

Annual report 2020

Bouwinvest
Real Estate Investors B.V.



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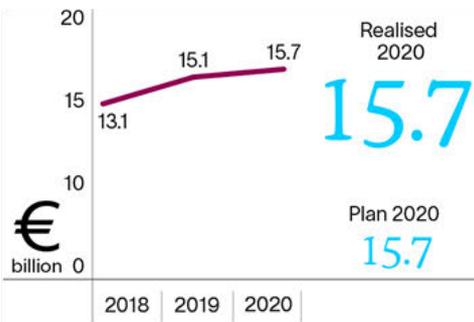
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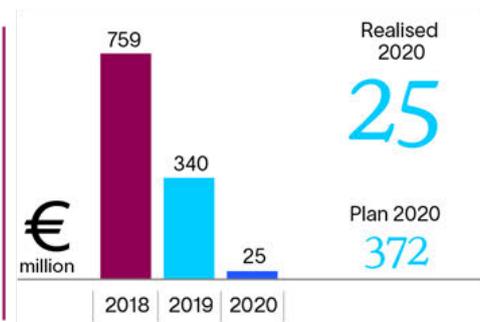
2020 at a glance

Key figures

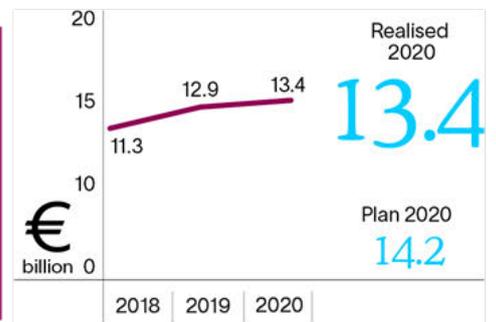
Entrusted capital



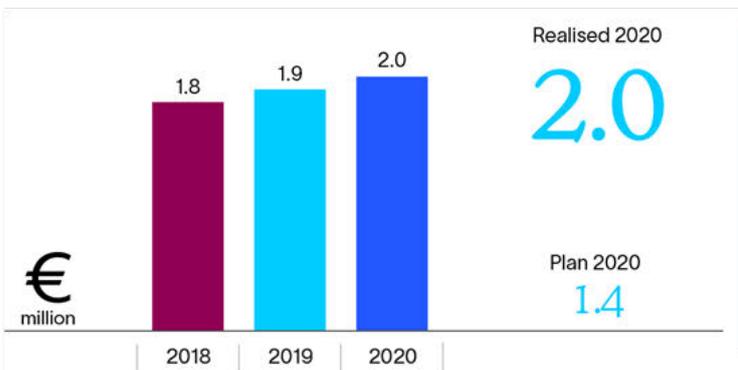
Attracted commitments open funds



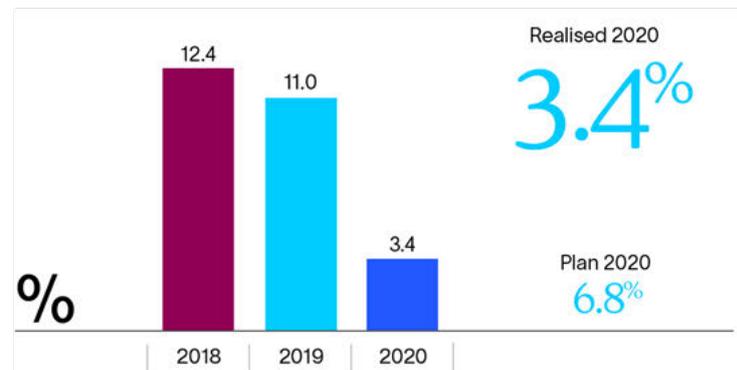
Invested capital



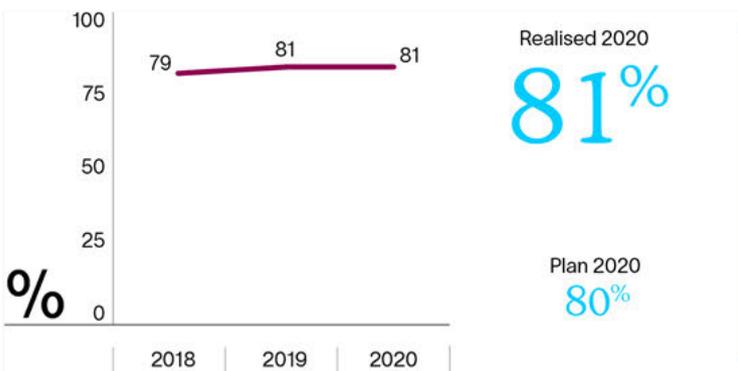
Secured pipeline



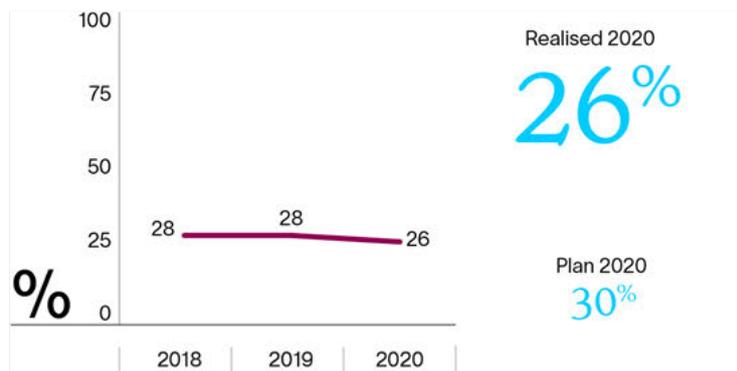
Return on invested capital



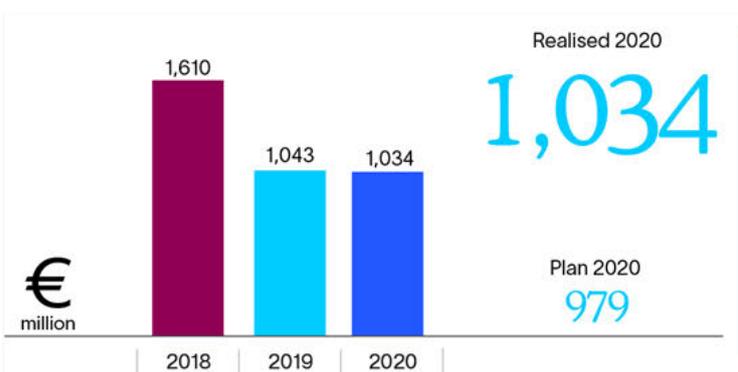
Sustainably invested capital



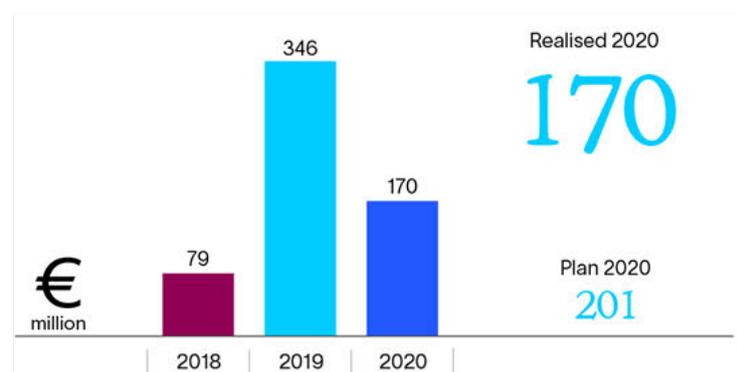
Capital invested outside the Netherlands



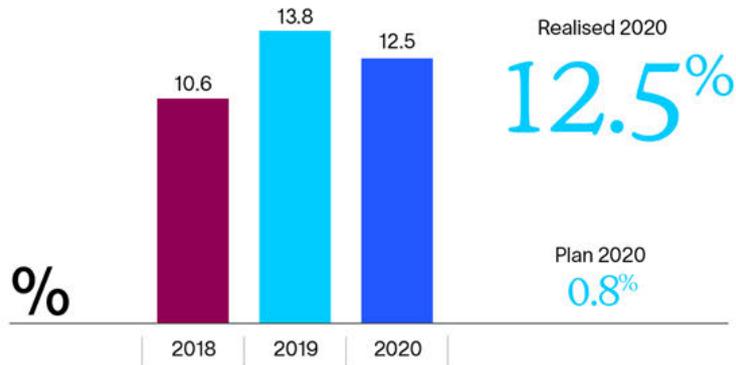
Total acquisitions



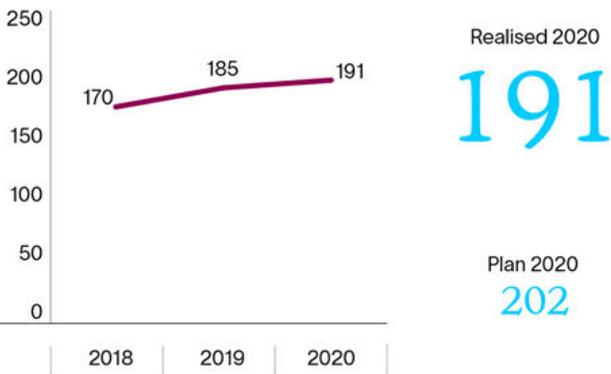
Total sales transactions



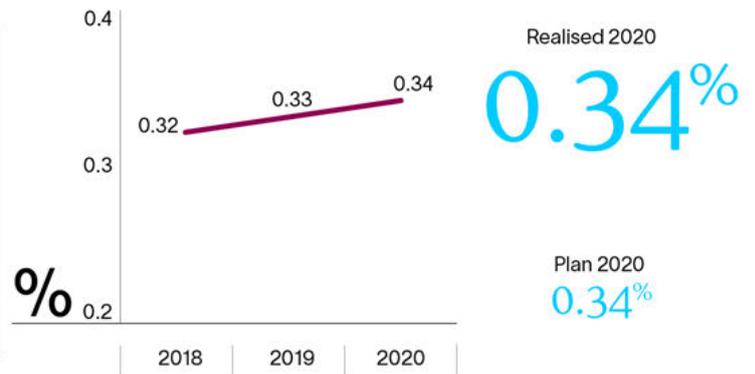
Return on equity Bouwinvest



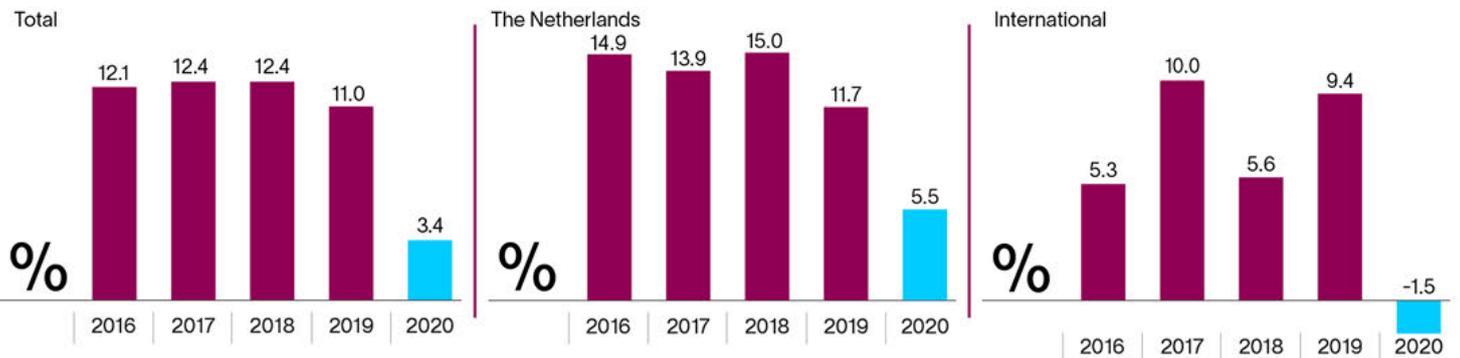
Number of FTEs year-end



Cost ratio

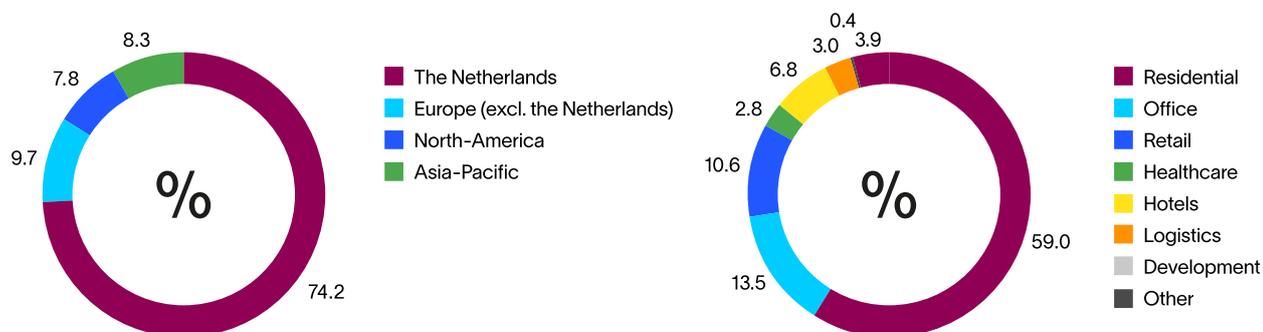


Return on invested capital



Key figures

Distribution invested capital



Distribution invested capital funds and mandates

All amounts in € thousands

	2020	2019
Dutch Residential Fund	6,931,287	6,529,289
Dutch Retail Fund	945,699	979,393
Dutch Office Fund	1,154,720	1,077,155
Dutch Hotel Fund	344,320	333,192
Dutch Healthcare Fund	380,381	262,368
Europe Mandate	1,101,892	1,190,287
North America Mandate	1,302,869	1,369,889
Asia-Pacific Mandate	1,115,941	1,063,245
Other	123,208	128,637
Total	13,400,317	12,933,455

Transactions

All amounts in € thousands

	2020	2019
International		
Europe Mandate	422	114
North America Mandate	58	218
Asia-Pacific Mandate	247	171
Total International	727	503
The Netherlands		
Dutch Residential Fund	203	422
Dutch Retail Fund	30	8
Dutch Office Fund	-	-
Dutch Hotel Fund	-	25
Dutch Healthcare Fund	74	85
Total The Netherlands	307	540
Total	1,034	1,043

Overview responsible investment and business (GRESB scores mandates & funds)

Overview Responsible Investments & Business	Europe Mandate	North America Mandate	Asia-Pacific Mandate	Residential Fund	Office Fund	Retail Fund	Hotel Fund	Healthcare Fund
GRESB participation	87%	79%	85%	yes	yes	yes	yes	yes
GRESB star rating 2020*	3	2	3	5	5	4	5	4
(average) GRESB score	78	68	75	88	95	83	92	83
Share of sustainable investments (GRESB 4/5 stars)	46%	11%	30%	100%	100%	100%	100%	100%

Key information over five years

All amounts in € thousands, unless stated otherwise.

	2020	2019	2018	2017	2016
Number of shares (actual)	225,000	225,000	225,000	225,000	225,000
Net result	4,310	4,264	3,175	4,660	2,595
Per share	€ 19.16	€ 18.95	€ 14.11	€ 20.71	€ 11.53
Assets under management	13,400,317	12,933,455	11,277,811	9,424,012	8,456,869
Total assets	53,922	47,952	47,301	43,287	36,889
Shareholders' equity	38,726	34,416	33,152	33,977	29,317
Per share	€ 172.12	€ 152.96	€ 147.34	€ 151.01	€ 130.30
Solvency ratio	72%	72%	70%	78%	79%
Management fee income	50,329	46,129	38,474	34,288	30,722
Personnel costs (incl. other personnel costs)	30,803	27,868	24,867	20,846	19,276
Number of FTE (year-end)	191.4	184.7	169.7	152.5	136.6
Personnel costs per FTE	160.9	150.9	146.5	136.7	141.1
Fee per FTE	263.0	249.8	226.7	224.8	224.9

Message from the CEO

Dear reader,

The year 2020 obviously also turned out differently than expected for Bouwinvest. However, our diversified portfolio gave us a strong basis, while our long-term vision put us on a solid footing and our resilient organisation helped ensure that we emerged from a turbulent year in good shape.

In response to the first lockdown in March, we immediately developed a strategy that would enable us to weather the crisis. While we supported our employees by offering them the facilities they needed to work from home and to maintain their motivation, we also made sure our investors were kept up to date with frequent communications on the development of their investments. In addition to this, we devoted a great deal of attention to our operating partners outside the Netherlands and our tenants in the Netherlands, a number of whom were badly affected by the Covid-19-related measures. Together with them, we looked for appropriate solutions.

The pandemic and the lockdowns initially led to a great deal of unrest on national and international financial markets. Experts were predicting that real estate values could decline by as much as 30%. Bouwinvest provided its clients with regular updates in the form of forecasts with various scenarios, all based on fundamental market analyses. These forecasts were less negative than the general market prognoses and actually improved during the course of the year.

In the end, Bouwinvest managed to close the year in good shape. Our invested capital increased to € 13.4 billion and we generated a total return of 3.4% on the portfolio as a whole. This was obviously less than budgeted, but quite satisfying under the circumstances. We did not cease our investments. Bouwinvest closed around € 1 billion in purchase transactions last year, which was in line with previous years. In the Netherlands, we invested in several healthcare real estate projects, as well as convenience retail and residential projects. In addition to this, we invested in logistics assets in Europe and Scandinavia, rental homes in Belgium, biomedical real estate in the United States and additional student accommodation in Australia.

‘People are social creatures. Once we have dealt with this pandemic, they will quickly seek each other out again in hotels, shops and offices. For them, we invest in attractive living and working environments. Places where people can find inspiration.’



Dick van Hal
CEO en Managing Director



At this moment, 81% of our invested capital is invested sustainably and we have no plans to reduce our efforts on this front. We have made a clear commitment to making all our investments Paris Proof by 2045. In addition to sustainability, our strategy also includes continued globalisation. In that context, we invested € 727 million abroad and in September we opened our representative office in New York. Last year, we added six employees to our workforce and completed the management team with the arrival of Mark Siezen as Chief Client Officer as per 1 November.

The 2020 Covid-19 crisis led to a lot of changes in how we work and will also leave its mark on real estate markets worldwide. The crisis accelerated numerous existing trends and developments, but did not create any new trends. As a long-term

investor, we will continue to focus on the added value of real estate for our investors, tenants and other stakeholders under the motto *real value for life*.

We will have to deal with a number of challenges along the way. As the past year has made all too clear, we are operating in an unpredictable environment. But people are social creatures. Once we have dealt with this pandemic, they will quickly seek each other out again in hotels, shops and offices. For them, we invest in attractive living and working environments that offer opportunities for experience; places with lots of amenities where people can find inspiration.

The pandemic has had a major impact on the management of our portfolios. The days of battling to work in busy peak periods are over; working from home will result in different housing needs or less office use. We will continue to respond to those changes. We will also have to continue to devote attention to keeping inner cities liveable and vital. We are faced with a global surplus of retail space and store transformations are now inevitable.

The warming of the earth is now a fact, and we are already seeing the impact of this on our climate. This will affect a large proportion of the physical environment, which is why we have to put climate adaptation high on our agenda. This is why in 2021 we will be conducting an additional study into climate risks, to gain a clear understanding of how resilient our portfolios are in the face of storms, heavy rains, heat, floods and soil subsidence.

Looking back on 2020, I would like to thank our clients for their understanding and undiminished trust in Bouwinvest during the crisis we all experienced in 2020. I am also proud of the resilience shown by our employees over the past year. Many of them have young children and were forced to combine their work with home schooling. The past year has been particularly difficult for people living in small homes, care givers and people who felt lonely. Our results underline the fact that our employees managed to keep everything under control. I would like to take this opportunity to thank them for that. Finally, I would like to thank the members of our Supervisory Board for their advice and constructive supervision.

Dick van Hal
CEO and statutory director

Directors' report

Bouwinvest and the world around us

About Bouwinvest

Bouwinvest Real Estate Investors B.V. invests the capital of institutional investors, primarily pension funds and insurance firms, in real estate. We invest for the long term and currently manage € 13.4 billion in various real estate sectors and regions. Our investment management contributes to a sustainable, liveable and accessible urban environment and the enhancement of pension benefits. This is how we create social and financial returns. In short: we create *real value for life*.

The world around us

Key macro developments

Economy

The outbreak of the Covid-19 virus led to a global economic downturn in 2020. Now that vaccines against the virus are available, Bouwinvest expects economic growth to resume in the coming years. The pandemic seems to have hit European economies harder than those of the United States and the Asia-Pacific region, although there are major differences in how the pandemic affected various countries. On that front, the Netherlands seems to be doing better than Germany, France or the countries of southern Europe. The Dutch economy contracted by 3.8% in 2020, while Germany saw its economy contract by 5.3% and the French economy contracted by more than 8.3%. Low interest rates and emergency economic stimulus packages are supporting the recovery, but the European economy is unlikely to recover to pre-crisis levels before 2023.

The United Kingdom is a different story altogether. Not only has the country been badly affected by the pandemic, Brexit has also changed its trading relationship with Europe and the rest of the world. We are forecasting lower economic growth for the UK as a result of Brexit. However, we do expect London to remain attractive to international businesses thanks to its strategic location, transparent markets, balanced rule of law and political position.

North America was also hit with an economic downturn in 2020. There is a lot of uncertainty about how quickly North America will recover, although we do expect the new U.S. president, Joe Biden, to take a more effective approach to the pandemic. We expect to see a faster recovery in the Asia-Pacific region, as the Chinese government's continued support measures are making stable growth possible. Japan is showing signs of cautious growth, while it is still uncertain how the situation in Singapore and Hong Kong will develop. Continuing trade tensions between the U.S. and China, concerns about the autonomy of Hong Kong, a shrinking population and the increasing ageing of the population are creating uncertainty for the longer term. In Australia, we expect to see a gradual recovery following the contraction triggered by the pandemic.

Economic developments

	2020	2021	2022	2023
World	(3.7)%	5.6%	4.1%	3.0%
Eurozone	(6.8)%	4.1%	4.8%	2.1%
United States	(3.5)%	5.9%	2.7%	1.4%
Asia-Pacific	(1.0)%	6.9%	4.8%	4.3#
The Netherlands	(3.8)%	2.9%	3.1%	1.9%

Source: Oxford Economics

Geo-political developments

The pandemic has affected how countries think about their trading relationships. Right across the globe, countries are asking themselves whether they should be thinking about reducing their economic interdependence. Many policy-makers are concerned about the security of supply chains. This could result in radical changes to logistics models and a structural change

in the movements of goods and people. The long period of globalisation is now also under pressure from other factors. Populist political and social movements are pointing more and more frequently to the negative sides of globalisation: increasing uncertainty on labour markets and growing poverty on the underside of society. This could also lead to a shake-up of trading relationships.

Demographic developments

The world population will grow to almost 10 billion people in the coming thirty years. Just nine countries will account for more than half of this growth. Over the next few years, India will overtake China as the most heavily populated country in the world.

The growth in the world's population will lead to increasing urbanisation in most regions. An increasing number of metropolitan regions worldwide will be confronted with shortages of (affordable) homes. Experts are predicting that by 2050, 84% of Europe's population will be living in metropolitan areas. The Netherlands alone will need to build one million new homes to meet the growing demand, most of this in urbanised regions. Amsterdam is looking to build an additional 150,000 new homes before 2050.

We expect the population growth in Asia to be accompanied by a growing, wealthy middle class. However, in the U.S. we expect to see a further increase in economic and social inequality and a shrinking middle class. There are also concerns about increasing inequality in Europe. These long-term trends all have an impact on the strategies of real estate investment managers. Bouwinvest is keen to work with others to help create inclusive and liveable cities.

Populations are ageing in many developed countries and this is increasing the demand for homes for seniors and healthcare real estate. The Netherlands is faced with so-called double ageing: more elderly people who are also living for longer. Twenty years from now, the Dutch population will include almost five million over-65s.

Sustainability

Many countries are taking active measures to protect the environment and switching to a CO₂-neutral economy. There is also a growing sense of urgency in Europe regarding the need to reduce energy use and make the switch to renewable energy, increase biodiversity and reduce the use of raw materials and waste flows.

The construction industry is a major user of raw materials. Bouwinvest expects to see increasing demand for sustainable and circular buildings. New buildings will have to be climate neutral and existing buildings will have to be retrofitted to make them more sustainable. All real estate owners will have to take into account that significant investments will be required to make building and living environments energy efficient and CO₂ neutral within the next 30 years. On top of this, buildings will have to be equipped to deal with the impact of climate change.

