockdown in the Netherlands, which was a clear demonstration that the Covid-19 crisis is not yet under control.

The key events and developments for the Dutch economy can be summarised as follows:

- The Covid-19 pandemic continued to dominate the Dutch economy in 2021. Following the controlled lockdown initiated by the government, measures were eased over the summer and resulted in an increase in economic activity. However, new waves of Covid-19 variants flared up again during the last quarter of the year and once again resulted in new social restrictions, despite the availability of vaccines.
- Dutch economic growth increased by 4.6% in 2021, with significant fluctuations during the course of the year. The economy contracted in Q1 due to the lockdown, but the remaining quarters saw a strong recovery. New contingency measures in Q4 prevented higher GDP growth. International trade and consumer spending were the major drivers of economic growth. By the end of the year, house prices were more than 20% higher than twelve months before, the highest year-on-year increase this century.
- During the second half of the year, the energy crisis escalated, resulting in record high inflation rates with a record level of 5.7% in December 2021. This resulted in average inflation of 2.6% for 2021 as a whole. Energy prices increased by 60% year-on-year and remain volatile. Opposing views on the duration of this inflationary period are resulting in different policies by central banks with regards to raising interest rates. The ECB did not announce any interest rate shifts in 2021. Interest rates on 10-year Dutch government bonds were relatively stable and ended the year 20 basis points higher at -0.32%.
- In 2021, consumer confidence recovered strongly from the negative impact of the Covid-19 pandemic. However, the energy crisis resulted in a heavy decline in consumer confidence later in the year. On the other hand, producer confidence ended the year at the highest level for the past 15 years, despite challenges in the supply chain market and high inflation rates.
- The situation on the labour market tightened during the year, with shortages becoming visible in a wide range of industries.
- Financial governmental support kept the number of bankruptcies at record low levels. Unemployment rates had fallen well below 3% by the end of the year.
- A new cabinet was formed in the last weeks of the year after a record formation period. The new cabinet consists of the same four coalition partners as the previous one and will face the task of resolving a number of major challenges. Besides the Covid-19 pandemic, major focus points will be the climate and nitrogen crisis and the housing market. Furthermore, more funding will be allocated to education, justice and security.
- The Russian invasion of Ukraine and rapidly escalating events in late February and in March 2022 are a significant tragedy for the people and causing disruption to business and economic activity in the region and worldwide.

	2022 forecast	**2021**	2020
GDP	3.5%	4.6%	(3.8)%
Consumer spending	6.5%	3.8%	(6.6)%
Consumer price index (CPI)*	3.3%	2.6%	1.3%
Government bond yields, long-term	0.1%	(0.2)%	(0.3)%
Unemployment rate*	3.5%	3.2%	3.8%

*Average number over the year

Source: Oxford Economics (4 February 2022)

More detailed information can be found in Bouwinvest's Market Outlook 2022-2024.

Market update 2021

Public policies

Cabinet formation and plans

In January, the third cabinet led by Prime Minister Mark Rutte collapsed, and Dutch parliamentary elections were held on 17 March. After a record formation period of 299 days, a 'Rutte-IV' cabinet was established in December. The coalition of four parties (VVD/D66/CDA/CU) reflects the composition of the previous cabinet. The cabinet will face the challenge of dealing with a number of major issues. Besides the Covid-19 crisis, the main focus points will be the climate and the nitrogen emissions crisis, plus the housing market. Furthermore, the government is planning to allocate more funding to education, justice and security.

The new government reintroduced the position of Minister of Housing and Spatial Planning (filled by former health minister Hugo de Jonge). The goal for the coming cabinet period is to build around 100,000 new homes per year (with at least two-thirds in the affordable category). These will be built primarily in the 14 designated urban areas in the government's NOVI programme. An annual sum of € 7.5 billion will be allocated to infrastructure around new housing developments. Furthermore, the government is planning to abolish the landlord levy ('verhuurdersheffing') for social rental housing.

As of 1 January 2021, the real estate transfer tax (RETT) for property acquisitions increased to 8%, for residential as well as for commercial real estate. To put an additional brake on record house price increases, the transfer tax for investors will be increased to 9% as of 2023. Further measures are the abolition of the € 100,000 tax exempt gift (for house purchase purposes). In 2021, a number of local authorities also launched initiatives, such as the halt on buy-to-let within the existing housing market.

Covid-19

In 2021, the caretaker cabinet was for the most part focused on fighting the Covid-19 pandemic and finding a balance between limiting the spread of the virus and keeping the economy and companies healthy. Despite the continued roll-out of vaccination programme, lockdown measures came and went in 2021, which had a major impact on the (non-essential) retail and and hotel and leisure segments. While most restrictions were lifted in the course of the third quarter, November and December in particular once again saw heavy restrictions for retailers.

The Dutch government implemented a set of emergency measures to mitigate the financial burden placed on companies by the Covid-19 pandemic. The initial plan was to end most of these measures from 1 October 2021 onwards. However, in view of the emergence of the new Omicron variant and the reintroduced lockdown, financial measures were extended. It is notable that although the companies affected have complained that the restrictions have reduced their financial buffers substantially, 2021 still saw the lowest number of bankruptcies for many years.

Healthcare real estate policies

For the healthcare sector, the Dutch government's revenue loss compensation ended on 31 December 2021. The remaining measures are primarily aimed at making it easier for entrepreneurs to get credit, as the government guarantees a significant part of the loans, which limits the risk for banks and other lenders.

The new cabinet has stated that it plans to continue to focus on the policy of separating living and care, to the effect that the elderly should be able to age healthily in their own homes. Additionally, government policy will devote specific attention to innovative housing, informal care, digital care and domotics, all in order to support this policy to facilitate living at home for longer.

In June 2021 the new legislation for the registration of healthcare operators, the Healthcare Providers Accession Act (Wtza), was announced. This legislation came into effect on 1 January 2022 and is aimed at improving quality in the healthcare operator landscape by tightening rules for the registration, licensing, governance and financial reporting of healthcare operators. The ultimate goal is to make the healthcare operator landscape more professional and more transparent.

In September 2021, the Dutch Healthcare Authority (Nederlandse Zorgautoriteit - NZa) published the 2022 care allowances. Long-term care housing allowances were increased by 2.7% for the fourth consecutive year. It was also announced that in 2023 an additional budget of €102 million would be available for specialised involuntary dementia care. The NZa also published a report in 2021 on the funding of nursing homes, which revealed the ongoing discussions on keeping long-term care costs in check and the first thoughts on the restructuring of the long-term care tariffs.

Occupier market

The fundamentals of healthcare real estate consistently remain strong. The double ageing of the population, an elderly care system focused on independent living and largely outdated healthcare real estate stock all continued to drive strong quantitative and qualitative demand for healthcare real estate in 2021. This was highlighted once again by a number of reports. For instance, a study conducted by Dutch healthcare sector organisation Zorgverzekeraars Nederland (ZN) predicted an 89% increase in demand for the number of long-term elderly care clients (such as people suffering from Alzheimer's, dementia or somatic diseases) in the period 2020 to 2040.

However, following the start of the Covid-19 pandemic in 2020, the pressure on the healthcare sector increased significantly in 2021, reflected by growing waiting lists and high levels of absenteeism. Higher absenteeism is creating challenges with regards to offering healthcare services in general, plus operators are being forced to incur higher personnel costs due to the higher costs of temporary agency workers. Additionally, investments in real estate, inventories and automation are also expected to rise as indicated by healthcare operators in a survey conducted in the third quarter of 2021 by Fizi, a network of financials working in the healthcare sector. Despite this, nine out of 10 operators in the survey still anticipate good financial results. The consolidation in the healthcare sector continued in 2021. A small group of operators now dominate the lager part of the private care market.

Investment market

Investor appetite remained strong in almost all real estate sectors and the overall investment volume totalled € 18.2 billion, just short of the € 19.0 billion in the previous year. This despite the negative effects of the increase in the real estate transfer tax from 1 January 2021, which spurred many investors to close their deals in Q4 2020 and led to subdued transaction volumes in the first half of 2021.

The Dutch Healthcare real estate investment market saw approximately € 1.1 billion in investments in 2021, which was on a par with the investment volume in 2020. The healthcare sector accounted for 6.0% of the total investment volume in 2021, a slight increase over last year. Interest in healthcare real estate remained high, from both domestic and international investors and despite the increase of RETT and the continuing uncertainty around Covid-19. High investor interest combined with the limited availability of product led to a further compression of yields in 2021 for all care subsegments, such as assisted living, intramural care and private care. Yields in the cure segments remained stable, closing the year at the same level as at year-end 2020.

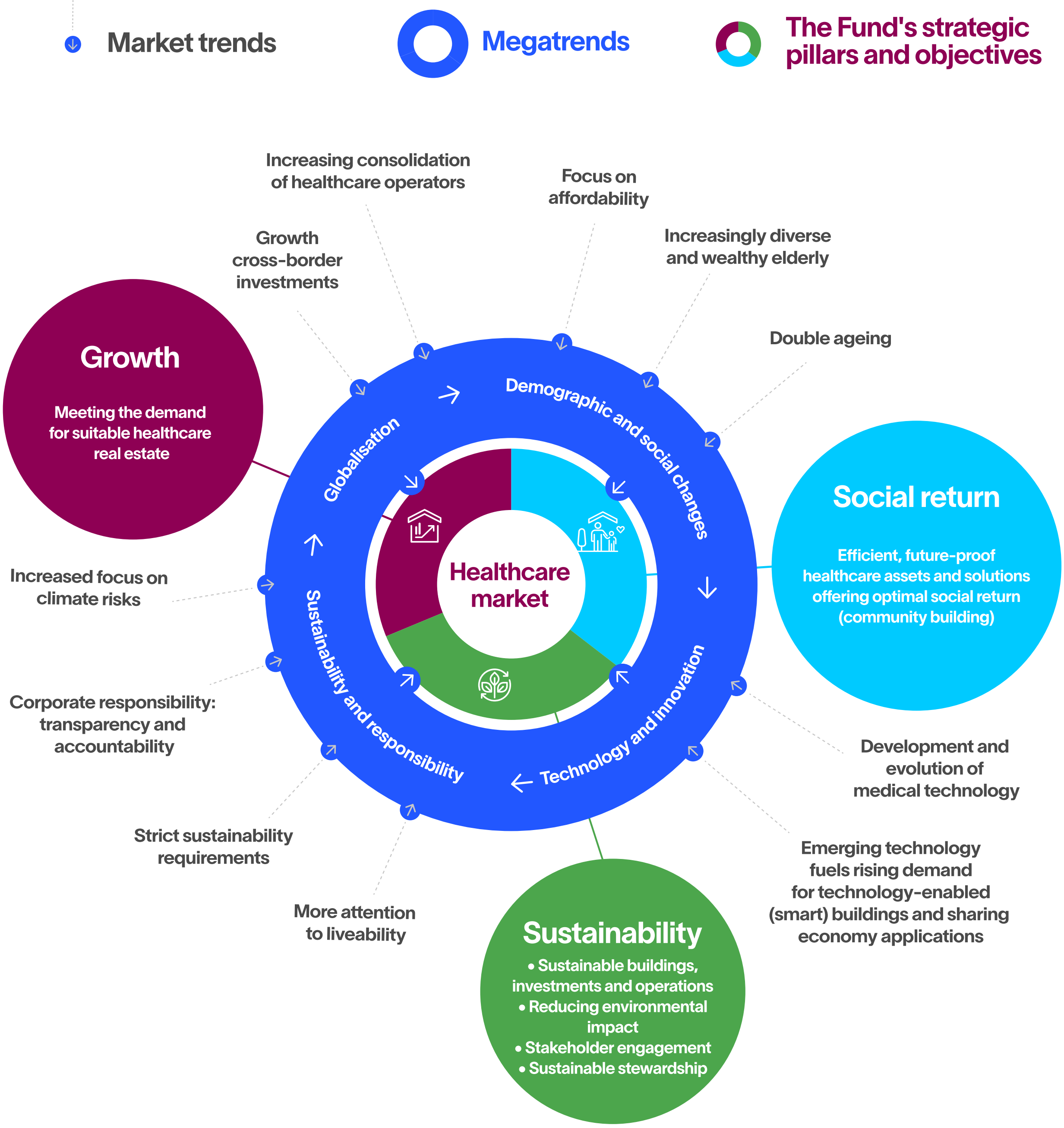
Investor key factors	2022 forecast	2021	2020
Prime gross initial yield Assisted Living (extramural) apartments	↓	4.10%	4.45%
Prime gross initial yield Assisted Living (prinvate) homes*	↓	4.80%	4.95%
Prime gross initial yield Intramural Care	↓	4.55%	4.85%
Prime gross initial yield Private Medical Specialist Spaces (PMSS) (primary and secondary care)	↓	5,40-5,60%	5,40-5,90%
Investment volumes (€ bln)**	↑	€ 1.1	€ 1.0

* Assumption of triple net contracts
Sources: Capital Value, Bouwinvest Research & Strategic Advisory

Market outlook 2022-2024

In November 2021, Bouwinvest published its Real Estate Market Outlook 2022 - 2024. In this document, you will find more detailed insight into macro trends, real estate market conditions and expectations for the years ahead.

Healthcare market



Fund strategy

Fund characteristics

Long-term investor	Core investment style	Robust governance structure	Investment structure for indefinite period of time	Reports in accordance with INREV standards

Strategic pillars

Growth

Strategic objectives	*Performance indicator*
Growth NAV	• Growth NAV • Inflation-linked rental growth
Acquisitions	• Major segments • Investments & divestments
Focus on core regions	• Core regions

Social return

Strategic objectives	*Performance indicator*
Intramural and private care	• Intramural and private care
Differentiated target groups based on lifestyle	• Differentiated segments
Community building	• Number of Assisted Living mid-segment projects with hostesses
Customer satisfaction	• Customer satisfaction score
Mid segment rental Assisted Living	• Invest in affordable real estate

Sustainability

Strategic objectives	*Performance indicator*
Sustainable buildings, investments and operations	• GRESB rating and scoring • GPR coverage
Reducing environmental impact	• Green energy label • Average energy performance • Reduction energy consumption • Reduction GHG emissions
Stakeholder engagement	• Client satisfaction • Tenant satisfaction • Rental contracts with sustainability clause
Sustainable stewardship	• AED coverage • Construction sites with Considerate Constructors' Scheme

Active asset management

Local environment

- Investing in areas with strong demographics
- Helping to realise inclusive neighbourhoods

Portfolio

- Continuously optimising the portfolio
- Conducting regular hold/sell analyses
- Making targeted acquisitions
- Focusing on innovation and optimisation
- Keeping a close eye on the affordability of the Fund's assets

Assets

- Putting the Bouwinvest Community Concept into place
- Aiming to increase the sustainability of the Fund's assets (Paris Proof, climate adaptation, circularity)
- Continuously investing in assets to keep them up-to-date and fit for the future
- Optimising the Fund's income return
- Optimising the Fund's occupancy rate through targeted marketing
- Striving for healthy and smarter buildings

Tenants

- Striving to continuously improve contacts with the Fund's tenants
- Providing a self-service portal for tenants
- Rigorously monitor masterlease operators
- Using a client monitoring system to optimise services
- Stimulating and optimising interactions between tenants and property managers
- Aiming for high tenant satisfaction

Investment objectives

5 year average Fund return	Total Fund return 2021	Net asset value of invested capital year-end 2021
Target 5.5%-7.0%	*Target* 1.8%	*Target* € 375 M
Realised 2021 7.6%	*Realised 2021* 10.5%	*Realised 2021* € 456 M

Investment restrictions*

	Target	*Realised 2021*
No more than 15% of the Fund's total investments may be invested in a single investment property (a healthcare complex)	<15%	7.3%
No more than 20% of the Fund's total investments may be invested in non-core properties (non-healthcare investment properties)	<20%	1.1%
No investments will be made that will have a significant adverse effect on the Fund's Diversification Guidelines	0	0
The risk categories each have their own minimum required returns (hurdle rates) for each segment, on the basis of which assets are divested or acquired	100%	100%
Potential acquisitions with a forecast return that deviates negatively by more than 10% of the applicable hurdle rate require the approval of the General Meeting of Shareholders.	<10%	0

Diversification guidelines

	Target	*Realised 2021*
A minimum of 80% must be invested in the core regions	>80%	92.8%
A maximum of 15% of the total rental income can originate from one operator	<15%	10.6%
Target risk profile is: 50% core, 30% core minus (-), 20% core plus (+), which are related to a return bandwidth per segment		
• Core	50%	56.8%
• Core minus	30%	43.2%
• Core plus	20%	0.0%
Target segment diversification is: 50% assisted living, 40% intramural care, 10% private medical specialist spaces		
• Assisted Living	50%	66.1%
• Intramural Care	40%	30.4%
• Private Medical Specialist Spaces	10%	3.5%

** The restrictions do not apply as long as the value of the Fund's total investments is lower than € 750 million.*

Performance on strategy

Portfolio characteristics

- Total property value: € 451.3 million (38 standing properties, three properties under construction) at year-end 2021;
- Property under construction: three properties (€ 17.7 million property value);
- Total Fund return: 10.5% (Fund income return 3.2%);
- Occupancy rate in 2021: 97.5% (Plan: 98.5%; 2020: 91.1%);
- Core regions: 92.8% of all properties are located in core regions;
- GRESB 5-star rating (88 points);
- GPR building sustainability certificates: 96.2%;
- Green energy label (A/B/C): 100% (A label: 94.6%).

Performance on growth

Focus on growth

The Healthcare Fund has a clear growth strategy, with a target NAV of € 800 million by the end of 2024. The Fund is on track to achieving this goal, having realised an NAV of € 456 million at year-end 2021 (plan: € 375 million).

To achieve this growth target, the Fund will acquire an additional € 150 million in assets each year, and invest € 300 million in the coming plan period. The steady growth of the Fund's investments will most likely be putting temporary pressure on the Fund's income return, as new-build acquisitions do not immediately generate rental income. However, in the long term the Fund will meet its target Fund return of 5.5-7.0%.

