

Annual report 2021

Bouwinvest
Real Estate Investors B.V.



Bouwinvest

Real
Estate
Investors

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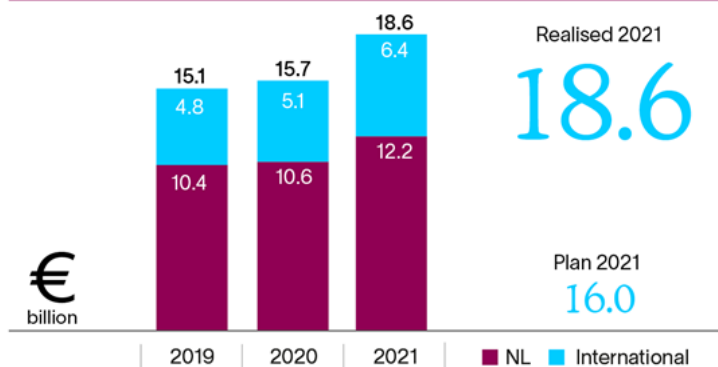
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2021 at a glance

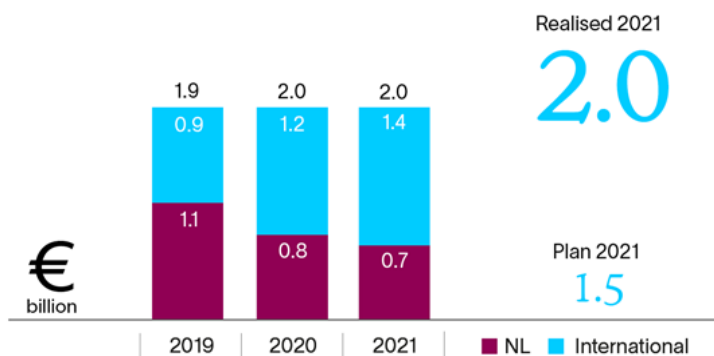
Key figures

Financial

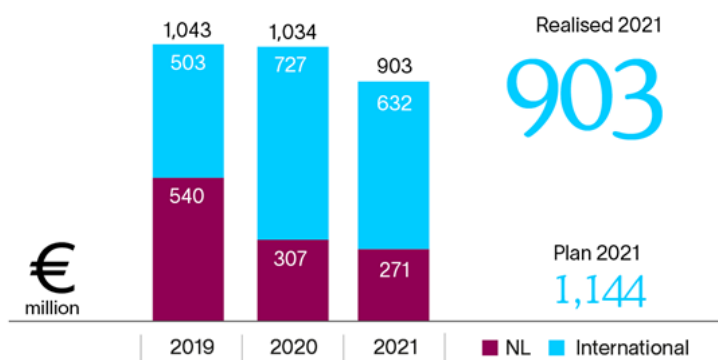
Entrusted capital NL and International



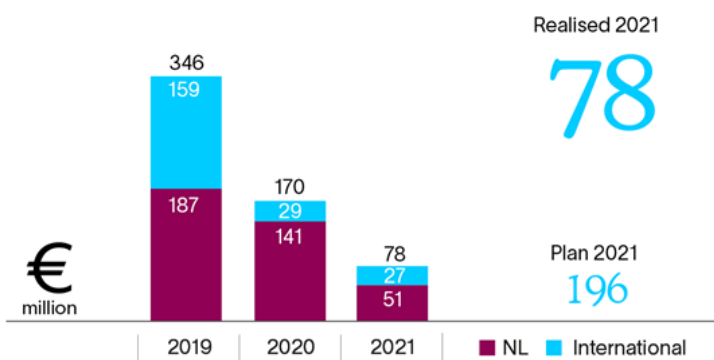
Secured pipeline



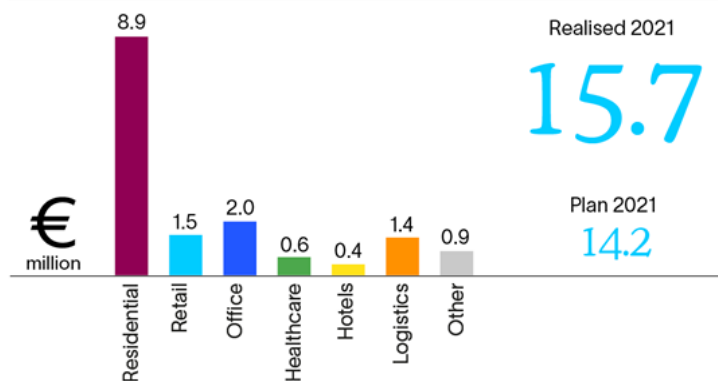
Total acquisitions



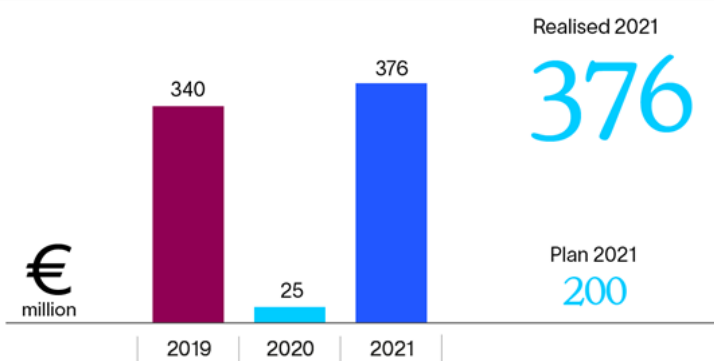
Total sales transactions



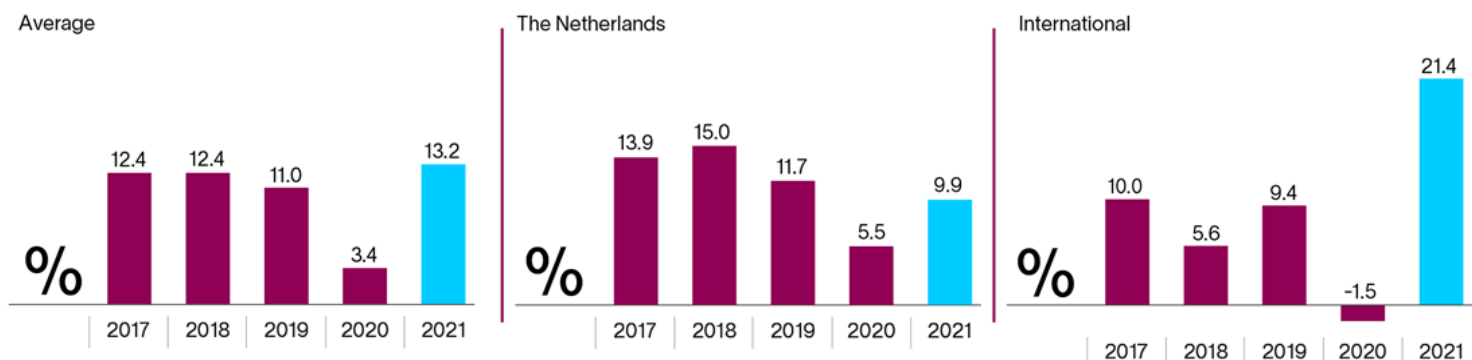
Invested capital by sector