Technology

Continuing digitalisation, increasing robotification and the growth of artificial intelligence will all have a major impact on how we live, work, shop and get from A to B over the next few decades. How we build will change, buildings will be smarter and new technology will reduce the time we spend at the office and reduce the need for physical shops. Real estate investment managers will have to respond to these trends by identifying and seizing opportunities and limiting risks. The rapid growth in the availability of data will help them to do this.

Market outlook 2021-2023

In November 2020, Bouwinvest published the [Real Estate Market Outlook 2021-2023](#). In this document, we share a more detailed vision of macro and market trends, including scenario analyses of the impact of Covid-19 on the real estate markets in which Bouwinvest operates.

How Bouwinvest creates value

Purpose

Bouwinvest is an internationally operating real estate investment manager with the ambition to add value in a sustainable manner. We believe in the creation of both financial and social value. This is why we are targeting the creation of *real value for life*. Bouwinvest's investment management contributes to a sustainable, liveable environment *and* the enhancement of pension benefits.

Mission

Bouwinvest enhances pension benefits by investing responsibly in real estate worldwide.

Vision

Real estate is a growth market, both on the investment and funding side. The future of the institutional real estate investment industry is about both financial and societal returns. These returns will converge.

Strategic focus

Bouwinvest invests globally, largely in metropolitan areas in ten countries and in six sectors. This strategy enables Bouwinvest to anticipate and respond effectively to trends and developments, such as population growth, urbanisation and globalisation. What is more, this international approach ensures that Bouwinvest can benefit from various economic cycles in global real estate markets. Given these trends, Bouwinvest expects to increase its invested capital to € 17 billion in 2022.

Although the world is globalising, we see real estate as a local business and believe long-term cooperation is essential to finding and making the right investments. This is why we decided to open offices in Sydney and New York and. We expect this to enable us to seize opportunities more quickly and to work more closely with our local network. In the Netherlands, Bouwinvest manages its own real estate portfolios, we work with our Dutch partners and we play an active role in a number of real estate sector platforms to increase our knowledge, our network and our investment opportunities.

In 2020, we devoted a great deal of attention to the development of our strategy for the 2020–2022 plan period. Our 'Moving up to the next level' strategy focuses on three key strategic themes:

- Professionalisation: the continued professionalisation of our internal organisation from the current position of 'Investor Hybrid III' to 'Investment manager', which will enable us to realise more diversification and scale and maintain our market position (see figure 'Evolution to investment manager level').
- Responsibility: the improvement of corporate social responsibility and being a trendsetter on the sustainable real estate front.
- Controlled growth: strengthening our client base and continuing to build on our market position.

We have defined milestones for each strategic theme and linked specific activities and projects to each milestone.

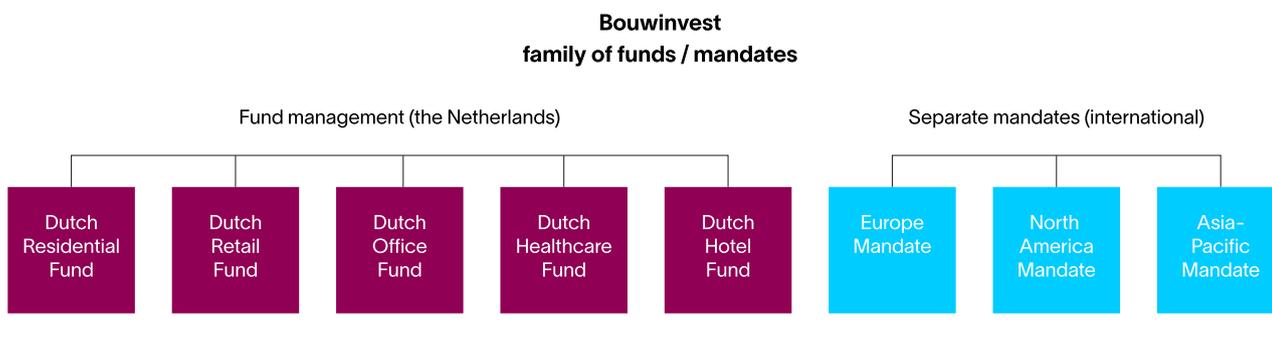
Evolution to investment manager level



Source: INREV, European Association for Investors in Non-Listed Real Estate, *Coming of age: non-listed real estate industry 2019. The new spectrum of non-listed players.*

Market proposition

Bouwinvest manages five Dutch sector funds and three international mandates. We currently have 26 clients that have invested in our open funds.



Strategy for responsible investment and business

Bouwinvest's goal is to realise a solid return on sustainable real estate investments for institutional investors and their participants. We invest for the long term and we do this in a responsible manner. Sustainability criteria in the fields of environment, society and good governance (ESG criteria) play an important role in all our business operations.

The Bouwinvest value creation model shows which financial, social and human capital we use, how we add value to that capital and what value this ultimately creates for society. Gaining an understanding of how these various aspects are interrelated helps us to reflect on the impact we have on society and to act appropriately, all in a fully integrated manner.

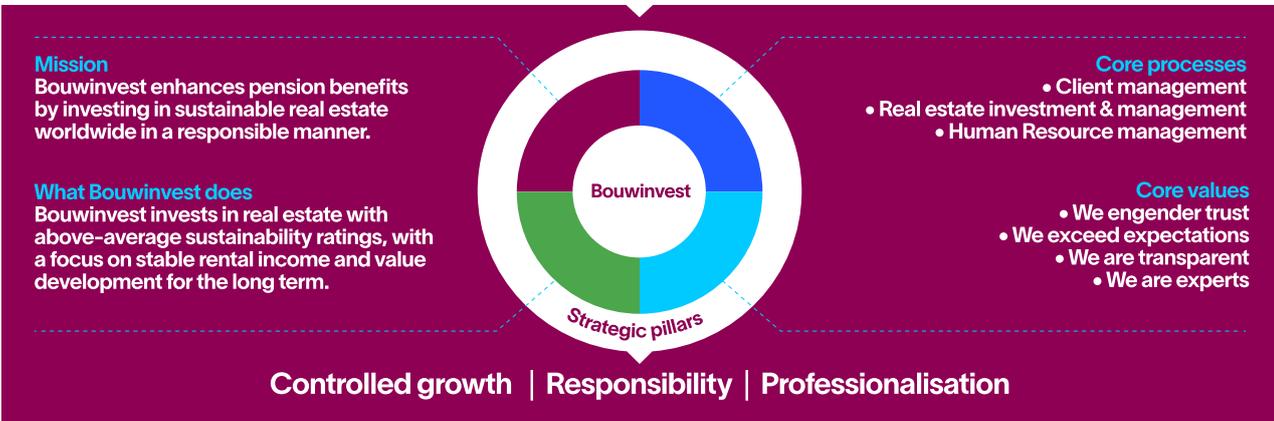
Real Value for Life

Value creation model How Bouwinvest adds value to the world

Input

Financial Entrusted capital of € 15.7 billion from pension funds and insurance firms.	Intellectual Knowledge and expertise in pension and real estate worlds since 1952 (10 regions and 6 sectors).	Social Cooperative partner through 50 active positions in knowledge and network organisations.	People 201 motivated professionals and annual training and development budget of 3% total salaries.
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Business model



Output

7.3/7.9 Average tenant satisfaction score (2020) and client satisfaction score (2016*)	26 Clients (+1 in 2020)	81% Of portfolio GRESB 4/5-star rating	2 funds GRESB sector leader	€ 1,070 mln.** Transactions in healthcare real estate and affordable homes	7.8 Average employee satisfaction score (2019*)
€ 1.0 bn In real estate investments + secured pipeline of € 2.0 bn	3.4% Return on real estate investments	70% of Dutch building sites Considerate Constructors certified	15.5%/4% Reduction in energy use (NL/international). CO ₂ emissions -16.5% in NL; +2% international.	7.8 Reputation score (2019)	3.1% Of revenue invested in business improvements
12.5% Return on equity	4/6 Outperformance indices				

Effect

Pensions We contribute to pension incomes.	Sustainable and liveable cities We contribute to healthy, safe and inspiring places where people want to live, work and spend their leisure time, now and in the future. In addition, we reduce the impact of real estate on the climate by reducing the CO ₂ emissions of buildings.	Real estate sector We contribute to the professionalism and integrity of the real estate sector.
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Contribution to the United Nations' Sustainable Development Goals (SDGs)



To make sure we can continue to generate sustainable returns in the long term, we include environmental, social and governance (ESG) criteria in all our investment decisions. This is in line with the United Nations Principles of Responsible Investment (UN PRI), which Bouwinvest has signed. By endorsing the UN PRI, we recognise the importance of responsible investment and commit to the implementation of the principles in our investment process. Bouwinvest is also committed to achieving the targets laid down in the Paris climate agreement. Our long-term goal is to have a virtually energy-neutral portfolio (energy index of 0) - a so-called Paris Proof portfolio - in 2045.

United Nations Sustainable Development Goals (SDGs)

11 SUSTAINABLE CITIES AND COMMUNITIES



Above-average sustainable portfolio

7 AFFORDABLE AND CLEAN ENERGY



Installation of renewable energy

8 DECENT WORK AND ECONOMIC GROWTH



Considerate Constructors Scheme for building sites

3 GOOD HEALTH AND WELL-BEING



Investments in healthcare-related property

On the way to achieving a Paris Proof portfolio, our target is to make sure at least 80% of our invested capital has an above-average sustainability rating (GRESB 4 or 5 stars) in 2021, and to make a positive contribution to the United Nations Sustainable Development Goals (UN SDGs).

- Sustainable cities and communities (SDG 11): investing in real estate with an above-average sustainability rating and affordable homes.
- Affordable and clean energy (SDG 7): reducing energy use and investing in renewable energy.
- Decent work and economic growth (SDG 8): maintaining an active dialogue with our partners on the aspects health, safety and working conditions at building sites.
- Health and well-being (SDG 3): investing in healthcare real estate, healthy buildings and lifecycle-proof homes.

By acting in line with the tenets of corporate social responsibility, we want to create an environment in which all the employees in our organisation take responsibility for the impact of their actions on the environment and society as a whole. Bouwinvest's strategy is focused on reducing the environmental impact of the management organisation, increasing employee satisfaction and engagement, and broader community engagement. In addition to this, we offer financial support to activities that have a social impact, that increase client and tenant satisfaction and that increase knowledge within our organisation and the real estate sector as a whole.

Material aspects

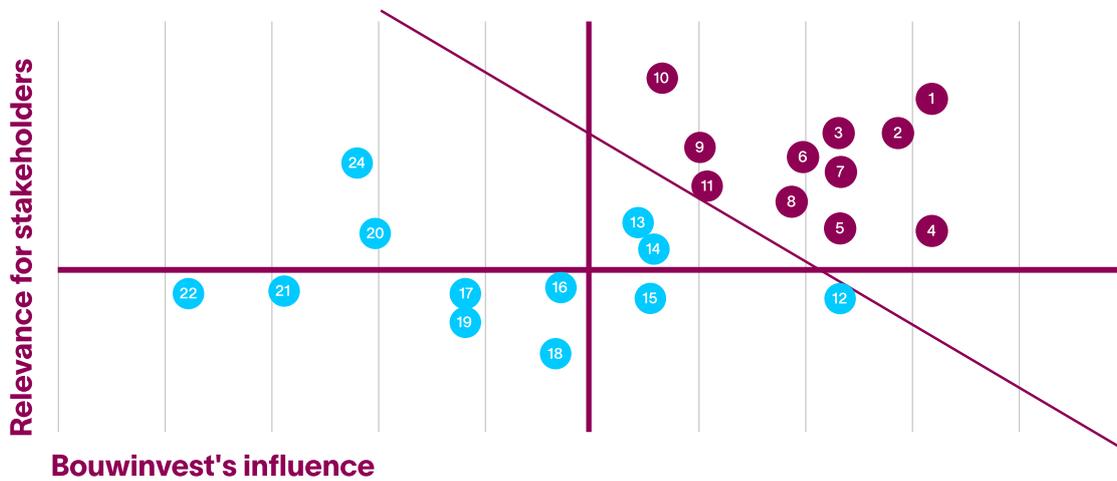
Bouwinvest is in permanent dialogue with its stakeholders, like customers, local operators, tenants and employees, on their insights and expectations regarding strategy, policy and execution. The material aspects we have defined in consultation with our stakeholders are primarily ESG related. This goes beyond the sustainability performance of Bouwinvest's real estate investments, and extends to the Bouwinvest organisation itself. After all, improving the sustainability of Bouwinvest's real estate is driven by the right policy choices, qualified employees, transparent reporting, systems and data. Bouwinvest's continuous development on the basis of these material aspects will result in higher financial returns.

Each year, Bouwinvest updates its materiality matrix, which shows the most material aspects for Bouwinvest and its stakeholders. In 2018, we conducted an extensive materiality analysis, which we included in the 2018 annual report. In 2019 and again in 2020 we chose to refine our materiality matrix on the basis of desk research and an internal review. We opted for this because the constant dialogue with our stakeholders gave no indication that an extensive stakeholder survey would result

in an essentially different matrix. Following this review, we combined a number of aspects and broadened their scope. The most significant change was the addition of 'Diversity and inclusiveness' to the material aspects. In addition, we combined the 'Climate-neutral buildings' 'Limit CO₂ emissions' aspects in the new 'Reduce CO₂ emissions' material aspect. We also changed the 'Maintain biodiversity' aspect to 'Foster biodiversity' and 'Client focus' to 'Prioritising client interests'.

The progress per material aspect is explained from page 22 onwards.

Materiality matrix



1 Integrity and transparency	12 Circular building and use
2 Reduction of CO ₂ emissions	13 Stakeholder dialogue
3 Satisfied tenants and users	14 Reputation and leadership
4 Prioritising client interests	15 Recruiting and retaining talent
5 Satisfied and engaged employees	16 Lifecycle-proof real estate
6 Cybersecurity and privacy	17 Training and development
7 Affordability	18 Sustainability certification of buildings and portfolios
8 New technology and innovation	19 Changing mobility needs
9 Health and safety	20 Responsible chain (partners)
10 Climate-resilient buildings	21 Reduce and separate waste
11 Diversity and inclusivity	22 Maintaining biodiversity
	23 Reduce water consumption
	24 Nitrogen and PFAS

Our social and financial returns

In 2020, Bouwinvest once again took a number of significant steps on the corporate social responsibility and responsible investment fronts. Backed up by our long-term investment horizon, we managed to look beyond the crisis and to minimise disquiet in our organisation and among our stakeholders.

Of course, this past year Bouwinvest devoted extra attention to maintaining the connection with its clients and tenants. We frequently updated our investors on the developments in their portfolios. We shared the current status of the portfolios, but also scenario analyses of future developments. We saw investors' confidence in our long-term strategy confirmed at the end of the year when they approved our fund, mandate and investment plans for the coming plan period. We did our best to help tenants who found themselves in financial difficulties due to the crisis. We see this as more than just our responsibility as a responsible business, as we believe it also safeguards future rental income.

In addition to a number of additional activities prompted by the Covid-19 crisis, we made progress on all our strategic pillars. A number of highlights included:

Professionalisation

- Adopted a new governance structure: threefold scope (Dutch funds, International mandates and management company) with internal supervision per component;
- Hired a Chief Client Officer: this appointment completes the Executive Board of Directors and embeds client interests at board level;
- Cooperation with Russell Investments as fiduciary advisor for bpfBOUW's real estate portfolio;
- Added six new employees, including people in risk and compliance functions.

Responsibility

- € 1.7 billion invested capital in mid-segment rental homes;
- € 0.4 billion invested capital in healthcare real estate;
- Mapped out climate risks at portfolio level;
- Four of five funds again improved their GRESB scores;
- Signed Paris Proof commitment for 2045.

Controlled growth

- Positive return of 3.4% on invested capital;
- € 1.0 billion in Dutch and international transactions;
- Welcomed one new investor.

Although Bouwinvest recorded positive results in 2020, thanks to its well-distributed portfolio and the hard work and flexibility of its employees, this does not mean that the organisation escaped the impact of the Covid-19 crisis. The lockdown and working from home placed a heavy burden on our employees. And while the investment return of 3.4% was indeed positive, this was below our target of 6.8%. What is more, Bouwinvest was only able to raise limited funding from existing and new investors. Nonetheless, we started 2021 in a good position and in the coming year the company will once again take significant steps in the realisation of its strategic plan.

GRESB results

The position of Bouwinvest's real estate funds in the GRESB benchmark provides a clear picture of the progress we have made on our material aspects and in terms of our position compared with other real estate investors.

Bouwinvest's target for 2020 was for at least 80% of our invested capital to have a GRESB rating of 4 or 5 stars, giving it an above-average sustainability rating. In 2020, the share of investment with an above-average sustainability rating remained stable and at 81% was fractionally above the minimum target of 80%. The Residential Fund and the Hotel Fund received their first GRESB 5-star ratings in 2020. GRESB also awarded the Office Fund and the Hotel Fund the title of global sector leader. The share of 4 or 5 stars in the European and Asia-Pacific mandates remained the same and declined in the North America mandate, which meant the share of investments with an above-average sustainability rating remained the same overall.

Binck Blocks Residential Fund

The Hague
The Netherlands



Progress per material aspect

1 Integrity and transparency

The Bouwinvest management communicates openly regarding its decision-making and financial and non-financial business performance. Bouwinvest adheres to international reporting standards, such as the Global Reporting Initiative (GRI). An independent compliance function identifies, assesses and monitors the company's compliance risks and provides advice and reports on same to the Executive Board of Directors. In 2020, in the context of the 'three lines of defence' model, Bouwinvest's compliance department was positioned as an independent department that reports to the CFRO.

In 2020, Bouwinvest participated in the PRI benchmark survey. We scored an A+, the highest possible score, for the Strategy and Governance module and the Property module.

2 Reducing CO₂ emissions

Climate-neutral buildings

In 2020, Bouwinvest signed the Paris Proof commitment of the Dutch Green Building Council (DGBC). Bouwinvest has set itself the goal of a climate-neutral portfolio in the Netherlands by 2045, which will contribute to compliance with the Paris climate agreement (COP21). To realise this ambition, we will have to reduce the energy use of our Dutch portfolio by an average of 5% per year. We will achieve this by, among other things, investing in buildings with a well-insulated shell, smart heating, cooling and lighting systems and sustainable energy generation. However, we cannot do this alone, which is why we are working with tenants, users, pension funds and our chain partners, such as local authorities, project developers, construction firms and technical installation companies, with whom we share experiences and results.

Reducing energy consumption

In 2020, we recorded a 15.5% reduction in energy consumption in our Dutch portfolios and a 4% reduction in our international mandates. CO₂ emissions came in 16.5% lower for the Dutch portfolios and 2% higher for the international mandates. The overall reduction in CO₂ emissions was well above our target of 3% and was largely due to the impact of the Covid-19 pandemic.

Bouwinvest managed to reduce the environmental impact of its Dutch portfolio last year partly through the generation of sustainable energy, such as the installation of solar panels and thermal energy storage systems. In 2020, we started drawing up road maps for each fund with the measures we need to take in the coming 20 to 25 years to make our buildings Paris Proof. We started on the roll-out of the planned measures this year.

In 2020, the total installed capacity for sustainable energy in the Dutch portfolio stood at 15.6 Megawatt peak (MWp) (2019: 9.4 MWp). The increase of 6.2 MWp was partly realised through the installation of 4.5 MWp of solar panels in the Residential Fund. This puts us on track to meet our target of 14.5 MWp in installed solar panels across the entire Dutch portfolio at the end of 2021.

Having timely and full access to energy use data remains a point of attention. Bouwinvest is working on the introduction of an environmental management system (EMS) to provide it with faster and more complete insight into the energy use of its Dutch portfolio. Bouwinvest has also set a baseline year for each fund for the calculation of its reduction targets from 2020 onwards.

In February 2021, Bouwinvest published its 'Paris Proof position paper', in which we explain why cooperation and acceleration will be vital to the realisation of a CO₂-neutral portfolio in 2045.

3 Satisfied tenants and users

During the Covid-19 crisis, we maintained frequent direct contact with our tenants, primarily the tenants of the Dutch real estate funds most affected by the crisis: the Hotel Fund, the Retail Fund and the Office Fund. Bouwinvest's long-term focus was leading in this: together with our tenants we looked for arrangements that kept the cash flows of both tenants and the funds as stable as possible and that minimised the number of bankruptcies.

Bouwinvest conducted various tenant satisfaction surveys in 2020. The tenants of the residential portfolio gave its homes and services a score of 7.3, an improvement on the previous year (2019: 7.2). The Office Fund also emerged with a score of 7.3 (2019: 7.0), while the Hotel Fund saw its score decline to 7.3 (2019: 7.9) and the Healthcare Fund consolidated its good score in 2019 with another 8.0 in the year under review. All the funds scored above our target of a minimum of 7.0. We will conduct new tenant satisfaction surveys in 2021.

4 Prioritising client interests

To embed client interests even more deeply in the organisation, in 2020 Bouwinvest expanded its Client Management team and appointed a Chief Client Officer, who represents the interests of our clients at Executive Board of Directors level. In addition to this, during the Covid-19 crisis we intensified the communications with our clients to keep them updated on market developments and the impact on our Dutch real estate funds and/or our international real estate mandates.

After opening an office in Sydney, in September 2020 we opened a second representative office in New York. Thanks to our local presence in Europe, the Asia-Pacific region and now also in the U.S., we can safeguard the interests of our investors in the international real estate mandates even more effectively.

In 2021, the Client Management department will continue to shape our clients' journey. Some of the input for this will come from the client satisfaction survey we conducted among our investors in early 2021. We are also planning to conduct a new reputation survey in 2021 and we expect to publish the results of this in early 2022.

5 Satisfied and engaged employees

In 2020, Bouwinvest was forced to switch to digital channels for the care and attention devoted to its employees. You can read about how we did this in the 'Management organisation results' section on page xx. We offered the planned training courses in the fields of integrity, compliance and security awareness via digital channels in 2020. These training courses devoted extra attention to the potential risks attached to working from home.

Bouwinvest conducts an employee satisfaction survey every two years. In 2019, we scored an above-average 7.8. We will conduct the next survey in 2021.

The Executive Board of Directors and employees participate in 21 boards and working groups at organisations such as ULI, IVBN, INREV, ANREV, DGBC, NEPROM and DUFAS. Bouwinvest is also a partner in the Holland Metropole initiative.

6 Cyber security and privacy

Due to the increase in working from home, Bouwinvest devoted additional attention to effective and secure working in 2020, including a training course on phishing. In addition, we conducted a company-wide risk assessment of data security, which served as (part of) the basis for the 2021 year plan.

The recent COBIT assessment – the Dutch Central Bank (DNB) norm for data security – showed that Bouwinvest’s basic cyber security is effective. We have incorporated potential improvements, such as increased security awareness, in a road map we are planning to roll out in 2021.

Bouwinvest conducts annual assessments of its processes in terms of privacy and the processing of personal data, to comply with the General Data Protection Regulation (GDPR). In 2020, a first-line privacy officer was appointed, who is involved in our day-to-day business operations. The compliance department fulfils the role of the second-line privacy officer and has a supervisory role.

7 Affordability

Bouwinvest is closely involved in the debate on affordable mid-rental segment homes in the Netherlands and made the following contributions to this debate in 2020:

- Maximisation of rent increase for Dutch liberalised sector rental homes to inflation +1% (2019: inflation +0.5%);
- In 2020, 28.5% of new Dutch investments in homes and 60.1% of the new international investments in homes were in the affordable segment;
- Involved in agreements with the Utrecht and Amsterdam city councils for the realisation of affordable rental homes;
- Winner of the ‘Mid-rental Challenge’, a pilot project in Utrecht, in which Bouwinvest allocated 53 mid-rental segment homes directly to middle-income households and people living in government-regulated social rental homes, to boost mobility in the housing market. We will use the knowledge and experience we gained from this pilot in other new-build projects.

8 New technology and innovation

In 2020, Bouwinvest was once again involved in various initiatives and platforms, such as Holland Contech and PropTech. We use these platforms to maintain our contacts with entrepreneurs in the field of new technology, to share knowledge and to participate in pilots to test new applications.

In 2020, Bouwinvest added data analytics as a spearhead in its strategic plan and made a start on drawing up a Data Analytics Plan. Bouwinvest’s ambition is to deploy data analytics solutions across the organisation and to develop a more integrated approach to projects and knowledge sharing. We use data analytics in our investment decisions, the mapping of climate risks or to improve energy use at building and portfolio level.

9 Health and safety

Building certification

Bouwinvest and its chain partners build in accordance with various building labels and ensure that buildings are energy efficient, that they meet quality and environmental requirements, but first and foremost that they are a healthy living or working environment for their users.