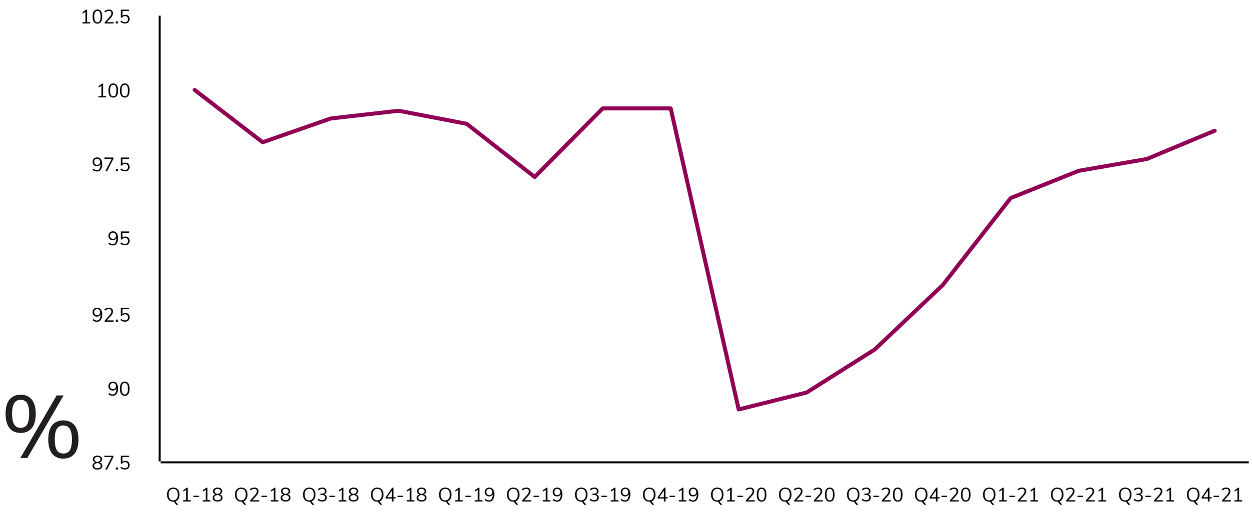
Inflation-linked rental growth

Like-for-like rental growth came in at 5.9%, compared with 2.1% in 2020. This is mainly due to the uptake of the occupancy in Houthaven LIFE.

Financial occupancy

In 2021, financial occupancy stood at 97.5%, compared with 91.1% in 2020. The plan was 98.5%. This below-budget occupancy was almost entirely due to the apartments in Houthaven LIFE in Amsterdam. Initial leasing was below expectations, due to an unfortunate mix of circumstances: a relatively high rental price, in combination with an area around the building (Reval Island) that had not yet been finalised due to delays in the construction of the adjacent building, plus moats that had not yet been dug out, which is a vital part of the 'island experience'. And as of March 2020, the Covid-19 crisis made leasing even more challenging for obvious reasons. The Fund took several measures to increase occupancy, which resulted in 100% occupancy at year-end 2021.

Financial occupancy rate

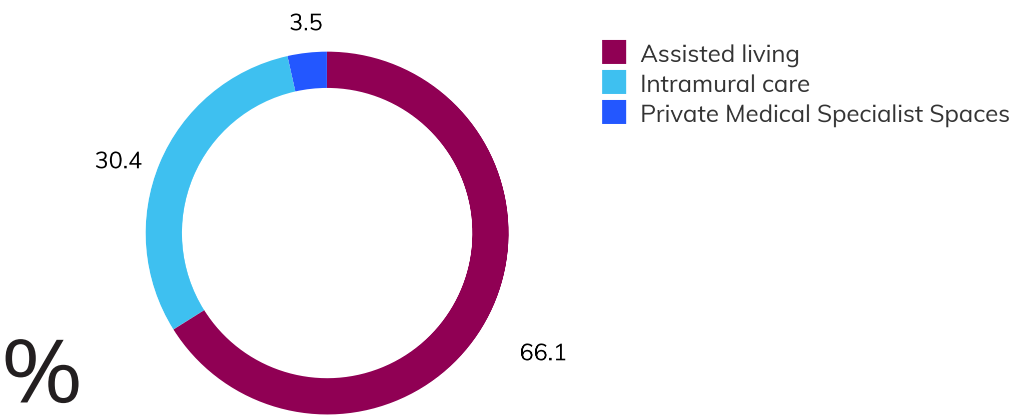


Major segments

The Healthcare Fund recognises a number of distinct segments in the healthcare market and spreads its investments across those segments. These segments are aimed at both the elderly and mentally disabled people, and include:

- Assisted Living
- Intramural Care
- Private Medical Specialist Spaces (PMSS)

Composition of focus segments



At year-end, the segment Assisted Living was over-represented (66.1% vs. the 55% targeted for the end of 2023). However, as the Fund has several intramural assets objects in its secured and unsecured pipelines, it expects the Intramural segment to grow, but not much relative to the other segments. This is due to the limited availability at the moment of intramural assets and the opportunities we see regarding Assisted Living and Private Care. The Fund plan 2023 - 2025 will reflect these changes.

In the Fund plan 2022-2024, a slightly different segmentation was proposed and approved by the shareholder, with a slightly better risk/return profile (less risk with similar return) and more in line with market developments.

The main alteration is the splitting of the Assisted Living segment. Rather than dividing the Assisted Living segment into the sub-segments Premium Private Care and Assisted Living (mid-segment), the latter two are now fully fledged segments in their own right. We drop the term 'mid segment', as we target primarily mid segment propositions.

Furthermore, the name ‘Private Medical Specials Spaces (PMSS)’ has been changed to the more appropriate ‘Cure and supporting services’.

The following bandwidths are in place:

Segment	Bandwidth
Assisted Living	20-42%
Private Care	10-40%
Intramural Care	18-48%
Cure and supporting services	0-10%

Investments and divestments

Acquisitions

The Fund’s acquisition target was € 100 million for the year. The Fund realised € 83 million in new acquisitions and approximately € 160 internally approved proposals, which will be closed in the first quarter of 2022.

As in previous years, the Fund is still seeing an increase in interest in and competition for prime assets, which is pushing up prices and depressing yields. Growth may also be hampered by the shortage of healthcare staff, which is making operators cautious on expansion. However, given the demand for more housing and the need to increase the quality of existing facilities, continued growth of the market is inevitable.

In 2021, the Fund screened 66 different propositions, which break down as follows:

- Screening: 66
- Offering: 17
- Closing: 5

The newly acquired projects are:

- Palatijn (Alkmaar), Intramural Care
- Westergoud (Gouda), mid-segment Assisted Living
- Juliana 2 & 3 (Apeldoorn), mid-segment Assisted Living
- Elzenhof (Hillegom), mid-segment Assisted Living
- Buitenpoort (Rijswijk), mid-segment Assisted Living and Private Care

Investments

In 2021, the Fund added the following assets to its portfolio, to be seen on the following pages:

Added to the portfolio in 2021

Oranjewoud

Location
Heerenveen
Segment
Mid-segment Assisted Living
Number of units
105 units
Theoretical rent
€ 1,188,587 per year
Delivery date
31 January 2021

Palatijn

Location
Alkmaar
Segment
Intramural Care
Number of units
48 units
Theoretical rent
€ 513,655 per year
Delivery date
15 April 2021

Villa Verde

Location
Harderwijk
Segment
Intramural Care
Number of units
54 units
Theoretical rent
€ 579,218 per year
Delivery date
31 May 2021

Rosorum

Location
Apeldoorn
Segment
Private Care
Number of units
59 units
Theoretical rent
€ 1,075,000 per year
Delivery date
30 November 2021

Kuifmees

Location
Nieuwegein
Segment
Intramural Care
Number of units
76 units
Theoretical rent
€ 714,096 per year
Delivery date
30 November 2021

Added to the pipeline

Elzenhof

Location
Hillegom
Segment
Mid-segment Assisted Living
Number of units
76 units
Theoretical rent
€ 960.766 per year
Expected delivery date
Q2 2023

Westergoud

Location
Gouda
Segment
Mid-segment Assisted Living
Number of units
59 units
Theoretical rent
€ 678,662 per year
Expected delivery date
Q4 2022

Juliana II & III

Location
Apeldoorn
Segment
Mid-segment Assisted Living
Number of units
42 units
Theoretical rent
€ 711,867 per year
Expected delivery date
Q4 2022

Buitenpoort

Location
Rijswijk
Segment
Mid-segment Assisted Living and Private Care
Number of units
90 units
Theoretical rent
€ 976,544 per year
Expected delivery date
Q4 2023

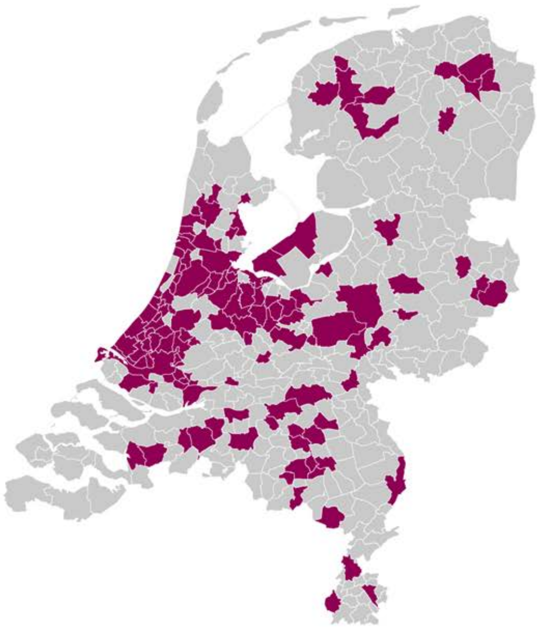
Divestments
The Fund made no divestments in 2021.

Core regions

The Fund’s strategy focuses on the best locations for senior living and healthcare investments in the Netherlands. The Fund's primary concern is always the quality of the asset and its location, rather than a primary focus on cash flow, for instance. This geographical focus is mainly determined by demographics, the economy and the healthcare real estate market, for both the elderly and for mentally disabled people. As the different healthcare focus segments have different characteristics, the Fund has selected different regions for the segments Intramural and Assisted Living and care for the disabled. In the Assisted Living and Intramural Care segment, the Fund puts stronger emphasis on demographic developments (growth of the elderly population and the number of people with dementia). To summarise, the relevant criteria for the regions are:
- Size and growth of elderly or disabled population
- Growth in the number of people with dementia
- Employment rate and economic growth
- Vacant values and rental levels
- Supply and demand of homes for elderly people suffering from dementia

Core regions Healthcare - Extramural

Core regions Healthcare - Intramural



Performance on social return

Focus on social return

Large parts of the world, including the Netherlands, are currently experiencing a major demographic shift. The number of elderly people is increasing, along with a concomitant increase in the number of people who need care. This shift is at the core of the Fund, with its focus on dementia care and affordable assisted living facilities that combat the problems that come with ageing, such as loneliness and loss of control (by introducing community hostesses and digital support), and physical difficulties (by offering senior-proof floor plans and healthcare services within reach).

Number of nursing beds Intramural Care and Private Care

In 2021, the Fund added 303 nursing beds to the portfolio, both in Intramural Care and Private Care.

Community building: Assisted Living hostesses

Four acquisitions (Assisted Living facilities) will offer hostesses in different formats, ranging from the Bouwinvest approach to close co-operation with a care operator. This will be in Gouda, Apeldoorn, Rijswijk and Hillegom.

Customer satisfaction

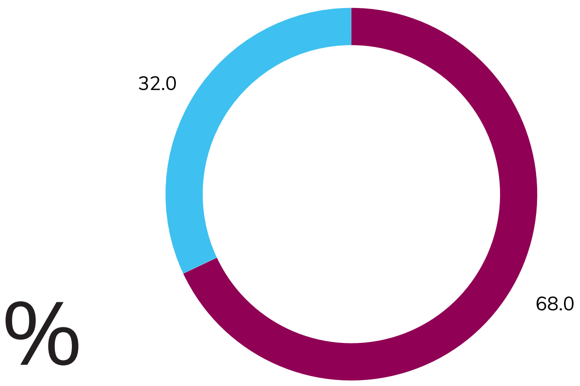
The Fund's 2021 tenant satisfaction score was 7.4 (target: 7.0). With regard to the satisfaction with the community approach in Houthaven LIFE, the score was 8.4.

Investing in affordable real estate

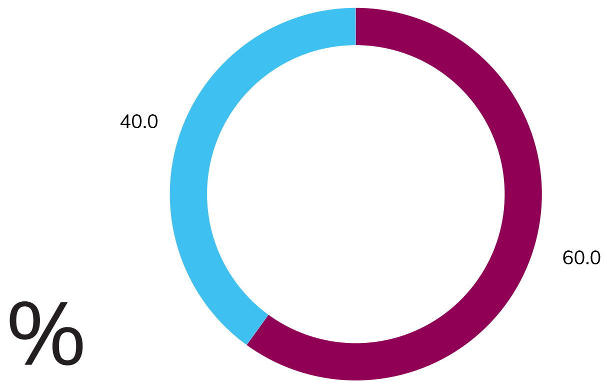
In 2021, all of the Fund’s acquisitions were in the affordable segment, both in assisted living facilities and intramural care. The Fund is currently above target with regard to the Assisted Living segment and will therefore increase its acquisition efforts in the Intramural and Private Care segments. However, as was mentioned earlier, the lagging is due to the limited availability at the moment of intramural assets and the opportunities we see regarding Assisted Living and Private Care. The Fund plan 2023 - 2025 will reflect these changes.

Current breakdown of the Assisted Living segment (including development property)

Current breakdown



Target composition

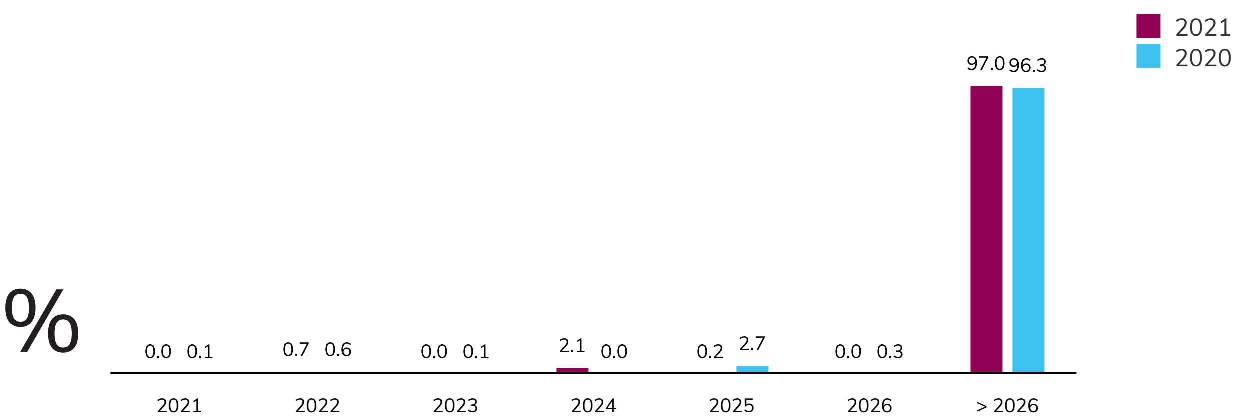


- Mid-segment assisted living
- Premium segment assisted living

Expiry dates

Close relationships with tenants enable the Fund to propose lease extensions at the right time. The Fund takes into account lease endings for master leases and anticipates this to attract new tenants. Expiry dates are not currently a significant issue for the Fund, as all the (long) leases it has were closed recently, with the exception of the lease for the Ambachtsmark asset in Almere, which is due to expire in 2024.

Expiry dates as a percentage of rental income

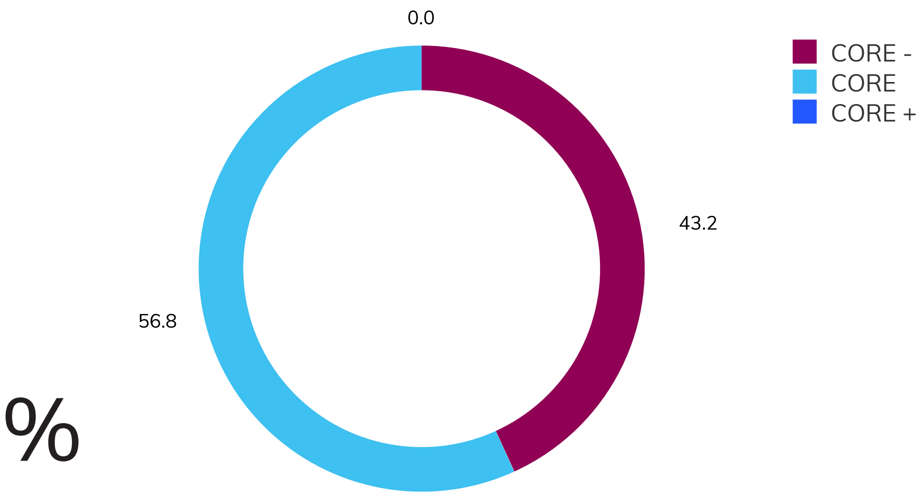


Allocation by risk

In terms of risk diversification, the plan risk profile for 2023 is 60% core, 35% core minus and 5% core plus. The actual risk allocation as at year-end 2021 is shown in the figure below, and over-weighted in core minus (43.2%) and under-weighted in core plus (0%). Core plus propositions remain difficult to acquire, as there are buyers (mostly leveraged) willing to acquire these types of projects at lower returns than the Fund’s core plus hurdles. These bandwidths will also be re-examined in next year's Fund plan.

Every year, the Fund assesses all properties separately. As stated above, the Fund was classified as 100% within core and core minus, and as such was consistent with the framework of the Fund's terms and conditions.

Allocation of investment property by risk category based on market value



Performance on sustainability

Highlights performance on sustainability 2021

- Awarded GRESB 5-star rating and improved overall score to 88 points;
- 96.2% GPR-certified assets, average score of 7;
- 100% green label portfolio (94.6% A-label); average NZEB2 of 233;
- Approx. 1.124 kWp solar power installed by year-end 2021;
- 24% rental contracts with a sustainability clause (green rental contract);
- 65.3% of construction sites registered under the Dutch Considerate Constructors (‘Bewuste Bouwer’) scheme;
- € 506 million invested (including secured pipeline) in healthcare properties with a focus on mid-rental segment;
- Coverage of 100% AEDs within six minutes walking distance.

Focus on sustainability

The built environment consumes around 40% of the world’s energy and accounts for up to 30% of the world’s annual GHG emissions. Additionally, the building industry is a large user of raw materials. As a global real estate investor, Bouwinvest feels it is part of its responsibility to contribute to a CO_2-neutral, sustainable, circular, resilient and healthy living environment, and to enhance stakeholder value by investing in sustainable real estate. Bouwinvest is convinced that its approach reduces risk, increases client returns and makes its real estate assets and portfolios more attractive.

Environmental, social and governance (ESG) factors will play a major role in the Fund's investment strategy. As part of its climate change ambition, the Fund is targeting a net-zero carbon, nearly energy-neutral and resilient portfolio by 2045 (approx. 80 kWh/m per year). In addition to energy consumption and CO_2 reductions, this will include an analysis of climate-related risks at asset level, including a plan on how to mitigate these risks to make the Fund's portfolio resilient.

The Fund has set out clear targets for the reduction of its environmental footprint and improving its positive social impact.

To make a start, the Fund has formulated the following Paris Proof objectives for the mid term:
- 2021-2030: A year-on-year 5% reduction in GHG emissions for the total portfolio (general and tenant consumption);
- 2030: The portfolio has an average energy label A (NZEB2 <237).

Furthermore, the Fund devotes attention to the Dutch policy position on transitioning towards a circular economy in 2050, with the focus on the use (and reuse) of resources. The real estate industry needs to be transformed into a circular ecosystem. The Fund is committed to circular building projects.

The Fund also performed data-driven analysis related to physical climate risks, such as heat stress, flooding, heavy rainfall and drought. For the total portfolio, the Fund analysed what the impact of those risks is on its assets based on location. In 2022, the Fund will continue to analyse these risks based on asset characteristics and focus on how it can mitigate the risks.