Attracted commitments open funds

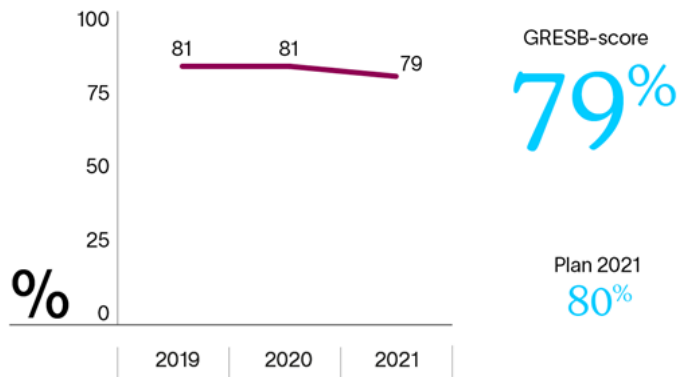


Return on invested capital

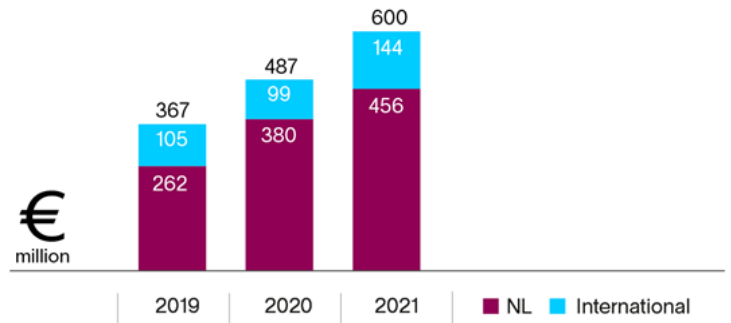


Due to rounding off, totals may differ from the figures shown

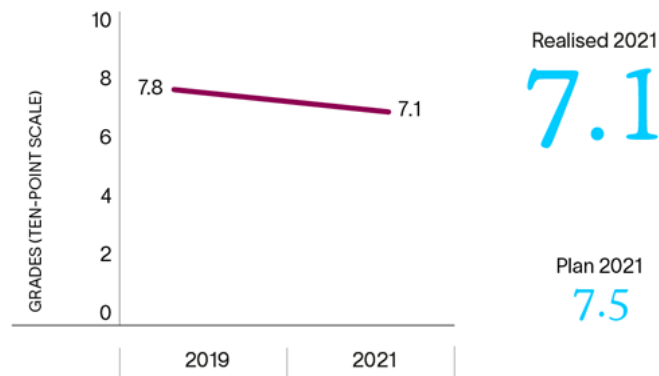
Sustainably invested capital



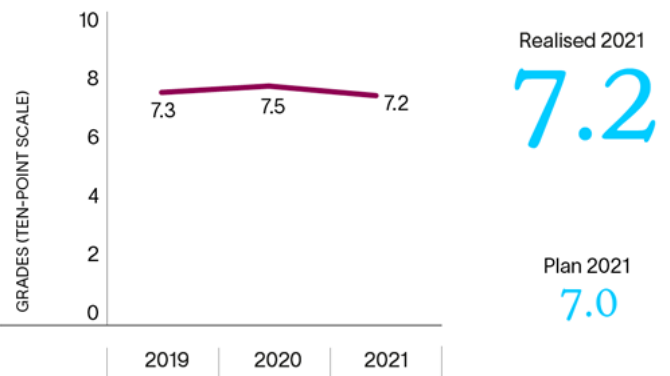
Capital invested in healthcare RE



Customer satisfaction*

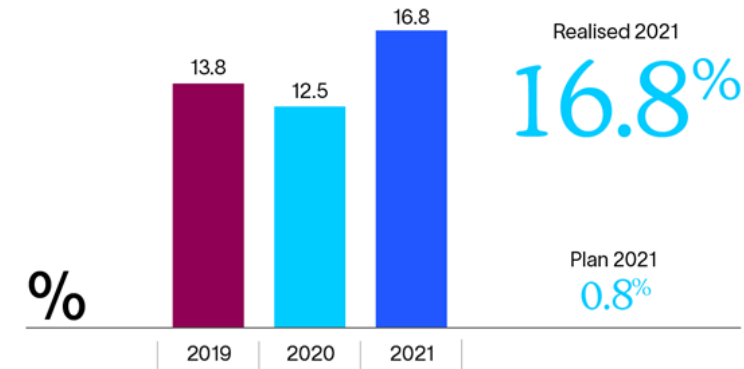


Tenant satisfaction

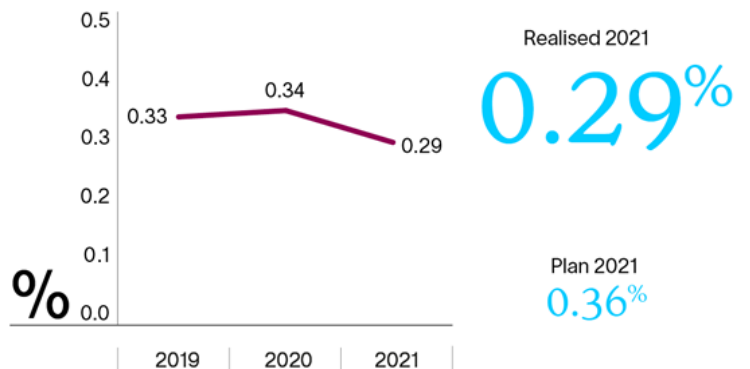


About Bouwinvest

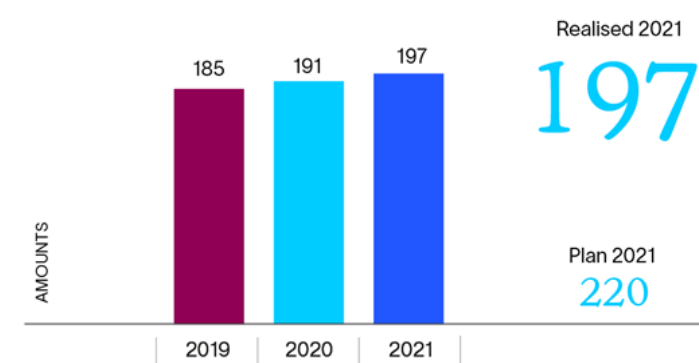
Bouwinvest's return on equity



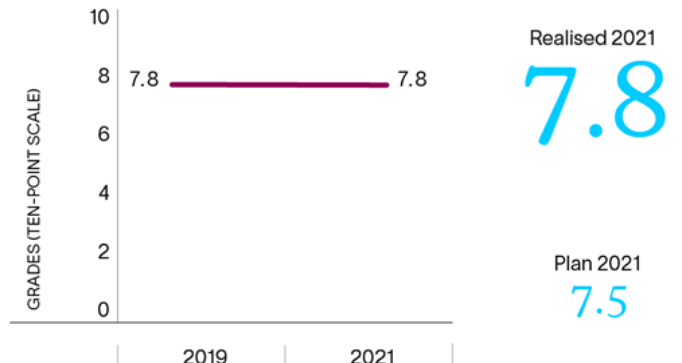
Cost ratio