The Residential Fund and the Healthcare Fund use the GPR label as a standard. This label measures the sustainability of a building according to the aspects energy, environment, health, quality in use and future value. The health aspect includes the limitation of noise pollution, sufficient fresh air, good ventilation and sufficient daylight. In addition to this, the GPR label looks at quality in use, including aspects such as a safe living environment. The Retail Fund, Office Fund and Hotel Fund use BREEAM certification to test the sustainability performance of their buildings. BREEAM assesses nine aspects of asset management, comparable to the GPR components noise, air quality, thermal comfort, light and visual comfort and quality in use.

At year-end 2020, the share of certified sustainable buildings in the Dutch funds stood at 98.2%, unchanged from year-end 2019. In the international mandates, we noted a decline in the score for sustainable building certificates among the GRESB participants. We will now engage with our partners to urge improvements on this front.

Safe building sites

The Dutch Considerate Constructors (Bewuste Bouwers) code of conduct offers concrete guidance for consciously working with a view to the local surroundings, the environment, safety and minimising inconvenience, above and beyond all legal requirements. Because Bouwinvest acquires assets primarily via turnkey agreements with project developers, we have limited influence on the application of the code. Despite this, we have set ourselves the goal having at least 75% of the building sites in which we invest (new-build and redevelopment projects) registered as Considerate Building Sites each year. In 2020, 70% of our construction projects were registered with the scheme (2019: 51%).

10 Climate-resilient buildings

Bouwinvest uses a so-called climate stress test to evaluate the exposure of the buildings in the Dutch portfolio and international mandates to climate risks. This test provides insight into the potentially increasing hindrance and damage due to heavy rainfall, heat stress inside and outside buildings, flooding and subsidence due to drought and soil compaction in the long term compared with 2020. At the same time, we analyse which (control) measures we need to take to prevent damage to our buildings and to safeguard the safety and well-being of the users of those buildings.

In 2020, Bouwinvest conducted its first scan to chart the physical risks to its buildings for all its funds and the international mandates. In 2021, we will take a closer look at the buildings in the Dutch portfolio and the areas in which they are located. On the international mandate front, we will focus on engaging with managers for buildings with a higher exposure to climate-related risks.

11 Diversity and inclusiveness

When Bouwinvest is putting a team together, we actively look to achieve a healthy balance of men and women. Bouwinvest's overall workforce is 65% men and 35% women. When we appointed the new Supervisory Board in 2019, we opted for two men and two women. We achieved the same 50/50 division in the statutory directors following the appointment Rianne Vedder, Chief Financial & Risk Officer, as the second statutory director. We are pleased with this development. At the same time, we hired more men than women overall for management positions in 2020, which led to a drop in the relative number of women in senior management to 17% (2019: 22%). We will devote additional attention to this imbalance in the coming years. We will also be taking a close look at the balance between age groups and we will be looking at whether we can hire more people who face challenges entering the labour market. Bouwinvest is planning to formulate our ambitions on the inclusive employer front in new policies, taking into account legal and regulatory requirements.

Results of the real estate portfolio

Funds and mandates (x € million)	Size 2020	Target size 2022	Secured pipeline 2020	Return 2020	Relative performance 2015 - 2019
Dutch Residential Fund	6,931	8,172	707	6.8%	1.1%
Dutch Office Fund	1,155	1,317	48	4.8%	(1.1)%
Dutch Retail Fund	946	1,055	9	0.3%	2.6%
Dutch Healthcare Fund	380	538	37	4.0%	-
Dutch Hotel Fund	344	559	2	-4.3%	-
Bouwinvest Development	55	0	0	23.9%	-
Europe Mandate	1,102	1,671	545	-4.6%	0.4%
North America Mandate	1,303	1,665	336	-2.3%	1.1%
Asia-Pacific Mandate	1,116	1,718	315	2.9%	0.2%
Other	68				

Residential Fund



*Oostenburg Kavel 3
Amsterdam - Apartments*

The Residential Fund recorded a total return of 6.8% in 2020 (2019: 11.5%), with an income return of 2.4% (2019: 2.3%). Capital growth came in at 4.4% in 2020 (2019: 9.1%). At year-end 2020, the Fund had invested capital of € 6.9 billion.

The Residential Fund gained its first GRESB 5-star rating in 2020. The CO₂ emissions from the homes in the Residential Fund declined by 16.7% last year. Energy use fell by 4.3% in 2020.

At year-end 2020, the Fund had 23 clients, who had committed a total of € 383 million. The Fund has an investment pipeline of € 707 million and recorded transactions worth € 203 million in 2020.

Despite the disruptions to the market as a result of the Covid-19 pandemic, the Residential Fund once again made a number of acquisitions in the year under review. These included the Binck Blocks project in The Hague, which includes a large number of mid-rental segment homes, 190 sustainable homes in the Elements project in Haarlem and 146 sustainable liberalised sector rental homes on the Oostenburg island in the centre of Amsterdam.

Office Fund



*The Garage, Amsterdam
Multi-tenant*

The Office Fund recorded a total return of 4.8% in 2020 (2019: 20.3%). The income return came in at 2.4% (2019: 2.3%) and capital growth amounted to 2.3% (2019: 17.7%). At year-end 2020, the Office Fund had total invested capital of € 1,155 million

In 2020, the Office Fund once again retained its GRESB 5-star rating. On top of this, GRESB awarded the Fund the title of Global Sector Leader. The energy use of the assets in the Office Fund declined by 13.6% in 2020, while CO₂ emissions rose by 4.2%.

At year-end 2020, the Fund's seven clients had committed a total of € 150 million. The Fund did not make any investments last year. It did finalise the sale of the hotel section of WTC Rotterdam to the Hotel Fund and took delivery of Hourglass in Amsterdam. The development of Central Park in Utrecht continued in 2020, while renovations of WTC Rotterdam and Centre Court in The Hague will be completed in 2021.

Retail Fund



*Schuytgraaf shopping centre, Arnhem
Convenience*

In 2020, the Retail Fund recorded a total return 0.3% (2019: 4.3%). This was the result of an income return of 3.8% (2019: 4.2%) and capital growth of -3.4 % (2019: 0.1%). At year-end 2020, the Fund had total invested capital of € 946 million. The Fund won the MSCI award for the best performing retail fund in Europe for the second year in a row.

The Retail Fund once again retained its GRESB 4-star rating. The energy use of the assets in the Retail Fund declined by 6.0% in 2020, while CO₂ emissions rose by 12.4%.

The Retail Fund has seven clients. In 2020, the Fund's clients committed a total of € 15 million, taking total commitments to € 105 million. The Fund put its acquisition activities on hold in March, but confidence in the Convenience segment of the retail market recovered over the course of the year. This led to the acquisition of the Schuytgraaf shopping centre in Arnhem (part existing operation and part new-build). Despite the cautious buyers' market, the Fund managed to sell the Achterdoelen shopping centre in Ede.

Healthcare Fund



*Juliana, Apeldoorn
Intramural care centre*

The Healthcare Fund recorded a total return of 4.0% in 2020 (2019: 7.7%), with an income return of 2.5% (2019: 2.8%) and capital growth of 1.4% (2019: 4.8%). At year-end 2020, the Fund had invested capital of € 380 million.

The Healthcare Fund consolidated its sustainability performance in 2020 and was once again awarded a GRESB 4-star rating.

The Fund has an investment pipeline of € 37 million. In 2020, the Fund signed transactions totalling € 74 million. The Fund postponed investments for a brief period in 2020, but as soon as it became clear that the Covid-19 pandemic was not having a negative impact on valuations, the Fund resumed its acquisition efforts. In the spring of 2020, the Fund took delivery of the Juliana care facility for elderly and disabled people in Apeldoorn. The complex was used as a Covid-19 'hotel' until June, after which it was added to the Fund's portfolio. The Fund also added two existing elderly care complexes in Eindhoven and Katwijk to its portfolio, and completed the acquisition of the Kuifmees care centre in Nieuwegein.

Hotel Fund



*Postillion, Rotterdam (reference room)
4-star hotel*

The Hotel Fund delivered a total return of -4.3% in 2020 (2019: 22.3%), with an income return of 2.6% (2019: 4.2%) and capital growth of -6.8% (2019: 17.6%). At year-end 2019, the Fund had total invested capital of € 344 million.

The Hotel Fund consolidated its GRESB 5-star rating and was once again named the global sector leader. The energy consumption of the hotels in the Fund declined by 29.0% in 2020, while the CO₂ emissions fell by 22.7%.

The Hotel Fund has an investment pipeline of € 2 million and did not sign any transactions in 2020. The Fund did add the Postillion hotel in Rotterdam to its portfolio, following the redevelopment of the hotel in 2020. The Covid-19 pandemic had a massive impact on the hospitality sector in general and the hotel sector in particular in 2020. As a result of this, many hotels saw their occupancy rates plummet and there was a sharp rise in the number of operators experiencing financial difficulties, especially among operators dependent on international tourists and business travellers. The Fund reached rental deferral and rental discount agreements with almost all its tenants.

Europe Mandate



*Cloud Paris, Paris (France)
Office building*

The European portfolio recorded a return of -4.6% in 2020 (2019: 6.4%). At year-end 2020, the European portfolio was valued at € 1.1 billion. At year-end 2020, 48% of the core investments in the European portfolio had above-average sustainability scores (GRESB 4 or 5 stars). The energy use of the assets declined by 5% and CO₂ emissions fell by 4%.

The European mandate has a pipeline € 545 million in committed investments. The mandate made a total of € 422 million in new investments in 2020, largely in (affordable, regular, senior and student) rental homes and logistics centres.

North America Mandate

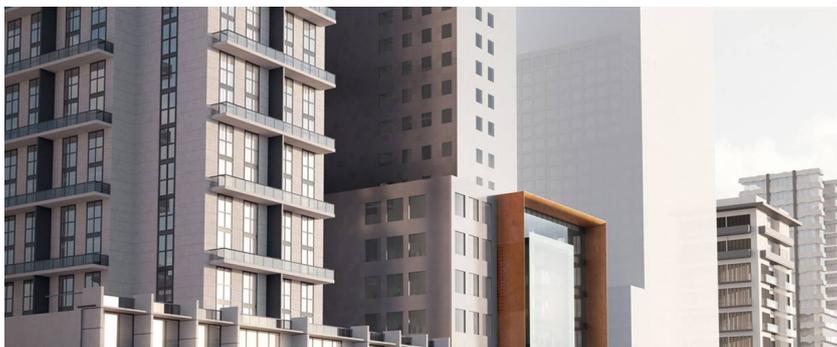


*Kingfield, Rye Brook (US)
Residential homes*

The North American portfolio recorded a return of -2.3% in 2020 (2019: 11.5%). At year-end 2020, the portfolio was valued at € 1.3 billion. Currently, 14% of the core investments in the North American portfolio have above-average sustainability scores (GRESB 4 or 5 stars). The energy use of the assets increased by 3.0% and CO₂ emissions fell by 1.0%.

The North America mandate has an investment pipeline of € 336 million. In 2020, Bouwinvest invested a total of € 58 million in this region, with investments in life sciences (medical research centres and laboratories). These investments are specifically focused on the technology clusters Boston, Seattle, San Francisco, San Diego and Cambridge.

Asia-Pacific Mandate



*99 Franklin, Melbourne (Australia)
Student housing*

The Asia-Pacific portfolio recorded a return of 2.9% in 2020 (2019: 10.6%). At year-end 2020, the portfolio was valued at € 1.1 billion. Last year, 48% of the core investments in this portfolio had above-average sustainability scores (GRESB 4 or 5 stars). The energy use of the assets in the Asia-Pacific Mandate increased by 22% and CO₂ emissions were up 18%.

The Asia-Pacific mandate has an investment pipeline of € 315 million. In 2020, the mandate committed € 247 million to investments in, among other things, homes in Japan, high-grade logistics real estate in 'tier 1' cities in China and student accommodation in Australia.

Results

management organisation

Bouwinvest's internal organisation and Covid-19

Since the outbreak of the Covid-19 virus in mid-March 2020, the Executive Board of Directors and staff have worked from home as much as possible, with the exception of the summer period between the first and second lockdowns. The idea was to continue our day-to-day work as much as possible. The Business Continuity Team (BCT) led the switch to home working. This team met regularly to discuss the impact of the Covid-19 crisis and to translate government measures into practical organisational measures for everyone. We kept employees up to date via extra newsletters and virtual business meetings, which we used to share the latest measures and developments, but also to encourage and motivate everyone.

Support for employees

To make sure employees could set up a proper home office, we made personal budgets available for the purchase of basic office equipment, such as monitors and headsets. In the autumn, we also made extra office chairs available. In the course of the Covid-19 year, we conducted a preventative study into the psycho-social impact on our people. The 25-45 age group in particular said they found the combination of work and private life difficult, especially as many also had to home school their children. But single people also felt as if they were under extra pressure. Managers discussed the home situation with their team members on a regular basis. Absenteeism dropped to 1.6% during the Covid-19 outbreak, largely as a result of home working.

Working together remotely

Despite the physical distance between our people, we continued to work together a lot last year. Following the opening of the office in Sydney in 2019, the international team had got used to working remotely and we expanded this when we opened the New York office in 2020. However, due to the Covid-19 crisis, the entire company was suddenly confronted with digital meetings and remote cooperation.

Each department had their own particular take on digital meetings. In addition to regular project-related meetings, we all met each other digitally in other settings. For instance, in the summer we organised a pub quiz, while we had a digital business meeting in the autumn and digital Christmas drinks in December. We are planning to expand these digital activities in 2021 and will continue with them for as long as necessary. We are also organising a company-wide 20-minute vitality programme to start the day two days a week, to keep our energy levels up.

The situation was even more challenging for new employees who joined Bouwinvest last year. For one, they had to go through the onboarding process almost completely digitally. We had to cancel the collective introduction days that we normally organise twice a year. Because it is even more difficult to find your way in a new company from home, the HR team kept a very close eye on how new people were coping with the situation. In 2021, we will be organising the introduction days for new employees partly in a digital format.

Social responsibilities

As a socially responsible organisation, we were very accommodating towards our permanent suppliers last year. External suppliers continued with all the activities they carry out on our behalf and we supported initiatives such as the digital Provada property trade fair. As a permanent coaching organisation, we created an extra internship for ROC (Regional Training Centre) students who would otherwise not have been able to gain any work experience. And because we were unable to make our usual physical contribution to volunteer work, we cancelled our Christmas gifts and instead made a financial contribution to a charity.

Growing management organisation

The Bouwinvest organisation is growing rapidly. Following the Covid-19 outbreak, we continued our recruitment drive in a largely digital format. And it was successful. In 2020, we added 23 new employees, including a number of people in crucial positions in client management, risk management and compliance. We also staffed our new office in New York.

Seventeen people left the organisation, which translates into a turnover rate of 8.4%. Although this turnover was higher than in 2019 (1.7%), it was still low for an organisation undergoing change, and we see this as a healthy development. At year-end 2020, Bouwinvest had 201 employees and we foresee additional growth in our workforce in 2021.

	Employees	Senior management	Employees by age	Staff turnover	Absenteeism	Internships	Employee satisfaction
2020	Female 35%	Female 17%	< 30 9.5%	8.4%	1.6%	3	*
	Male 65%	Male 83%	30 - 40 28.5%				
			40 - 50 38.0%				
			50 - 60 21.0%				
			> 60 2.0%				
	(Total 191,4 FTE)						
2019	Female 36%	Female 22%	< 30 11.0%	1.7%	3.1%	3	7,8
	Male 64%	Male 78%	30 - 40 29.0%				
			40 - 50 38.0%				
			50 - 60 17.0%				
			> 60 5.0%				
	(Total 184,7 FTE)						

*Measured every two years

You will find additional information on Employee satisfaction and our diversity policy in the material aspects on pages 23 and 25, respectively.

Controlled remuneration policy

Bouwinvest has always had a controlled and careful remuneration policy, with few variable (performance-related) components, appropriate to our mission and our social role, and within the guidelines set by our regulatory bodies (DNB/AFM). We also follow the Dutch Corporate Governance Code.

The total staff remuneration of employees employed on a permanent basis by Bouwinvest, including wages, salaries, social security charges and pension contributions, amounted to € 24.8 million in 2020 (2019: € 21.8 million). In 2020, an average of 191 FTEs (2019: 185 FTEs) worked at Bouwinvest. The variable remuneration amounted to € 1.2 million in 2020 (2019: € 1.0 million) and the costs of hiring temporary staff amounted to € 2.9 million (2019: € 2.8 million).

Sixty percent of employees qualify for variable remuneration of a maximum of 4% of their gross annual salary, based on the organisation's collective performance targets. We agree individual performance agreements with the remaining 40%, the more senior positions and the management; for these employees, the total variable remuneration is a maximum of 10% of their gross salary. The Executive Board of Directors bears primary responsibility for the remuneration policy. The Supervisory Board supervises this policy and is advised by the Selection and Remuneration committee.

Renewal of remuneration policy

Given the company's strong growth and the ongoing emergence of a more commercial and internationally operating organisation, we felt it was time to review and update the premises of our remuneration policy for employees and members of the Executive Board of Directors. We made a start on this in late 2020.

One major factor is the rapid changes happening in society. To make sure our employees can still do their work in the long term, we feel it is important that they continue to develop personally and professionally. This is why our goal is to make development and talent management an integral part of our remuneration policy. We expect to introduce the revised remuneration policy in the course of this year.

Note to the remuneration of personnel on the basis of the AIFMD remuneration rules

Bouwinvest works on the basis of an AIFMD permit. Below you will find the total amount paid in remuneration for the year under review, divided into the fixed and variable remuneration Bouwinvest paid out to its personnel.

	Fixed remuneration (x € 1,000)	Variable remuneration (x € 1,000)	Total remuneration (x € 1,000)
2020	23,550	1,231	24,781
2019	20,808	980	21,788

*) A part of the variable remuneration for 2020 had not yet been paid out at year-end 2020. This will be paid out in March 2021.

Identified staff

Below you will find the aggregate amount of the remuneration at Bouwinvest, divided into the highest levels of senior management and the staff members whose actions have a significant impact on the risk profile of the investment entity, the so-called identified staff. In 2020, 23.1 FTEs qualified as identified staff (2019: 21.6 FTEs)

	Fixed remuneration (x € 1,000)	Variable remuneration (x € 1,000)	Total remuneration (x € 1,000)
2020	4,797	574	5,371
2019	4,276	471	4,747

*) A part of the variable remuneration for 2020 had not yet been paid out at year-end 2020. This will be paid out in March 2021.

The remuneration of the Executive Board of Directors and the Supervisory Board is explained in the Remuneration report on pages 59-61.

Opening of New York office

In September 2020, we opened an office in New York. We have been active in North America since 2010 and in that time have built up a diversified, core portfolio in large metropolitan areas in this region. In the coming years, we want to continue our growth to invested capital € 1.7 billion in 2022 (year-end 2020: € 1.3 billion). In North America, we have a clear focus on sustainable investments, for instance in the residential markets of American metropolitan cities and where there is major demand for affordable homes. This demand seems only to have increased during the Covid-19 crisis. Our North American office will support this growth. New York is the second representative office that Bouwinvest has opened outside the Netherlands. In early 2019, we opened an office in Sydney, which is now fully operational.

Technology: continuity and continued development

Given that most people worked from home for a large part of 2020, one of Bouwinvest's main priorities in the year under review was to safeguard the continuity of our technology. Under the guidance of the Business Continuity Team (BCT), we devoted extra attention to the continuity of IT providers and to scaling up our IT network. We also took a number of steps in the further digitalisation of our organisation to facilitate remote working and cooperation. This included the digital signing of contracts and tender bids and the scaling up of our video-conferencing systems. Thanks to this extra technical support, the entire Bouwinvest organisation was able to continue its work without any problems, both at the office and at home.

You will find information on other company-wide technological developments in the material aspects section, under the 'Cyber security and privacy' and 'New technology and innovation' material aspects on pages 23 and 24 of this report.

Community engagement & sponsoring

In 2018, Bouwinvest launched the Promotion of Community Service scheme for our employees. Each employee is now allowed to devote one working day per year to a good cause via the DeedMob platform. Sadly, due to the Covid-19-related restrictions, it was not possible to carry out any DeedMob activities in 2020. We will also run this scheme in 2021 and we hope we will be able to get involved in some great activities once restrictions are eased. We did continue our sponsorship of various social initiatives, such as Homeplan and Museum Het Schip in Amsterdam in 2020.

Environmental impact management organisation

The management organisation is taking targeted action to reduce its environmental impact. Last year, we took measures to make our head office more sustainable and modernised the climate control system. Thanks to the addition of energy-efficient technical installations, new climate ceiling systems, LED lighting and solar panels, the building's energy label improved to A from C. Following the completion of all the renovation works, the building has been awarded a BREEAM-NL-In-Use VERY GOOD rating. Our goal is to reduce our CO₂ footprint and the energy consumption of our head office, in cooperation with the building's owner, to the Paris Proof norm of 50 kWh/m² in the years ahead.

Due to the limited use of the office building, the very few kilometres travelled and very few flights, the energy and environmental data from last year do not provide a representative picture. Therefore, insofar as possible we have reported on energy use and our CO₂ footprint for 2020. You will find this information in the appendix.

Hourglass Office & Hotel Fund

Amsterdam
The Netherlands



Financial analysis

management organisation

Result

Net profit came in at € 4.3 million in 2020 (2019: € 4.3 million). The operating result of € 5.2 million recorded in 2020 was € 1.0 million higher than in 2019. This rise was due to an increase in the management fee and a lower increase in operating expenses.

Management fee

The management fee came in at € 50.3 million in 2020, an increase of € 4.2 million on the € 46.1 million recorded in 2019. The increase in the management fee was driven by a rise in the (average) net asset value (NAV). At year-end 2020, the NAV of the Dutch funds had risen by € 562 million compared with year-end 2019, while the NAV of the international mandates fell by € 102 million in the same period. The portfolio as a whole recorded a 3.0% increase in NAV in 2020.

Operating costs

Operating costs increased by € 3.1 million (7.5%) to € 45.1 million in 2020, from € 42.0 million in 2019. This rise was the result of € 3.1 million higher personnel costs, € 0.1 million higher depreciation costs and a € 0.1 million drop in other operating costs.

The rise in personnel costs was due to the increase in the number of employees to 191 FTEs (2019: 185 FTEs), and the extra insourcing of personnel. The extra insourced employees were largely deployed to fill open vacancies and for the execution of projects.

Depreciation costs were higher due to the investments in the head office in 2019, and the fact that Bouwinvest recognised depreciation costs for a full year in 2020.

Other operating costs increased by € 0.1 million in 2020 compared with 2019. Covid-19 led to a reduction in the organisation's costs. Although the company as a whole expanded in 2020, other personnel costs fell by € 0.2 million compared with 2019 and project-related costs fell by € 0.1 million. Non-deductible VAT also declined by € 0.1 million, due to lower investments than in 2019. However, accommodation costs came in € 0.4 million higher due to an increase in the rent for the head office in Amsterdam, the opening of the New York office and higher maintenance costs.

Corporate income tax

Total corporate income tax amounted to € 1.6 million in 2020 and consisted of € 1.4 million in immediately payable corporate income tax, € 0.3 million from a movement in deferred tax liabilities and -€ 0.1 million from the formation of a deferred tax asset.

The deferred tax liability pertains to the difference between the fiscal and commercial valuation of its investments in the Dutch funds (cost price versus fair value) valued at the expected tax rate. The deferred tax asset pertains to the difference between the fiscal and commercial carrying amount of the intangible fixed assets and property, plant and equipment. In fiscal terms, assets cannot be written down in less than five years, while some assets have a shorter commercial term of depreciation.

Financial position

Solvency

Bouwinvest's shareholders' equity increased by € 4.3 million to € 38.7 million in 2020, due to the addition of the net profit for 2020 (€ 4.3 million). The solvency ratio stood at 72% at year-end 2020, unchanged from year-end 2019 (72%), due to the fact that balance of long-term and short-term borrowings saw the same increase as the shareholders' equity.

Cash position

At year-end 2020, Bouwinvest had € 31.8 million available in its current account with house banker ABN AMRO. This was more than sufficient to meet all of its outstanding obligations and to meet the formal requirements of the Alternative Investment Fund Manager Directive (AIFMD).

Profit distribution and dividend policy

The Executive Board of Directors proposes to add the result of € 4.3 million to the other reserves in order to keep the company's shareholders' equity at a healthy level. Bouwinvest strives for a future-proof shareholders' equity to facilitate the growth of the organisation, in line with Bouwinvest's capital policy. In 2020, the growth of the organisation was somewhat tempered due to the impact of Covid-19. Bouwinvest reiterates its longer-term growth targets, taking into account the current circumstances and the attendant market uncertainty. The addition of the result to the other reserves puts the company in a good position to realise its strategic goals.