Well-being and healthy buildings is an increasingly important theme, especially for buildings in the healthcare sector. The health of a building is generally related to material use, design, safety, indoor air quality, thermal comfort, daylighting, freedom from noise and the user experience. In the light of the Covid-19 pandemic, health aspects, especially with regards to ventilation, are now seen as even more important.

The Fund actively supports the five United Nations Sustainable Development Goals (SDGs) presented below.

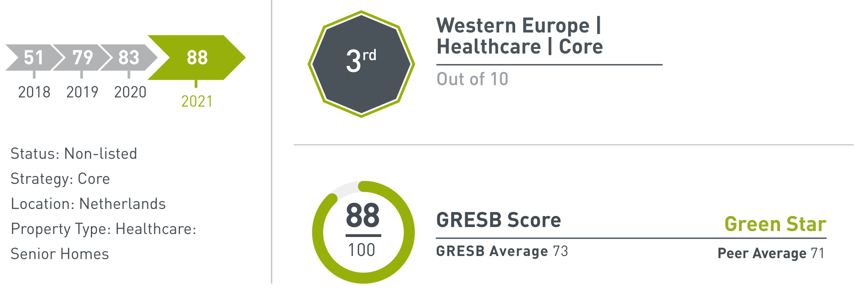
Sustainable development goals

3 GOOD HEALTH AND WELL-BEING	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	11 SUSTAINABLE CITIES AND COMMUNITIES	13 CLIMATE ACTION
Investments in Healthcare related property	Installation of renewable energy	Considerate constructor scheme for construction projects	Above average sustainable portfolio	Climate adaptation

The Fund's goal for 2021 was a continued improvement of its sustainability performance and its GRESB score to obtain a 4-star rating. In 2021, the Fund improved its overall GRESB score by five points to 88 points, from 83 points in 2020, and was awarded a GRESB 5-star rating.

The Fund is currently investigating measures to improve its score in the coming years, with the goal of retaining its 5-star rating. The improvement of the score in 2021 was mainly due to progress in its data collection and like-for-like environmental impact reductions.

GRESB scores 2021



GRESB ★★★★★ 2021

Investing in sustainable real estate

Sustainable buildings

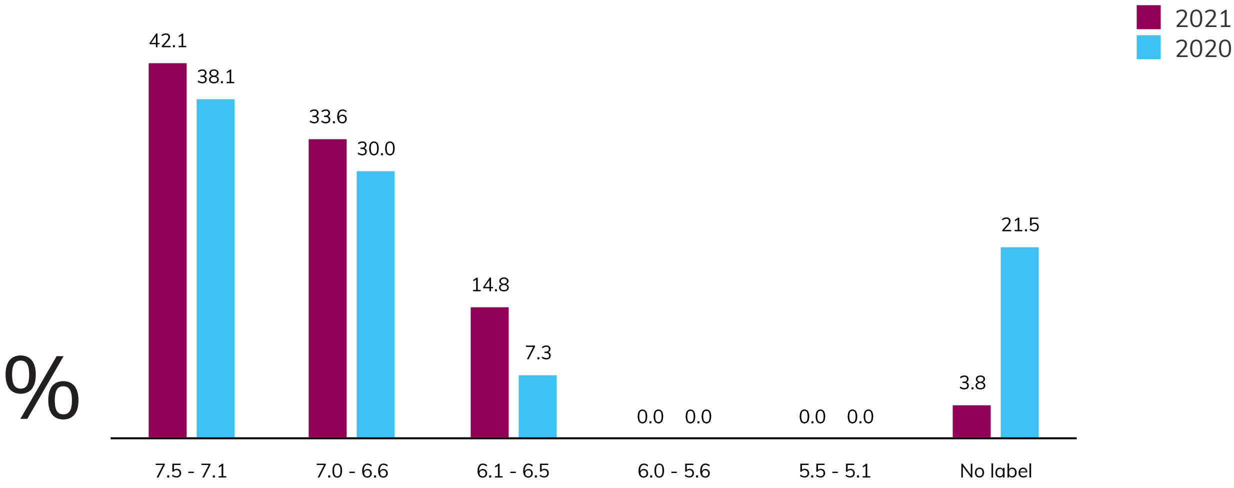
Sustainable building certificates enable the Fund to show where the Fund is in terms of sustainability at asset level and how far it still has to go. The Fund uses internationally accepted sustainability certificates to measure and assess the overall sustainability of its assets. Certificates such as GPR Building measure criteria that go beyond legislative requirements and provide the Fund with instruments to encourage more responsible tenant behaviour, such as cutting waste and reducing energy consumption.

The Fund uses GPR Building software to measure and assess the overall sustainability of its buildings. GPR Building provides data on the sustainability of healthcare and residential real estate. GPR Building reports on five performance indicators: Energy, Environment, Health, Quality of Use and Future value, and assigns a score for each performance indicator on a scale of 1 to 10.
When used on existing buildings, GPR can help to identify quality improvements following sustainability measures. This in turn makes it possible to compare various scenarios and the outcome of any measures.

In 2021, the Fund's plan was to achieve an average GPR score higher than 7.5 (with a coverage of 100%) by the end of 2023. In 2021, the Fund had GPR labels for 96.2% of the standing assets in the portfolio, with an average score of 7.0. The remaining percentage pertains to Rosorum Koningschool, which was delivered in the last quarter and has not yet been assessed.

For the coming years, the Fund will focus on improving the five GPR performance indicators to gain a higher average GPR label score. The Fund's goal is to achieve coverage of more than 95% with an average GPR score higher than 7.0 by the end of 2022.

GPR scores (% of standing lettable floor space)

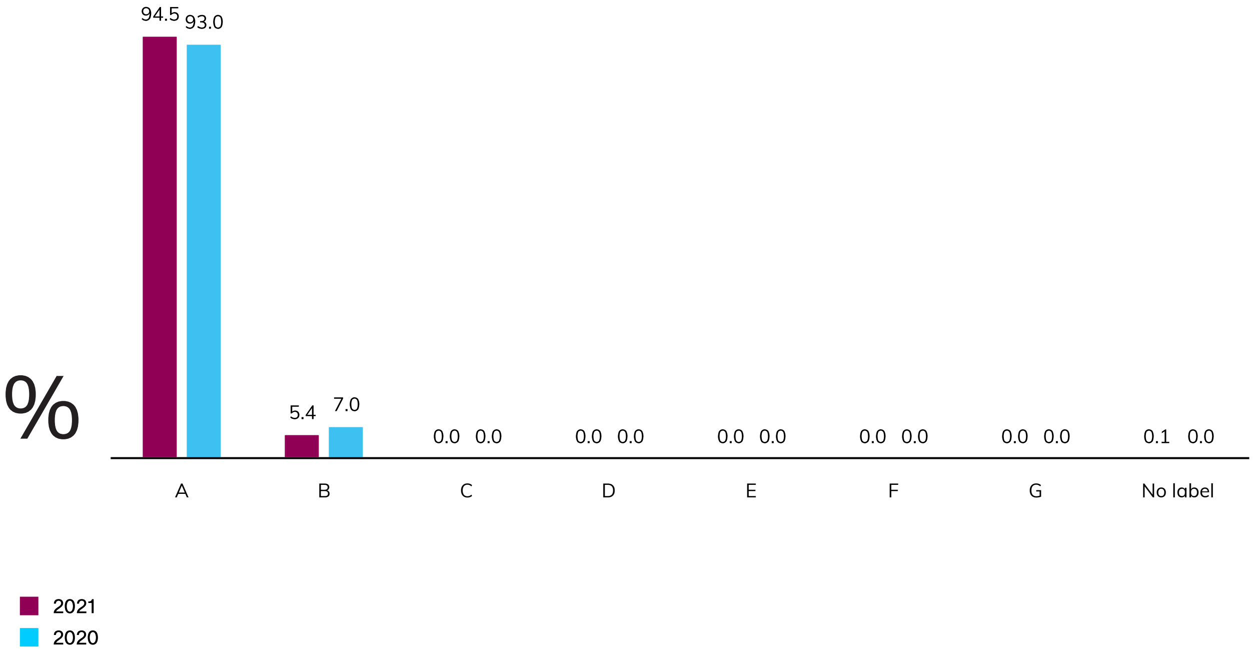


Green portfolio

Another 2021 target related to the sustainability at asset level was to retain a 100% green portfolio (EPC label A, B or C). The Fund achieved this target and has a 100% green portfolio, as all assets had an energy label A or B at year-end 2021. The distribution of energy labels in the portfolio is shown below. No less than 95% of the Fund's assets have an A label. Investment properties under construction are excluded from this overview. The Fund expects these to receive an energy label A upon delivery. As shown below, the Fund received green energy labels for 100% of its assets.

To keep improving, the Fund raised its target for improved energy efficiency for 2022-2024 to energy label A or better for 95% of the portfolio (EP2 <237) at year-end 2022.

Distribution of energy labels by floor space (m^2) in %



Environmental impact

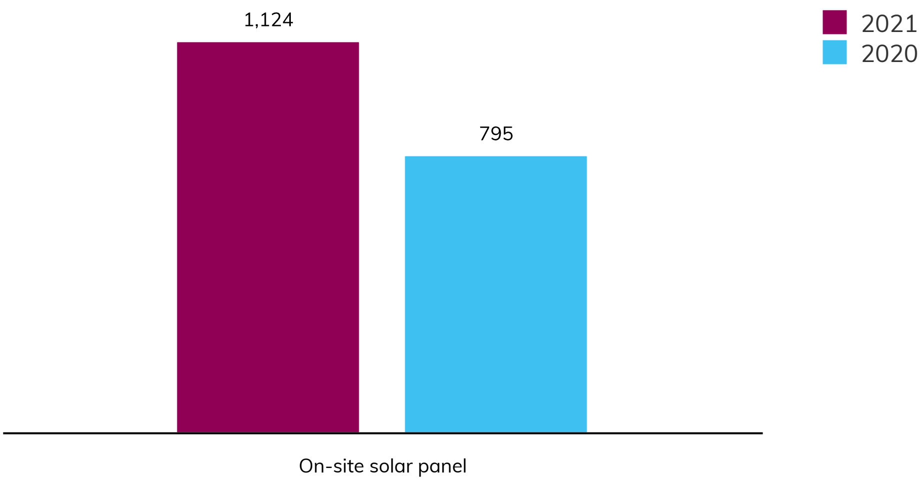
Bouwinvest committed itself to the Paris Proof commitment of the Dutch Green Building Council (DGBC). The Fund has drawn up roadmaps to realise its target of being net-zero carbon (Paris Proof) before 2045. In 2021, the Fund implemented the technologies and measures required for the execution of the roadmaps in its strategic maintenance plan for the coming years.

For the coming years, the Fund aims to reduce energy consumption on average by 3% per year.

Renewable energy production

The Fund increased the generation of solar power to 1,124 kWp in 2021. This meant the Fund achieved its target of 900 kWp for 2021 and the Fund has included more ambitious goals in its Fund Plan for 2022-2024. For 2022, the Fund has set a new target of more than 1,124 kWp for 2022 and of more than 1,300 kWp for 2023.

On-site solar panels (kWp)



Enhancing stakeholder value

Bouwinvest does its utmost to optimise long-term alliances with all of its stakeholders. It has methods and means in place to understand, meet and respond to its stakeholders needs and to engage with the issues that its stakeholders find important. In addition to this, Bouwinvest takes an active approach to raising environmental, social and governance awareness throughout the real estate industry, partly through membership of various real estate sector organisations, such as the Association of Institutional Property Investors in the Netherlands (IVBN) and the Dutch Green Building Council.

Improving client services and communications

Real estate markets are remarkably dynamic, so Bouwinvest has to be responsive to internal and external news, as well as trends, risks and developments that could influence investments in real estate. Bouwinvest is clear on its investment strategies and is dedicated to demonstrating its ability to meet or exceed its clients' expectations, by offering investment opportunities, services and market data related to existing and potential new investments.

In early 2021, Bouwinvest conducted a client survey among its investors resulting in a score of 7.1 (out of 10) for client satisfaction. This survey provided Bouwinvest with a lot of valuable feedback. In 2021, in addition to formal meetings, such as the Annual Meetings of Shareholders and quarterly conference calls to discuss the quarterlijk reports, Bouwinvest organised separate client meetings on the topics 'climate risk' and 'Paris Proof portfolio'. Furthermore, Bouwinvest kept its shareholder bpfBOUW updated through press releases and the Real Value for Life newsletter.

The company's ultimate aim is to achieve a steady long-term client satisfaction score of above 7.5 (out of 10). In the second half of 2022 Bouwinvest will conduct another client satisfaction survey to learn if the various improvement initiatives have had the intended impact on client satisfaction.

Tenant engagement

As part of continuous efforts to improve its services, the Fund rolled out its tenant portal 'Living with Bouwinvest', together with a client monitoring system in 2021. By the end of 2021, the Fund had connected all individual tenants, giving those tenants a single access point for all their queries and comments regarding repair requests, online payments, changes in personal details and complaints.

Tenants are one of the Fund's most important stakeholders. In 2021, the Fund conducted a tenant satisfaction survey among its individual tenants, and received a score of 7.4 (out of 10) for tenant satisfaction. The survey covered topics such as the service level of the property managers, complaints and repair procedures, the quality of the properties and the living environment.

Green rental contracts

In 2021, the Fund continued to devote attention to making its rental contracts 'green', making its procurement more sustainable and investing in affordable (mid-rental segment) healthcare real estate. Every new rental contract the Fund closes includes a clause in which tenants commit to providing us with information related to energy and water use and waste disposal.

By the end of 2021, 24% of all rental contracts included a sustainability clause. The Fund's focus remains on making sure that all new and renewed rental contracts include a sustainability clause.

Sustainable stewardship

The Fund takes an active approach to raising environmental, social and governance awareness throughout the real estate industry. The Fund encourages its partners to enhance their sustainability performance. The Fund focuses on health & safety at construction sites, active participation (memberships) in industry associations and community programmes. To further improve the climate for real estate investments, the Fund is an active member of boards and committees of sector, industry and cross-disciplinary networks, such as NEPROM, IVBN, Holland Metropole, the DGBC, INREV and ULI.

Around 65% of the construction sites related to the Fund's assets were registered under the Dutch Considerate Constructors ('Bewuste Bouwer') scheme at year-end 2021. This certification ensures that the contractor deals with the concerns of local residents and addresses safety and environmental issues during the construction phase. Although most construction firms the Fund works with embrace the scheme, there has been too little emphasis on actually registering specific sites, which is necessary to actually qualify as a 'Considerate Constructors' site. The Fund will focus more sharply on the certification of building sites in the coming period.

AED

Bouwinvest was the first company in the Dutch real estate investment sector to contribute to the establishment of a national AED (automatic external defibrillator) network, which it is estimated could save up to 2,500 lives every year in the Netherlands. The use of an AED offers the highest probability of survival within the first six minutes after a heart attack.

In 2021, the Fund continued focusing on the installation of AEDs. The target for the end of 2021 was to make sure that all tenants and communities have an AED available within six minutes walking distance. At the end of 2021, 100% of the Fund's tenants and communities had an AED available within this distance.

Financial performance

Return of the Fund

The Fund realised a total return of 10.5% in 2021, consisting of 3.2% income return and 7.2% in capital growth. Due to a more positive capital growth than planned, the income return came in at 3.2%. If the latter had been according to plan, income return would have been 3.6% (plan: 3.5%).

Fund performance	2021 Actual	Plan	2020 Actual
Income return	3.2%	3.5%	2.5%
Capital growth	7.2%	-1.7%	1.4%
Fund performance	10.5%	1.8%	4.0%

Income return

Net rental income of € 15.6 million was € 0.6 million higher than the plan of € 15.0 million (2020: € 9.6 million). The most significant driver of the deviation from the plan was the higher gross rental income (€ 2.0 million) resulting from the acquisition of three ready built assets (Warande, Leilinde, Parledam), partly offset by higher property operating expenses (€ 1.3 million) and higher services charge expenses (€ 0.1 million). The higher gross rental income consists of € 2.8 million rental income for new assets in the Fund's portfolio and € 0.8 million less rental income from standing assets. The deviation from the plan of the property operating expenses mainly consists of higher non-deductible VAT (€ 0.3 million), higher maintenance costs (€ 0.2 million), higher taxes (€ 0.2 million) and higher other operating expenses (€ 0.6 million).

Administrative expenses (€ 2.2 million) were € 0.3 million higher than plan (€ 1.9 million), due to higher management fee costs, directly driven by the higher-than-planned average NAV of the Fund. Finance expenses totaled € 0.4 million, equal to the plan.

The higher net rental income and relatively higher expenses combined with a more positive capital growth than planned, resulted in a decline in income return to 3.2% compared with the plan of 3.5%. If capital growth had been according to plan (-1.7%), income return would have amounted to 3.6%.

Capital growth

The Fund realised a capital growth of 7.2% compared with the plan of -1.7%. This figure confirms that the impact of Covid-19 on the (rental) healthcare market has so far been limited.

The Fund return (INREV) and property return (MSCI) are different performance indicators. The Fund return is calculated according to the INREV Guidelines as a percentage of the net asset value (INREV NAV) and the property return is calculated according to the MSCI methodology as a percentage of the value of the investment properties. For example, INREV includes cash, fee costs and administrative costs in the calculation of the income return (INREV). Furthermore, the amortisation of acquisition costs is treated differently by INREV and MSCI.

De Palatijn
Intramural Care

Alkmaar
The Netherlands

Shareholder information

Introduction

This section covers the financial management policies, activities and performance of the Fund over 2021, followed by the Fund's overall governance and structure. This section concludes with more details about the fund manager.

Financial management

Results

Income Statement summary (all amounts in € thousands)	**2021**	2020	Change	in %
Revenues	19,671	12,424	7,247	58%
Operating expenses	(4,083)	(2,838)	(1,245)	44%
Net rental income	**15,588**	**9,586**	**6,002**	**63%**
Net valuation gain / (loss)	29,402	2,725	26,677	979%
Result on disposal	-	-		
Administrative expenses	(2,222)	(1,617)	(605)	37%
Finance expenses	(387)	(366)	(21)	6%
Income taxes	-	-		
Result for the year	**42,381**	**10,328**	**32,053**	**310%**
Financial occupancy	97.5%	91.1%		
REER	0.80%	0.78%		
TGER	0.56%	0.56%		

In 2021, the full-year result increased to € 42.4 million, from € 10.3 million in 2020 (310%). The increase of € 32.1 million was mainly driven by the higher valuations of the investment properties.

Revenues of € 19.7 million were € 7.2 million higher than 2020 (€ 12.4 million), primarily driven by the growth of the real estate portfolio. Lower vacancy in Houthaven LIFE resulted in a higher occupancy rate of 97.5% (2020: 91.1%).

Operating expenses of € 4.1 million were € 1.2 million higher than in 2020 (€ 2.8 million). The increase was primarily driven by the growth of the real estate portfolio, higher maintenance costs (€ 0.4 million), higher taxes (€ 0.2 million), non-deductable VAT (€ 0.1 million), higher letting and lease renewal fees (€ 0.2 million) and higher other property expenses (€ 0.3 million). The increase in operating expenses led to an increase in the REER to 0.80%, from 0.78% in 2020.