Number of FTEs at year-end



Employee satisfaction*



*survey is conducted once in every two years

Key figures

Due to rounding differences, totals may differ from the sum of the individual figures.

Distribution invested capital funds and mandates

All amounts in € thousands	2021	2020
Dutch Residential Fund	7,681,103	6,931,287
Dutch Retail Fund	975,551	945,699
Dutch Office Fund	1,238,539	1,154,720
Dutch Hotel Fund	355,647	344,320
Dutch Healthcare Fund	455,796	380,381
Europe Mandate	1,480,959	1,101,892
North America Mandate	1,939,321	1,302,869
Asia-Pacific Mandate	1,358,025	1,115,941
Other (The Netherlands)	170,550	123,208
	15,655,491	13,400,317

Transactions

All amounts in € millions	2021	2020
International		
Europe Mandate	173	422
North America Mandate	112	58
Asia-Pacific Mandate	347	247
	632	727
The Netherlands		
Dutch Residential Fund	140	203
Dutch Retail Fund	66	30
Dutch Office Fund	-	-
Dutch Hotel Fund	-	-
Dutch Healthcare Fund	64	74
	271	307
Total	903	1,034

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	86%	81%	84%	yes	yes	yes	yes	yes
GRESB star rating 2021*	4	2	3	5	5	5	5	5
(average) GRESB score	82	70	78	90	95	90	96	88
Share of sustainable investments (GRESB 4/5 stars)	50%	16%	42%	100%	100%	100%	100%	100%

Key information over five years

All amounts in € thousands, unless stated otherwise.