Outlook

The Covid-19 pandemic resulted in many changes last year and this will leave its mark on real estate markets. The crisis accelerated a number of existing trends and developments, such as the impact of online shopping on the retail market, home-working on the office market and the demand for logistics real estate.

As a long-term investor Bouwinvest is convinced that once the pandemic has been brought under control people will once again meet up in offices, in cafes, bars and restaurants and in hotels. People will want to get back to physical shopping and experiencing the city. This is why we will continue to invest in attractive living and working environments; places with lots of amenities that people can visit to be inspired, enabling us to continue to create value for our investors and our tenants.

We will face challenges as we continue to improve the sustainability of our portfolios. It is not enough to reduce the CO₂ emissions of our buildings; we will have to do a lot more to achieve our climate-related targets. Bouwinvest is looking to be energy neutral in 2045 and we will need the help of our tenants and our chain and cooperation partners. We will have to tighten our acquisition targets, become even more engaged and increase our focus on circular building. On top of this, we have to accelerate our efforts to address the climate risks in our portfolios. In 2021, will continue our efforts on this front, with additional studies to gain a clearer picture of whether our portfolios are resilient enough in the face of flooding due to heavy storms, heat stress, drought and other climate-related problems.

The challenge for our internal organisation is to continue working from home as long as the pandemic lasts. We will have to devote attention to achieving a healthy work-life balance. We have worked hard over the past year. That translated in to what were – in the circumstances – excellent results and progress in the execution of our strategic plan. The pressure on the organisation was and remains enormous, as was apparent from the preventative study into the psycho-social impact on our people we had conducted in the organisation. To keep work pressure manageable, the Executive Board of Directors has set a number priorities for 2021. These were determined on the basis of client requests and processes related to legal and regulatory requirements.

- **Realisation of the fund and mandate plans.** The management of the existing portfolios will continue to require an additional effort during the lockdown and the build-up after the lockdown.
- **Risk maturity.** Our ambition is to achieve risk maturity level 3.
- **Climate risks.** The Dutch Central Bank (DNB) has announced that it plans to conduct research into the climate risks in pension funds in 2021.
- **Change in Dutch fund terms and conditions.** Since 2019, shareholders have been asking us to revise the fund terms and conditions, which date back to 2010.
- **Evaluation FII regime.** The Dutch Finance Ministry has announced that it wants to evaluate the FII regime in 2021, due to the misuse of the regime by foreign investors.
- **Implementation of Customer Due Diligence policy.** The need for this policy is due to changes in the Dutch Prevention of money laundering and the financing of terrorism Act.
- **Implementation of Sustainable and Financial Disclosure Requirements (SFDR) and International Socially Responsible Investments Covenant (IMVB).** This pertains to the implementation of European regulatory requirements and a covenant signed by 80 Dutch pension funds.

Result and profitability

For 2021, we are forecasting a result after tax of € 0.3 million (2020: € 4.3 million). The implementation of our strategic plan and the continued professionalisation of the organisation will increase costs. We expect IT-related costs and project-related costs in particular to be higher in 2021. We expect these costs to stabilise in 2022 and 2023, after which our result will rise again.

Bouwinvest profitability is primarily dependent on:

- The development of the management fee, which depends on the Assets Under Management (AUM) of our funds and mandates;
- The composition and development of our workforce;
- The development of operating costs, especially project-related costs.

The management fee is based on the approved fund and mandate plans. The estimated management fee is based on the premise that the Covid-19 pandemic will be brought under control in 2021 and economic (GDP) growth of 3.6%. Depending on the course of the Covid-19 pandemic the management fee may be lower or higher.

Bouwinvest needs to expand its workforce to realise the targets laid out in its strategic plan. The development of the workforce depends on how effectively we fill any vacancies. If we fail to fill vacancies in line with our plans for 2021, we expect to see a shift in costs between fixed personnel costs and the costs of external hires. Should this be necessary due to the course of the Covid-19 pandemic, we do have options for the reduction of personnel costs .

With the exception of the project-related costs, the other operating costs are fairly constant and develop in line with the growth of the organisation. We are estimating project-related costs of € 3.2 million for 2021. The realisation of these costs is partly dependent on the capacity of the project organisation and the hiring of the necessary internal and external staff. It is possible to reduce the project-related costs.

One significant item in the other operating costs is the non-deductible value added tax. We have estimated this at € 2.6 million for 2021. The deductible part has been set at 19%. This is the best estimate pending the discussions with the Tax Authorities regarding the definitive percentage. We expect a definitive ruling on this in 2021.

Financial position and solvency

With the exception of its short-term borrowings, Bouwinvest is almost completely financed with equity and had a very healthy solvency ratio of 72% at year-end 2020. On the basis of the estimated result for 2021, we expect a slight increase in solvency to 73% at year-end 2021.

Should the Covid-19 pandemic be more prolonged in 2021, Bouwinvest has sufficient financial resources to absorb a disappointing or negative result. At year-end 2020, Bouwinvest had € 31.8 million in its current account with house banker ABN AMRO. We are also in a position to reduce costs. Any cost savings will impact our strategic targets.

Personnel

We are estimating growth in our total workforce to 214 FTEs in 2021 (weighed over the calendar year). This is an increase of 23 FTEs compared with year-end 2020 (191 FTEs). We consider this increase necessary to enable us to achieve the target laid out in the 2020-2022 Strategic Plan. In addition to this, we are setting ever higher standards for how we serve our clients, for internal control, risk management and compliance.

If we realise the intended growth in the number of employees, personnel costs will come in at € 29.9 million in 2021, € 2.2 million higher than in 2020 (€ 27.7 million). The estimated costs for external staff will be € 1.3 million lower and the estimated costs for permanent employees will be € 3.5 million higher.

Investments

Over the past few years, we have invested in improvements to our head office in Amsterdam. We expect to invest € 0.8 million in 2021, largely in the acquisition of new laptops and the implementation of a climate control system.

Assurance report

To the shareholders and supervisory board of Bouwinvest Real Estate Investors B.V.

Our conclusion

We have reviewed the sustainability information in the accompanying annual report for the year 2020 of Bouwinvest Real Estate Investors B.V. at Amsterdam. A review is aimed at obtaining a limited level of assurance.

Based on our procedures performed 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 2020 in accordance with the reporting criteria as included in the section 'About this Report'.

The sustainability information consists of performance information in the following sections:

- - Section 'How Bouwinvest creates value' on page 14-18.
- - Section 'Progress per material aspect' on page 22-30.
- - Annex 'GRI Content Index' on page 96-101 and ESG performance indicators on page 102-105, excluding water use, waste management and environmental data headoffice.

Basis for our conclusion

We have performed our review of the sustainability information in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports) which is a specified Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information' of our report.

We are independent of Bouwinvest Real Estate Investors B.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 regulations 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 Real Estate Investors B.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 Sustainability Reporting Standards of the Global Reporting Initiative (GRI) Core Option and the applied supplemental reporting criteria as disclosed on page 106-107 of the annual report.

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.

Responsibilities of the Executive Board of Directors for the sustainability information

The management board is responsible for the preparation of the sustainability information in accordance with reporting criteria as included in the section 'About this report' and the applied supplemental reporting criteria as disclosed on page 106-107 of the annual report, including the identification of stakeholders and the definition of material matters. The choices made by the management board regarding the scope of the sustainability information and the reporting policy are summarised in the chapter 'Material aspects' on page 17-18.

The management board is also responsible for such internal control as the management board 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 Real Estate Investors B.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.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the sustainability information. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

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 3810N, ethical requirements and independence requirements.

Our review included amongst 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 management board;
- 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 management (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;
 - To consider whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.
- Assessing whether the Report has been prepared in accordance with the Sustainability Reporting Guidelines (GRI Standards Core option) of the Global Reporting Initiative

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

Amsterdam, March 22, 2020

Deloitte Accountants B.V.

Initials for identification purposes:

Drs. R.J.M. Maarschalk RA

Corporate governance

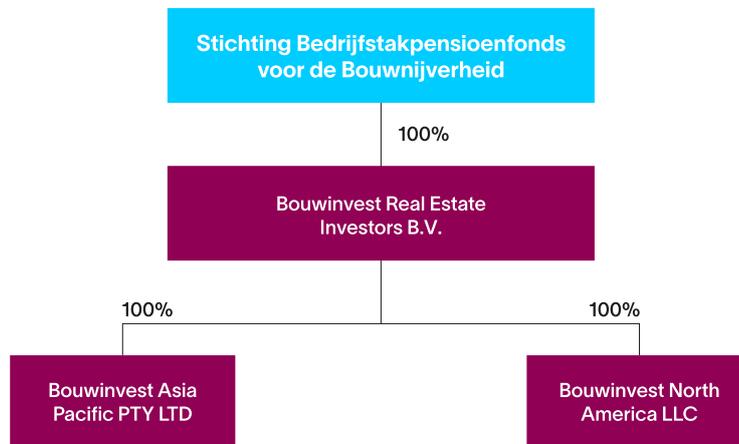
Legal structure

Bouwinvest Real Estate Investment Management B.V. (Bouwinvest) is a wholly owned subsidiary of stichting Bedrijfstakpensioenfonds voor de Bouwnijverheid (bpfBOUW), the Dutch pension fund for the construction industry. Bouwinvest is a statutory two-tier board company, subject to the provisions of the mitigated two-tier regime. Bouwinvest manages the following funds:

- Bouwinvest Dutch Institutional Residential Fund N.V.
- Bouwinvest Dutch Institutional Retail Fund N.V.
- Bouwinvest Dutch Institutional Office Fund N.V.
- Bouwinvest Dutch Institutional Hotel Fund N.V.
- Bouwinvest Dutch Institutional Healthcare 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. The company holds 100% of the shares in two subsidiaries: Bouwinvest Asia Pacific PTY LTD (Australia) and Bouwinvest North America LLC (USA).

Bouwinvest's legal structure



Bouwinvest also holds limited interests in the following open funds that it manages:

- Bouwinvest Dutch Institutional Residential Fund N.V. (0.16%)
- Bouwinvest Dutch Institutional Office Fund N.V. (0.22%)
- Bouwinvest Dutch Institutional Retail Fund N.V. (0.22%)

Because Bouwinvest has significant influence on these funds, these interests are classified as participations in the financial statements, despite that the fact that the interests are less than 20%.

Executive Board of Directors

The Bouwinvest Executive Board of Directors consists of five persons: the Chief Executive Officer (statutory director), the Chief Financial & Risk Officer (statutory director), the Chief Client Officer, the Chief Investment Officer Dutch Investments and the Chief Investment Officer International Investments. The statutory directors are appointed by the General Meeting of Shareholders following nomination by Bouwinvest's Supervisory Board. The Executive Board of Directors is governed by a set of regulations that also outline its tasks and responsibilities. The Executive Board of Directors endorses the Dutch Corporate Governance Code.

Supervision

The Supervisory Board supervises the policies of the Executive Board of Directors and the general affairs of the company. The Supervisory Board has an Audit, Risk & Compliance Committee and a Selection & Remuneration Committee. Both committees have a set of regulations that lay down their tasks and responsibilities.

The Supervisory Board currently has four members, who are appointed by the general meeting. One of the members is appointed on the nomination of the Works Council. The maximum term of office is four years, with the possibility of reappointment for an additional four years. The Supervisory Board is supported by the Corporate Secretary. The Corporate Secretary ensures that the correct procedures are followed and that the Supervisory Board acts in accordance with its legal and statutory obligations and powers and the applicable corporate governance rules.

Shareholders meeting

General Meetings are held at least once a year to discuss the company's business over the past year and the annual report, to adopt the financial statements, decide on the dividend proposal, discharge the members of the Executive Board of Directors for their management and discharge the members of the Supervisory Board for their supervision of same. Other matters the meeting may deal with are the appointment of the members of the Supervisory Board and the statutory directors. Shareholder approval is required for resolutions that have a material impact on Bouwinvest's strategy or risk profile.

The Dutch management and Supervision Act

The Dutch Management and Supervision Act includes a guideline for a balanced gender ratio within the Executive Board of Directors and Supervisory Board. At least 30% of these positions should be filled by women and at least 30% by men. The gender ratio in Bouwinvest's Executive Board of Directors deteriorated in 2020. This went from 25% women and 75% men to 20% women and 80% men. The gender ratio in the Supervisory Board is currently 50% women and 50% men, and in line with this guideline. Based on the profiles of the members of the Executive Board of Directors and/or the Supervisory Board, in the event of future resignations Bouwinvest will carry out an evaluation to determine the desired profile of any new members. This evaluation will of course take into account diversity criteria, including a balanced ratio of male and female members.

Works Council

Bouwinvest does not have a collective labour agreement. The Works Council protects the interests of the company's employees. One of the ways the Works Council does this is to make use of its right to consultation and right of consent. The Works Council is involved in virtually everything the company and staff do to keep employees as a well-informed as possible. The Works Council meets with the Executive Board of Directors four times a year, and a member of the Supervisory Board is present at two of these meetings.

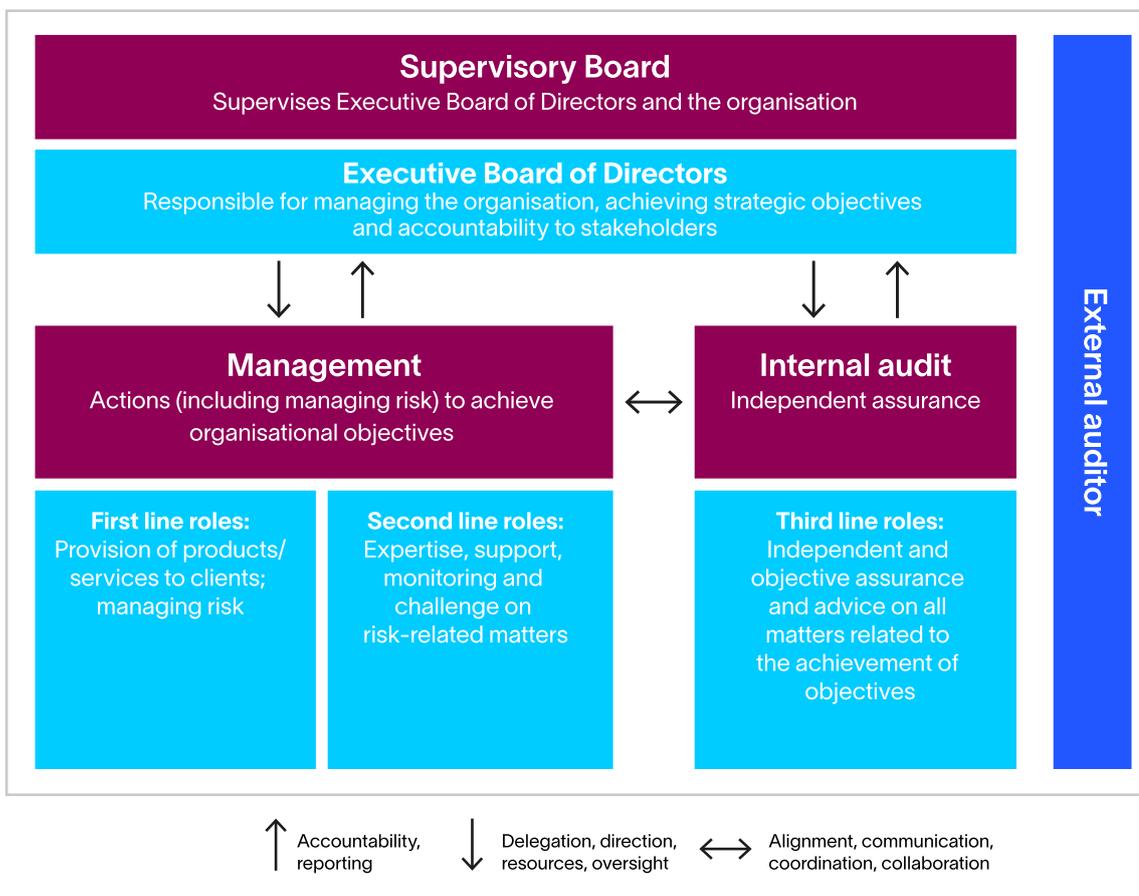
Integrated risk management

The premises of the integrated risk model

Bouwinvest's integrated risk management system is based on the goals of the organisation and those of its clients, the three lines of defence model, the threefold scope, the risk appetite & culture, the risk management process and the risk framework.

Three lines of defence model

The roles of the first, second and third lines of defence are defined as follows:



Source: Based on the Three Lines Model of The Institute of Internal Auditors (IIA) - July 2020

Threefold scope

The threefold scope is aligned with Bouwinvest's services, i.e. the management of five Dutch sector funds and three international mandates. The third scope pertains to the Bouwinvest management organisation. Each scope has its own governance. The supervision of the Dutch sector funds is carried out by the shareholders in these funds. The client in question supervises the international mandates and the Bouwinvest Supervisory Board supervises the management organisation. The activities vary and therefore each scope has its own risk appetite, risk framework and risk reporting.

Risk appetite and culture

The risk appetite determines the level of risk that Bouwinvest is prepared to accept to achieve its objectives. The Executive Board of Directors discusses compliance with the defined risk appetite and the forecasts regarding the management organisation and informs the Supervisory Board each quarter. The risk appetite is low for the management organisation.

The risk appetite provides a context for decision-making and contributes to the risk culture. Bouwinvest devotes attention to this risk culture via communications, risk self-assessment sessions and the incorporation of risk management targets in the individual targets of employees, which enables Bouwinvest to highlight risk management as an elementary part of the remuneration policy.

Risk management process

The Risk Management department is responsible for the coordination of the risk management process, on the basis of the Risk Management Cycle, as shown the figure below. Risk identification, risk assessment and risk measurement and risk control, plus the monitoring, reporting and evaluation of risks are important steps in this process.

Risk management cycle



Risk framework

To identify and control risks, Bouwinvest uses a risk framework, in accordance with prevailing market standards, consisting of financial risks (market, credit & counterparty and liquidity risks) and non-financial risks (strategic and business, operational and compliance risks). From within these main risk categories, Bouwinvest periodically selects the most significant risks for the

Dutch sector funds, the international mandates and the management organisation that require additional attention. Below you will find a more detailed description of the most significant risks and risk-related activities that occurred in 2020.

Risk management and developments in 2020

First line: risk management

The first line made a much greater effort in 2020 to control the heightened risks. This was largely related to the following risks:

Continuity risk: Due to its contacts in Asia, in early February, Bouwinvest was confronted with the Covid-19 outbreak and set up the Covid-19 prevention team. During the first lockdown period in March, we expanded and renamed this team the Business Continuity Team (BCT). This team consisted of the entire Executive Board of Directors and five specialists. The BCT focused on the well-being of our employees, the infrastructure for home working, the management of the portfolios and the communications with clients, tenants and employees.

Credit & counterparty risk: The lockdowns led to loss of income for many tenants. The government called on landlords to be accommodating towards tenants experiencing difficulties. Bouwinvest opted to reach tailor-made solutions with the tenants of its Dutch portfolios to minimise the impact of any loss of income. By continuing to monitor the situation very closely and consulting frequently with tenants, Bouwinvest was generally able to limit the rent in arrears.

Occupancy risk: The pandemic will accelerate the change in the function of certain real estate assets and transformations may be necessary. This will require even more active asset management, both in the Netherlands and abroad. The investment metrics for the international portfolio were available per quarter at asset level. Our offices in Sydney and New York also contributed to our monitoring and any adjustments made.

Valuation risk: The pandemic and the lockdowns initially led to a great deal of unrest on the national and international financial markets. Experts were predicting valuation declines of as much as 30%. On the basis of fundamental analyses, Bouwinvest issued regular forecasts with various scenarios. Over the course of the year, these scenarios proved to be less negative than the initial predictions of a 30% decline in valuations. Ultimately, Bouwinvest closed the year with a positive return of 3.4% in its total invested capital.

IT risk: In addition to helping employees to work from home, during the pandemic Bouwinvest also devoted extra attention to the risk related to its IT systems and cybercrime. In 2020, Bouwinvest performed the annual COBIT self-assessment and attack & penetration tests. In addition to this, we teamed up with an external service provider to organise special awareness initiatives with respect to data security and cybercrime.

In addition to the extra activities related to the Covid-19 crisis, the first line was also involved in the shaping and implementation of the three lines of defence model and the threefold scope. Bouwinvest will continue these efforts in 2021.

In addition to this, the organisation will focus on the following priorities:

- The identification and control of climate risks (heat stress, drought, heavy rain and flooding at asset and local environment level) within the portfolios;
- The stricter due diligence of business partners pursuant to the Dutch Prevention of money laundering and the financing of terrorism Act (Wwft).

Second line: risk management

The second line risk management primarily monitored the above-mentioned risks and provided advice on same. In addition, the second line assessed the first line's proposals with a high risk exposure, such as investments and divestments (total of € 1.2 billion), closing documents, climate risk analyses and proposals for new business.

Furthermore, the second line performed several risk self-assessments in the first line. In addition, the second line conducted an integrated risk analysis for the opening of the New York office. The second line also conducted an experience and conduct survey among employees and identified a number of additional improvements on the basis of the outcome.

In 2020, Bouwinvest also continued to work on the improvement of the maturity level of its integrated risk management on the basis of the following themes from the Risk Roadmap:

1. Risk governance
2. Risk policy
3. Conduct and culture
4. Reporting
5. Risk assessment and control

In the context of the Risk Roadmap, in 2020 Bouwinvest once again strengthened its Risk Management department and recruited a Head of Risk Management, a Financial Risk Manager and an Operational Risk Manager. At year-end 2020, the department consisted of four permanent employees, including a new Head of Risk Management, who reports to the CFRO. Risk Management reports regularly to the Executive Board of Directors and the Supervisory Board's audit, risk & compliance committee.

On the basis of the Risk Roadmap, in 2020 Bouwinvest took a number of additional steps in the implementation of the three lines of defence model and the threefold scope. Bouwinvest will continue these efforts in 2021, and has defined the following three spearheads for integrated risk management:

- Strengthening of the three lines of defence and the Risk & Control Framework;
- Continued efforts to raise awareness with respect to integrated risk management;
- Continuous improvement of risk control, risk management and accounting information, including supporting IT systems.

Bouwinvest will remeasure its risk maturity at the end of 2021.

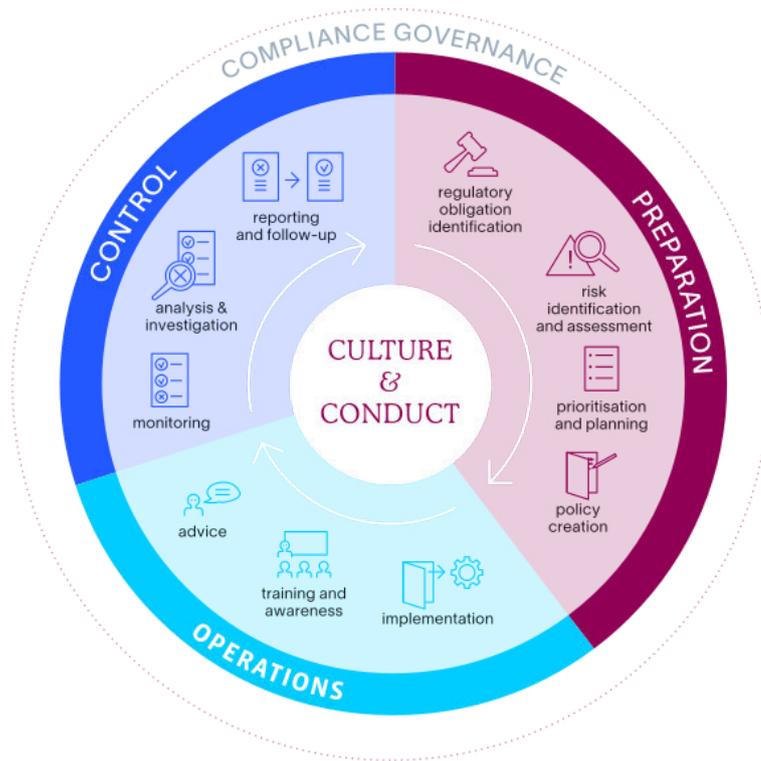
Second line: compliance

Compliance function

At Bouwinvest, Compliance is embedded in the three lines of defence model. What this means is that the first line is primarily responsible for compliance with legal and regulatory requirements, internal policies and the code of conduct and the management of compliance risks. The Compliance department is an independent second line function. The department supports the organisation on the compliance front by translating regulator-related laws and regulations into internal rules and regulations, providing (solicited and unsolicited) advice, providing assistance in the execution of risk analyses and the supervision of compliance with regulator-related laws and regulations and internal policies. Another significant component of the Compliance department's tasks is raising integrity awareness and fostering the desired conduct within the Bouwinvest organisation by providing training courses.