Administrative expenses, mainly consisting of management fees, increased to € 2.2 million (2020: € 1.6 million). The increase of € 0.6 million consisted of management fee as a direct result of the higher average NAV, and higher consultancy costs. The finance expenses totaled € 0.4 million, equal to 2020. As a result, the TGER remained stable at 0.56% (2020: 0.56%).

Dividend

As a result of the Fund’s fiscal investment institution (FII) status, Bouwinvest will distribute all of the distributable result to its shareholder in four quarterly interim dividend payments and one final dividend payment.

The Executive Board of Directors proposes to pay a dividend of € 13.0 million for 2021 (2020: € 7.6 million), which corresponds to a pay-out ratio of 100%. It is proposed that the dividend will be paid in cash, within the constraints imposed by the company’s fiscal investment institution (FII) status. Of this total dividend, € 9.6 million or 74% was paid out in the course of 2021. The fourth instalment was paid on 15 February 2022. The rest of the distribution over 2021 will be paid in one final instalment following the adoption of the annual report by the Annual General Meeting of shareholders on 13 April 2022.

Funding

According to internal guidelines, the Fund is not allowed to have an unsecured pipeline. At the end of 2021, the funding for the acquisition pipeline was completely secured. In 2021, the Fund received € 100 million (and € 360 million as of 1 January 2022) additional commitments from its investor and made six capital calls for a total amount of € 44.5 million.

Leverage

In 2021, the Fund was financed solely with equity and did not use any loan capital for liquidity management purposes.

Treasury management

Treasury policy: For treasury management purposes, the Fund acted in accordance with Bouwinvest’s treasury policy in 2021, to manage the Fund’s liquidity and financial risks. The main objectives of the treasury management activities are to secure the shareholder’s dividend pay-out, ensure other obligations can be met and to manage the Fund’s cash position.

At year-end 2021, the Fund had € 7.7 million freely available in cash. In 2021, the Fund’s cash position increased by € 1.0 million compared with year-end 2020.

Interest rate and currency exposure

Interest rate and currency policy: As the Fund had no foreign currency exposure, there was no currency exposure risk. The Fund did not have any loans or borrowings. The interest rate risk was therefore limited to the negative interest rate developments on the Fund's bank balances.

Tax

FII regime: The Fund qualifies as a fiscal investment institution (FII) under Dutch law and as such is subject to corporate tax at a rate of zero percent. Being an FII, the Fund is obliged to distribute its entire fiscal result annually. In 2021, the Fund complied with FII requirements.

Furthermore, the Fund met its obligations related to value added tax, transfer tax and other applicable taxes in their entirety in 2021.

Fund governance

Bouwinvest Dutch Institutional Healthcare Fund N.V. (the ‘Fund’) was established in 2010. The Fund has a governance structure that ensures effective and efficient management, combined with proper checks and balances. The Fund’s governance structure consists of a General Meeting of Shareholders and an Executive Board of Directors. 'Stichting Bedrijfstakpensioenfonds voor de Bouwnijverheid (bpfBOUW)', the pension fund for the construction industry, is the Fund’s sole shareholder.

The Fund is governed in a robust framework with systems and processes to manage risks appropriately. Safeguarding the interests of its investors, integrity and transparency, the Fund fosters the following governance principles:

- The compliance function is independent;
- Conflicts of interests are avoided and managed through compliance with Bouwinvest’s conflicts of interest policy;
- Robust checks and balances through established framework with lines of defence;
- Focus on process management: ISAE 3402 type II certified.

Rules and principles governing day-to-day business:
- Best-in-class system for valuation of assets;
- Elaborate approval process for all real estate investments;
- Transparency and integrity integrated in daily business conduct;
- Code of conduct;
- Transparent and open shareholder communication.

Structure of the Fund

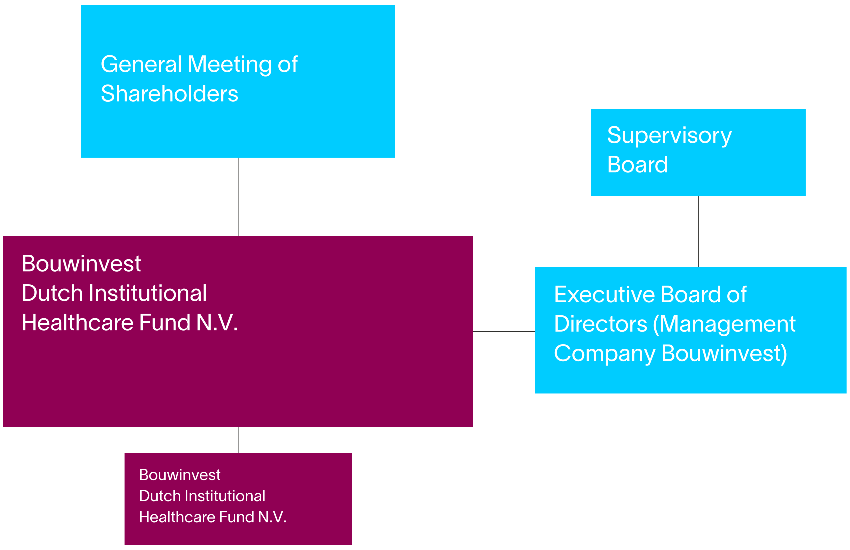
The Fund is structured as an investment company with variable capital, as defined in article 2:76a of the Dutch Civil Code, with its corporate seat in Amsterdam, the Netherlands. It is a fiscal investment institution (FII) within the meaning of Article 28 of the Dutch Corporate Income Tax Act 1969. Bouwinvest Real Estate Investors B.V. ('Bouwinvest') is the Fund's Statutory Director and management company pursuant to the management agreement. The management company has a licence within the meaning of Article 2:65 of the Dutch Financial Supervision Act and is subject to the supervision of the Dutch Financial Markets Authority (AFM).

A restructuring of the Fund into the legal form of a so-called closed Fund for Mutual Account (FMA) as of 1 January 2022 has been proposed to 100% shareholder bpfBOUW. Given its fiscal transparency the closed FMA prevents double taxation for the investors and is therefore the most appropriate alternative for an FII. However, bpfBOUW decided in 2021 not to open the Fund for other investors, as a result of which there is was longer a need to restructure the Fund on this date. BpfBOUW decided that, as long as there is no clarity about the future of the FII-regime, the fund will not be restructured or dissolved.

Subsidiaries

The Fund has one taxable subsidiary, Bouwinvest Dutch Institutional Healthcare Fund Services B.V., which can render services that are ancillary to the Fund's renting activities. The activities are placed within this taxable subsidiary to ensure the Fund's compliance with the investment criteria of the FII regime.

Fund governance structure



General Meeting of Shareholders

Shareholders in the Healthcare Fund must be professional institutional investors within the meaning of section 1:1 of the Dutch Financial Markets Supervision Act (FMSA). General Meetings of Shareholders are held at least once a year to discuss the annual report, adopt the financial statements and discharge the Statutory Director of the Fund for its management. Shareholder approval is required for the Fund Plan and for other resolutions pursuant to the Fund Documents.

Manager of the Fund

Bouwinvest is the fund manager of the Fund and as such is responsible for portfolio management and risk management. Bouwinvest, on behalf of the Fund, conducts the business activities related to the entire real estate investment process to achieve the Fund's investment objectives. Bouwinvest believes responsible business practices are a vital element in achieving the targeted return on investment. Bouwinvest is structured as a private limited liability company. bpfBOUW holds 100% of the shares in Bouwinvest.

Executive Board of Directors

Bouwinvest's Executive Board of Directors consists of the Chief Executive Officer, also Statutory Director, the Chief Financial & Risk Officer, also Statutory Director, the Chief Client Officer, the Chief Investment Officer Dutch Investments and the Chief Client Investment Officer International Investments. The Statutory Directors are appointed by the Bouwinvest General Meeting of Shareholders following nomination by Bouwinvest's Supervisory Board. The Executive Board of Directors is governed by Dutch law, as well as a set of regulations that also outline its tasks and responsibilities.

Supervisory Board

Bouwinvest has an independent Supervisory Board with a minimum of three and a maximum of five members. The Supervisory Board currently has four members. The maximum term of office is four years, with the possibility of reappointment for an additional four years. The role of the Supervisory Board is to supervise the policies of the Executive Board of Directors and the general affairs of the company and its related business. The Supervisory Board is responsible for the quality of its own performance. The members of the Supervisory Board are appointed by the Bouwinvest General Meeting of Shareholders. In carrying out its duties, the Supervisory Board is guided by the interests of Bouwinvest and its related business.

Policies, rules and regulations

Corporate Governance Code

Although the Dutch Corporate Governance Code does not directly apply to Bouwinvest as it is an unlisted company, the Executive Board of Directors endorses the best practices of the Code in as far as these are applicable to Bouwinvest and practical.

Code of Conduct

Bouwinvest has drawn up a Code of Conduct that applies to all its employees and which includes additional rules that specifically apply to the Executive Board of Directors and Supervisory Board with respect to conflicts of interest and investments. The Code of Conduct deals with issues such as ethical behaviour, conflicts of interest, compliance with laws and (internal and external) regulations, responsible investment, health and safety, as well as our business partners. Bouwinvest has also instituted a whistleblower policy to deal with the reporting and investigation of unethical behaviour. All employees receive code of conduct training.

Conflicts of Interest policy

Bouwinvest has a Conflicts of Interest policy. The purpose of this policy is to ensure that no material conflicts of interest occur that are damaging for investors in the Fund, the Fund or Bouwinvest. The policy also describes how Bouwinvest should act with respect to the allocation of different investment opportunities over the respective funds and clients. The policy is intended to supplement but not replace any applicable Dutch laws governing conflicts of interest. In 2021, there were no conflicts of interest as referred to in the Bouwinvest Conflicts of Interest Policy, either between the members of the Executive Board of Directors, the management company, the Fund and/or other funds managed by the management company.

Funds managed by Bouwinvest

Bouwinvest manages the following alternative investment funds:
- Bouwinvest Dutch Institutional Residential Fund N.V.
- Bouwinvest Dutch Institutional Retail Fund N.V.
- Bouwinvest Dutch Institutional Office Fund N.V.

Bouwinvest has separate mandates from bpfBOUW for the management of international real estate investments in Europe, North America and the Asia-Pacific region, hotel properties through Bouwinvest Dutch Institutional Hotel Fund N.V. and healthcare properties through Bouwinvest Dutch Institutional Healthcare Fund N.V.

Bouwinvest aims for the highest level of transparency in its communications on its financial situation, strategy, plans and other information relevant to its existing and potential investors and other stakeholders. In addition to this annual report, the management company reports on a quarterly basis on the status of the Fund and organises quarterly conference calls to discuss the developments within the Fund with its shareholders. Furthermore, Bouwinvest organises General Meetings of Shareholders twice a year, together with Shareholders' Committee meetings to discuss and approve the Fund plan and annual report. All information and documents related to the Fund are available for shareholders via the Bouwinvest Investor Portal.

Shareholders’ calendar

15 February 2022	Payment interim dividend fourth quarter 2021
13 April 2022	General Meeting of Shareholders
26 April 2022	Payment of final dividend 2021
18 May 2022	Payment interim dividend first quarter 2022
18 August 2022	Payment interim dividend second quarter 2022
18 November 2022	Payment interim dividend third quarter 2022
14 December 2022	General Meeting of Shareholders
15 February 2023	Payment interim dividend fourth quarter 2022

LIFE

Assisted Living

Amsterdam

The Netherlands

Risk management

Bouwinvest Real Estate Investors aims to operate on the basis of a healthy balance between risk and return and strives to take risks in a conscious and sustainable manner. Integrated Risk Management is a key mechanism to meet this goal by providing the means to identify, assess and understand various types of risk inherent in all Bouwinvest services/products, activities, processes and systems.

To support Integrated Risk Management and to ensure that the fund remains within its risk profile and consequently its risk appetite, Bouwinvest set up a Risk Management Framework that enables it to address the fund-specific risks that may prevent the Fund from achieving its objectives. This consists of a balanced set of control measures and fund-specific key risk indicators and limit setting (including early warning limits) for the Fund's risk taxonomy.

As manager of the Fund, Bouwinvest Real Estate Investors is responsible for the management of the risks in the Fund. Details regarding the risk management system applied to the Fund are elaborated on in the Bouwinvest Real Estate Investors' 2021 annual report.

Risks in the portfolio are monitored closely and the following events and risks were noteworthy in 2021:

Market risk

Within the area of market risk, no material risks occurred in 2021.

Credit risk

Within the area of credit risk, no material risks occurred in 2021.

Liquidity risk

Within the area of liquidity risk, no material risks occurred in 2021.

Business risk

Business environment risk
In 2021, the Dutch Ministry of Finance started the evaluation of the Fiscal Investment Institution (FII) regime that was announced in 2020. Bouwinvest is taking into account the possibility that this evaluation will lead to a change of law as a result of which the Fund might no longer apply the respective regime.

A restructuring of the Fund into the legal form of a so-called closed Fund for Mutual Account (FMA) as of 1 January 2022 has been proposed to bpfBOUW. Given its fiscal transparency, the closed FMA prevents double taxation for the investors and is therefore the most appropriate alternative for an FII.

However, bpfBOUW decided not to open the Fund for other investors, as a result of which there was no longer a need to restructure the Fund on this date. bpfBOUW recently decided that, as long as there is no clarity about the future of the FII regime, the Fund will not be restructured or dissolved.

ESG risk
Last year was another year with exceptional weather conditions, and as such a reminder of the need to deal with climate change and related risks. In line with the recommendations from the Task Force on Climate Financial Disclosures (TCFD), the Fund recognises two main risks related to climate change:
- Physical risks directly affecting the Fund's real estate and/or tenants (heat stress, pluvial flood, subsidence and coastal / river flood)
- Transition risks, or risks related to the adaptation of the Fund's real estate to future climate changes (an environment in which greenhouse gases should be minimised to limit future temperature rises to 2˚C or less).

Core elements of the recommended disclosures include the organisation’s governance related to climate risks, the strategy, the risk management and resulting metrics and targets.

Within Bouwinvest, the Sustainability & Innovation department is dedicated to advising the Executive Board of Directors on preparing the management organisation and the Fund for the necessary steps and related changes. These climate risks affect a large number of risks within our risk taxonomy, and we will adapt our risk taxonomy to incorporate climate risk where necessary. As an example of recent initiatives, the Fund has started a pilot for the next phase of identifying physical climate risks. The purpose of the pilot is to identify the net risk of all four physical climate risks based on both geographical location and building characteristics. The Fund is aiming to perform the same analysis for the total portfolio in 2022.

Operational risk

Within the area of operational risk, no material risks occurred in 2021.

Compliance risk

Within the area of compliance risk, no material risks occurred in 2021.

Early 2022, Bouwinvest was notified of a data breach from a software supplier that is used by Bouwinvest’s property managers. Bouwinvest has notified the appropriate authorities and informed its tenants about the data breach and possible consequences. The data breach was the result of a cyberattack. The software supplier is investigating the attack.

Outlook

Healthcare occupier market

Thanks to the Dutch government's financial support during the Covid-19 crisis, the finances of most healthcare institutions are quite healthy right now. However, the after-effects of the crisis in the form of absenteeism due to overburdened healthcare workers, plus the potential annual recurrence of Covid-19 infections, will have impact on operators' finances in the years to come. Bouwinvest also expects to see the continued pressure on healthcare costs in combination with the withdrawal of Covid-19-related financial support as a risk to nursing home care financed via the Long-term care Act (Wlz).

The operational occupancy rate of nursing homes was lower in 2021, but waiting lists remained stable. Bouwinvest expects to see sharp growth in these waiting lists in the near future, given how slowly total capacity is increasing.

Absenteeism and the recruitment of sufficient qualified personnel is the biggest challenge facing healthcare institutions, especially nursing homes and larger institutions. However, smaller, more entrepreneurial private care institutions are also finding it difficult to recruit enough qualified staff, not least because staff need to be more creative and accept more responsibility. Bouwinvest is already seeing healthcare operators cancel or postpone new-build projects and the expansion of facilities, simply due to a lack of staff.

Labour market challenges and the pandemic have not prevented professional healthcare operators, like Korian and Orpea, from launching expansion plans. Over the past year, these players have acquired dozens of new private healthcare locations. French company DomusVi also entered the Dutch market in 2021, acquiring a stake in private healthcare provider Martha Flora.

Healthcare investor market

In recent years, annual real estate investment volumes have averaged between € 18 billion and € 20 billion. This continued in 2021 when, despite the Covid-19 crisis, the investment volume came in at € 18.2 billion. At the same time, initial yields have either contracted or remained stable and relatively low in almost all real estate segments. This indicates that investor interest in real estate has remained high.

Overall, in this persistent low interest environment, the yield spread of real estate compared to bonds still provides interesting investment opportunities. Bouwinvest therefore expects investor interest to remain substantial for growth sectors, specific opportunities and for core properties. Bouwinvest will closely monitor inflation and potential impact on interest rates. Bouwinvest will closely monitor inflation and potential impact on interest rates.

Despite the Covid-19 pandemic, 2021 was a good year for the healthcare real estate market. Unlike in other real estate segments, there was virtually no decline in investment volume. Initial yields actually declined further and the demand for new healthcare real estate remained strong.

The Russian invasion of Ukraine and rapidly escalating events in late February and in March 2022 are a significant tragedy for the people and is causing disruption to business and economic activity in the region and worldwide. This qualifies as a non-adjusting subsequent event. These events and the related market uncertainty could have an adverse impact on the Fund, including but not limited to the fair value of its investments and/or cash flows. At this moment it is not possible to provide an estimate of the financial impact of this crisis worldwide and on the Fund. The Fund screens periodically its existing business relationships, including sanction lists where required. In respect to Russia and Belarus no determination of direct breaches of any current sanction rules were noted nor any material matters that affect the going concern of the Fund. The Fund will continue to monitor market conditions as information becomes available and evaluate potential impact, if any, on the value of the Fund's real estate investments and its operations going forward.

Healthcare Fund plan

The Covid-19 outbreak and the resultant impact on the economy has clearly demonstrated just how robust healthcare real estate is in the face of economic cycles. As a result, it is possible that investors will see healthcare real estate as more or less a safe haven and increase their allocation to this segment of the real estate market. At the same time, the main theme in the healthcare market right now is consolidation, as an increasing number of highly professional foreign operators look to build market share.

The Healthcare Fund has a growth strategy, with a clear focus on maximising the sustainability and social return of its portfolio. The Fund targets € 800 million in invested capital by the end of 2024. It is targeting acquisitions of € 450 million in the period 2022-2024, from the level at the end of 2021. Taking into account bpfBOUW's commitment, the Fund is fully funded and given the quality of the Fund's portfolio, its solid track record and opportunities, the Fund expects to meet its growth target for the coming plan period (2022-2024).