	2021	2020	2019	2018	2017
Number of shares (actual)	225,000	225,000	225,000	225,000	225,000
Net result	6,503	4,310	4,264	3,175	4,660
Per share	€ 28.90	€ 19.16	€ 18.95	€ 14.11	€ 20.71
Assets under management	15,655,491	13,400,317	12,933,455	11,277,811	9,424,012
Total assets	62,742	53,922	47,952	47,301	43,287
Shareholders' equity	45,229	38,726	34,416	33,152	33,977
Per share	€ 201.02	€ 172.12	€ 152.96	€ 147.34	€ 151.01
Solvency ratio	72%	72%	72%	70%	78%
Management fee income	53,161	50,329	46,129	38,474	34,288
Personnel costs (excl. temporary staff)	27,289	24,781	21,788	19,727	16,602
Number of FTE (year-end)	196.6	191.4	184.7	169.7	152.5
Personnel costs per FTE	138.8	129.5	118.0	116.2	108.9
Fee per FTE	270.4	263.0	249.8	226.7	224.8

Message from the CEO

Dear reader,

The year 2021 was marked by increasing concerns about global warming and declining biodiversity, the call for affordable housing, high inflation rates and – once again – the Covid-19 pandemic. Bouwinvest is very much aware of these developments and is able to respond effectively to them thanks to its sustainable and diversified portfolio. The financial returns of both Bouwinvest's investments and its management organisation exceeded expectations in 2021.

The IPCC climate report published in August and the conference on climate change held in Glasgow in November once again stressed the enormous importance of sustainable real estate and a healthy living environment. With its focus on creating Real Value for Life, Bouwinvest aims for a healthy mix of financial and social returns. All of its Dutch real estate and 34% of its investments in international real estate are classified as sustainable by GRESB. On a national level, this is on target and on an international level it is well above the current target of 29%. Bouwinvest is still on track to be Paris Proof by 2045.

Globally, the call for affordable housing is growing louder. Bouwinvest invests in affordable rental homes, but having enough affordable housing involves a lot more than this. If the Netherlands is to build one million new homes, giving new entrants to the market and the elderly more choice, this will require investments in infrastructure, area development and sustainable innovations. This is a joint task that will require the public sector and private parties joining forces to present an overarching vision that is both realistic and achievable. This is why Bouwinvest is involved in the Housing Action Plan and welcomes the appointment of a minister with specific responsibility for housing.

The principles Bouwinvest developed in March 2020 to deal with the negative effects of the pandemic proved to be very useful once again in 2021. Internally, Bouwinvest did everything it could to keep staff – many of whom worked from home – both satisfied and engaged, and to keep communications and coordination running as smoothly as possible. The company's high score in the widely supported employee engagement survey and the low absenteeism last year are proof that these efforts paid off. Bouwinvest kept its investors fully informed about developments in its portfolio and its funds found appropriate solutions for any tenants facing problems.

Bouwinvest's strong basis translated into positive results in 2021. Invested capital increased to € 15.7 billion and Bouwinvest recorded a total positive return of 13.2%. This result exceeded the targets set at the start of the year. Bouwinvest made new investments of close to € 1.0 billion last year. In the Netherlands, the Dutch funds invested € 271 million in a number of eye-catching investments, such as rental homes in The Hague, the majority of which are mid-market rental homes, retail units on the Lijnbaan in Rotterdam, and homes for the elderly in Hillegom. For the Europe Mandate, Bouwinvest invested in affordable rental homes in Ireland and Germany, in data centres, life sciences and logistics in North America for the North America Mandate, and in logistics in South Korea, plus housing for the disabled and data centres in Australia for the Asia Pacific Mandate. Last year, Bouwinvest welcomed 10 new clients, taking the total number of clients to 36. New and existing clients committed a total of € 376 million to the open Dutch funds. In addition, the management organisation performed above expectations, recording a return of 16.8%.

Of course, none of this is reason to be complacent. At 7.1, customer satisfaction is below our target of 7.5. And we want to continue to improve the sustainability scores of our international investments. Bouwinvest charges management fees that are in line with or below market rates, but if we are to continue to do this we will continue to devote constant attention to the efficiency and effectiveness of our business operations.

It is still too early to even guess at the consequences of the war in Ukraine. First and foremost, our thoughts go out to the people affected by this conflict. As a major residential landlord in the Netherlands, Bouwinvest is in talks with a number of municipalities on housing for refugees from Ukraine. In addition, Bouwinvest regularly screens its business associates, including checks against sanctions lists. Specifically with respect to Russia and Belarus, we have found no violations of sanctions legislation. Incidentally, Bouwinvest has no exposure to real estate in Russia, Belarus or Ukraine.