Bouwinvest works with the compliance cycle below for the management of the compliance function.

Compliance cycle



In 2020, Bouwinvest made an organisational change, making the Compliance department an independent department that since 1 March 2020 has reported to the Chief Financial Risk Officer (CFRO). At year-end 2020, the department consisted of three permanent employees, including the Head of Compliance.

The department reports to the CFRO on a monthly basis. The Executive Board of Directors also receives monthly reports. In addition to this, the compliance function reports to the Executive Board of Directors and the Supervisory Board's audit, risk & compliance committee on a quarterly basis.

Legal and regulatory requirements

Legal and regulatory requirements are constantly changing. The Compliance department monitors changes in regulator-related laws and regulations, assesses the impact of these changes with other relevant departments and translates these legal and regulatory requirements into internal rules and regulations.

In 2019, Bouwinvest started a project related to the revision of its internal policy with respect to the implementation of the Dutch Prevention of money-laundering and the financing of terrorism Act (*Wet ter voorkoming van witwassen en het financieren van terrorisme - Wwft*). We continued this project in 2020. For instance, last year the Executive Board of Directors approved the revised policy and we made preparations for the implementation of this policy from January 2021. In addition to this, we started preparations for the implementation of the Sustainable Finance Disclosure Regulation (SFDR). This included a gap analysis conducted in 2020. We will continue with the implementation of the SFDR in 2021.

Management of compliance risks

Risk management is an important part of an ethical and controlled business operation. As part of its second-line role, Compliance supports the organisation in the management of Bouwinvest's identified compliance risks. Compliance supports the first line by raising awareness of risks and by making it clear how employees can reduce or control these risks and what Bouwinvest expects from them on this front.

One important task on this front is the annual Systematic Integrity Risk Analysis (SIRA), which in 2020 involved a large part of the organisation (50 people, including the Compliance department). The aim of the SIRA is to map out integrity risks, assess the effectiveness of the management of those risks and identify any points of attention with respect to risk management. The outcome of the SIRA is used as input for the compliance year plan for the year ahead. The Compliance department used the outcome of the SIRA to provide advice on improvements on the risk management front. In early 2021, the Compliance department will discuss these improvements with the organisation and reach agreements on the implementation of same, after which the Compliance department will monitor the follow-up to this advice.

Training and awareness

Bouwinvest considers culture to be an important aspect of mitigating compliance risks. In that context, Bouwinvest attaches a good deal of importance to an open culture in which employees can discuss various dilemmas. For this reason, every year Bouwinvest organises integrity workshops, in which employees discuss integrity and how to deal with any dilemmas they may be confronted with.

Due to the change in the work situation last year because of Covid-19, it was not possible to organise the integrity workshops in their normal format. Instead, employees were offered the e-learning course that the IVBN (Association of institutional property investors in the Netherlands) had developed in cooperation with the Compliance Officers of its members. This e-training course covered a number of significant compliance themes, including conflicts of interest, corruption, fraud, conduct, ancillary positions and the reporting of incidents.

Reports and advice

In 2020, there was one incident that led to a report to the regulator, the Dutch Financial Markets Authority (Autoriteit Financiële Markten - AFM). This was a proactive report to the regulator regarding articles about Bouwinvest that appeared in Dutch financial daily Het Financieele Dagblad in July 2020. In addition, the compliance function received other kinds of reports. All reports were investigated and followed up on in line with internal policies. Where necessary, Bouwinvest took appropriate measures or initiated a dialogue with the employee(s) in question.

No reports of corruption or fraud were received in 2020.

With respect to the processing of personal data (privacy), Bouwinvest experienced 22 data breaches in 2020. We reported eight of these breaches to the regulator, the Dutch Data Protection Agency (DPA). A number of these cases involved an incorrectly sent e-mail. Some of the data breaches were at processors, such as property managers. We investigated all the data breaches and took additional measures when this proved necessary.

On the advice front, the compliance function is primarily consulted on issues such as business partner due diligence, ancillary positions, gifts & events and privacy.

Regulator surveys

Bouwinvest has an AFM licence and is consequently subject to the continuous supervision of the AFM. In 2020, Bouwinvest received two sector questionnaires from the AFM related to the Dutch Prevention of money laundering and the financing of

terrorism Act (Wwft)/Sanctions Act and outsourcing. Bouwinvest filled in these questionnaires and returned them to the regulator.

Third line: Internal Audit

Bouwinvest has established an independent internal audit function, whose task is to assess the design and operation of the internal risk management and control systems. The internal audit function ensures that the company takes a systematic, disciplined approach to the evaluation and continuous improvement of the effectiveness of our risk management, the financial administration, the tenant administration and the fund administration and monitors the control and governance processes. The department consists of three employees, including the Head of Internal Audit.

On the operational front, this involves an audit of the ISAE processes, the custodian/depositary processes and the AFM processes, as well as all IT-related processes (such as COBIT, the SAP system and eFront software). The latter is to ensure that Bouwinvest's IT systems are always secure and operate effectively. The Internal Audit team takes a proactive approach to its tasks and offers advice and recommendations on potential improvements and updates to processes and systems.

Since 2016, the Internal Audit team's auditing coverage has included the assessment of the processes at our external property managers. The internal audit function reports to the CEO and informs the Executive Board of Directors and the Supervisory Board's audit, risk & compliance committee.

In the context of the three lines of defence model, Bouwinvest made an organisational change in 2020, and the internal audit function now falls under the responsibility of the CEO instead of the CFRO. The Internal Audit department oversees the production of the annual ISAE 3402 statement. To facilitate its evolution to the next level of maturity, in 2021 the department will draw up a plan, including a roadmap.

In control statement

The Executive Board of Directors has issued an in control statement on the financial reporting risks and strategic and operational risk management at Bouwinvest. The Executive Board of Directors is responsible for sound risk management and effective internal control systems, as well as for the assessment of the effectiveness of same. On the basis of its assessment of the risk management and internal control systems, the Executive Board of Directors believes that these systems provide a reasonable level of assurance that the financial reports contain no material misstatements. Bouwinvest has been ISAE3402 type II certified for its financial reporting processes since 2012, which shows these are in order. In 2020, for the first time Bouwinvest issued two ISAE 3402 type II statements: one for the five Dutch sector funds and one for the three international mandates.

In general, the Executive Board of Directors believes the risk management and internal control systems functioned properly in 2020. Nor is there any indication that these systems will not function properly in 2021. We did not identify any shortcomings that could have a material impact in 2020, nor up to the date this annual report was signed in 2021.

Furthermore, we did not identify any shortcomings in the internal control systems that could have a material impact on operational and compliance risks, nor on the financial reporting function and the functioning of the internal and external auditors.

Report of the Supervisory Board

The Supervisory Board hereby offers the 2020 annual report of Bouwinvest Real Estate Investors B.V. (Bouwinvest), which includes the financial statements for 2020. The Bouwinvest Executive Board of Directors prepared the annual report, Deloitte Accountants B.V. has audited the financial statements and provided an unqualified auditor's report (see the auditor's report on page xx). The Supervisory Board discussed the annual report with the Executive Board of Directors, in the presence of the external auditor. Partly on the basis of these discussions, the Supervisory Board concluded that the annual report meets all the rules and requirements in the field of governance and transparency. The report provides an accurate and complete picture of the results, risks and events that the Supervisory Board oversees.

The financial statements will be submitted to the Annual General Meeting of shareholders (AGM) for adoption on 21 April 2021, as part of the 2020 annual report. The Supervisory Board proposes that the meeting adopt the financial statements and add the profit, as proposed by the Executive Board of Directors, to Bouwinvest's shareholders' equity. The Supervisory Board proposes that the AGM discharge the Executive Board of Directors for their management and the Supervisory Board for their supervision of said management, and that the AGM adopt the financial statements.

1. Supervision

The Supervisory Board supervises and advises the Executive Board of Directors in the setting and realisation of its strategic targets. The Supervisory Board also plays an employer's role. In this report, the Supervisory Board explains how it fulfilled its role in the year under review.

Covid-19 pandemic

The year under review was dominated to a large extent by the Covid-19 pandemic and the consequences of same.

Bouwinvest responded well to this crisis, both in terms of its investments and its internal organisation. The internal organisation adjusted quickly to the new circumstances. Bouwinvest proactively informed its investors regarding the impact of the Covid-19 pandemic on its portfolios and valuations. The company periodically discussed updates of outlooks and scenarios for the Dutch and international real estate investments with the Supervisory Board. They also discussed scenario analyses for the organisation itself. Thanks to this approach, the Board was kept up to date on current developments. Bouwinvest recognised that the Covid-19 pandemic could lead to changes in the needs of the users of various types of real estate. People could set other requirements for homes and offices and people will shop online more in the future. The Board is monitoring this development.

Bouwinvest Strategic Plan

The Board discussed Bouwinvest's Strategic Plan, which was approved on 11 May 2020. The Board was closely involved in the process of developing and formulating the strategy. The core of the strategy is Bouwinvest's evolution from real estate investor to broad real estate investment manager with a broad client base. Bouwinvest is very close to realising the target allocation of anchor investor bpfBOUW for real estate investments and bpfBOUW's entrusted capital will no longer grow substantially. Continued growth is necessary to enable Bouwinvest to diversify, to continue to create sufficient scale and maintain its solid market position: 'moving to the next level'. This will require an expansion of the company's client base, and continued professionalisation and strengthening of the organisation. A strong, client-centric focus will be leading on this front. Continued growth will also reduce the dependence on a single large investor.

The Strategic Plan is built on three pillars: professionalisation, responsibility and controlled growth.

'Professionalisation' is an essential condition for Bouwinvest to be able to become a full-fledged investment manager. This pillar is focused on improvements in the organisation, improvements in its operations and its support and the continued development of data science. The targets of this pillar have been translated into projects. Clear governance and state-of-the-art risk management are two important components of this. Bouwinvest will change the governance of its investment process (see below) and draw up a Risk Roadmap, a project aimed at strengthening its risk management. The Risk Roadmap is divided into Risk strategy, appetite and governance, Policies & procedures, Next Level Risk way of working, Risk reporting & insights and Data & technology. The Supervisory Board oversaw the progress on the implementation of the Risk Roadmap. In conjunction with the Risk Roadmap, Bouwinvest will also raise the maturity level of Compliance and Internal Audit.

De second pillar, 'Responsibility', covers Bouwinvest's ambition to be a trendsetter on the sustainability front. Sustainable real estate accounts for an increasing proportion of Bouwinvest's investment portfolio. The Board finds it important that Bouwinvest continues in its efforts to improve the sustainability of its Dutch and international investments. Reducing CO₂ emissions, energy labels, reducing energy use, the installation of solar panels and climate-resilient buildings are all important on this front. Climate change is making climate risk assessments increasingly important in real estate investment decisions.

With respect to the United Nations' sustainable development goals (UN SDGs), Bouwinvest focuses primarily on number 3 (Good health and well-being), number 7 (Affordable and clean energy), number 8 (Decent work and economic growth) and number 11 (Sustainable cities and communities). Bouwinvest's materiality matrix (see page XX) adds focus to Bouwinvest's sustainability strategy and increases the legitimacy of the measures taken. The preparations for the implementation of the Sustainable Finance Disclosure Regulation (SFDR) are in full swing. This regulation creates a wide-ranging reporting obligation regarding the sustainability the company's investments and investors are informed about this in a transparent manner. The Board supports this development and finds it important for the clients for whom Bouwinvest invests.

The third pillar of the strategy is 'Controlled growth'. Real estate is an important alternative asset class and is a growth market. The Board agrees that Bouwinvest needs to expand its client base, a prerequisite for Bouwinvest to continue to be and remain successful in the long term. In addition to the continued growth of the Residential Fund, the Office Fund and the Retail Fund, Bouwinvest also wants to open the Hotel Fund and the Healthcare Fund for institutional investors. Bouwinvest is also looking to expand its services in the field of international real estate asset management, something it currently does solely for bpfBOUW, to other institutional investors.

Bouwinvest has translated the three pillars of the strategy into strategic goals, KPIs and a milestone planning. The Executive Board of Directors as a whole is responsible for the realisation of the strategy and the members of the Executive Board of Directors have been given primary responsibility for specific strategic goals. The strategic goals have been laid down in clear targets. The Executive Board of Directors reports periodically to the Board on the progress of the strategy. If necessary, the Board, in consultation with the Executive Board of Directors, takes additional actions.

In 2020, the Board discussed the quarterly reports in detail, so it had a complete picture of the realisation of the strategic goals, the stakeholder value and the finances of the Bouwinvest management company.

Investments

As a result of the Covid-19 pandemic, investments were at a low level in the first half of the year. However, the investment volume was considerably higher in the second half of the year. The Board discussed the development of real estate markets, both in the Netherlands and in Europe, North America and the Asia-Pacific region, and the impact of the Covid-19 pandemic on these markets. The Board also devoted attention to the funding of the Dutch funds, which lagged the plan considerably. We also specifically discussed the funding gap of the Bouwinvest Residential Fund. These discussions resulted in a bandwidth for the Fund, which was included in the Fund's Fund Plan.

In the context of the international investments, the Board commissioned a study of the performance of an investment in Swedish shopping centres. The Board discussed the study of this specific investment. The study resulted in a number of recommendations for the improvement of the target operating model, the checks and balances and market and asset level monitoring. The Board will pick up and continue the discussions and implementation of the suggested improvements in 2021.

Governance investment process

The role of the Supervisory Board in the decision-making on investments was changed in 2020. The Supervisory Board supervises the management organisation. With respect to the investment portfolios, the Board supervises the quality of the governance of the investment process. Decision-making on investments is the provenance the Executive Board of Directors and of the investors involved for investments above a certain threshold amount. Investors can, if they wish, seek advice from their own fiduciary advisors. Russell Investments acts as the fiduciary advisor of anchor investor bpfBOUW.

In the run-up to the changes in the governance of the investment process, the Board discussed and approved both Dutch and international investments.

SIRA

The Board discussed the annual SIRA, the systematic integrity risk analysis. The report provides a good overview of the integrity risks and the mitigating measures the organisation has implemented.

New office in New York

After the opening of the Sydney office in 2019, on 8 September 2020 Bouwinvest opened a second representative office in New York. This was another step in Bouwinvest's internationalisation, and thanks to its local presence, the company is now stronger in both the Asia-Pacific and North American markets. The New York office will support the continued growth of the North American portfolio. The decision-making on investments takes place in the Netherlands.

Amendment of the Supervisory Board regulations, procurement regulation

Finally, on 7 September 2020, the Supervisory Board regulations, including the regulations of both of the Board's committees, were amended and approved. This brought into effect the change in the governance of the investment process. The regulations were also adjusted in line with the Dutch Corporate Governance Code, which Bouwinvest endorses. The Board also discussed and approved the new procurement regulation.

2. Composition of the Supervisory Board and assessment

Composition of the Supervisory Board

In 2020, the Supervisory Board consisted of two female members and two male members. With four members, the Board is of adequate size.

At year-end 2020, the Executive Board of Directors consisted of one female member and four male members. The Supervisory Board and the Executive Board of Directors will do their utmost to also achieve a distribution of the seats on the Executive Board of Directors that is as diverse as possible. You will find more personal details on each member of the Supervisory Board in the next section of this annual report.

The profile of the Supervisory Board was updated in 2018.

Composition of the Supervisory Board and its committees

	J.A. Nijhuis	J.H.P.M. van Lange	G.E.A. Reijnen	W.B. Verschoor
Supervisory Board	• (chair)	•	•	•
Audit, Risk & Compliance Committee		• (chair)		•
Selection & Remuneration Committee	•		• (chair)	

Division of the areas of expertise of the Supervisory Board

	J. Nijhuis	J. van Lange	G. Reijnen	W. Verschoor
Year of birth and nationality	1957, Dutch	1956 Dutch	1967, Dutch	1974, Dutch
Year of first appointment	2019	2019	2019	2019
Areas of expertise				
Real estate		•		•
Investment Management		•	•	•
Finance / Accountancy	•	•	•	•
Risk Management		•		•
Corporate Governance	•	•	•	•
CSR	•	•	•	•
Human Resource Management	•		•	

All the members of the Supervisory Board are independent according to the criteria as these are laid down in the regulations of the Supervisory Board.

Evaluation

In late 2020, the Supervisory Board commissioned an external party to help the Board perform its self-assessment. The external party conducted confidential, individual interviews with all the members of the Board, the members of the Executive Board of Directors, the Corporate Secretary and the director of the bpfBOUW management committee. The Supervisory Board discussed the assessment report in early February 2021. The evaluation was then discussed in a separate session with the Executive Board of Directors. The self-assessment revealed, among other things, that the Board improves the Executive Board of Directors and is effective. The assessment and decision-making of the Board is careful and are predominantly based on facts, experience and expertise. The Board is strong in its monitoring of the follow-up to agreements made with the Executive Board of Directors. The Supervisory Board has the clear ambition to support Bouwinvest into the next phase – Next Level – and is more focused on the future than on present success. After all, it is always more difficult to remain at the top than to get there and complacency is always a danger. When necessary, the Board keeps a close eye on developments and trends.

The challenge is to optimise the capacity for and effectiveness of the continued professionalisation of risk, control and compliance in a strongly regulated environment on the one hand and to stimulate entrepreneurship on the other hand.

The Executive Board of Directors noted that, among other things, the Board is occasionally too concerned with details and could focus more on larger issues. In addition, the two boards need to develop a shared language. In late March, the Board will hold a brainstorming session with the full Executive Board of Directors, to discuss a number of subjects that were raised in the assessment.

3. Other matters

Appointments

Executive Board of Directors members

Effective 1 November 2020, the Executive Board of Directors was expanded following the appointment of Mark Siezen as Chief Client Officer. Mark Siezen is responsible for the services to investors and the growth of the entrusted capital. In this role, he will contribute to the defined growth strategy and the continued professionalisation of the organisation.

Members of the Supervisory Board

There were no appointments or reappointments of Supervisory Board members in 2020.

Attendance of the Supervisory Board

	J.A. Nijhuis	J.H.P.M. van Lange	G.E.A. Reijnen	W.B. Verschoor
Supervisory Board	9 of 9	9 of 9	6 of 9	9 of 9
Audit, Risk & Compliance Committee		6 of 6		6 of 6
Selection & Remuneration Committee	4 of 4		4 of 4	

Meetings

Supervisory Board

The Supervisory Board met a total of nine times in 2020. The members of the Executive Board of Directors attended all of these meetings. Prior to the usual meetings, the Supervisory Board held its own consultations. Above you will find an overview of the number of meetings of the Board and its committees, together with the attendance record of the members of the Board. In connection with the Covid-19 measures, the meetings of both the Board and its committees were largely held online after March 2020.

In addition to these meetings, the chair and the other members of the Supervisory Board consulted regularly with the members of the Bouwinvest's Executive Board of Directors and its management team.

The year under review saw regular consultations involving the chair of the Supervisory Board, the chair of Audit, Risk & Compliance committee, the chairs of the board and the director of the management committee of stichting Bedrijfstakpensioenfondsvoor de Bouwnijverheid (bpfBOUW) and the Bouwinvest CEO and CFRO.

As the member appointed upon the nomination of the Works Council, Supervisory board member Wendy Verschoor is the linking pin between the Board and the Works Council. She talks to the Works Council on a regular basis.

Audit, Risk & Compliance committee

The Audit, Risk & Compliance committee consists of the members Jos van Lange (chair) and Wendy Verschoor. The committee met a total of six times in 2020.

The committee discussed the annual results and the reports of the external auditor. The committee also met with the auditor in the absence of the Executive Board of Directors. The committee also advised the Supervisory Board on the performance of the external auditor. The committee considered the performance of the auditor to be good.

The committee discussed the reports of Risk Management, Compliance and Internal Audit. It also discussed the adjustment of reporting lines of the Internal Audit Department and Compliance, which now report to the CEO and the CFRO respectively. The committee devoted a great deal of attention to the development of risk management and the framework of monitoring and control in the organisation. The steps that will need to be taken to achieve a next level risk management framework at Bouwinvest were laid down in a Risk Roadmap. The committee is monitoring the progress on this front.

Selection and Remuneration committee

The Selection and Remuneration committee consists of the members Gabriëlle Reijnen (chair) and Jos Nijhuis. The committee met a total of four times in 2020.

The committee discussed the HRM policy for the organisation and the premises for changes to this policy in view of Bouwinvest's strategy. The committee also discussed the new remuneration policy for the Executive Board of Directors. The new remuneration policies for both employees and for the Executive Board of Directors will be completed in 2021.

The committee discussed the 2020 target realisation and remuneration of the members of the Executive Board of Directors, as well as the target setting for 2021. The Selection and Remuneration committee conducted evaluation interviews with all the members of the Executive Board of Directors.

The committee devoted a great deal of attention to the appointment of the Chief Client Officer. Other subjects discussed included the new job classification system, strategic personnel planning and the employee satisfaction survey conducted in late 2019.

A word of thanks

The Supervisory Board would like to thank the members of the Executive Board of Directors and all Bouwinvest employees for their commitment and engagement and for the results in what was an exceptional year, especially for the rapid and effective response to the changes in their way of working and the proactive communications with investors regarding the impact of the Covid-19 pandemic on the investment portfolios.

Amsterdam, 22 March 2021

The Supervisory Board
Jos Nijhuis
Jos van Lange
Gabriëlle Reijnen
Wendy Verschoor

Remuneration report

General

The aim of Bouwinvest's remuneration policy for the Executive Board of Directors is to provide median level remuneration for the sector, so Bouwinvest can continue to attract, motivate and retain expert directors to ensure that Bouwinvest can safeguard the continuity of the company, realise the company's long-term objectives and take Bouwinvest to the next level.

The remuneration policy for the board is approved by the General Meeting of shareholders. If deemed necessary, the Selection and Remuneration committee proposes amendments to the Supervisory Board, which are then once again put to the General Meeting of shareholders. The remuneration policy for the Executive Board of Directors will be put to the General Meeting of shareholders for approval at least once every four years.

The main features of the remuneration policy for the Executive Board of Directors are: remuneration at median level for the sector, appropriate to the assigned tasks, a total package appropriate for that level and variable remuneration based on commercial, financial and organisational targets. The Supervisory Board sets the individual remuneration of the members of the Executive Board of Directors.

The remuneration and other employment terms and conditions of both statutory and titular directors is determined by the Supervisory Board and/or approved within the framework of this remuneration policy. The statutory directors determine the remuneration of the titular directors, following approval of that decision by Supervisory Board.

Statutory Board of Directors

The Statutory Board of Directors comprises Dick van Hal, CEO and Rianne Vedder, CFRO. Bouwinvest has closed an open-ended employment contract with Mr. Van Hal. Ms. Vedder was appointed for a four year-period as of 15 November 2019 and has fixed period employment contract for that four-year period.

Remuneration Executive Board of Directors

The remuneration for the Executive Board of Directors comprises a fixed salary and a variable remuneration. As of 1 July 2020, this remuneration was subject to indexation in line with the consumer price index (CPI) of 1.6%.

Fixed salary

The fixed salary of the CEO for 2020 was € 360,795. The fixed salary of the CFRO for 2020 was € 238,197.

Variable remuneration

The variable remuneration depends on the results achieved on set (individual) performance targets, based on commercial, financial and organisational targets. The allocation of the variable remuneration also depends on non-financial performance criteria. The variable remuneration amounts to 20% of the fixed salary for an on-target performance level and 20% of the fixed salary for a maximum performance level. The Supervisory Board determines the level of the variable remuneration and this depends on the extent to which annual targets have been met.

For 2020, the Supervisory Board set a variable remuneration of 20% for both the CEO and the CFRO, based on the targets met. The variable remuneration will be paid out in the first quarter of 2021.

Pension plan

Bouwinvest offers its employees a pension plan, which has been placed with the Personeelspensioenfonds APG (APG staff pension fund).

The basic plan is an average pay scheme with accrual of fixed and variable components, a dependant's scheme and an occupational disability pension. The basic scheme provides accrual over the pensionable income (income less franchise) with a mandatory maximum. Bouwinvest employees (including the members of the Executive Board of Directors) are compensated for any excess above this.

Other employment terms and conditions

Other employment terms and conditions include an appropriate fixed expenses allowance and a mobility allowance or lease car.

Total remuneration Statutory Board of Directors for 2020

	Fixed remuneration	Variable remuneration	Pension costs (regular contribution)	Pension costs (additional contribution)	Other allowances	Total 2020
D.J. van Hal	360,795	76,465	25,791	88,244	17,207	568,502
M.A. Vedder	238,197	9,072	23,487	23,864	13,250	307,870
Total	598,992	85,537	49,278	112,108	30,457	876,372

In 2020, Bouwinvest paid an amount of € 1.7 million in remuneration for the (statutory and titular) members of the Executive Board of Directors. € 0.9 million of this was allocated to the remuneration of the statutory directors (2019: € 0.6 million).