Bouwinvest believes that it can only generate long-term stable financial returns for its investors if it takes the societal impact into account in every decision it takes. The Fund's focus is on the liveable areas of the future and it aims to create real value for life by investing for the long term in a responsible manner. The Healthcare Fund contributes to sustainable, liveable and inclusive metropolitan areas. The Fund does this in part by accepting responsibility and ownership for important aspects of senior housing. Firstly and obviously by providing it, but secondly by adding another level of care, such as hostesses and communication apps to combat the growing issue of loneliness for the elderly. In addition, the Fund aims to reduce the environmental impact of its portfolio, striving for a net-zero carbon, nearly energy-neutral and climate-resilient Paris Proof portfolio before 2045.

The pandemic will leave its mark on the real estate markets. Many trends that were already evident before the pandemic, such as technological or medical developments, accelerated during the crisis. At the same time, Bouwinvest is convinced that once Covid-19 measures are lifted, people will want to meet each other again. With its long-term investment scope, the Fund focuses on adding value for its investors, tenants and stakeholders by continuing to invest in attractive living environments.

Amsterdam, 21 March 2022

Bouwinvest Real Estate Investors B.V.

Dick van Hal, Chief Executive Officer and Statutory Director
Rianne Vedder, Chief Financial & Risk Officer and Statutory Director
Mark Siezen, Chief Client Officer
Allard van Spaandonk, Chief Investment Officer Dutch Investments
Stephen Tross, Chief Investment Officer International Investment

Financial statements

Statement of comprehensive income

All amounts in € thousands, unless otherwise stated

	Note	2021		2020	
Gross rental income	5	19,034		12,074	
Service charge income	5	583		329	
Other income		54		21	
Revenues			**19,671**		**12,424**
Service charge expenses		(691)		(461)	
Property operating expenses	6	(3,392)		(2,377)	
			(4,083)		**(2,838)**
Net rental income			**15,588**		**9,586**
Result on disposal of investment property			**-**		**-**
Positive fair value adjustment investment property	11	27,925		8,691	
Negative fair value adjustment investment property	11	(649)		(2,971)	
Net valuation gain (loss) on investment property under construction	12	2,126		(2,995)	
Net valuation gain (loss)			**29,402**		**2,725**
Administrative expenses	7		(2,222)		(1,617)
Result before finance result			**42,768**		**10,694**
Finance expenses	8	(387)		(366)	
Net finance result			**(387)**		**(366)**
Result before tax			42,381		10,328
Income taxes	10		-		-
Result for the year			**42,381**		**10,328**
Items that will not be reclassified subsequently to comprehensive income			-		-
Items that may be reclassified subsequently to comprehensive income			-		-
Total comprehensive income (loss) for the year, net of tax			**42,381**		**10,328**
Net profit attributable to shareholders			42,381		10,328
Total comprehensive income (loss) attributable to shareholders			**42,381**		**10,328**
Earnings per share (€)					
From continuing operations					
Basic	18		320		104
Diluted	18		320		104

Statement of financial position

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2021	2020
Assets			
Non-current assets			
Investment property	11	444,471	342,594
Investment property under construction	12	17,728	44,608
Financial assets		4	4
Total non-current assets		**462,203**	**387,206**
Current assets			
Trade and other current receivables	13	454	869
Cash and cash equivalents	14	7,730	6,705
Total current assets		**8,184**	**7,574**
Total assets		**470,387**	**394,780**
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		139,724	125,431
Share premium		253,572	223,365
Revaluation reserve		55,763	31,585
Retained earnings		(35,644)	(10,328)
Net profit for the year		42,381	10,328
Total equity	15	**455,796**	**380,381**
Liabilities			
Non-current lease liabilities	16	10,878	10,943
Current trade and other payables	17	3,713	3,456
Total liabilities		**14,591**	**14,399**
Total equity and liabilities		**470,387**	**394,780**

Statement of changes in equity

For 2021, before appropriation of result, all amounts in € thousands

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2021	**125,431**	**223,365**	**31,585**	**(10,328)**	**10,328**	**380,381**
Comprehensive income						
Net profit	-	-	-	-	42,381	42,381
Total comprehensive income	**-**	**-**	**-**	**-**	**42,381**	**42,381**
Other movements						
Issued shares	14,293	30,207	-	-	-	44,500
Appropriation of result	-	-	-	10,328	(10,328)	-
Dividends paid	-	-	-	(11,466)	-	(11,466)
Movement revaluation reserve	-	-	24,178	(24,178)	-	-
Total other movements	**14,293**	**30,207**	**24,178**	**(25,316)**	**(10,328)**	**33,034**
Balance at 31 December 2021	**139,724**	**253,572**	**55,763**	**(35,644)**	**42,381**	**455,796**

* See explanation dividend restrictions Note 15.

For 2020, before appropriation of result, all amounts in € thousands

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2020	**87,777**	**148,626**	**25,059**	**(15,479)**	**16,385**	**262,368**
Comprehensive income						
Net profit	-	-	-	-	10,328	10,328
Total comprehensive income	**-**	**-**	**-**	**-**	**10,328**	**10,328**
Other movements						
Issued shares	37,654	77,346	-	-	-	115,000
Appropriation of result	-	-	-	16,385	(16,385)	-
Dividends paid	-	(2,607)	-	(4,708)	-	(7,315)
Movement revaluation reserve	-	-	6,526	(6,526)	-	-
Total other movements	**37,654**	**74,739**	**6,526**	**5,151**	**(16,385)**	**107,685**
Balance at 31 December 2020	**125,431**	**223,365**	**31,585**	**(10,328)**	**10,328**	**380,381**

* See explanation dividend restrictions Note 15.

Statement of cash flows

All amounts in € thousands

	Note	2021	2020
Operating activities			
Net result		42,381	10,328
Adjustments for:			
Valuation movements		(29,402)	(2,725)
Result on disposal of investment property		-	-
Net finance result		387	366
Movements in working capital		672	(1,568)
Cash flow generated from operating activities		**14,038**	**6,401**
Interest paid		(387)	(366)
Cash flow from operating activities		**13,651**	**6,035**
Investment activities			
Proceeds from sale of investment property		-	-
Payments of investment property	11	(10,065)	(64,658)
Payments of investment property under construction	12	(35,595)	(43,606)
Contribution to participation		-	1
Cash flows from investment activities		**(45,660)**	**(108,263)**
Finance activities			
Proceeds from the issue of share capital		44,500	115,000
Dividends paid		(11,466)	(7,315)
Cash flows from finance activities		**33,034**	**107,685**
Net increase (decrease) in cash and cash equivalents		1,025	5,457
Cash and cash equivalents at beginning of year		6,705	1,248
Cash and cash equivalents at end of year	14	**7,730**	**6,705**

Notes to the financial statements

All amounts in € thousands, unless otherwise stated

1 General information

The Healthcare Fund (Chamber of Commerce number 34366399) is a public limited company incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands. The Fund was formed for the purpose of providing shareholders with a rate of return by acquiring, managing, adding value to and disposing of a diversified real estate portfolio through investments in healthcare real estate in the Netherlands.

The Fund owns a taxable subsidiary, Bouwinvest Dutch Institutional Healthcare Fund Services B.V. (Chamber of Commerce number 67492800) which can render services that are ancillary to renting activities of the Fund. While these services might go beyond mere investing, they are performed by a taxable subsidiary of the Fund. Structuring these ancillary activities this way, the Fund remains compliant with the investment criterion of the FII regime.

Bouwinvest is the manager and Statutory Director of the Healthcare Fund. The Statutory Director will present the annual report to the Annual General Meeting of Shareholders on 13 April 2022, and will request the approval of the financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

The Fund's functional and presentation currency is the euro. All amounts are in thousands of euros, unless otherwise stated. The financial year 2021 was a normal calendar year from 1 January to 31 December 2021.

2.1 Basis of preparation

Statement of compliance
In accordance with Part 9, Book 2 of the Dutch Civil Code, Section 362, subsection 8, the financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements of the Fund presented are also in accordance with Part 9, Book 2 of the Dutch Civil Code based on Section 362, subsection 8 and 9.

In 2016, the Fund established a taxable subsidiary, Bouwinvest Dutch Institutional Healthcare Fund Services B.V. (Healthcare Fund Services). For the year 2021, this subsidiary is not consolidated due to the fact that the revenues, costs and assets, equity and liabilities are negligible.

Statement of comprehensive income
The Fund presents its statement of comprehensive income by nature of expenses.

Application of new and revised International Financial Reporting Standards (IFRS)
In 2021, the Fund adopted the new IFRS standards, amendments to IFRS and the interpretations that are mandatory for accounting periods that begin on or after 1 January 2021. The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards and interpretations applicable for the annual period beginning on or after 1 January 2021
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021 (applicable for annual periods beginning on or after 1 April 2021 but not yet endorsed in the EU)

These standards, amendments and interpretations do not have a significant impact on the disclosures in the Fund's financial statements.

New and revised IFRS Standards in issue but not yet effective
At the date of authorisation of these financial statements, the Fund has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and in some cases had not yet been adopted by the European Union:

- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022)
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9 (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)

The Fund is monitoring these regulatory changes.

Preparation of the financial statements
The consolidated financial statements have been prepared on a historical cost basis, except for investment property and investment property under construction, which are measured at fair value as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The principal accounting policies are set out below.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

2.2 Investment property

Investment property is initially measured at its cost, including related transaction costs such as advisory costs, notary costs, transfer taxes and borrowing costs. Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is stated at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

In line with the Practice Statements, as incorporated in the Royal Institute of Chartered Surveyors Appraisal and Valuation Standards ('the Red Book'), valuations are performed as of the financial position date by professional valuation experts who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as an investment property or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions, including vacancy and rental incentives. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including lease liabilities in respect of leasehold land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

If a valuation obtained for a property held under a lease is net of all payments expected to be made, any related lease liability recognised separately in the statement of financial position is added back to arrive at the carrying value of the investment property for accounting purposes.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Gains and losses arising from changes in fair values are included in the statement of comprehensive income in the year in which they arise. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains and losses on disposal of investment properties are recognised in the statement of comprehensive income in the year of disposal.

The right-of-use component of land leases is included as an integral part of the Investment property. The accounting principles for land leases are disclosed in more detail in note 2.4 Leases.

Investment property under construction or being developed for future use as investment property is presented under 'Investment property under construction'.

Net result on the sale of investment property
Proceeds from the sale of investment properties are recognised when the control of the property is transferred to the purchaser. The profits or losses on the sale of investment properties are identified as the difference between the net proceeds of the sale and the carrying value of the investment properties in the Fund's most recently published statement of financial position.

2.3 Investment property under construction

Investment property under construction for future use as investment property is stated at fair value.

Fair value measurement on investment property under construction is only applied if the fair value is considered to be reliably measurable. If the Fund determines that the fair value of an investment property under construction is not reliably determinable when construction is incomplete, it shall measure that investment under construction at cost until either its fair value becomes reliably determinable or construction is completed.

It may sometimes be difficult to determine the fair value of the investment property under construction reliably. In order to evaluate whether the fair value of an investment under construction can be determined reliably, management considers, among other things, the following factors:

- The provisions of the construction contract
- The stage of completion
- Project/ property characteristics: standard (typical for the market) or non-standard
- The level of reliability of cash inflows after completion
- The development risk specific to the property
- Past experience with similar construction projects
- Pre-let percentage
- Status of construction permits

After the first instalment for the project under construction, an external valuation expert values the project each quarter. Gains and losses arising from changes in fair values are included in the statement of comprehensive income in the year in which they arise.

The right-of-use component of land leases is included as an integral part of the Investment property under construction. The accounting principles for land leases are disclosed in more detail in note 2.4 Leases.

2.4 Leases

The Fund shall assess at the inception of a contract whether the contract is, or contains, a lease. A lease contract conveys the right to control the use of an identified asset owned by another party for a period of time in exchange for consideration. The economic benefits deriving from that asset are transferred to the Fund. Where the Fund is a lessee, the Fund recognises a right-of-use asset and a lease liability.

The Fund recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The Fund leases properties that meet the definition of investment property. These right-of-use assets are presented as part of the line item 'Investment property' in the statement of financial position.

The lease liability is primarily the basis for the accounting of the right-of-use asset. At inception, the right-of-use asset comprises the lease liability plus any direct costs of obtaining the land lease, less any incentives provided by the lessor. After initial recognition, the Fund measures the right-of-use asset applying a cost model. For land leases, the Fund applies the fair value model in IAS 40.

The accounting principles for lease liabilities are disclosed in more detail in note 2.9 Non-current lease liabilities.

2.5 Financial instruments

Financial assets and financial liabilities are recognised in the Fund's statement of financial position when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them.

The Fund determines the classification of its financial assets at initial recognition. At initial recognition, financial assets are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. With the exception of trade receivables that do not contain a significant financing component, the Fund initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. As the Fund's rent and other trade receivables do not contain a significant financing component, they are measured at the transaction price determined under IFRS 15.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Fund transfers substantially all risks and rewards of ownership.

Financial assets recognised in the statement of financial position as trade and other receivables. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

The Fund recognises an allowance for expected credit losses (ECLs) for all debt instrument except those held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For rent and other trade receivables and contract assets, the Fund applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date (i.e., a loss allowance for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default). The Fund has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Impaired debts are derecognised when they are assessed as uncollectible.

In determining the expected credit losses the Fund takes into account any recent payment behaviours and future expectations of likely default events (i.e. not making payment on the due date) based on individual customer credit ratings, actual or expected insolvency filings or company voluntary arrangements, likely deferrals of payments due and those tenants expected to be offered a period of rent free as a result of temporary closures imposed in order to limit the spread of Covid-19 and market expectations and trends in the wider macro-economic environment in which our customers operate. These assessments are made on a customer by customer basis.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income.

Financial liabilities
The Fund's financial liabilities comprise trade and other payables. All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs. The Fund determines the classification of its financial liabilities at initial recognition.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Financial liabilities included in trade and other payables are initially recognised at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

2.6 Prepayments

Prepayments are stated at cost less any accumulated impairment losses.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.8 Issued capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.9 Non-current lease liabilities

At initial recognition, a lease liability is measured at the present value of the lease payments in the lease, including any renewal options where it is reasonably certain the Fund will exercise the option and the lease payments due after exercising the option can be estimated.

Lease payments are discounted using the rate implicit in the lease. If this rate cannot be estimated, the Fund's incremental borrowing rate for borrowings secured by a similar asset and for a similar term as the lease is used. Lease payments include fixed payments and variable payments that depend on an index or rate including any renewal options included in the determination of the term of the lease.

After initial recognition, the Fund measures the lease liability by:
- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications.

For land lease contracts the Fund takes into account a perpetual view, even when the land lease contracts have a continuous character. Continuous contracts may include a potential break option. However, this break option is considered to be theoretical because the land lease is highly interlinked with the investment property. Breaking the lease will destroy the value of the property. Therefore, the lease term for continuous contracts is also considered perpetual.

2.10 Current trade and other payables

Current trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Tenant deposits

The Fund obtains deposits from tenants as a guarantee for the return of the property at the end of the lease term in a specified good condition or for the lease payments for a period ranging from one to 12 months. Such deposits are treated as financial assets in accordance with IFRS 9 and they are initially recognised at fair value. The deposit is subsequently measured at amortised cost.

Tenant deposits are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the deposit for at least 12 months after the date of the statement of financial position.

2.11 Dividend distribution

An FII is obliged to distribute its distributable profit annually within eight (8) months after the end of the relevant fiscal year ('*doorstootverplichting*'). The distributable profit generally only includes current income (dividends, interest and rental income). The (realised and unrealised) gains on securities and the realised gains on all other investments (including real estate), which are added to a so-called reinvestment reserve ('*herbeleggingsreserve*'), are not included in the distributable profit.

2.12 Rental income

Rental income from investment property leased out under operating leases is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Rent incentives granted by the Fund to its tenants are recognised as an integral part of the total rental income. The rent incentives are included in investment property.

Incentives to enter into rental agreements are spread evenly over the rental term, even if the payments are not made on such a basis. The rental term is the non-cancellable period of the rental agreement, together with any further term for which the tenant has the option to continue the rental agreement, when, at the inception of the rental agreement it is reasonably certain that the tenant will exercise this option.

Premiums received to terminate rental agreement are recognised in the statement of comprehensive income.

2.13 Service charges, property operating expenses and administrative expenses

In the case of service contracts with third parties, service charges are recovered from tenants. Service charges in respect of vacant property are expensed. These mainly relate to gas, water, electricity, cleaning and security.

Property operating expenses comprise those costs that are directly attributable to the operation of properties, net of costs charged to tenants. These mainly relate to tax, insurance, leasehold, maintenance and professional fees. These are expensed as incurred. Administrative expenses are expenses that are not directly attributable to the operation of properties (including charged management costs not directly related to properties, office overheads, advice, valuation and audit fees, listing costs and marketing and promotion costs).

Service charges for which the Fund acts as a principal are presented in the statement of comprehensive income. Therefore, for those property investments for which the Fund is in full control of the service charges, the service charges invoiced to tenants and the corresponding expenses are shown separately on an accrual basis.

2.14 Other income

This is income attributable to the year that cannot be classified under any of the other categories.

2.15 Finance income and expenses

The finance result consists of interest income and expenses and is recognised in the statement of comprehensive income. Interest is recognised in the statement of comprehensive income as it accrues.

2.16 Cash flow statement

Cash flows are stated according to the indirect method.

The acquisitions of investment properties are disclosed as cash flows from investment activities, as this reflects the Fund's business activities most appropriately.

Cash and cash equivalents comprise cash on hand, demand deposits, short-term deposits with banks with original maturities of three months or less and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.17 Earnings per share

The Fund presents basic and diluted earnings per share (EPS) for its ordinary share capital. The earnings per ordinary share are calculated by dividing the profit or loss attributable to the Fund's shareholders by the weighted average number of issued ordinary shares during the reporting period. In calculating the diluted earnings per share, the profit or loss attributable to the

Fund's shareholders and the weighted average number of issued ordinary shares during the reporting period are adjusted for all potential dilutive effects on the ordinary shares.

2.18 Income taxes

Based on its status as an FII, the Fund is subject to Dutch corporate income tax at a rate of 0%. See Note 10. The subsidiaries of the fund are subject to Dutch corporate income tax at a rate of 15% - 25%.

3 Financial risk management

3.1 Financial risk factors

The Fund is exposed during or at the end of the reporting period to financial risk. To manage various types of financial risk a risk management governance and framework are in place, in order to identify, assess, monitor and understand the financial risks to which the Fund is exposed and to ensure they remain within the risk appetite of the Fund. Financial risk comprises market risk, credit risk and liquidity risk.

Market risk
Market risk is the risk of changes in the value of assets under management due to fluctuations in the financial markets. Within a real estate alternative investment fund typical factors possibly influencing the volatility in the performance (NAV) of the Fund, are changes in yields (external valuations), and rental and occupancy rate levels. The concentration of these risks are mitigated by the Fund's diversification strategy on among others asset, tenant and geographical level. The sensitivity of the investment portfolio to changes in yields and rental rates is presented in the sensitivity analysis included in note 12.