Remuneration Supervisory Board

The Supervisory Board remuneration policy aims to attract, motivate and retain expert supervisory directors, who supervise Bouwinvest to safeguard the continuity of the company and enable it to realise its long-term objectives.

The remuneration policy for the Supervisory Board is approved by the General Meeting of shareholders. If deemed necessary, the Selection and Remuneration committee proposes amendments to the Supervisory Board, which are then once again put to the General Meeting of shareholders. The remuneration policy for the Supervisory Board will be put to the General Meeting of shareholders for approval at least once every four years.

The remuneration for the members of the Supervisory Board comprises a fixed annual remuneration. This remuneration is not dependent on Bouwinvest's results. The remuneration for the Supervisory Board is subject to annual indexation in line with the consumer price index (CPI). As of 1 January 2020, the remuneration was indexed by 2.70%.

Remuneration of the Supervisory Board for 2020

		Remuneration 2020
J.A. Nijhuis	Chairman	46,215
J.H.P.M. van Lange	Member	35,945
G.E.A. Reijnen	Member	35,945
W.B. Verschoor	Member	35,945
Total		154,050

Members of the Supervisory Board receive no variable remuneration and are not granted any shares and/or rights to shares. The members of the Supervisory Board do not receive any loans. Nor do the members of the Supervisory Board receive any other compensation, such as travel expenses or compensation for participating in committees or attending meetings. The Chair of the Supervisory Board has the discretionary authority to reimburse exceptional expenses in whole or in part.

Remuneration policy for the Executive Board of Directors and Supervisory Board for 2021

The 2009 board remuneration policy was completely redrafted in 2020. We completely revised and updated this remuneration policy. In line with developments in the financial sector, the remuneration package of the Executive Board of Directors will no longer include any variable remuneration. We also drew up a new remuneration policy for the Supervisory Board. In 2021, the Supervisory Board will submit the revised Bouwinvest Remuneration Policy for the Executive Board of Directors and the Supervisory Board to the General Meeting for adoption.

Composition of the boards

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 on 1 March 2008. From 1999 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 Chairman of IVBN (Association of Institutional Property Investors in the Netherlands).



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 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).



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 Management Board of NEPROM (Dutch association of project development companies).



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 AFIRE and ANREV.

Composition of the Supervisory Board



The Supervisory Board consists of four members with Dutch nationality. All the members are independent.

From right to left: Gabriëlle Reijnen, Jos Nijhuis, Wendy Verschoor and Jos van Lange.

J.A. (Jos) Nijhuis

Supervisory Board chair Jos Nijhuis (1957) was CEO of the Royal Schiphol Group in the period 2009 to 2018. From 2009 to 2017, he held supervisory director positions in the financial services sector at AON Group Nederland and SNS Reaal NV/Volksbank. Prior to joining Schiphol Group, he held various positions at PwC, for the last seven year as CEO of PwC the Netherlands. Jos Nijhuis holds a number of supervisory positions, including member of the Supervisory Board of Hotel Okura Amsterdam, non-executive board member of Vision Box (Portugal), chair of the investment committee van Quadrum Capital and member of the board of the Dutch National Opera & Ballet.

J.H.P.M. (Jos) van Lange

The area of expertise of Jos van Lange (1956) is in the fields of finance, risk, control and compliance in combination with real estate. Within the Supervisory Board, he is chair of the Audit Risk & Compliance committee. From 1980 through 2017, Jos held various positions at Rabobank Nederland and the Rabo Real Estate Group. In his final years with the Rabo Real Estate Group, he was CFRO from 2006 to 2013, and CEO from 2013 to 2017. Jos van Lange holds a number of supervisory positions, including member of the Supervisory Board of De Volksbank, member of the Supervisory Board of the Zuyderland Medical Centre foundation, member of the DELA Investment advice committee, member of the board of the Tilburg University foundation and chair of the Supervisory Board of the CBF (charity sector regulator).

W.B. (Wendy) Verschoor

Wendy Verschoor (1974) is a real estate specialist and executive with more than 20 years experience in advising clients on real estate and asset management. Within the Supervisory Board, she is a member of the Audit, Risk & Compliance committee. Since April 2018, Wendy Verschoor has been running her own consultancy firm in the fields of strategy, leadership and governance. Prior to this, she was Head of Client Care at CBRE Nederland and Buildings director at Arcadis Nederland. Wendy Verschoor is a member of the Supervisory Board of Ascort, a member of the Supervisory Board of Woonstad Rotterdam and a member of the Advisory Board of Borghese Real Estate. She is also a lecturer at the Amsterdam School of Real Estate and the Tias School of Business and Society.

G.E.A. (Gabriëlle) Reijnen

Gabriëlle Reijnen (1967) has more than 25 years' experience as an executive, including positions in client and portfolio management, finance and risk. Within the Supervisory Board, she is chair of the Selection and Remuneration committee. Gabriëlle Reijnen is currently CFO at Beter Bed Holding. In addition to this, she is a member of the supervisory boards of Aegon Bank and Aspen Oss. Her previous positions include Managing Director at ABN AMRO and Alvarez & Marsal.

Financial statements

Consolidated balance sheet at 31 December

Before appropriation of result, all amounts in € thousands	Note	2020	2019
Assets			
Non-current assets			
Intangible fixed assets	1	518	513
Tangible fixed assets	2	4,460	4,838
Financial non-current assets	3	16,137	15,531
		21,115	20,882
Current assets			
Trade receivables		-	52
Receivables from associates and affiliated companies	4	98	115
Tax receivables	5	181	408
Other receivables and accrued assets		724	549
Cash and cash equivalents	6	31,804	25,939
		32,807	27,063
Total assets		53,922	47,945
Equity and liabilities			
Equity			
Equity attributable to the shareholder of Bouwinvest	7	38,726	34,416
		38,726	34,416
Provisions	8	1,540	1,235
Long-term liabilities	9	288	-
Current liabilities			
Accounts payable		40	58
Taxes and social security premiums	10	1,695	1,430
Pension premiums	11	314	717
Payables to shareholder and associates	12	5,573	5,393
Other current liabilities		3,531	2,868
Accrued liabilities		2,215	1,827
		13,368	12,294
Total equity and liabilities		53,922	47,945

Consolidated statement of profit or loss

All amounts in € thousands.

	Note	2020	2019
Management fee	12	50,329	46,129
Operating costs			
Personnel costs	13	27,728	24,594
Depreciation costs	1-2	1,318	1,217
Other operating costs	14	16,068	16,151
Total operating costs		(45,114)	(41,962)
Operating result		5,215	4,167
Result from investments in associates	15	862	1,661
Interest income and expenses	16	(195)	(131)
Result before taxes		5,882	5,697
Corporate income tax	17	(1,572)	(1,433)
Result after taxes		4,310	4,264

Consolidated statement of cash flows

All amounts in € thousands.

	2020	2019
Cash flow from operating activities		
Net result	4,310	4,264
Adjustments for:		
Depreciations	1,318	1,217
Result from investments in associates	(862)	(1,661)
Interest income and expenses	195	131
Movements in working capital and provisions and long-term liabilities:		
Movement in deferred tax assets	(140)	-
Movement in current assets	121	2,441
Movement in provisions	305	332
Movement in current and long-term liabilities	1,362	(952)
	6,609	5,772
Interest paid	(195)	(131)
Cash flow from operating activities	6,414	5,641
Cash flow from investment activities		
Investments in tangible fixed assets	(491)	(3,410)
Investments in intangible fixed assets	(455)	(6)
Investments in associates	-	-
Dividends received	397	373
Cash flow from investment activities	(549)	(3,043)
Cash flow from financing activities		
Dividends paid	-	(3,000)
Cash flow from financing activities	-	(3,000)
Net cash flow	5,865	(402)
Cash and cash equivalents as at 1 January	25,939	26,341
Increase/(decrease) in cash and cash equivalents	5,865	(402)
Cash and cash equivalents as at 31 December	31,804	25,939

Notes to the financial statements

All amounts in € thousands, unless otherwise stated.

General

Activities

Bouwinvest Real Estate Investment Management B.V. ('Bouwinvest' or 'the company'), with its head office in Amsterdam, at La Guardiaweg 4, is a private company with limited liability incorporated on 9 October 2002. The Company is registered with the Amsterdam Chamber of Commerce under number 34180506. Bouwinvest's objective is to provide real estate investment services to the Stichting Bedrijfstakpensioenfondsvoor de Bouwnijverheid (pension fund for the Dutch construction industry - bpfBOUW), to other institutional investors and to bpfBOUW group companies as defined in article 2:24b of the Dutch Civil Code.

Bouwinvest is an investment manager specialised in real estate for institutional investors. Bouwinvest manages five Dutch sector funds. Bouwinvest also manages a separate mandate for BpfBOUW for real estate investments in Europe, North America and the Asia-Pacific region. In the Netherlands, the management services cover the entire real estate chain, from acquisition, development and redevelopment to asset management and disposal. For the international investments, the management services consist primarily of defining the real estate investment strategy, fund selection and monitoring the performance of the selected fund managers and funds.

Group relationships

The company forms part of a group, headed by bpfBOUW in Amsterdam, the Netherlands. All shares in the company are held by bpfBOUW. The company's financial information is included in the financial statements of bpfBOUW. Copies are available in the trade register of the Chamber of Commerce, as well as on the bpfBOUW website.

In connection with its foreign offices in Sydney and New York (opened in mid-2020), Bouwinvest has two subsidiaries: Bouwinvest Asia Pacific PTY LTD (Australia) and Bouwinvest North America LLC (USA). Bouwinvest holds 100% of the shares in these companies.

Consolidated companies:

Company name	Registered office	Share
Bouwinvest Asia Pacific Pty Ltd	Sydney	100%
Bouwinvest North America LLC	New York	100%

Non-consolidated companies:

Company name	Registered office	Share
Bouwinvest Dutch Institutional Residential Fund N.V.	Amsterdam	0.163%
Bouwinvest Dutch Institutional Retail Fund N.V.	Amsterdam	0.222%
Bouwinvest Dutch Institutional Office Fund N.V.	Amsterdam	0.224%

Although Bouwinvest holds less than 20% of the shares in Bouwinvest Dutch Institutional Residential Fund N.V., Bouwinvest Dutch Institutional Retail Fund N.V. and Bouwinvest Dutch Institutional Office Fund N.V., these interests are classified as associated companies due to the following circumstances: (1) Bouwinvest's representation in the management of the

associated companies and (2) involvement of the participating legal entity in the determination of the strategy of the associated company. This means that Bouwinvest can exercise significant influence in these companies.

Fiscal unity for value added tax

Bouwinvest and bpfBOUW are a fiscal unity for the purposes of value added tax (VAT). BpfBOUW is the head of the fiscal unity, and in addition to Bouwinvest, this entity also includes Bouwinvest Dutch Institutional Hotel Fund N.V., Bouwinvest Dutch Institutional Healthcare Fund N.V., Bouwinvest Development B.V. and GIP Beheer B.V. for the purposes of VAT. The fiscal unity for the purposes of VAT has actually existed since 1 January 2018; the companies in this fiscal unity file their VAT returns independently.

Principles of consolidation

Bouwinvest's consolidated financial statements include the financial information of the companies that are part of the group and those of other legal entities over which Bouwinvest can exert decisive control and over which it has central control. The consolidated financial statements have been prepared in accordance with the accounting policies of Bouwinvest.

The financial information of Bouwinvest is included in the consolidated financial statements, so pursuant to the option offered by article 2:402 of the Dutch Civil Code, a condensed statement of profit or loss is included in the company financial statements.

The financial information of the group companies and other legal entities and companies included in the consolidation are included in full in the consolidated financial statements, while intra-group relations and transactions have been eliminated.

General accounting policies for the preparation of the consolidated financial statements

The financial statements have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. Assets and liabilities are valued and results are determined on a historical cost basis, unless otherwise stated.

Income and expenses are accounted for in the period to which they pertain. Profit is only included if this has been realised on the balance sheet date. Liabilities and potential losses originating before the end of the financial year are recognised if they are known before preparation of the financial statements.

The company's financial statements are presented in thousands of euro (€), unless otherwise stated.

Financial instruments

Financial instruments include both primary financial instruments (such as receivables and payables) as well as derivative financial instruments. Bouwinvest only possesses primary financial instruments, no derivatives. For the valuation principles of the primary financial instruments, see the explanatory notes per balance sheet item.

Conversion of foreign currencies

Receivables, debts and obligations in foreign currencies are converted at the exchange rate at the balance sheet date.

Transactions in foreign currencies in the reporting period are included in the financial statements at the exchange rate prevailing on the date of the transaction. The translation differences resulting from the conversion on the balance sheet date are included in the statement of profit or loss.

The foreign subsidiaries qualify as foreign business operations with a different functional currency than that of the company. For the conversion of the financial statements of these foreign business operations, the company uses the exchange rates on the balance sheet date for balance sheet items and the exchange rates on the transaction dates for the items in the statement of profit or loss. The translation differences that arise are credited or charged directly to group equity and processed in the translation reserve. This also applies to the translation differences in loans receivable that are part of the net investment in foreign business operations.

Accounting policies for the valuation of assets and liabilities

Intangible fixed assets

Intangible fixed assets are stated at purchase price less straight-line depreciations, calculated taking into account the estimated economic life of the assets in question, and less any impairments if applicable. Acquisitions in the year under review are subject to depreciation according to the proportion of the year they have been held.

Depreciation is over a period of three to five years.

Property, plant and equipment

Property, plant and equipment is are stated at purchase price less straight-line depreciations, calculated taking into account the estimated economic life of the assets in question, and less impairments if applicable. Any assets purchased in the year under review are subject to depreciation according to the proportion of the year they have been held.

Depreciation is over a period of three to ten years.

Financial non-current assets

When significant influence is exercised on their business and financial strategy, associated companies are valued at net asset value, yet never less than zero. This net asset value is calculated on the basis of the accounting policies of Bouwinvest.

When no significant influence is exercised on their business and financial strategy, associated companies are valued at purchase price less any impairment if applicable.

Any receivables from and loans to associated companies, as well as any other receivables are initially recognised at fair value and subsequently recognised at amortised cost price, less any provisions deemed necessary. These provisions are determined on the basis of individual assessments of the receivables.

The financial fixed assets include tax assets, if and insofar as it is probable that Bouwinvest will be able to realise the tax asset in due course. These tax assets are measured at face value and are predominantly of a long-term nature.

Receivables

Receivables are initially recognised at fair value and subsequently recognised at amortised cost price, less any provisions for doubtful debts. These provisions are determined on the basis of individual assessments of the receivables.

Cash and cash equivalents

Cash and cash equivalents are valued at face value. If cash equivalents are not freely disposable, this should be taken into account in the valuation of same.

Provisions

Provisions are recognised if the company has a legally enforceable or constructive obligation as a result of a past event; it is likely that an outflow of resources will be required to settle the obligation; and the amount can be estimated reliably. Provisions are taken for the cash value of the outflows that are expected to be required for the settlement of the obligation, if the impact of same is material.

Deferred tax liabilities

Deferred tax liabilities are recognised for the difference between the fiscal and commercial valuation of investments. These deferred tax liabilities are measured at face value and are predominantly of a long-term nature.

Current liabilities

Liabilities are initially recognised at fair value and subsequently measured at amortised cost price.

Management fee

The management fee is calculated on the basis of the net asset value and project revenues.

Pension expenses

The Dutch pension plan is financed through premium paid to the pension provider. The pension liabilities ensuing from the scheme are measured according to the 'liability to the pension provider approach'. According to this approach, the pension premiums to be paid to the pension provider are recognised as an expense and charged to the statement of profit or loss.

Share in the result of investments in associates

The share in the result of these associates (in which Bouwinvest exerts significant influence on the business and financial strategy) is recognised as result from investments in associates. This result is determined according to the accounting policies and policies for the determination of results prevailing at Bouwinvest.

Taxes

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes, and with deferred tax assets (if applicable) only recognised in so far as their realisation is likely.

Note to the statement of cash flows, general accounting policies

The cash flow statement is prepared according to the indirect method. The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents are considered to be highly liquid investments. Interest income and expenses are recognised in the cash flow from ordinary operations.

Notes to the consolidated balance sheet

All amounts in € thousands, unless otherwise stated.

1 Intangible fixed assets

	2020	2019
Carrying amount as at 1 January	513	1,041
Investments	455	6
Depreciations	(450)	(534)
Carrying amount as at 31 December	518	513
Purchase value	2,424	1,969
Derecognition of old software	-	-
Cumulative depreciations	(1,906)	(1,456)
Carrying amount as at 31 December	518	513

Intangible fixed assets pertain to investments in software.

2 Property, plant and equipment

	Leasehold Improvements	Equipment	Total 2020	Total 2019
Carrying amount as at 1 January	3,836	1,002	4,838	2,111
Investments	441	50	491	3,410
Depreciations	(514)	(355)	(869)	(683)
Carrying amount as at 31 December	3,763	697	4,460	4,838
Purchase value	4,631	1,820	6,451	12,560
Derecognition of old renovations and business equipment	-	(111)	(111)	(6,600)
Cumulative depreciations	(868)	(1,012)	(1,880)	(1,122)
Carrying amount as at 31 December	3,763	697	4,460	4,838

3 Financial non-current assets

	2020	2019
Investments in associates	15,997	15,531
Deferred tax asset	140	-
Total	16,137	15,531

The deferred tax asset pertains to the difference between the fiscal and commercial carrying values of property, plant and equipment and intangible fixed assets. In fiscal terms, assets cannot be depreciated more quickly than over five years, while some assets have a shorter commercial depreciation term.

The movements in the investments in associates included in the financial fixed assets were as follows:

	Book value 31-12-2019	Deposit/ repayment	Dividend	Result 2020	Book value 31-12-2020
Bouwinvest Dutch Institutional Residential Fund N.V. (0.2%)	10,831	-	(256)	731	11,306
Bouwinvest Dutch Institutional Retail Fund N.V. (0.2%)	2,166	-	(88)	22	2,100
Bouwinvest Dutch Institutional Office Fund N.V. (0.2%)	2,534	-	(52)	109	2,591
Total	15,531	-	(396)	862	15,997

	Book value 31-12-2018	Deposit/ repayment	Dividend	Result 2019	Book value 31-12-2019
Bouwinvest Dutch Institutional Residential Fund N.V. (0.2%)	9,926	-	(227)	1,132	10,831
Bouwinvest Dutch Institutional Retail Fund N.V. (0.3%)	2,170	-	(102)	98	2,166
Bouwinvest Dutch Institutional Office Fund N.V. (0.3%)	2,147	-	(44)	431	2,534
Total	14,243	-	(373)	1,661	15,531

4 Receivables from associates and affiliated companies

	2020	2019
Bouwinvest Retail Fund N.V.	91	91
Bouwinvest Retail Development B.V.	-	14
Bouwinvest Office Development B.V.	-	4
Bouwinvest Hotel Development B.V.	7	6
Total	98	115

€ 91,000 (2019: € 109,000) of the receivables from associates and affiliated companies pertains to receivables from associates in which the group can exert significant influence. € nil (2019: € nil) of this is of a long-term nature.

5 Taxes

	2020	2019
Value added tax	121	41
Dividend tax	60	52
Corporate income tax	-	315
Total	181	408

6 Cash and cash equivalents

	2020	2019
Bank balances	31,804	25,939
Total	31,804	25,939

The cash and cash equivalents are freely available to the company.

7 Group equity

Below you will find an overview of the comprehensive income as part of the movements in group equity. For a more detailed explanation of the share of the legal entities in the group equity, see the note to the shareholders' equity in the company financial statements.

	2020	2019
Equity attributable to the shareholder of Bouwinvest at 1 January	34,416	33,152
Consolidated result after taxes	4,310	4,264
Other comprehensive income	-	-
Comprehensive income	4,310	4,264
Dividends paid	-	(3,000)
Equity attributable to the shareholder of Bouwinvest at 31 December	38,726	34,416

8 Provision deferred tax liabilities

	2020	2019
Balance at 1 January	1,235	903
Additions	305	332
Released	-	-
Balance at 31 December	1,540	1,235

A deferred tax liability of € 1.5 million has been recognised for the difference between the fiscal and commercial valuation of the participations of € 6.2 million at year-end 2020 (2019: € 5.6 million). The deferred tax liability is of a long-term nature. The addition of € 0.3 million includes € 0.2 million for the change in the future tax rate to 25.0% from 21.7% and € 0.1 million for the change in the commercial valuation of the participation.

9 Long-term liabilities

	2020	2019
Received lease incentive headquarters Amsterdam	288	-
Total	288	-
Amount due between one and five years	128	-
Amount due after five years	160	-
Total	288	-

The short-term part of the received rental incentive amounting to € 32,000 is recognised in the other liabilities.

10 Taxes and social security premiums

	2020	2019
Payroll taxes	1,398	1,420
Corporate income tax	297	10
Total	1,695	1,430

11 Pension premiums

The movement in short-term liabilities related to pensions was as follows:

	2020	2019
Balance as at 1 January	717	660
Payment relating to previous years	(717)	(660)
	-	-
Premiums due for the financial year	3,628	2,621
Payments relating to the financial year	(3,314)	(1,904)
Total	314	717

12 Payables to shareholder and associates

	2020	2019
Payable bpfBOUW	5,344	4,986
Payable Office Fund N.V.	-	407
Payable Residential Fund N.V.	229	-
Total	5,573	5,393

The amount of € 229,000 (2019: € 407,000) of the payables to the shareholder and associates pertains to associated companies in which the group can exert significant influence. Of this amount, € nil (2019: € nil) is of a long-term nature.

Financial instruments

The group does not possess any derivative financial instruments, and a number of primary financial instruments, such as receivables and payables. For the explanation of the primary financial instruments, see the specific explanatory note per item. Below you will find an explanation of the most significant financial risks.

- **Credit risk:** Credit risk is the risk of financial losses for the company if a client or counter party fails to meet its contractual obligations with respect to a financial instrument. The company runs credit risk on the cash and cash equivalents and the registered receivables. The credit risk on receivables is limited, as Bouwinvest provides services for creditworthy parties and the open balance of receivables is generally low. The risk related to cash and cash equivalents is mitigated by using only systemic banks.
- **Liquidity risk:** Liquidity risk is the risk that the company will find it difficult to meet its financial obligations. The company has sufficient cash and cash equivalents and other current assets available to meet its financial obligations.
- **Interest rate risk:** the company has limited exposure to interest rate risk, as it does not use borrowed capital for its financing. The company pays a floating interest rate on the balances held in its bank accounts. If permitted on the basis of minimum capital, any surplus balance is transferred and paid out as dividend to the shareholder.
- **Exchange rate risk:** The company has limited exposure to exchange rate risk, as very little of the carrying value of receivables and payables is in a foreign currency. There is no need to hedge exchange rate risks.

Off balance sheet rights and obligations

Investment management agreements

Bouwinvest has management agreements with the Dutch funds it manages. These agreements are for an indefinite period and compensation after termination by the fund is a two year management fee. In addition Bouwinvest has signed three investment management agreements with stichting Bedrijfstakpensioenfonds voor de Bouwnijverheid (the pension fund for the

construction industry – bpfBOUW) for the management of its international real estate portfolio. These three investment management agreements are open-ended. These agreements can be terminated each year, with a period of notice of two years. The management fee is calculated on the basis of net asset value.

Rental and lease contracts

All amounts in € thousands	2020	2019
First year	4,197	3,832
Second to fifth year	8,098	6,786
More than five years	6,312	7,489
Total	18,607	18,107

Note to the consolidated statement of profit or loss

All amounts in € thousands, unless otherwise stated.

13 Management fee

Bouwinvest receives a management fee totalling € 50.3 million (2019: € 46.1 million), consisting of € 50.2 million (2019: € 45.2 million) on the basis of the net asset value. The fee for project development activities amounted to € 0.1 million (2019: € 0.9 million) on the basis of the invoiced instalments.

Bouwinvest delivers real estate services to the following funds and entities (group companies as defined in article 2:24b of the Dutch Civil Code). The total managed capital of the company is shown below.

	2020	2019
Bouwinvest Dutch Institutional Residential Fund N.V.	6,931,287	6,529,289
Bouwinvest Dutch Institutional Retail Fund N.V.	945,699	979,393
Bouwinvest Dutch Institutional Office Fund N.V.	1,154,720	1,077,155
Bouwinvest Dutch Institutional Hotel Fund N.V.	344,320	333,192
Bouwinvest Dutch Institutional Healthcare Fund N.V.	380,381	262,368
Bouwinvest Development B.V.	55,353	64,779
bpfBOUW (mandaten International Investments & Heritage)	3,588,557	3,687,279
Total	13,400,317	12,933,455

The management fee is calculated as 0.5% of the net asset value for the funds and 0.25% of the net asset value for bpfBOUW's international investments.

	2020	2019
Bouwinvest Dutch Institutional Residential Fund N.V.	27,755	25,133
Bouwinvest Dutch Institutional Retail Fund N.V.	4,905	4,897
Bouwinvest Dutch Institutional Office Fund N.V.	5,486	4,852
Bouwinvest Dutch Institutional Hotel Fund N.V.	1,796	1,396
Bouwinvest Dutch Institutional Healthcare Fund N.V.	1,434	1,139
Bouwinvest Development B.V.	311	317
Mandaten International Investments	8,151	8,395
Fiduciary services	491	0
Total	50,329	46,129

14 Personnel costs

	2020	2019
Wages and salaries	19,229	17,388
Social security charges	1,924	1,779
Pension fund charges	3,628	2,621
Temporary staff	2,947	2,806
Total	27,728	24,594

The pension expenses to be attributed to the financial year under review can be specified as follows:

	2020	2019
Pension fund agreements chargeable to the financial year	4,128	3,064
Deductions	(500)	(443)
Total	3,628	2,621

In line with the Dutch pension system, this pension plan is financed through contributions (premiums) to an industry pension fund. For Bouwinvest, this is APG's Ondernemingspensioenfonds (OPF).

The accrued pension entitlements are always fully funded in the calendar year in question via – at the very least – cost-effective premium payments. The pension plan is a career average plan, with a single payment scheme, for both active and inactive (sleepers and retired persons) participants. The granting of supplements (indexation) depends on the investment return. The pension premium for the basic pension plan amounted to 28.7% of the pensionable salary in 2020 (2019: 23.8%), with a maximum of € 110,111 (2019: € 107,593). The annual employee contribution is at least 1.75% (2019: 1.75%) and is capped at 4.2% (2019: 4.2%) of the gross salary. The management board of the industry pension fund determines the contribution each year on the basis of the coverage ratio and expected returns.

In addition to this basic scheme, which is mandatory for every Bouwinvest employee, Bouwinvest also has a net pension scheme (*Netto Pensioen Regeling - NPR*), which is offered to employees with a total fixed income above the permissible fiscal limit of € 110, 111 (2018: 107,593). These employees receive an employer contribution amounting to the maximum deposit in a net pension scheme. Participation in the net pension scheme is voluntary.

The industry pension fund in question has stated that its coverage ratio was 96.1 % in 2020 (2019: 105.2%). On the basis of the agreed pension scheme, the group has no obligation to make additional contributions in the event of a deficit, other than in the form of higher future contributions.

Employees

The number of employees stood at 191 FTEs at year-end 2020 (2019: 185 FTEs). The average number of employees in 2020 was 189 FTEs (2018: 175 FTEs). The average number of employees working abroad was three in 2020 (2019: two).

Executive Board of Directors and Supervisory Board remuneration

In 2020, Bouwinvest paid total remuneration of € 1.7 million to the members of the Executive Board of Directors (2019 € 1.4 million). Of this, € 0.9 million was allocated to the statutory directors (2019: € 0.6 million).

In 2020, Bouwinvest paid total remuneration of € 154,050 (2019: € 105,000) to the members of the Supervisory Board of the legal entity.

15 Other operating expenses

	2020	2019
Office expenses	2,638	2,257
Automation expenses	4,395	4,428
Other personnel costs	3,075	3,274
Communications expenses	1,055	978
Consultancy costs	1,063	1,031
Research and Investor Relations costs	539	590
Non-deductible VAT	2,677	2,792
Other expenses	626	801
Total	16,068	16,151

The lease and sub-lease payments included in the statement of profit or loss can be specified as follows:

	2020	2019
Minimum lease payments leased cars	768	1,132
Minimum lease payments office building	1,169	1,010
Minimum lease payments office automation	26	28
Total	1,963	2,170

The minimum lease payments for lease cars also include fuel costs.

Auditor's fees:

	2020	2019
Audit of the financial statements	45	20
Other audit engagements	118	75
Other non-audit engagements	19	19
Total	182	114

16 Result from investments in associates

	2020	2019
Bouwinvest Dutch Institutional Residential Fund N.V. (0.2%)	731	1,132
Bouwinvest Dutch Institutional Retail Fund N.V. (0.2%)	22	98
Bouwinvest Dutch Institutional Office Fund N.V. (0.2%)	109	431
Total	862	1,661

17 Interest income and expenses

	2020	2019
Interest expenses	(187)	(131)
Exchange rate differences	(8)	-
Total	(195)	(131)

18 Corporate income tax

	2020	2019
Current tax expense	(1,407)	(1,101)
Deferred tax income	140	-
Deferred tax liability	(305)	(332)
Total	(1,572)	(1,433)

Effective tax rate

	%	2020	%	2019
Result before taxes		5,882		5,697
Income tax expenses at statutory tax rate	25.0%	1,471	25.0%	1,424
Application of lower tax rate corporate income tax (until € 200.000)	-0.3%	(17)	-0.2%	(12)
Investments in associates valued at cost for tax purposes	-2.0%	(116)	-5.7%	(322)
Non-taxable expenses	0.3%	19	0.2%	10
Lower depreciation for tax purposes	0.2%	11	0.0%	-
Application local tax rates of foreign group companies	0.4%	26	0.0%	1
Effect deferred tax assets and liabilities	2.8%	165	5.8%	332
Income tax previous years	0.2%	13	0.0%	-
Corporate income tax effective tax rate	26.7%	1,572	25.2%	1,433

Subsequent events

There were no significant events after the balance sheet date.

8 Exhibition Street Asia-Pacific Mandate

Melbourne
Australia



Company balance sheet as at 31 December

Before appropriation of result, all amounts in € thousands	Note	2020	2019
Assets			
Non-current assets			
Intangible fixed assets		519	513
Tangible fixed assets		4,460	4,838
Financial non-current assets	1	16,350	15,656
		21,329	21,007
Current assets			
Trade receivables		-	28
Receivables from subsidiaries, associates and affiliated companies		122	115
Tax receivables		178	405
Other receivables and accrued assets		665	546
Cash and cash equivalents		31,523	25,851
		32,488	26,945
Total assets		53,817	47,952
Equity and liabilities			
Issued capital		225	225
Share premium		41,367	41,367
Statutory reserve participations		4,621	4,461
Other reserves		(11,797)	(15,901)
Net result for the year		4,310	4,264
Shareholders' equity	2	38,726	34,416
Provisions		1,540	1,235
Long-term liabilities		288	-
Accounts payable		40	58
Taxes and social security premiums		1,664	1,368
Pension premiums		314	717
Payables to shareholder and associates		5,573	5,393
Other liabilities		3,458	2,938
Accrued liabilities		2,214	1,827
Current liabilities		13,263	12,301
Total equity and liabilities		53,817	47,952

Company statement of profit or loss

All amounts in € thousands

	Note	2020	2019
Result from investments in subsidiaries and associates	1	859	1,684
Other income and expenses after taxes		3,451	2,580
Result after taxes		4,310	4,264

Notes to the company financial statements

All amounts in € thousands, unless otherwise stated.

General accounting policies for the preparation of the company financial statements

The company financial statement have been prepared in accordance with the provisions of Part 9, Book 2 of the Dutch Civil Code.

For the general accounting principles for the preparation of the company financial statements, the policies for the valuation of assets and liabilities and the determination of the result, as well as for the notes to specific assets and liabilities and the results, see the notes to the consolidated financial statements, insofar as not otherwise stated hereafter.

Accounting policies for the valuation of assets and liabilities

Investments in subsidiaries

Investments in subsidiaries in which Bouwinvest exerts significant influence on the business and financial strategy, are valued according to the net asset value, yet never less than zero. The net asset value is calculated on the basis of the accounting policies of Bouwinvest. If the net asset value is negative, the participation is valued at zero. This valuation also takes into account other long-term interests that must in fact be regarded as part of the net investment in the subsidiary. If the company stands as surety for all or part of the debts of the subsidiary in question, or is in fact obliged to enable said subsidiary to pay (the company's pro rata share of) its debts, Bouwinvest will form a provision. When determining the amount of this provision, Bouwinvest takes into account provisions for doubtful debts already deducted from the receivables due from the subsidiary.

Statutory reserve for investments in associates

The statutory reserve for investments in associates is formed at the level of Bouwinvest's share in the results and direct multiples of the associates since the initial valuation of these associates at net asset value, insofar as Bouwinvest can effect payments without any limitations. The statutory reserve for investments in associates is determined on an individual basis.

Notes to the company balance sheet

All amounts in € thousands, unless otherwise stated.

1 Financial non-current assets

	2020	2019
Investments in subsidiaries and associates	16,210	15,656
Deferred tax asset	140	-
Total	16,350	15,656

The deferred tax asset pertains to the difference between the fiscal and commercial carrying values of property, plant and equipment and intangible fixed assets. In fiscal terms, assets cannot be depreciated more quickly than over five years, while some assets have a shorter commercial depreciation term.

The movements in the investments in subsidiaries and associates included in the financial non-current assets were as follows:

	Book value 31-12-2019	Deposit/ repayment	Dividend	Result 2020	Book value 31-12-2020
Bouwinvest Dutch Institutional Residential Fund N.V. (0.2%)	10,831	-	(256)	731	11,306
Bouwinvest Dutch Institutional Retail Fund N.V. (0.2%)	2,166	-	(88)	22	2,100
Bouwinvest Dutch Institutional Office Fund N.V. (0.2%)	2,534	-	(52)	109	2,591
Bouwinvest Asia Pacific Pty Ltd (100%)	125	-	-	6	131
Bouwinvest North America LLC (100%)	-	91	-	(9)	82
Total	15,656	91	(396)	859	16,210

	Book value 31-12-2018	Deposit/ repayment	Dividend	Result 2019	Book value 31-12-2019
Bouwinvest Dutch Institutional Residential Fund N.V. (0.2%)	9,926	-	(227)	1,132	10,831
Bouwinvest Dutch Institutional Retail Fund N.V. (0.3%)	2,170	-	(102)	98	2,166
Bouwinvest Dutch Institutional Office Fund N.V. (0.3%)	2,147	-	(44)	431	2,534
Bouwinvest Asia Pacific Pty Ltd (100%)	-	102	-	23	125
Bouwinvest North America LLC (100%)	-	-	-	-	-
Total	14,243	102	(373)	1,684	15,656

Bouwinvest Asia Pacific Pty Ltd (Bouwinvest APAC) is a Bouwinvest subsidiary, founded on 21 December 2018. Acting as a representative office, Bouwinvest APAC advises Bouwinvest on the selection and management of real estate investments in the Asia-Pacific region on the basis of a Service Agreement with Bouwinvest. In addition, the subsidiary provides Bouwinvest with support services, such as market analyses and hold/sell analyses.

Bouwinvest North America LLC (Bouwinvest US) is a Bouwinvest subsidiary, founded on 2 January 2019. Acting as a representative office, Bouwinvest North America LLC advises Bouwinvest on the selection and management of real estate investments on the North American continent on the basis of a Service Agreement with Bouwinvest. In addition, the subsidiary provides Bouwinvest with support services, such as market analyses and hold/sell analyses.

2 Shareholders' equity

2020, before appropriation of result

	Issued capital	Share premium	Statutory reserve investments in associates	Other reserves	Retained earnings	Total equity
Balance at 1 January 2020	225	41,367	4,461	(15,901)	4,264	34,416
Net result for the year	-	-	-	-	4,310	4,310
Appropriation of result	-	-	-	4,264	(4,264)	-
Change in statutory reserve investments in associates	-	-	160	(160)	-	-
Dividends paid	-	-	-	-	-	-
Balance at 31 December 2020	225	41,367	4,621	(11,797)	4,310	38,726

2019, before appropriation of result

	Issued capital	Share premium	Statutory reserve investments in associates	Other reserves	Retained earnings	Total equity
Balance at 1 January 2019	225	41,367	3,504	(15,119)	3,175	33,152
Net result for the year	-	-	-	-	4,264	4,264
Appropriation of result	-	-	-	3,175	(3,175)	-
Change in statutory reserve investments in associates	-	-	957	(957)	-	-
Dividends paid	-	-	-	(3,000)	-	(3,000)
Balance at 31 December 2019	225	41,367	4,461	(15,901)	4,264	34,416

Share capital

The shares have a nominal value of one euro. At 31 December 2020, Bouwinvest had a total of 225,000 issued and fully paid up ordinary shares.

Statutory reserve for investments in associates

Bouwinvest has formed a statutory reserve for its financial position in the real estate funds. The movements in the statutory reserve item were as follows:

	2020	2019
Balance at 1 January	4,461	3,504
Additions	160	957
Released	-	-
Balance at 31 December	4,621	4,461

Appropriation of 2019 result

On 12 April 2020, the General Meeting adopted the 2019 financial statements. The General Meeting resolved to add € 4,264,000 of the result for 2019 to the retained earnings.

Proposal for the appropriation of the 2020 result

It will be proposed to the General Meeting that it approve the addition of the result for 2020, amounting to € 4,310,000, to the retained earnings in line with the capital policy. The addition of the result to the reserves will facilitate the growth of the company with strengthened shareholders' equity.

This proposal has not yet been included in the financial statements.

Off-balance sheet rights and liabilities

Investment management agreements

Bouwinvest has management agreements with the Dutch funds it manages. These agreements are for an indefinite period and compensation after termination by the fund is a two year management fee. In addition, Bouwinvest has signed three investment management agreements with stichting Bedrijfstakpensioenfonds voor de Bouwnijverheid (the pension fund for the construction industry – bpfBOUW) for the management of its international real estate portfolio. These three investment management agreements are open-ended. These agreements can be terminated each year, with a period of notice of two years. The management fee is calculated on the basis of net asset value.

Rental and lease contracts

All amounts in € thousands

	2020	2019
First year	4,142	3,832
Second to fifth year	8,098	6,786
More than five years	6,312	7,489
Total	18,552	18,107

Fiscal unity for value added tax

Bouwinvest and bpfBOUW are a fiscal unity for the purposes of value added tax (VAT). BpfBOUW is the head of the fiscal unity, and in addition to Bouwinvest, this entity also includes Bouwinvest Dutch Institutional Hotel Fund N.V., Bouwinvest Dutch Institutional Healthcare Fund N.V., Bouwinvest Development B.V. and GIP Beheer B.V. for the purposes of VAT. The fiscal unity for the purposes of VAT has actually existed since 1 January 2018; the companies in this fiscal unity file their VAT returns independently.

Signing of the financial statements

Amsterdam, 22 March 2021

The Executive Board of Directors

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*

The Supervisory Board

Jos Nijhuis
Jos van Lange
Gabriëlle Reijnen
Wendy Verschoor

Other information

Provisions of the articles of association pertaining to the appropriation of profit

Profit is appropriated in accordance with Article 4 of the Articles of Association, which stipulates that the General Meeting of Shareholders decides which portion of the profit shall be added to the reserves. The remaining profit is at the disposal of the General Meeting of Shareholders.

Independent auditor's report

To the shareholder and the Supervisory Board of Bouwinvest Real Estate Investors B.V.

Report on the 2020 financial statements included in the annual report

Our opinion

We have audited the 2020 financial statements of Bouwinvest Real Estate Investors B.V., based in Amsterdam.

In our opinion the financial statements included in this annual report give a true and fair view of the financial position of Bouwinvest Real Estate Investors B.V. as at 31 December 2020 and of its result for 2020, in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The consolidated and company balance sheet as at 31 December 2020.
2. The consolidated and company statement of profit or loss for 2020.
3. The notes comprising a summary of the accounting policies for financial reporting and other explanatory information.

Basis for our opinion

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

We are independent of Bouwinvest Real Estate Investors B.V. as required by the Dutch Audit Firms Supervision Act (*Wet toezicht accountantsorganisaties - Wta*), the Regulation pertaining to the independence of auditors in audit assignments (*Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten - ViO*) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Regulation pertaining to the code of ethical and professional conduct for auditors (*Verordening gedrags- en beroepsregels accountants - VGBA*).

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

Report on the other information included in the annual report

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

- Message from the CEO
- Report of the Executive Board of Directors
- Report of the Supervisory Board
- Other information

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

- Is consistent with the financial statements and does not contain any material misstatements.
- Includes all the information that is required by virtue of Part 9 of Book 2 of the Dutch Civil Code.

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

By performing these procedures, we complied 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 less extensive 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 Message from the CEO, the Report of the Executive Board of Directors, the Report of the Supervisory Board, the composition of the boards, and the other information, in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities for the financial statements

Responsibilities of the Executive Board of Directors and the Supervisory Board for the financial statements

The Executive Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. In this context, the Executive Board of Directors is responsible for such internal controls as the Executive Board of Directors deems necessary to enable the preparation of 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 aforementioned financial reporting framework, the Executive Board of Directors is supposed to prepare the financial statements on the assumption that the company will continue as a going concern, unless the Executive Board of Directors either intends to liquidate the company or to cease operations, or if the termination of the company is the only realistic alternative.

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

The Supervisory Board is responsible for the supervision of the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility 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 have detected all material errors and fraud during our audit.

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

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Auditing Standards, ethical requirements and independence requirements. Our audit included the following procedures:

- Identifying and assessing the risks of material misstatements in the financial statements, whether due to fraud or error, designing and performing audit procedures in response 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, the intentional omission of transactions, misrepresentations, or the overriding of internal controls.
- Gaining an understanding of the internal controls relevant to the audit, in order to select audit procedures that are appropriate in the circumstances. These activities are not for the purpose of expressing an opinion on the effectiveness of the company's internal controls.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and evaluating the reasonableness of the estimates made by the Executive Board of Directors and the notes on same in the financial statements.
- Reaching a conclusion on whether the Executive Board of Directors' assumption regarding the company's ability to continue as a going concern is acceptable. And, based on the audit evidence obtained, reaching a conclusion on whether there is any material uncertainty regarding events or circumstances that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that there is some material uncertainty, we are required to draw attention in our auditor's report to the related disclosures in the financial statements. If such disclosures are inadequate, we are required 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 render the company unable to continue as a going concern.
- Evaluating the presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements give a true and fair representation of the underlying transactions and events.

In view of our ultimate responsibility for our opinion, we are responsible for the management, supervision and performance of the group audit. For this purpose, we determined the nature and scope of the procedures to be performed for the various group entities. This is determined on the basis of the size and/or risk profile of the group entities or the activities. On this basis, we selected the group entities for which an audit or evaluation of the full financial information or specific items was necessary.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant shortcomings in internal controls that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with the Supervisory Board regarding any and all business relationships and other matters that could reasonably be thought to have a bearing on our independence and, where applicable, any related measures taken to safeguard our independence.

Amsterdam, 22 March 2020

Deloitte Accountants B.V.

Signed on the original: R. Maarschalk RA

Appendices

Results

responsible investment

Results responsible investment

81% of total portfolio consists of investments with above-average sustainability ratings (GRESB 4/5 Stars) (2019: 81%).

100% of the Dutch investments had GRESB 4/5-star ratings in 2020 (2019: 100%).

28% of the investments in the international mandates had GRESB 4/5-star ratings (2019: 35%).

Transparency:

As they did the previous year, all the Dutch sector funds participated in GRESB.

83% of the international mandates (on the basis of invested capital) participated in GRESB. This was an increase of 4% compared with 2019.

Sustainability performance:

The Dutch funds had an average GRESB score of 88 points (2019: 85).

The average GRESB score of the international mandates in 2020 (71 points) was seven points lower than in 2019 and was one point higher than the GRESB global average for 2020 (70 points)*.

Sustainable building certificates

97% of the Dutch fund investments (by surface area) has received a sustainable building certificate (2019: 98%).

The international mandates scored an average of 51 points (2019: 57 points) in the sustainable building certificate section of the GRESB survey.

Reducing environmental impact

Renewable energy

The buildings in the Dutch funds had been fitted with 15.6 Megawatt peak of solar panels in 2020. This was an increase of 5.0 Megawatt peak vs. 2019.

5.2% of the energy consumption of the international investments came from renewable sources*.

Reduction of energy consumption:

In the Dutch portfolio, we realised a 15.5% (like-for-like) reduction in energy consumption and a 16.5% reduction in CO₂ emissions vs. 2019.

Energy consumption in the international mandates was 4% lower than in the previous year and GHG emissions increased by 2%*.

Energy-efficient buildings:

98% of the Dutch portfolio had a green energy label (60% A labels) and the average energy index improved to 1.03.

70% of the construction projects are registered as Considerate Construction sites (2019: 51%).

Achieved: client satisfaction score of 7.8 (2019: 7.8)

Achieved: tenant satisfaction score of 7.5 (2019: 7.3)

21 Bouwinvest employees have active positions in 40 boards or working groups of sector organisations, including: IVBN, ANREV, INREV, AFIRE, VBA, ULI, DGBC and NEPROM.