Credit risk
Credit risk is defined as the risk that a counterparty defaults on contractual or other agreed obligations (including furnished credits, loans, receivables, pledges and rental obligations). When entering into a contract with a tenant, the Fund checks their credit rating, while throughout the term of the contract the Fund keeps a close watch on the accounts receivable. Rents are in general also payable in advance and part of the rent payable is secured by means of bank guarantees or guarantee deposits. There are no significant credit risk concentrations.

The credit risk relating to the receivables is maximised to € 0.7 million in 2021 (2020: € 0.9 million) and the receivables are closely monitored.

Deposits refundable to tenants may be withheld by the Fund in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract. These deposits (cash collateral) are a mitigating factor regarding the credit risk exposures.

Counterparty Credit Risk is defined as the risk that the counterparty (to a transaction) defaults before the final settlement of the cash flows (associated with the transaction) has taken place (breaching delivery versus payment). This risk also includes banking credit positions and received guarantees.

It is our policy to enter into financial transactions only with financial institutions with a credit rating of at least A (Standard & Poor's). Given the credit rating limits, as required by policy, and the adherence by these counterparties to these limits, the Fund does not expect any defaults. Currently, the Fund makes use of services of a single banking institution for all its cash accounts, which means that a counterparty credit risk concentration is applicable. Due to our policies and monitoring activities on the credit rating, as described above, the concentration risk is managed.

Liquidity risk
Liquidity risk is defined as the inability to have timely access to sufficient (cash) liquidity to meet obligations or withdrawal, due to unfavourable market circumstances or inadequate cash planning, being forced to sell assets under unfavourable conditions. Prudent liquidity risk management implies maintaining sufficient (cash) liquidity. The Finance department manages the liquidity positions within predefined limit and is reported on a monthly basis. The amounts are disclosed in the notes to the consolidated statement of financial position.

3.2 Fair value estimation

For financial purposes fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:
- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The carrying amount reduced by the impairment provision of trades receivable and trades payable approximates their fair value. All other Statement of financial position items are short-term and therefore not adjusted to their fair value.

3.3 Capital management

The Fund's objectives when managing capital are to safeguard the Fund's ability to maintain its going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Funding is secured by its shareholders through capital calls for which estimations are made each year. No external funding will be obtained.

The Fund distributes the fiscal profit annually to its shareholders as required by tax law. Reference is made to Note 10. In order to maintain or adjust its capital structure, the Fund may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back shares from shareholders or sell assets to reduce debt.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and adjusted for current market conditions and other factors.

4.1 Critical accounting estimates and assumptions

Management based its assumptions and estimates on circumstances and information available when the consolidated financial statements were prepared. The resulting accounting estimates will, by definition, seldom be exactly the same as the related actual results. The estimates, assumptions and management judgements that carry a significant risk of material adjustments to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Principal assumptions underlying management's estimation of fair value property portfolio
The valuation of the investment property portfolio (including investment property under construction) is determined in accordance with the Fund's valuation principles. All investments are measured at fair value and based on active market prices, adjusted if necessary for any difference in nature, location or condition of the specific asset.

Current economic developments and uncertainties influence the valuation of our investment properties. The methods and significant assumptions applied in determining the fair value of our investment properties are mainly due to (i) active market prices, (ii) the influence of so-called rent-free periods and vacancy rates, (iii) the discount rates and (iv) assumed trends in rents.

These market values are based on valuations by independent external valuation experts. The valuation is based on an open market value, supported by market evidence in which assets can be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of the valuation, in accordance with the guidelines of MSCI Netherlands Property Index.

The valuations are based on a discounted cash flow (DCF) analysis of each property combined – where necessary – with valuations based on market evidence. The DCF analyses are adjusted to existing lease agreements, in order to cover the full period of existing lease agreements. The DCF analyses are based on calculations of the future rental revenue in accordance with the terms in existing lease agreements and estimations of the rental values when the agreements expire. The starting point for the estimation of the discount rate is the nominal interest rate for 10-year Dutch government bonds. This rate should be increased in accordance with the risks involved in property investments. The whole investment property portfolio is appraised on a quarterly basis by independent external appraisers.

5 Gross rental income and service charge income

	2021	2020
Theoretical rent	19,662	13,426
Incentives	(142)	(152)
Vacancies	(486)	(1,200)
Total gross rental income	**19,034**	**12,074**

Service charge income amounted to € 583 thousand (2020: € 329 thousand) receivable from tenants for the services of utilities, caretakers, etc. when the Fund acts as principal.

The future contractual rent from leases in existence on 31 December 2021, until the end of the contract (accounted for on the basis of the minimum rent) can be analysed as follows:

	2021	2020
First year	16,189	12,948
Second year	15,617	12,578
Third year	15,301	12,559
Fourth year	15,165	12,247
Fifth year	15,142	12,112
More than five years	153,780	127,797

6 Property operating expenses

	2021	2020
Taxes	649	478
Insurance	163	124
Maintenance	971	580
Valuation fees	118	105
Property management fees	227	123
Letting and lease renewal fees	306	166
Owners associations	174	137
Non reclaimable VAT	405	281
Addition to provision for bad debts	125	149
Other operating expenses	254	234
Total property operating expenses	**3,392**	**2,377**

In 2021 € 30 thousand (2020: € 62 thousand) of the maintenance expenses related to unlet properties.

Other operating expenses relate to operational consultancy, promotion and marketing costs.

7 Administrative expenses

	2021	2020
Management fee Bouwinvest	2,012	1,434
Audit fees	26	25
Other Fund expenses	184	158
Total administrative expenses	**2,222**	**1,617**

Where administrative expenses relate directly to the operation of the property portfolio, they are charged to operating expenses. Where administrative expenses relate directly to the development of the property portfolio, they are capitalised.

Other Fund expenses relate to regulators' costs, legal fees and sustainability development.

8 Finance expenses

	2021	2020
Finance expenses on bank balances	59	43
Interest on lease liabilities	328	323
Total finance expenses	**387**	**366**

The Fund had no external loans and borrowings during 2021. The Fund was subject to the negative interest rates for its bank balances.

9 Employee benefits expense

The Healthcare Fund has no employees.

10 Income taxes

FII Status

The Fund has opted for the status of Fiscal Investment Institution (FII). Although an FII is not transparent for tax purposes the FII regime is based on the principle of tax transparency. This transparency is effectively realised by the fact that an FII is subject to Dutch corporate income tax at a rate of 0% in combination with the so-called distribution obligation (for more information see the distribution obligation section below). As a result any benefits derived from a shareholding in an FII are taxable at shareholder level only.

To benefit from the FII regime, the Fund must meet certain requirements regarding, inter alia, the aforementioned obligation to distribute its profits, its activities, its leverage and its shareholders. These requirements are outlined in greater detail below.

Distribution obligation

Because of the fiscal transparency principle, an FII must distribute 100% of its taxable profits within eight months after the end of the relevant fiscal year, with the exception of certain specific items. In practice, the company-only net rental income and net finance income, is distributed annually. Capital gains, either realised or unrealised, do not need to be distributed. Unrealised capital gains do not constitute taxable income whereas realised capital gains are added to a so-called reinvestment reserve. Part of the management costs need to be charged against the reinvestment reserve. If and to the extent that realised gains are added to the reinvestment reserve, such gains are treated as capital for dividend withholding tax purposes, rather than distributable profits (for more information see the dividend withholding tax section).

Activity rules

An FII is obliged to be engaged exclusively in passive investment activities, i.e. it may not (partly) conduct an active trade or business. Whether an activity is characterised as a passive investment activity or as a business activity for Dutch tax purposes depends on all relevant facts and circumstances.

Real estate development is not regarded as a 'passive' investment activity. However, development activities for the FII's own portfolio are specifically permitted. These activities should be carried out by a subsidiary which is subject to tax at the common corporate tax rate (2021: 15% - 25%). Improvements to existing properties do not qualify as development activities provided that the capital expenditure is less than 30% of the value of the property as determined by the Dutch Valuation of Immovable Property Act ('Wet Waardering onroerende zaken') prior to the improvements.

In addition activities that are ancillary to the Fund's passive investment activities (renting out of the Fund's real property) are under conditions permitted, provided that they are also carried out by a taxable subsidiary of the Fund.

Leverage restrictions

An FII may finance its investments with debt up to a maximum of 60% of the fiscal book value of the real estate property, plus 20% of the fiscal book value of all other investments.

Shareholder test

As the Fund is subject to supervision of the AFM due to Bouwinvest's AIFMD license as an alternative investment fund manager, the Fund is subject to the shareholder requirements for regulated FIIs. The shareholder requirements for regulated FIIs stipulate that:

- A single corporate entity which is subject to any form of profit tax, not being a regulated FII or an UCITS, or an entity whose profits are taxed in the hands of its participants, i.e. a tax transparent entity, may not own 45% or more of the shares together with such affiliated entities.
- A single individual may not own an interest of 25% or more.

Furthermore, all FIIs must meet the condition that their shares are not owned for 25% or more by Dutch resident entities through the interposition of non-Dutch entities which have a capital divided into shares or mutual funds.

The Fund met the requirements of an FII in 2021. The effective tax rate was 0% (2020: 0%).

Legislation FII status

In 2021, the Dutch Ministry of Finance started the evaluation of the Fiscal Investment Institution (FII) regime that was announced in 2020. This evaluation should be finalised in 2022. Bouwinvest is taking into account the possibility that this evaluation will lead to a change of law as a result of which the Fund might no longer apply the respective regime. Therefore Bouwinvest anticipates a restructuring of the Fund into the legal form of a so-called closed Fund for Mutual Account (FMA).

Given its fiscal transparency, the closed FMA prevents double taxation for investors and is therefore the most appropriate alternative for an FII. Future amendments to the Dutch tax transparency rules, which are expected to be announced in 2022, should not alter this conclusion. In the course of 2022, Bouwinvest will decide whether to propose a restructuring of the Fund to the Shareholders' Meeting and, if so, by which date such restructuring must be effected. Bouwinvest will take into account all uncertainties, including the future of the FII-regime and the impact on all investors, when taking such a decision.

Dividend withholding tax

Profit distributions by the Fund are subject to Dutch dividend withholding tax at the statutory rate of 15%. However, distributions made from the tax free reinvestment reserve are not subject to Dutch dividend withholding tax, provided that this is properly formalised.

11 Investment property

		2021		2020
At the beginning of the year		**341,084**		**220,636**
Investments	9,407		59,881	
Subsequent capital expenditure	276		34	
Additions		**9,683**		**59,915**
Transfers to investment property under construction	-		(4,533)	
Transfers from investment property under construction	64,601		59,161	
Total transfers to/from investment property under construction		**64,601**		**54,628**
Disposals		**-**		**-**
Net gain (loss) from fair value adjustments on investment properties (like for like)	16,802		3,868	
Net gain (loss) from fair value adjustments on investment properties	10,474		1,852	
In profit or loss		**27,276**		**5,720**
In other comprehensive income		**-**		**-**
Transfers out of level 3		**-**		**-**
Movement of right of use ground leases		**(66)**		**185**
Total investment property (level 3)		**442,578**		**341,084**
Lease incentives		**1,893**		**1,510**
At the end of the year		**444,471**		**342,594**

The Fund's investment properties are valued by independent external appraisers on a quarterly basis. On 31 December 2021, these properties were revalued by independent professionally qualified valuation experts with experience in the locations and categories of the investment properties valued (level 3). The carrying values of investment property as at 31 December 2021, and 31 December 2020, are based on the valuations reported by the external valuation experts. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year and there were no transfers between levels 2 and 3 during the year.

The specifications of acquisitions and other capital expenditures are set out below.

Investments	2021	2020
Intramural Care	9,327	(272)
Private Medical Specialist Spaces	(25)	7
Assisted Living	381	60,180
Total investments	**9,683**	**59,915**

The negative capital expenditures mainly relate to a settlement of Real Estate Transfer Tax after reaching an agreement with the Dutch tax authorities.

Since the accounting effect of lease incentives granted is included under non-current assets the recognised amount of € 1.9 million (2020: € 1.5 million) is deducted from the total fair value of investment properties.

The right of use of land is included as an integral part of the Investment property. To compare the externally appraised values of the Investment property the lease liabilities are deducted from the investment property value.

	2021	2020
Investment property	444,471	342,594
Less: lease liabilities	(10,878)	(10,943)
Valuation as per valuation report	**433,593**	**331,651**

The significant assumptions with regard to the valuations are set out below.

	2021	2020
Current average rent (€/m^2)	13.55	12.12
Gross initial yield	4.9%	4.5%
Net initial yield	3.6%	2.9%
Current vacancy rate	2.5%	8.9%
Long-term growth rental rate	2.2%	2.0%
Risk free (NRVT)	-0.2%	0.1%

The net valuation gain (loss) for the year included a positive fair value adjustment of € 28.0 million (2020: € 8.7 million) relating to investment properties that are measured at fair value at the end of the reporting period.

Investment property includes no buildings held under finance leases. The carrying amount is nil (2020: nil).

Sensitivity analysis

The appraisal of the portfolio implies a net initial yield of 3.6% (2020: 2.9%). If the net initial yields used for the appraisals of investment properties on 31 December 2021 had been 100 basis points higher (2020: 100 basis points higher) than was the case at that time, the value of the investment properties would have been 21.7% lower (2020: 25.3% lower). In this situation, the Fund’s shareholders’ equity would have been € 94 million lower (2020: € 84 million lower).

	2021		2020	
Change rental rates	-5%	5%	-5%	5%
Value of the investment property change	**(21,680)**	**21,680**	**(16,583)**	**16,583**

	2021		2020	
Change net initial yield	– 25 bps	+ 25 bps	– 25 bps	+ 25 bps
Value of the investment property change	**32,241**	**(28,067)**	**30,746**	**(25,937)**

12 Investment property under construction

		2021		2020
At the beginning of the year		**44,608**		**54,068**
First time adoption IFRS16		**-**		**-**
Investments		**35,595**		**48,163**
Transfers to investment property	(64,601)		(59,161)	
Transfers from investment property	-		4,533	
Total transfers to/from investment property		**(64,601)**		**(54,628)**
Net gain (loss) from fair value adjustments on investment property under construction	2,126		(2,995)	
In profit or loss		**2,126**		**(2,995)**
In other comprehensive income		**-**		**-**
Transfers out of level 3		**-**		**-**
Movement of right of use ground leases		**-**		**-**
At the end of the year		**17,728**		**44,608**

The right of use of land is included as an integral part of the investment property under construction. To compare the externally appraised values of the Investment property under construction the lease liabilities are deducted from the investment property value.

	2021	2020
Investment property	17,728	44,608
Less: lease liabilities	-	-
Valuation as per internal valuation	**17,728**	**44,608**

The specifications of investments in investment property under construction are set out below.

Investments	2021	2020
Intramural Care	8,794	25,118
Private Medical Specialist Spaces	-	-
Assisted Living	26,801	23,045
Total investments	**35,595**	**48,163**

The investment property under construction relates to acquisitions and is being developed by third parties. For a list of the investment properties under construction and investment commitments, see Note 20.

The net valuation gain (loss) for the year included a positive fair value adjustment of € 2.1 million (2020: loss € 3.0 million) relating to investment properties under construction that are measured at fair value at the end of the reporting period.

The as if completed value of the investment property under construction is determined by independent external valuation experts.

13 Trade and other current receivables

	2021	2020
Trade receivables	411	521
VAT receivables	37	55
Other receivables	6	293
Balance as at 31 December	**454**	**869**

14 Cash and cash equivalents

	2021	2020
Bank balances	7,730	6,705
Balance as at 31 December	**7,730**	**6,705**

The cash and cash equivalents (balance and deposits) were freely available to the Fund as at 31 December 2021.

15 Equity attributable to shareholders of Bouwinvest Dutch Institutional Healthcare Fund N.V.

For 2021, before appropriation of result

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2021	**125,431**	**223,365**	**31,585**	**(10,328)**	**10,328**	**380,381**
Comprehensive income						
Net profit	-	-	-	-	42,381	42,381
Total comprehensive income	**-**	**-**	**-**	**-**	**42,381**	**42,381**
Other movements						
Issued shares	14,293	30,207	-	-	-	44,500
Appropriation of result	-	-	-	10,328	(10,328)	-
Dividends paid	-	-	-	(11,466)	-	(11,466)
Movement revaluation reserve	-	-	24,178	(24,178)	-	-
Total other movements	**14,293**	**30,207**	**24,178**	**(25,316)**	**(10,328)**	**33,034**
Balance at 31 December 2021	**139,724**	**253,572**	**55,763**	**(35,644)**	**42,381**	**455,796**

* See explanation dividend restrictions in this Note.

For 2020, before appropriation of result

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2020	**87,777**	**148,626**	**25,059**	**(15,479)**	**16,385**	**262,368**
Comprehensive income						
Net profit	-	-	-	-	10,328	10,328
Total comprehensive income	**-**	**-**	**-**	**-**	**10,328**	**10,328**
Other movements						
Issued shares	37,654	77,346	-	-	-	115,000
Appropriation of result	-	-	-	16,385	(16,385)	-
Dividends paid	-	(2,607)	-	(4,708)	-	(7,315)
Movement revaluation reserve	-	-	6,526	(6,526)	-	-
Total other movements	**37,654**	**74,739**	**6,526**	**5,151**	**(16,385)**	**107,685**
Balance at 31 December 2020	**125,431**	**223,365**	**31,585**	**(10,328)**	**10,328**	**380,381**

* See explanation dividend restrictions in this Note.

Dividend restrictions

The Healthcare Fund is subject to legal restrictions regarding the amount of dividends it can pay to its shareholders. Dutch Law stipulates that dividends can only be paid up to an amount equal to the excess of the Fund's own funds over the sum of the paid-up capital, statutory reserves and reserves required by law.

The revaluation reserve, being a legal reserve, cannot be freely distributed. Dividends are all payments from the free reserves. The free reserves consist of the share premium and retained earnings. Dividends will consist partly of profits and other payments.

In order to further align the processing of the distributable dividends with Dutch Law and taking into account the FII status of the Fund, the distributable dividends are made from retained earnings insofar as the retained earnings – being the total amount of retained earnings and result for the year – are not negative. The remaining amount of legally required distributable dividends is subsequently made from share premium. Any residual negative retained earnings is supplemented from the share premium.

	Number of shares in fully paid up equivalents	**Paid-up share capital**	**Share premium**	**Total share capital and share premium**
Opening balance at 1 January 2021	125,431	125,431	223,365	348,796
Issued shares	14,293	14,293	30,207	44,500
Dividends paid	-	-	-	-
Balance at 31 December 2021	**139,724**	**139,724**	**253,572**	**393,296**

	Number of shares in fully paid up equivalents	Paid-up share capital	Share premium	Total share capital and share premium
Opening balance at 1 January 2020	**87,777**	**87,777**	**148,626**	**236,403**
Issued shares	37,654	37,654	77,346	115,000
Dividends paid	-	-	(2,607)	(2,607)
Balance at 31 December 2020	**125,431**	**125,431**	**223,365**	**348,796**

Issued capital

The authorised capital comprises 1,000,000 shares each with a nominal value of € 1,000. As at 31 December 2021, in total 139,724 shares had been issued and fully paid up.

Share premium

The share premium consists of capital paid on shares in excess of the nominal value. At the establishment of the Fund, the shareholder bpfBOUW contributed an investment property portfolio under legal title of share premium.

Revaluation reserve

The revaluation reserve relates to the revaluation of the property investments. The (unrealised) positive or negative difference between the cumulative increase or decrease in the fair value of the investment property owned at the end of the year has been included in the revaluation reserve. The revaluation reserve as at year-end 2021 was determined at the individual property level.

Appropriation of profit 2020

The Annual General Meeting of shareholders on 21 April 2021 adopted and approved the 2020 financial statements of the Healthcare Fund. A dividend of € 7.6 million (in cash) has been paid. The profit for 2020, amounting to € 10.3 million, has been incorporated in the retained earnings.

Proposal for profit appropriation 2021

The management of the Fund proposes to the General Meeting of shareholders that a dividend of € 13.0 million (in cash) is to be paid for 2021. Of the net result for 2021 amounting to € 42.4 million, € 42.4 million will be incorporated in the retained earnings.

16 Non-current lease liabilities

	2021	2020
Opening balance at 1 January 2021	10,943	10,758
Interest	328	323
lease payments	(327)	(323)
Other movements	(66)	185
Balance at 31 December 2021	**10,878**	**10,943**

The average discount rate used for discounting the lease payments is 3%.

The value of the lease liability assumes the estimated redemption amount for the transition to perpetual leasehold in 2022. The final determination of the redemption amount is currently under discussion with the city of Amsterdam and is expected to be finalised in 2022.

Land lease obligations undiscounted	2021	2020
Year 1	8,951	9,035
Year 2	61	61
Year 3-5	183	182
Year > 5	2,037	2,017
Total land lease obligations	**11,232**	**11,295**

17 Current trade and other payables

	2021	2020
Trade payables	1,242	1,317
Tenant deposits	1,292	1,240
Other payables	1,179	899
Balance as at 31 December	**3,713**	**3,456**

The other payables relate to invoices yet to be received for maintenance of and investments in the portfolio.

18 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

	2021	2020
Net profit attributable to shareholders	42,381	10,328
Weighted average number of ordinary shares	132,355	99,310
Basic earnings per share (€ per share)	320.21	104.00

The Healthcare Fund has no potentially dilutive ordinary shares. Therefore, the diluted earnings per share are the same as the basic earnings per share.

19 Dividends per share

In 2021 the Fund paid out a dividend of € 86.63 per share (2020: € 73.66) which amounts to a total of € 11.5 million (2020: € 7.3 million). A total dividend of € 13.0 million (2020: € 7.6 million), is to be proposed at the Annual General Meeting of Shareholders on 13 April 2022. These financial statements do not reflect this final 2021 payment.

The dividend proposal for 2021 has not been accounted for in the financial statements. The dividend for 2021 will be paid in cash.

20 Contingent liabilities and assets

As at 31 December 2021, the Fund's total future investment liabilities amounted to € 54 million (2020: € 37 million).

	2022	2023	>2023
Investment commitments (in € million)			
Elzenhof	15	7	-
Buitenpoort (WON)	7	4	-
Buitenpoort (Intramuraal)	7	4	-
Juliana 2 en 3	8	-	-
Boerderijkavel Westergouwe	3	-	-
	40	**14**	**-**

The Fund has a contractual agreement with Bouwinvest for an indefinite period in which it has to pay a management fee, based on the invested capital. The notice period is two years.

21 Related parties

The Fund's subsidiaries and members of the Supervisory Board and Executive Board of Directors of Bouwinvest and the other entities under management by Bouwinvest, qualify as related parties of the Fund. A fee of € 2.0 million (2020: € 1.4 million) was paid to Bouwinvest in 2021.

BpfBOUW and the subsidiaries and investments held by bpfBOUW are also deemed related parties.

Members of the Supervisory Board and Executive Board of Directors of Bouwinvest do not have any material interest in the Fund's voting shares and do not have options on shares. The Fund has not granted any loans to the members of the Supervisory Board and Executive Board of Directors of Bouwinvest.

The members of the Supervisory Board and Executive Board of Directors of Bouwinvest held no personal interest in the Fund's investments in 2021.

22 Management fee

Bouwinvest is the manager and the Statutory Director of the Fund. The management fee paid for the year 2021 amounted to € 2.0 million (2020: € 1.4 million).

In consideration of the management activities with respect to the Fund, Bouwinvest receives an annual management fee equal to 0.50% (exclusive of VAT) of the Fund's invested capital in accordance with the valuation methods of the Fund. The management fee is payable quarterly in advance.

23 Audit fees

The table below shows the fees charged over the year 2021 by Deloitte Accountants B.V. and the Deloitte Network in respect of activities for the Healthcare Fund.

	2021	2020
Audit of the financial statements	22	21
Other audit engagements	4	4
Tax advisory services	-	-
Other non-audit services		
Total fees	**26**	**25**

24 Subsequent events

In January 2022, an additional commitment was signed for € 360 million.
In February 2022, shares were issued for € 10 million.
In February 2022, the Fund completed an acquisition of € 79 million.

The Russian invasion of Ukraine and rapidly escalating events in late February and in March 2022 are a significant tragedy for the people and is causing disruption to business and economic activity in the region and worldwide. This qualifies as a non-adjusting subsequent event. These events and the related market uncertainty could have an adverse impact on the Fund, including but not limited to the fair value of its investments and/or cash flows. At this moment it is not possible to provide an estimate of the financial impact of this crisis worldwide and on the Fund. The Fund screens its existing business relationships, including sanction lists where required. In respect to Russia and Belarus no determination of direct breaches of any current sanction rules were noted nor any material matters that affect the going concern of the Fund. The Fund will continue to monitor market conditions as information becomes available and evaluate potential impact, if any, on the value of the Fund's real estate investments and its operations going forward.

Signing of the Financial Statements

Amsterdam, 21 March 2022

Bouwinvest Real Estate Investors B.V.
Dick van Hal, *Chief Executive Officer and Statutory Director*
Rianne Vedder, *Chief Financial & Risk Officer and Statutory Director*
Mark Siezen, *Chief Client Officer*
Allard van Spaandonk, *Chief Investment Officer Dutch Investments*
Stephen Tross, *Chief Investment Officer International Investments*

Other information

Articles of Association related to the appropriation of profit

Appropriation of profit is provided for in Article 20 of the Articles of Association. This specific article is quoted below.

20.1

The distributable profit shall be at the disposal of the General Meeting for distribution of dividend or to be added to the reserves. If the General Meeting has made a decision about profit distribution not later than immediately prior to or after the adoption of the financial statements, the distributable profit will be added to the reserves.

20.2

Distribution of profits shall take place after the adoption of the financial statements which show that the distribution is permitted.

20.3

The General Meeting may resolve to distribute one or more interim dividends and/or other interim distributions. The Executive Board of Directors may also resolve to distribute one or more interim dividends.

20.4

Dividends shall be payable immediately after they have been declared, unless the General Meeting provides otherwise.

20.5

Distribution to shareholders may be made only to the extent of distributable equity and if an interim dividend is paid, that requirement is met according to an interim financial statement as referred to in Article 2:105 Section 4 of the Dutch Civil Code. The Fund shall deposit the interim financial statements at the offices of the Chamber of Commerce (Commercial Register) within eight days after the date of the decision to make an interim distribution.

20.6

In calculating the appropriation of profits, the shares held by the Fund in its own share capital shall not be taken into account.

Independent auditor’s report

To the shareholder of Bouwinvest Dutch Institutional Healthcare Fund N.V.

Report on the audit of the financial statements 2021 included in annual report

Our opinion

We have audited the accompanying financial statements 2021 of Bouwinvest Dutch Institutional Healthcare Fund N.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Bouwinvest Dutch Institutional Healthcare Fund N.V. as at December 31, 2021, and of its result and its cash flows for 2021 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.

The financial statements comprise:

1. The statement of financial position as at December 31, 2021.
2. The following statements for 2021: the income statement, the statements of comprehensive income, changes in equity and cash flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of Bouwinvest Dutch Institutional Healthcare Fund N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 4.6 million. The materiality is based on 1% of total investment property. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Materiality overview

Materiality level	€ 4.6 million
Basis for materiality level	1% of total investment property
Threshold for reporting misstatements	€ 230 thousand

We agreed with Executive board of directors that misstatements in excess of € 230 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and the Executive Board of Directors' process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. A fraud risk assessment is a visible component of the internal control environment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of ethics and supporting policies. This includes anti corruption, anti money laundering, gifts and entertainment and whistleblower policy. We evaluated the design of the internal controls implemented to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. In this assessment we were supported by our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We identified the following fraud risk and performed the following specific procedures:

Fraud risk	How the fraud risk was addressed in the audit
Executive Board of Directors override of controls	
We presume a risk of material misstatement due to fraud related to Executive Board of Directors override of controls. The Executive Board of Directors is in a unique position to perpetrate fraud because of the Executive Board of Directors' ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	Our audit procedures included, among others, the following: We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or noncompliance. We considered available information and made inquiries of relevant key personnel focused on risk, compliance and finance. We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. We evaluated whether the selection and application of accounting policies by the group, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting. We evaluated whether the judgments and decisions made by Executive Board of Directors in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Executive Board of Directors insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in note 4 of the financial statements. We performed a retrospective review of Executive Board of Directors judgments and assumptions related to significant accounting estimates reflected in prior year financial statements. Valuation of investment property is a significant area to our audit as the valuation is inherently judgmental in nature, due to the use of assumptions that are highly sensitive, any change in assumptions may have a significant effect on the outcome given the relative size of the investment property balance. Reference is made to the section "Our key audit matter".

Audit approach fraud risks compliance with laws and regulations

We assessed the laws and regulations applicable to Bouwinvest Dutch Institutional Healthcare Fund N.V. via our inquiries with the Executive Board of Directors and other personnel, and our assessment of relevant correspondence.

Non-compliance with applicable laws and regulations potentially have a material effect on amounts and/or disclosures in the financial statements or affect the fundament of the business operations. Given the nature of Bouwinvest Dutch Institutional Healthcare Fund N.V. and the regulated environment its operates in, there is a risk of non-compliance with regulations, including amongst each other the Alternative Investment Fund Managers Directive (AIFMD), the Wet op het financieel toezicht (Wft), the Wet ter voorkoming van witwassen en het financieren van terrorisme (Wwft).

By nature, we remain alert to indications of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to Executive board of directors. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the key audit matter was addressed in the audit
Valuation of investment property	
Refer to notes 4.1, 11, and 12 to the financial statements. As at December 31, 2020 the Company held a portfolio of investment property with a fair value of € 444 million (December 31, 2020: € 343 million) and investment property under construction of € 18 million (December 31, 2020: € 45 million). The portfolio consist of € 462 million Healthcare properties. At the end of each reporting period, the Executive Board of Directors board determines the fair value of its investment property portfolio in accordance with the requirements of IAS 40 and IFRS 13. The Company uses external valuation reports issued by external independent professionally qualified valuers to determine the fair value of its investment property. As the valuation of investment property is inherently judgmental in nature, due to the use of assumptions that are highly sensitive, any change in assumptions may have a significant effect on the outcome given the relative size of the investment property balance. The most significant assumptions and parameters involved, given the sensitivity and impact on the outcome.	Our audit procedures included, among others, the following: We have gained understanding of the valuation process and tested design and implementation of the Company's relevant controls with respect to the data used in the valuation of the property portfolio. We evaluated the competence of the Company's external appraiser, which included consideration of their qualifications and expertise. In relation to the significant assumptions in the valuation of investment property we have: - determined that the valuation methods as applied by the Executive Board of Directors board, as included in the valuation reports, are appropriate; - we have challenged the significant assumptions used (such as capitalisation rate, market rental income, market-derived discount rate) against relevant market data. We have involved our internal real estate valuation experts in these assessments. **Observation** We found that, with the (significant) assumptions used in the valuation reports, the valuation of the investment property is valued within a reasonable range.

Report on the other information included in annual report

In addition to the financial statements and our auditor's report thereon, annual report contains other information that consists of:

- The Report of the Executive board of directors.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.
- Other information comprising of The fund at a glance, Message from the Director Dutch Healthcare Investments, Other information and Enclosures.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.

- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

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

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

The Executive Board of Directors is responsible for the preparation of the other information, including the Report of the Executive board of directors in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of the Executive Board of Directors for the financial statements

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

The Executive Board of Directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- 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 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 company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board of Directors.
- Concluding on the appropriateness of the Executive Board of Directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Executive board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

From the matters communicated with Executive board of directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. 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.

Amsterdam, March 21, 2022

Deloitte Accountants B.V.

Signed on the original: V.S. Borreman

Assurance report of the independent auditor

To the shareholder of Bouwinvest Dutch Institutional Healthcare Fund N.V.

Our conclusion

We have reviewed the sustainability information in the accompanying annual report for the year 2021 of Bouwinvest Dutch Institutional Healthcare Fund N.V. at Amsterdam. A review is aimed at obtaining a limited level of assurance.

Based on our review nothing has come to our attention that causes us to believe that the sustainability information does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to corporate social responsibility; and
- the thereto related events and achievements for the year 2021

in accordance with the reporting criteria as included in the section 'reporting criteria'.

The sustainability information consists of performance information in the section 'Performance on Sustainability' part of chapter 'Performance on strategy' on page 28-34 of the 2021 Annual Report.

Basis for our conclusion

We conducted our review of the sustainability information in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (assurance engagements other than audits or reviews of historical financial information). This engagement is aimed to obtain limited assurance. Our responsibilities in this regard are further described in the 'Our responsibilities for the review of the sustainability information' section of our report.

We are independent of Bouwinvest Dutch Institutional Healthcare Fund N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in The Netherlands. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

Reporting criteria

The sustainability information needs to be read and understood together with the reporting criteria. Bouwinvest Dutch Institutional Healthcare Fund N.V. is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the sustainability information are the reporting criteria as included in the section 'reporting of performance indicators' within the 2021 Annual Report.

The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Limitations to the scope of our examination

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations and estimates. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

The references to external sources or websites in the sustainability information are not part of the sustainability information as reviewed by us. We therefore do not provide assurance on this information. Our conclusion is not modified in respect to these matters.

Responsibilities of the Executive Board of Directors for the sustainability information

The Executive Board of Directors is responsible for the preparation of reliable and adequate sustainability information in accordance with the reporting criteria as included in the section 'reporting criteria', including the identification of stakeholders and the definition of material matters. The choices made by the Executive Board of Directors regarding the scope of the sustainability information and the reporting policy are summarised in the chapter "Hoe Bouwinvest waarde creëert" of the Bouwinvest Real Estate Investors B.V. annual report.

Furthermore, the Executive Board of Directors is also responsible for such internal control as the it determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the reporting process of Bouwinvest Dutch Institutional Healthcare Fund N.V.

Our responsibilities for the review of the sustainability information

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

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review is therefore substantially less than the assurance obtained in an audit.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our review included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company;

- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the Executive Board of Directors;
- Obtaining an understanding of the reporting processes for the sustainability information, including obtaining a general understanding of internal control relevant to our review;
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted amongst others of:
  - Interviewing the Executive Board of Directors (and/or relevant staff) at corporate (and business/division/cluster/local) level responsible for the sustainability strategy, policy and results;
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information;
  - Obtaining assurance information that the sustainability information reconciles with underlying records of the company;
  - Reviewing, on a limited test basis, relevant internal and external documentation;
  - Performing an analytical review of the data and trends
  - Evaluating the presentation, structure and content of the sustainability information;
  - Considering whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the Executive Board of Directors regarding, among other matters, the planned scope, timing and outcome of the review.

Amsterdam, March 21, 2022

Deloitte Accountants B.V.

Signed on the original: V.S. Borreman

Buitenpoort Assisted Living

Rijswijk
The Netherlands

Enclosures

Composition of the Executive Board of Directors

Chief Executive Officer and Statutory Director

D.J. (Dick) van Hal (1958, Dutch)

Dick van Hal has been CEO since his appointment in 2008. Until that time, he held several senior positions at Syntrus Achmea Vastgoed, including Managing Director and CEO. Dick started his career with Centraal Beheer Beleggingen and Staal Bankiers. He studied Investment Analysis (VBA) at the University of Amsterdam. Dick is co-chairman of Holland Metropole.

Chief Financial & Risk Officer and Statutory Director

M.A. (Rianne) Vedder (1970, Dutch)

Rianne Vedder was appointed Chief Financial and Risk Officer on 15 October 2019. She was formerly a Partner at EY Financial Services Advisory and jointly responsible for the growth and continued development of the consultancy practice of the EY organisation. She previously held positions within EY Financial Services and Capgemini. Rianne studied Business Economics at Maastricht University and holds a postgraduate Chartered Controller degree. She is an INSEAD-certified Independent Non-Executive Director.

Chief Client Officer

M. (Mark) Siezen (1972, Dutch)

Mark Siezen was appointed Chief Client Officer and member of the Management Board on 1 November 2020. Mark previously worked as Executive Director and member of the board of CBRE. Prior to that, he held various positions at Multi Cooperation, NSI and COFRA Holding (including Redevco and C&A). Since 1 December 2021 Mark is member of the Supervisory Board of Northwest Clinics (Noordwest Ziekenhuis Groep).

Chief Investment Officer Dutch Investments

A. (Allard) van Spaandonk (1961, Dutch)

Allard van Spaandonk has been CIO Dutch Investments since 2013. He was formerly director Asset Management of Bouwinvest, director retail investments at Syntrus Achmea Vastgoed as well as head of residential mortgages at Achmea Vastgoed. Allard is a member of the Advisory Board of the Amsterdam School of Real Estate (ASRE) and was member of the Management Board of NEPROM (Dutch association of project development companies) until 31 December 2021.

Chief Investment Officer International Investments

S.A. (Stephen) Tross (1967, Dutch)

Stephen Tross has been CIO International Investments since 2010. Stephen previously worked in the real estate audit practices at KPMG Accountants NV and PricewaterhouseCoopers in the Netherlands, New York and London. He studied Business Economics at the Hogeschool Utrecht and accountancy at NIvRA-Nyenrode. Stephen is a professional member of the British Institution of Chartered Surveyors and a member of the management board of ANREV (chairman per 1 January 2022).

Director Dutch Healthcare Investments

E.W. (Erwin) Drenth, (1972, Dutch)

Erwin Drenth has been Director Dutch Healthcare Investments since the inception of the Fund in 2014. He is responsible for the strategy and development of the Fund and for the acquisition and performance of the assets. He joined Bouwinvest in 2007 as Manager Marketing. He is also member of the supervisory board of the healthcare operator De Pieter Raat Stichting and chairman of the foundation of Vrienden van het Reinaldahuis in Haarlem. Erwin studied Artificial Intelligence at the University of Groningen.