* Results of the most recent GRESB benchmark 2020

GRI

content index

Organisational profile

GRI Standard	GRI disclosure	Reference or information	Omissions
102 (2016)	General Disclosures		
102-1	Name of the organization	Notes to the consolidated financial statements - General	
102-2	Activities, brands, products, and services	Notes to the consolidated financial statements - General	
102-3	Location of headquarters	Notes to the consolidated financial statements - General	
102-4	Location of operations	Notes to the consolidated financial statements - General	
102-5	Ownership and legal form	Corporate governance - Legal structure	
102-6	Markets served	How Bouwinvest creates value - Strategic focus How Bouwinvest creates value - Market proposition Corporate governance	
102-7	Scale of the organization	How Bouwinvest creates value- Market proposition Our social and financial returns Balance sheet as at 31 December Statement of profit and loss Notes to the financial statements - General	
102-8	Information on employees and other workers	There is no substantial use of interim personnel and the company is not subject to seasonal patterns that have an impact on the number of employees. Social data	
102-9	Supply chain	15 Other operating expenses	This standard is not applicable given the nature of the company's activities
102-10	Significant changes to the organization and its supply chain	Report of the Supervisory Board - Strategic plan Bouwinvest Corporate Governance	
102-11	Precautionary Principle or approach	Integrated risk management	
102-12	External initiatives	Bouwinvest and the world around us	
102-13	Membership of associations	5 Satisfied and engaged employees	

Strategy

GRI Standard	GRI disclosure	Reference or information	Omissions
102 (2016)	General Disclosures		
102-14	Statement from senior decision-maker	Message from the CEO	

Ethics & Integrity

GRI Standard	GRI disclosure	Reference or information	Omissions
102 (2016)	General Disclosures		
102-16	Values, principles, standards, and norms of behavior	Bouwinvest code of conduct - https://www.bouwinvest.com/media/4118/bouwinvest-code-of-conduct-2018.pdf	

Governance

GRI Standard	GRI disclosure	Reference or information	Omissions
102 (2016)	General Disclosures		
102-18	Governance structure	Corporate governance	

Stakeholder engagement

GRI Standard	GRI disclosure	Reference or information	Omissions
102 (2016)	General Disclosures		
102-40	List of stakeholder groups	How Bouwinvest creates value	
102-41	Collective bargaining agreements	Corporate governance - Works council	
102-42	Identifying and selecting stakeholders	Material aspects	
102-43	Approach to stakeholder engagement	Material aspects	
102-44	Key topics and concerns raised	Material aspects	

Reporting practice

GRI Standard	GRI disclosure	Reference or information	Omissions
102 (2016)	General Disclosures		
102-45	Entities included in the consolidated financial statements	Notes to the balance sheet - 3 Non-current assets	
102-46	Defining report content and topic boundaries	Notes to the financial statements - General About this report	
102-47	List of material topics	Material aspects	
102-48	Restatements of information	About this report - Reporting policy and guidelines	
102-49	Changes in reporting	How Bouwinvest creates value - The key themes	
102-50	Reporting period	About this report - Scope of this report	
102-51	Date of most recent report	About this report - Scope of this report	
102-52	Reporting cycle	About this report - Scope of this report	
102-53	Contact point for questions regarding the report	Feedback	
102-54	The reporting organization shall report the following information:	About this report - Reporting policy and guidelines	
102-55	GRI content index	GRI content index	
102-56	External assurance	About this report - Data collection and verification of non-financial data	

Integrity and transparency

GRI Standard	GRI disclosure	Reference or information	Omissions
103 (2016)	Disclosure of Management Approach (DMA)		
103-1	Explanation of the material topic and its boundaries	Progress per material aspect - Integrity and transparency	
103-2	The management approach and its components	Progress per material aspect - Integrity and transparency Our social and financial returns Compliance Bouwinvest code of conduct - https://www.bouwinvest.com/media/4118/bouwinvest-code-of-conduct-2018.pdf	
103-3	Evaluation of the management approach	Report of the Supervisory Board	
205-3 (2016)	Confirmed incidents of corruption and actions taken	Reports and advice	

Reduction of CO₂ emissions

GRI Standard	GRI disclosure	Reference or information	Omissions
103 (2016)	Disclosure of Management Approach (DMA)		
103-1	Explanation of the material topic and its boundaries	Progress per material aspect - Reducing CO ₂ emissions Data collection and verification non-financial data - Report on environmental data Glossary - Reduction of energy consumption, 'like-for-like' reduction of emissions	
103-2	The management approach and its components	Progress per material aspect - Reducing CO ₂ emissions Our social and financial returns Data collection and verification of non-financial data	
103-3	Evaluation of the management approach	Progress per material aspect Reducing environmental impact About this report - Data collection and verification of non-financial data	
305-5 (2016)	Reduction of GHG emissions	Progress per material aspect - Reduction of CO ₂ emissions Results responsible investments - Energy reduction ESG performance indicators - Reducing environmental impact About this report - Reporting environmental data About this report - Data collection and verification of non-financial data Results of the real estate portfolio	
305-4	GHG emissions intensity	ESG performance indicators - Reducing environmental impact Glossary - 'like-for-like' reduction of emissions	

Satisfied tenants and users

GRI Standard	GRI disclosure	Reference or information	Omissions
103 1-3 (2016)	Disclosure of Management Approach (DMA)		
103-1	Explanation of the material topic and its Boundaries	Progress per material aspect - Satisfied tenants and users	
103-2	The management approach and its components	Directors' report Progress per material aspect - Satisfied tenants and users	
103-3	Evaluation of the management approach	Progress per material aspect - Satisfied tenants and users	

Company-specific, not directly related to GRI or SASB standard	Average tenant satisfaction	Results responsible investment	
Prioritising client interests			
GRI Standard	GRI disclosure	Reference or information	Omissions
103 1-3 (2016)	Disclosure of Management Approach (DMA)		
103-1	Explanation of the material topic and its Boundaries	Progress per material aspect - Prioritising client interests	
103-2	The management approach and its components	Directors' report Progress per material aspect - Prioritising client interests	
103-3	Evaluation of the management approach	Message from the CEO Progress per material aspect - Prioritising client interests	
Company-specific, not directly related to GRI or SASB standard	Average client appreciation	ESG performance indicators - Social data Resultaten responsible investment	
Satisfied and engaged employees			
GRI Standard	GRI disclosure	Reference or information	Omissions
103 1-3 (2016)	Disclosure of Management Approach (DMA)		
103-1	Explanation of the material topic and its Boundaries	Progress per material aspect - Satisfied and engaged employees	
103-2	The management approach and its components	Satisfied and engaged employees Results management organisation	
103-3	Evaluation of the management approach	Satisfied and engaged employees Results management organisation	
Company-specific, not directly related to GRI or SASB standard	Average employee satisfaction	ESG performance indicators - Social data	
Cyber security and privacy			
GRI Standard	GRI disclosure	Reference or information	Omissions
103 1-3 (2016)	Disclosure of Management Approach (DMA)		
103-1	Explanation of the material topic and its Boundaries	Progress per material aspect - Cyber security and privacy	
103-2	The management approach and its components	Progress per material aspect - Cyber security and privacy	
103-3	Evaluation of the management approach	Progress per material aspect - Cyber security and privacy	
418-1 (2016)	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Integrated risk management - Compliance function	

Affordability

GRI Standard	GRI disclosure	Reference or information	Omissions
103 1-3 (2016)	Disclosure of Management Approach (DMA)		
103-1	Explanation of the material topic and its Boundaries	Demographic developments Progress per material aspect - Affordability How Bouwinvest creates value	
103-2	The management approach and its components	Progress per material aspect - Affordability How Bouwinvest creates value	
103-3	Evaluation of the management approach	Progress per material aspect - Affordability	
Company-specific, not directly related to GRI or SASB standard	Add residential units in mid-rental segment	Progress per material aspect - Affordability	

New technology and innovation

GRI Standard	GRI disclosure	Reference or information	Omissions
103 1-3 (2016)	Disclosure of Management Approach (DMA)		
103-1	Explanation of the material topic and its Boundaries	Progress per material aspect - New technology and innovation	
103-2	The management approach and its components	Progress per material aspect - New technology and innovation Bouwinvest and the world around us	
103-3	Evaluation of the management approach	Progress per material aspect - New technology and innovation	
Company-specific, not directly related to GRI or SASB standard	Connect with network and knowledge platforms in the field of innovation and technology	Our goal for last year was to join various knowledge platforms in the field of real estate and innovation. In 2018, Bouwinvest joined three knowledge platforms focused on innovation, new technologies and real estate. These are: Holland Contech & Proptech, ProptechNL and the Foundation for International Blockchain and Real Estate Expertise (FIBREE).	

Health and safety

GRI Standard	GRI disclosure	Reference or information	Omissions
103 1-3 (2016)	Disclosure of Management Approach (DMA)		
103-1	Explanation of the material topic and its Boundaries	Progress per material aspect - Health and safety	
103-2	The management approach and its components	Progress per material aspect - Health and safety	
103-3	Evaluation of the management approach	Progress per material aspect - Health and safety	
SRS 403 (2018)	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Results management organisation Social data - Health	

Climate-resilient buildings

GRI Standard	GRI disclosure	Reference or information	Omissions
103 1-3 (2016)	Disclosure of Management Approach (DMA)		

103-1	Explanation of the material topic and its Boundaries	Bouwinvest and the world around us Progress per material aspect - Climate-resilient buildings	
103-2	The management approach and its components	Progress per material aspect - Climate-resilient buildings	
103-3	Evaluation of the management approach	Progress per material aspect - Climate-resilient buildings	
Company-specific, not directly related to GRI or SASB standard	Connect with network and knowledge platforms in the field of innovation and technology		
Diversity and inclusiveness			
GRI Standard	GRI disclosure	Reference or information	
103 1-3 (2016)	Disclosure of Management Approach (DMA)		
103-1	Explanation of the material topic and its Boundaries	Progress per material aspect - Diversity and inclusiveness	
103-2	The management approach and its components	Progress per material aspect - Diversity and inclusiveness	
103-3	Evaluation of the management approach	Progress per material aspect - Diversity and inclusiveness	

ESG

performance indicators

Continuous improvement of our sustainability performance

Impact area	Indicator	Measure	Unit	2020	2019	% change
Above-average sustainable investments	GRESB	Percentage of above-average sustainable investments in total portfolio	%	81%	81%	Percentage of international mandates with GRESB 4/5-star ratings
	GRESB	Percentage of Dutch funds with GRESB 4/5-star ratings	%	100%	100%	0% points
	GRESB	Percentage of regional mandates with GRESB 4/5-star ratings	%	28%	35%	2% points
	GRESB	GRESB coverage of total portfolio	%	95%	94%	2% points
	GRESB	GRESB coverage of the Dutch funds	%	100%	100%	0% point
	GRESB	GRESB coverage of the international mandates	%	84%	79%	4% points

Investing in sustainable real estate

Impact area	Indicator	Measure	Unit	2020	2019	% change
Sustainable building certificates	BREEAM or GPR	Share of sustainable building certificates by m ² (BREEAM or GPR) (GRI-CRESS: CRE8)	%	97%	98%	0%

Reducing environmental impact

Impact area	Indicator	Measure	Unit	2020	2019	% change
Energy labels	EPC	Share of energy labels by m ² (GRI-CRESS: CRE8)	%	100%	100%	0%
		Share of green energy labels by m ² (A, B or C label)	%	98%	98%	0%
		Average energy index	#	1.03	1.10	-7%

Impact area	Indicator	Measure	Unit	2020 (Abs)	2019 (Abs)	% change (Lfl)
Energy	Electricity	Total electricity consumption (GRI: 302-2)	MWh	31,607	34,396	-14.5%
	Gas	Total gas consumption (GRI: 302-1)		9,988	11,251	-13.7%
	District heating and cooling	Total consumption district heating and cooling (GRI: 302-2)		3,499	4,616	-27.7%
	Total	Total energy consumption all sources (GRI: 302-2)		45,095	50,264	-15.5%
	Energy intensity	Average energy intensity of the buildings (GRI-CRESS: CRE1)	kWh/m ² /year	33	37	-15.5%
		Coverage percentage data energy and CO ₂		171 of 366	162 of 359	
CO ₂ emissions	Direct	Scope 1 (GRI: 305-1)	tonnes	1,926	2,170	-13.7%
	Indirect	Scope 2 (GRI: 305-2)	CO ₂ e	18,027	19,722	-14.9%
	Total	Total CO ₂ emissions (GRI: 305-2) Scope 1 and 2		19,953	21,892	-14.8%
		Total CO ₂ emissions after offsetting		2,379	2,768	-16.5%
	CO ₂ emission intensity	Average CO ₂ intensity of the buildings (GRI-CRESS: CRE3)	kg CO ₂ e/m ² /year	14	16	-14.8%
Water	Total	Total water consumption (GRI:303-1)	m ³	131,009	231,935	-45.7%
	Water intensity	Average water intensity of the buildings (GRI-CRESS: CRE2)	m ³ /m ² /year	0.23	0.44	-45.7%
Waste	Total	Total Waste by weight (GRI: 306-1)	tonnes	924	1,648	-46.4%
		Recycling percentage	%	21%	27%	-8.5%

Improving stakeholder value

Impact area	Indicator	Measure	Unit	2020	2019	% change
Stakeholder engagement	Tenant satisfaction	Response percentage (GRI: 102-43)	%	65%	55%	10%
		Average total score (GRI: 102-43)	#	7.4	7.3	2%
Promoting sustainability in the chain	Considerate construction sites	Number of registered	#	28 (of 47)	22 (of 64)	
		Percentage registered building sites (by aquisition price)	%	70%	51%	22%

Responsible organisation

Impact area	Indicator	Measure	Unit	2020	2019	% change
Sustainable contracts	Rental contracts	Number of new rental contracts	#	3,223	4,338	2.1%
		Number of sustainable rental contracts (green leases)	#	1,847 (of 18,542)	397 (of 19,517)	

Environmental data head office

Impact area	Indicator	Measure	Unit	2020 (abs)	2019 (abs)	% change (Lfl)	
Energy	Electricity	Total electricity consumption	MWh	389.5	not available		
		Share of electricity from renewable sources		29.6	not available		
	Gas	Total gas consumption (GRI: 302-1)		0	not available		
	District heating and cooling	Total district heating and cooling (GRI: 302-2)		556	not available		
		Percentage locally generated heating and cooling		0	not available		
	Total	Total energy consumption all sources (GRI: 302-2)		945	not available		
	Energy intensity	Energy intensity head office by gross floor surface (GRI-CRESS: CRE1)		kWh/m ² /year	107	not available	
Coverage percentage data energy and CO ₂				1	not available		
Waste	Total	Total waste by weight (GRI: 306-1)	tonnes	11,850	27,011	-56%	
		Recycling percentage	%	26%	36%	-10%	
Mobility	Distance	Lease cars	km	1,502,494	1,871,415	-20%	
		Public transport		156,411	569,201	-73%	
		Air travel		371,524	1,181,059	-69%	
CO ₂ emissions	Direct	Scope 1 (GRI: 305-1)	tonnes	1.08	not available		
	Indirect	Scope 2 (GRI: 305-2)	CO ₂ e	1.33	not available		
	Total	Total CO ₂ emissions (GRI: 305-2) Scope 1 and 2		2.40	not available		
		Total CO ₂ emissions after offsetting		1.33	not available		
	CO ₂ emission intensity	CO ₂ intensity head office (GRI-CRESS: CRE3)		kg CO ₂ e / FTE/year	1.33	not available	
			CO ₂ intensity mobility (GRI-CRESS: CRE3)	kg CO ₂ e / FTE / year	1.08	not available	
CO ₂ intensity total (GRI-CRESS: CRE3)			kg CO ₂ e / FTE / year	2.41	not available		
Water	Total	Total water consumption (GRI:303-1)	m ³	8,190	not available		
	Water intensity	Water intensity head office (GRI-CRESS: CRE2)	m ³ /FTE/year	42.9	not available		

In connection with the renovation of the head office, we do not have any full and representative energy data for 2019. We have therefore chosen to not report on the detailed environmental impact in 2019.

Social data

Impact area	Indicator	Measure	Unit	2020	2019	
Employees	Contracts (incl. proportion of women)	Number of employees (GRI: 401-1)	FTE	191.4 (66.4)	191.4 (66.4)	
		Full-time contract percentage (GRI: 401-1)	%	74.1 (22.8)	71.8 (21.4)	
		Part-time contract percentage (GRI: 401-1)	%	25.9 (76.9)	28.2 (72.7)	
		Temporary contract percentage (GRI: 401-1)	%	8.5 (52.9)	9.8 (63.2)	
		Permanent contract percentage (GRI: 401-1)		91.5 (35.3)	90.2 (34.2)	
	Health	Absenteeism (GRI: 403-3)	%	1.6%	3.1%	
	Turnover	Employee turnover percentage (GRI: 401-2)	%	8.4%	1.7%	
	Employee satisfaction	Employee engagement - survey response percentage (GRI: 103)		%	95.1%	95.1%
			Average satisfaction score (GRI: 103)	#	7.8	7.8
			Employee engagement score		8.1	8.1
		Employee enthusiasm score		7.9	7.9	
Equality & diversity	Percentage of women (GRI: 405-2)	%	34.7%	35.9%		
	Percentage of women in senior management (GRI: 405-2)		16.7%	21.7%		
Training & development	Number of internships and graduate positions	#	3	3		
Age (incl. percentage of women)	<30	percentage	9.5 (42.1)	10.9 (33.3)		
	30-40		28.5 (28.1)	28.6 (23.6)		
	40-50		38 (40.8)	38.0 (39.7)		
	50-60		21 (38.1)	17.7 (41.2)		
	>60		2 (33.3)	4.7 (55.6)		
Clients	Investor satisfaction	Response percentage (GRI: 102-43)	%	n.a	n.a	
		Average total score (GRI: 102-43)	#	7.8	7.8	

About this report

The goal of this annual report is to inform our stakeholders regarding the financial and non-financial developments at our company in the 2020 calendar year. We also use this report to update our stakeholders on the progress we have made in our performance with respect to a number of material aspects – the boundaries and scope of which we have determined in consultation with our stakeholders. You will find a description of the process of determining materiality and a full list of material aspects in the section on the determination of materiality.

Scope of this report

Bouwinvest based the determination of the content and parameters of this report on the wishes of our stakeholders via the materiality analysis. In this matrix, we have set the degree of importance of aspects against the interest that our external stakeholders attach to said aspects. The annual report and the financial statements pertain to Bouwinvest Real Estate Investors B.V., the three international mandates (Europe, North America and Asia-Pacific) and its five funds (Residential, Office, Retail, Healthcare and Hotel). Unless otherwise stated, the scope of the report extends to all Bouwinvest's activities. This means it does not include the activities of sub-contractors, unless otherwise stated.

The annual report is drawn up annually, based on a reporting period of one calendar year. The previous report dated 19 March 2020 pertained to the calendar year 2019. The 2019 annual report was prepared on 20 March 2020 and published on 25 April 2020. The 2020 annual report pertains to the calendar year 2020, which ran from 1 January 2020 through 31 December 2020.

Reporting policy and guidelines

Bouwinvest strives to improve its reporting each year, in line with the nature, risks and opportunities of the organisation. Bouwinvest reports in accordance with the GRI Standards Core version of the guidelines of the Global Reporting Initiative (GRI). GRI Standards are the global standard on the reporting guidelines front. GRI is based on the principle of materiality and requires organisations to report their management approach to their most material aspects. Reporting in line with GRI adds focus on material aspects to our annual report and allows us to report solely on aspects that are important to internal and external stakeholders. You will find general information on GRI at: www.globalreporting.org.

Data collection and verification of non-financial data

Data collection

We present our non-financial KPIs in this report. The non-financial data are collected in the first quarter of the subsequent year. Whenever possible, we collect data centrally, while some data are collected locally. Once we have collected the data, we consolidate the data and subject it to a trend analysis. If there are any considerable deviations in trends, we add context and verify with the relevant data provider. The data in this report have been quantified. In the absence of data, we have made estimates. We did not identify any uncertainties or inherent limitations in the data as a result of measurements, estimates or calculations.

Reporting environmental data

Bouwinvest reports environmental data of those assets where management control is possible (via the operational control approach). Data is provided for those assets where we have the power to introduce and implement operating policies and where we are responsible for purchasing energy and water and the processing of waste. Our management control differs greatly by type of real estate (e.g. residential or office real estate). These differences affect the level of influence we have over the (measurable) sustainability performance of our real estate assets.

Absolute use is the total use of the real estate assets in our funds during the period under review and provides insight into the overall environmental impact.

Like-for-like data and any changes pertain to real estate assets in our portfolio that were fully owned by Bouwinvest and operational for the full 24-month period. We have excluded assets that were acquired, sold or underwent large-scale renovations in this period. This data therefore provides insight into the movement of an indicator over time at a constant portfolio scope. Total net CO₂ emissions, after compensation, represent the total CO₂ emissions after reduction and compensation of carbon emissions via Guarantees of Origin (*Garanties van Oorsprong* - GVO). This is in line with Bouwinvest's commitment to reduce the impact its operations have on climate change and to encourage sustainable energy generation.

Energy, emission and water intensity are reported on the basis of like-for-like usage data and lettable floor area (LFA). This pertains to collectively purchased components and usage for shared areas, as well as usage data for tenant areas that are not individually metered.

Changes

Significant changes in definitions and measurement methods compared with previous reporting periods are explained where relevant. The changes we made to our ESG strategy or our targets in 2020 are explained in the relevant sections of this report. The aspects included in this report were selected on the basis of our materiality analysis.

Verification

For the year 2020, we had the various non-financial KPIs verified by an external auditor. The CFRO was involved in the commissioning of this verification. We see this as a step towards integrated reporting according to GRI Standards. You will find an online GRI content index at: <https://www.bouwinvest-annualreports2020.com/>.

Feedback

For additional information on this report, please feel free to contact our Client Management department via clientmanagement@bouwinvest.nl or Mark Siezen, Chief Client Officer: +31 (0)20 677 1600. Bouwinvest appreciates any feedback on its annual report.

Glossary

Addition of mid-rental segment homes

This is the total number of new homes added to the Dutch residential portfolio with a rental price between €737 and €1,000 per month in the reporting period.

Certified sustainable portfolio

Dutch sector funds

This is the relative share of real estate investments in a portfolio that have been formally assigned a sustainable building certificate (such as BREEAM-NL and GPR Building) at the end of a reporting period, as a percentage of the total portfolio (on the basis of m² LFA).

International mandates

This is the average score of the international investments on the Building Certificates aspect in the GRESB assessment, weighted against the total NAV of the international mandate investments that participate in GRESB.

Client appreciation

This is the average score clients (pension funds, insurance firms and charitable organisations) gave in satisfaction surveys in a certain reporting year.

Compliance incident

This is an act or an event that endangers the ethical performance of Bouwinvest's business operations or those of one of its affiliated companies, such to include the violation of laws or regulations, fraud, corruption and the violation of the duty of confidentiality.

Considerate Constructor sites

This is the share of the building sites related to Bouwinvest's acquisitions or renovations that are registered as Considerate Constructors sites under the Dutch Considerate Constructors (Bewuste Bouwers) scheme in the reporting period, weighted according to acquisition price.

Employee satisfaction

This is the unweighted average score in the biennial employee satisfaction survey.

Energy index of the portfolio

This is the average energy index of the Dutch real estate portfolio, weighted according to lettable floor surface. Real estate investments without an energy index are not included

in the calculation. For the residential portfolio, the average energy index is calculated per residential unit.

Energy, emission and water intensity

Energy, emission and water intensity is reported on the basis of like-for-like use data and lettable floor area. This pertains to collectively purchased components and consumption data for common areas, as well as consumption data for leased areas that are not individually metered. Both scope 1 and scope 2 emissions data are included in the measurement.

Green portfolio

This is the share of lettable floor area (LFA) with an A, B or C energy label, as a percentage of the total lettable floor area of the portfolios of the Dutch sector funds. For the residential portfolio, the green portfolio share is calculated per residential unit.

GRESB participation

The share of Bouwinvest's investments that participate in GRESB in the reporting period, weighted against the NAV at the end of said reporting period.

GRESB score and star rating

The GRESB (Global Real Estate Sustainability Benchmark) score is a measurement of the ESG performance of an entity – shown as a number between 0 and 100. The score is the result of an annual GRESB assessment of the real estate entity.

The GRESB star rating is based on the GRESB score and the relative position in the entire GRESB universe, which is determined each year on the basis of the scores. If an entity ends in the top 20% it is awarded a five-star rating. If an entity ends in the lowest 20% it is given a one-star rating, etc. Due to the fact that the GRESB star rating is calculated as a relative score vis-a-vis the worldwide scores of participating entities, the rating shows a fund's performance on a worldwide scale.

Investments with an above-average sustainability rating

These are investments with a GRESB 4- or 5-star rating. The share is shown as a percentage of the total NAV at the end of a reporting period. Investments participating in GRESB for the first time are given the option of not publishing their

performance. If the score is communicated to Bouwinvest, this is included in its overall score.

Knowledge platform aimed at innovation

A knowledge platform is an interactive online/offline environment used to facilitate knowledge exchange and networking between various parties, with the aim of reusing existing knowledge and the development of new knowledge and technologies that contribute to the improved performance of real estate. This is also referred to as PropTech.

Like-for-like reduction of emissions

Like-for-like data and changes pertain to real estate assets in our portfolio that were owned by Bouwinvest for the full 24-month period and were operational in that period. Real estate assets that were acquired, sold or underwent a major renovation in this period are not included. The total emissions figures pertain to direct CO₂ emissions (scope 1) and indirect CO₂ emissions (scope 2) generated by electricity, gas and district heating systems. Total net CO₂ emissions after compensation is the total CO₂ emissions after offsetting and compensation via Guarantees of Origin. To calculate CO₂ emissions, Bouwinvest uses country-specific and energy source-specific conversion factors that can change from year to year. Bouwinvest uses the most recent conversion factors (source: www.co2emissiefactoren.nl).

Membership of sector organisations

This is the number of employees who are active members of boards or working groups of a real estate sector organisation in the reporting period.

Personal data security incidents

This is the number of major incidents involving the failure to comply with legal provisions and standards in the field of personal data protection, or security incidents that may be deemed data breaches. An incident qualifies as major if Bouwinvest is obliged to report said incident to a regulator, if a regulator or similar official body filed a report with Bouwinvest, or if an external party files a complaint with Bouwinvest and Bouwinvest considers said complaint legitimate.

Reduction of energy consumption

Dutch sector funds

This is the percentage change in energy consumption (electricity and gas) at the end of the reporting period, compared with the previous year on a like-for-like basis for energy meters under the direct control of the funds. Like-for-like refers to the energy consumption of a portfolio with consistent activities in the comparative periods. Gas consumption is converted from m³ into kWh on the basis of the conversion factors published at the end of the period at <https://www.co2emissiefactoren.nl>. The gas consumption in the year under review is adjusted for the differences in the figures for 'degree days' (actual average day temperatures versus an agreed level) in De Bilt (the Netherlands) between the year under review and the previous year.

International mandates

This is the average like-for-like energy reduction (year-on-year), as reported by GRESB, weighted according to the NAV of international investments that participate in GRESB. Any reduction is based on the energy consumption period year one versus year two.

Share of renewable energy (international mandates)

This is the share of renewable energy in the total consumption of the international investments that participate in GRESB, as reported annually by GRESB. This consists of renewable energy that is generated and used/exported within the investments and that is generated outside the investments and used within the investments.

Solar panels installed (Dutch sector funds)

This is the amount of installed capacity (measured in kilowatt peak - kWp) from solar panels in the portfolio.

Tenant satisfaction

The total tenant satisfaction score is the unweighted average total score of the tenant satisfaction score per sector fund in the year under review. The score at fund level is also unweighted and average.

Colophon

Text: Bouwinvest

Concept: Bouwinvest

Design and production: Cascade - visuele communicatie bv

This PDF annual report 2020 is a translation of the audited Dutch annual report for the financial year 2020 of Bouwinvest Real Estate Investors B.V. The Dutch annual report is the legally binding annual report. In the event that differences occur between this translation and the audited Dutch annual report, the audited Dutch annual report prevails.

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