Responsible investment performance indicators

Continued improvement of the Fund's sustainability performance

Impact area	Indicator	Measure	Units of measure	2021	2020	Change	Plan 2021-2023
Fund sustainability benchmark	GRESB	Star rating	# stars	5	4	+1	-
	GRESB	Overall score (GRI-CRESS: CRE8)	# [1-100]	88	83	+5	Annual improvement of overall GRESB score

Investing in sustainable real estate

Impact area	Indicator	Measure	Units of measure	2021	2020	% change	Plan 2021-2023
Asset sustainability certificate	Green Building Certificates (GPR)	Labelled floor space (GRI-CRESS: CRE8)	%	96.2%	78.5%	+ 17.7 pp	All standing investments GPR labelled and by end of 2023 an average minimum score of 7.5
		Average score (GRI-CRESS: CRE8)	#	7.0	7.1	-1.3%	
	Green Building Certificates (GPR) - new acquisitions	Labelled floor space (GRI-CRESS: CRE8)	%	100.0%	18.7%	+ 81.3 pp	Acquisitions, major renovations and new developments have a minimum GPR of 7.5
		Average score (GRI-CRESS: CRE8)	#	7.6	7.9	-3.8%	

Reducing environmental impact

Impact area	Indicator	Measure	Units of measure	2021	2020	% change	Plan 2021-2023
Energy performance certificate	EPC	Labelled floor space (GRI-CRESS: CRE8)	%	100.0%	100.0%	0 pp	100% green portfolio (A, B, C energy labels and 100% energy label A or better by end 2021
		Green labelled floor space (A, B or C label)	%	100.0%	100.0%	0 pp	
		A labelled floor space	%	94.6%	93.0%	+ 1.6 pp	90% of the portfolio to have energy label A or better (energy index <0.7) by end 2023
		Average EP2	#	232.8	246.3	-5.5%	
Renewable energy	Solar panels	Installed kWp of solar panels	kWp	1,124	795	+ 41.4%	Add renewable energy on location, installing 1.100kWp of solar panels before end of 2023
Renewable energy	Natural gas	New acquisitions free of natural gas	%	88.8%	17.8%	+ 71.1 pp	All new acquisitions will be free of natural gas

Impact area	Indicator	Measure	Units of measure	**2021 (abs)**	2020 (abs)	% change (LfL)	Plan 2021-2023
Energy	Electricity	Total landlord-obtained electricity (GRI: 302-2)	MWh	665	154	-21.2%	
	Gas	Total gas consumption (GRI: 302-1)		1034	92	0.0%	
	District heating and cooling	Total district heating and cooling (GRI: 302-2)		0	0	0.0%	
	Total	Total energy consumption from all sources (GRI: 302-2)		1,699	246	-21.2%	-5% in 2021
	Energy intensity	Building energy intensity (GRI-CRESS: CRE1)	kWh/m^2/year	39	14	-21.2%	
		Energy and associated GHG disclosure coverage		9 of 38	6 of 6		
GHG emissions	Direct	Scope 1 (GRI: 305-1)	tonnes CO2e	246	22	0.0%	
	Indirect	Scope 2 (GRI: 305-2)		284	66	-21.2%	
	Total	Total GHG emissions (GRI: 305-2) Scope 1 and 2		529	88	-21.2%	-5% in 2021
		Total GHG emissions after compensation		246	22	0.0%	
Water	Total	Total water consumption (GRI:303-1)	m^3	N/A	N/A	N/A	-5% in 2021
	Water intensity	Building water intensity (GRI-CRESS: CRE2)	m^3/m^2/year	N/A	N/A	N/A	
Waste	Total	Total waste collected (GRI: 306-1)	tonnes	N/A	N/A	N/A	-5% in 2021
		Recycling rate	%	N/A	N/A	N/A	

Stakeholder engagement performance

Impact area	Indicator	Measure	Units of measure	2021	2020	% change	Plan 2021-2023
Engage with stakeholders	Tenant satisfaction	Response rate (GRI: 102-43)	%	42%	34%	+ 8 pp	Tenants give the Fund a score higher than 7
		Average total score (GRI: 102-43)	#	7.4	7.7	-3.9%	
	Leases	Number of new leases	#	150	231	-35.1%	All new rental contracts include a sustainability clause
		Number of green leases	#	132 of 542	42 of 503	16.0%	
	Client satisfaction	Response rate (GRI: 102-43)	%	n/a	n/a	n/a	Clients give the Fund a score higher than 7,5
		Average total score (GRI: 102-43)	#	7.1	7.8	-9%	
Sustainable stewardship	Considerate constructors scheme	Registered construction projects	#	4 of 6	3 of 12	41.7%	In 2021, targetting 75% of construction sites (€) to be registered under Considerate Constructors Scheme ('Bewuste Bouwer')
		Participation rate (by acquisition price)	%	65.3%	23.2%	+ 42.1 pp	
	Board seats and committee memberships industry organisations, related to the Dutch healthcare sector	Number	#	1	1	no change	Bouwinvest's employees have several active positions on boards or working groups of the networking and industry organisations like: IVBN, INREV, ULI, DGBC, Holland Metropole and NEPROM. One position is explicitly related to the healthcare sector.
	Make areas heart safe	Number	%	100.0%	91.9%	+ 8.1 pp	By the end of 2021, our tenants have an AED available within six minutes walking distance

Affordable real estate	Mid-rental properties (€ 753-1013)		#	115	5	+ 2200%	Period 2019-2021, newly signed acquisitions will include 30% mid-rental (€ 753-1,013) properties
		Newly signed acquisitions	%	27.8%	2.5%	+ 25,3 pp	
Responsible business operation	Digital tenant portal	Usage of tenants	%	0.0%	0.0%	0 pp	In 2021 all our tenants can use our tenant portal incl. sustainability performance

Impact area	Indicator	Measure	Units of measure	2021	2020	% change	Target
Invest		Invested amount including secured pipeline	EUR	506	413	+ 22,4%	Invest € 500 million in healthcare property (including secured pipeline) in 2022 with a focus on mid-price
Fair rental prices	Rent indexation	Index above CPI	%	1.3%	1.0%	+ 0.3 pp	Have fair rental prices: evaluate our rent indexation policy with regard to social needs on affordable housing

Reporting of performance indicators

The Fund's ambition to increase the coverage and therefore the transparency of its environmental impact according to INREV Sustainability Reporting Guidelines is reflected in the summary of key performance indicators in the table above.

Bouwinvest reports environmental data of those assets where there is management control possible (operational control approach). Data is provided for those assets where we have authority to introduce and implement operating policies and are responsible for purchasing energy and water and handling waste. Our management control differs greatly by asset type (e.g. residential and office); these differences affect the level of influence we have over the sustainability performance of our assets.

Like for like data and changes represents assets which have been fully owned and operational for the full 24 month period in our investment portfolio. It provides insight in the performance of an indicator over time at a constant portfolio scope. The reduction in GHG emissions can be explained by the compensation of carbon emissions through purchase of carbon certificates. This follows the commitment of Bouwinvest to reduce the impact its operations has on climate change.

For the managed portfolio (scope 1 and 2), Bouwinvest reports on total energy consumption including all direct energy sources (gas, fuel oil) and indirect energy sources (electricity, district heating and district cooling). To calculate Greenhouse Gas (GHG) emissions, country and energy source-specific emission factors have been applied. Emission factors change over time. For this annual report most recently available factors for 2021 are used (source: www.co2emissiefactoren.nl).

Energy, Emission and Water intensities are reported only on properties where energy respectively water data is available, using 'shared services' as the numerator and lettable floor area (LFA) as the denominator. 'Shared services' refer to landlord-obtained consumption for common parts and any services provided to tenant areas that have not been sub-metered.

In the annual report of Bouwinvest Real Estate Investors B.V. the results of a conducted analysis on material topics and observations on stakeholders and reporting criteria with regard to Bouwinvest and its investment activities in general are included. The responsible investing indicators in this report are aligned with these results and observations where applicable.

Properties overview

Municipality	Street/Property name	Floor space (in m^2)	No. of parking units	Year of construction/ renovation	Land ownership	Core region	Financial occupancy rate (average)
'S-Hertogenbosch	De Boschstede	4,961	0	2018	Freehold	Brabantstad	100.0%
Alkmaar	De Palatijn Intramuraal	2,711	0	2004	Freehold	Randstad	100.0%
Almere	Ambachtsmark	2,158	0	2014	Freehold	Randstad	100.0%
Amersfoort	Rosorum	1,547	0	2020	Freehold	Randstad	100.0%
Amsterdam	Van 't Hofflaan	3,157	0	2015	Leasehold	Randstad	100.0%
Amsterdam	Ritzema Bos	3,532	0	2018	Leasehold	Randstad	100.0%
Amsterdam	Houthaven LIFE, Intramuraal (Cordaan)	3,159	5	2019	Leasehold	Randstad	100.0%
Amsterdam	Houthaven LIFE, COG	206	2	2020	Leasehold	Randstad	92.8%
Amsterdam	Houthaven LIFE, Dagbesteding	120	3	2019	Leasehold	Randstad	71.8%
Amsterdam	Houthaven LIFE, Gezondheidscentrum	595	4	2019	Leasehold	Randstad	100.0%
Amsterdam	Houthaven LIFE, Woningen + 37 PP	4,637	37	2019	Leasehold	Randstad	69.6%
Apeldoorn	Juliana	7,213	0	2020	Freehold	Mid East	100.0%
Apeldoorn	Rosorum Koningschool	5,000	0	2021	Freehold	Mid East	100.0%
Ede	Nieuw Cavaljé Intramuraal	1,323	0	2020	Freehold	Mid East	100.0%
Ede	Nieuw Cavaljé Verzorgd Wonen	2,657	27	2020	Freehold	Mid East	98.2%
Eindhoven	Warande	4,439	43	2010	Freehold	Brabantstad	98.5%
Eindhoven	Leilinde	8,887	96	2010	Freehold	Brabantstad	97.7%
Haarlem	Hildebrand	1,980	0	2015	Freehold	Randstad	100.0%
Haarlem	Martha Flora	2,745	10	2016	Freehold	Randstad	100.0%
Harderwijk	Villa Verde Intramuraal	3,061	0	2021	Freehold	Mid East	102.8%
Heerenveen	Oranjewoud	8,787	0	2021	Freehold	Non-core regions	100.0%
Heiloo	Zorgvilla Craenenbroeck	2,607	0	2014	Freehold	Randstad	100.0%
Hilversum	Villa Overbosch	2,320	0	2002	Freehold	Randstad	100.0%
Katwijk	Parledam	5,064	50	2016	Freehold	Randstad	96.0%
Kortenhoef	Veenstaete Intramuraal	899	0	2011	Freehold	Randstad	100.0%
Kortenhoef	Veenstaete Appartementen	7,600	0	2011	Freehold	Randstad	95.0%
Kortenhoef	Veenstaete COG units	868	0	2011	Freehold	Randstad	100.0%
Leidschendam	Nieuw Mariënpark	4,737	0	2019	Freehold	Randstad	100.0%
Maastricht	De Dousberg	7,072	226	2008	Freehold	Non-core regions	100.0%
Mijdrecht	Zonnehuis Majella	2,389	0	2019	Freehold	Randstad	100.0%
Mijdrecht	De Proosdij	1,935	12	2019	Freehold	Randstad	97.2%
Nieuwegein	Kuifmees	3,973	0	2021	Freehold	Randstad	100.0%
Ouderkerk aan de Amstel	Zonnehuis Theresia	2,748	0	2018	Freehold	Randstad	100.0%
Ouderkerk aan de Amstel	De Gijsbrecht	4,388	20	2018	Freehold	Randstad	93.9%
Utrecht	De Lindenborg	2,253	0	2020	Freehold	Randstad	100.0%
Wageningen	De Lawet	2,150	0	2020	Freehold	Non-core regions	100.0%
Zeist	Aliantus Oud Seyst	3,433	0	2017	Freehold	Randstad	100.0%
Zoetermeer	Floriadehof/Zenobiagang Intramuraal	3,355	0	2020	Freehold	Randstad	100.0%
		130,663	**535**				

Glossary

Considerate constructors scheme

The proportion of construction sites controlled by the reporting company that are registered under the Dutch Considerate Constructors (Bewuste Bouwers) scheme in a reporting year, weighted by purchase price.

Direct property return

Direct property return as a percentage is equal to the net rental income of investment properties divided by the value of the investment properties, including purchaser's transaction costs, on a monthly basis (MSCI methodology).

Distributable result

Distributable result is the company only total rental income and other income net of all expenses, costs, fees (including management fee), financing costs and taxes borne by the Fund available for distribution to the shareholders.

Energy index of the portfolio

Average energy index on asset level, weighted by lettable floor area. Based on investment properties and excluded units without an energy index. For the residential portfolio, the average energy index is calculated at unit level.

Estimated rental value

The estimated rent at which space within a property could reasonably be expected to be let given current market conditions.

Financial occupancy rate

This is the average occupancy rate of the portfolio over the year calculated on the basis of rental revenue according to contracts as at the reporting date, as a percentage of the theoretical rent.

Fund capital growth (INREV)

Fund capital growth is the total return (INREV), less the distributable result, divided by INREV NAV at the beginning of the period plus the time weighted (daily) contributions for the quarter minus the time weighted (daily) distributions/ redemptions for the quarter. Annual fund capital growth is calculated compounded on the basis of 4 quarters.

Fund income return (INREV)

The fund income return per period as a percentage is equal to the distributable result, divided by INREV NAV at the beginning of the period plus the time weighted (daily) contributions for the quarter minus the time weighted (daily) distributions/ redemptions for the quarter. Annual fund income return is calculated compounded on the basis of four quarters.

Fund total return (INREV)

The fund total return for the quarter is equal to the sum of the unrounded fund income return and fund capital growth. As a result rounding differences may occur. The annual fund total return is calculated compounded on the basis of the quarterly fund total return. As a result, the fund total return is not the sum of the fund income return and the fund capital growth.

Green portfolio

Relative share of lettable floor area with energy label A, B and C compared with the total lettable floor area of the portfolio, based on investment properties and excluding listed buildings. For the residential portfolio, the green portfolio is calculated at unit level.

GRESB score

The GRESB (Global Real Estate Sustainability Benchmark) score is an overall measurement of ESG performance – represented as a percentage of a 100 percent maximum. The score is a result of the annual assessment of the entity by GRESB.

GRESB star rating

The GRESB star rating is based on the GRESB score and its quintile position relative to the GRESB universe, with annual calibration of the model. If an entity is placed in the top quintile, it will be a GRESB 5-star rated entity; if it ranks in the bottom quintile, it will be a GRESB 1-star rated entity, etc. As the GRESB star rating is calculated relative to the global performance of reporting entities, it shows exactly where the Fund stands on a global scale.

Gross Asset Value (GAV)

The total property portfolio plus the value of any further assets at market value as per the chosen valuation principles.

Gross initial yield (passing)

Passing rent divided by the gross capital value of the investment property including purchaser's transaction costs, as per end of period.

Gross initial yield (market)

Theoretical rent (market) divided by the gross capital value of the investment property including purchaser's transaction costs as per end of period.

Gross rental income

The gross rental income is the total contractual rental income over the reporting period from let properties reported under IFRS, including the net effects of straight-lining for lease incentives, including rent-free periods.

Indirect property return

Indirect property return as a percentage is equal to the increase/decrease in the value of a property or group of properties net of capital expenditure divided by the value of the investment properties including purchaser's transaction costs, on a monthly basis (MSCI methodology).

INREV NAV

INREV NAV is based on the fair value of the underlying assets and liabilities, as at the financial position date, and adjusted for the spreading of costs that will benefit different generations of investors.

Investment property

Property that is fully operational on the reporting date

Investment property under construction

Property that is being built or developed for future use as investment property.

Lease incentive

Any consideration or expense borne by the property company, in order to secure a lease.

Like-for-like gross rental income

Like-for-like gross rental income compares the increase/decrease of the gross rental income of the portfolio that has been consistently in operation, during two full preceding periods that are described.

Membership of industry associations

Number of employees active in board/committee memberships in industry organisations in the real estate sector in the reporting period.

MSCI Property Index

Benchmark organisation IPD has been rebranded as MSCI. This is why we now cite the MSCI Netherlands Annual Property Index, rather than the IPD Netherlands Annual Property Index. The composition and calculation of the indexes and benchmarks remain the same: indirect property return as a percentage is equal to the increase/decrease in the value of a property or group of properties net of capital expenditure divided by the value of the investment properties including purchaser's transaction costs, on a monthly basis.

Net asset value (NAV)

The net asset value is equal to the shareholders' equity of the Fund.

Net initial yield

Net rental income divided by the gross capital value of the investment property including purchaser's transaction costs as per end of period.

Net rental income

Net rental income is gross rental income for the period less ground rents payable, service charge expenses and other non-recoverable property operating expenses such as insurance, real estate taxes, marketing and other vacant property costs.

On-site solar power

Amount of installed power (kilowatt peak - kWp) from on-site solar panels in the investment portfolio.

Passing rent

The annualised cash rental income being received as at a certain date, excluding the net effects of straight-lining for lease incentives. For the avoidance of doubt, where no rent is currently being paid due to operation of a rent-free period, the passing rent will be shown as zero.

Pay-out ratio of distributable earnings

This is the distributed dividend in the reporting period divided by the distributable result in the reporting period.

Property value

The Property value equals the fair value of the Investment Property and Investment Property under Construction excluding the value of Lease Liabilities.

Real Estate Expense Ratio (REER)

Annual vehicle-level and property-specific costs over a 12-month period as a proportion of average vehicle assets (average GAV and average NAV).

Reduction of energy consumption

Percentage of change in energy consumption (electricity and gas) at end of reporting year compared with previous year on a like-for-like basis for energy meters that were under the direct control of the Fund. Like-for-like refers to the energy consumption of a portfolio that has been consistently in operation for two comparative periods. Gas consumption is converted from m^3 to kWh based on the conversion factor as published at end of period on https://www.co2emissiefactoren.nl. And gas consumption for the reporting year is corrected for differences in the number of degree days at De Bilt (the Netherlands) between the current and previous year.

Residential units in mid-rental segment

The total number of acquired units with rental prices between € 753 and € 1,013 per month (price level 2021) in the reporting period.

Sustainably certified portfolio

The relative share of investment properties within a portfolio that have been formally granted sustainable building certification, rating or labelling at the end of a reporting period, compared with the total portfolio of investment properties (based on m^2 LFA).

Theoretical rent

Passing rent over the reporting period plus estimated rental value of vacant units.

Total Global Expense Ratio (TGER)

The total expense ratio reflects the total Fund expenses of the current reporting period as a percentage of the time-weighted INREV Gross Asset Value (GAV) over the period. The TGER is backward looking and includes the management fee, administrative expenses and valuation fees.

Transactions

Transactions are contractual obligations for the purchase of investment properties, where such property is not generating income for the benefit of the Fund as of the reporting date.

Zero-energy projects

Number of acquisition transactions (investment proposals approved by the Executive Board of Directors) in the period 2018-2020, with agreed yearly total energy consumption of below 0 kWh.

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Colophon

Text: Bouwinvest
Concept: Bouwinvest
Design and production: Cascade - visuele communicatie bv

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