Institutional investors are rapidly being confronted with new or stricter regulations, including those on the sustainability performance reporting front, the need to test the integrity of business partners, and the expansion of privacy and tax criteria. Internally, we have also devoted a great deal of attention to the dangers of cybercrime. Because of its size, Bouwinvest is in a good position to respond effectively to these developments.

“Real estate remains a growth market, certainly on an international level. A great deal of real estate still needs to be developed globally, especially in residential, logistics and healthcare real estate. This will require a great deal of capital, and that capital is available. Bouwinvest will continue to have a strong presence in the Netherlands, but we are becoming increasingly active internationally to achieve healthy diversification.”



Dick van Hal
CEO and statutory director



Real estate remains a growth market, certainly on an international level. A great deal of real estate still needs to be developed globally, especially in residential, logistics and healthcare real estate. This will require a great deal of capital, and that capital is readily available. Bouwinvest will continue to maintain a strong presence in the Netherlands, but is becoming increasingly active internationally to achieve healthy diversification. Important criteria on this front are strong economic outlooks, transparent investment markets and sustainability. Building on this, Bouwinvest has a strong preference for the United States, Western and Northern Europe, and fast-growing metropolises in Asia.

Thanks to its market position, size and organisation, Bouwinvest is in a good position to play a significant role in its markets and we will continue to develop along the three main themes of professionalisation, responsible investment and controlled growth. Part of this controlled growth is the development of new product/market combinations.

Looking back at 2021, I would like to thank our clients for their understanding and undiminished confidence in Bouwinvest. Our results underline the fact that our staff kept everything running smoothly, despite some severe constraints. I would very much like to thank them for that. Finally, I would like to thank our Supervisory Board members for their advice and constructive supervision.

Dick van Hal
CEO and statutory director

Directors' report

The world around us

Key developments

Economy

The year 2021 was marked by recovery, after the outbreak of Covid-19 in 2020 had triggered severe economic contraction on a global scale. The Dutch economy recorded growth of 4.5% in 2021. Together with Sweden, the Netherlands was among the few European countries where the economy had returned to pre-pandemic levels by the end of 2021. While Italy, France and the United Kingdom saw their economies grow at rates above 6%, the contraction in 2020 had also been more severe in these countries. Nor could the recovery seen in Germany and Spain in 2021 fully make up for the contraction of their economies in 2020.

In Asia, almost all countries important to Bouwinvest recovered from the 2020 economic downturn and finished above pre-crisis levels. However, Japan lagged behind with a marginal rebound of less than 2% after a 4.7% decline in 2020. The United States saw a solid recovery from the Covid-19 crisis and, together with China and Australia, proved to be among the best performing and most resilient of the world's economies.

From the second half of last year, global real estate markets have been dominated by problems at Chinese real estate developer Evergrande. Evergrande is the country's second-largest real estate developer and is burdened with some € 300 billion of debt. The impending bankruptcy of the company dented confidence in other developers both in China and beyond. Although the Chinese government has taken steps to stem the tide, the concerns and risks of the knock-on effects of this crisis have not gone away. This is expected to put pressure on economic growth in China.

Unemployment in the United States came in at 3.9% in 2021. The average unemployment rate in the Eurozone was 7.2% at the end of last year, but there are major differences between the various member states. In the Netherlands, for example, only 2.7% of the working population was unemployed, while in Spain the figure stood at 14.2% at the end of December. In Asia and the Pacific, unemployment is relatively low, fluctuating between 2.7% in Singapore and 5.25% in Australia at the end of last year. Thanks to the financial support provided by various governments during the crisis, unemployment and the number of bankruptcies have remained relatively low. This may change when the support measures are ended after the pandemic, but many countries are not expected to withdraw their support completely until their economies are back on a stable growth path.

The second half of last year was marked by a sharp rise in prices. Demand for materials far exceeded supply, resulting in global shortages. The Covid-19 pandemic disrupted logistics markets, triggering a sharp rise in transport costs. On top of this, an energy crisis followed in the latter part of last year, with gas prices increasing fivefold in a short period of time. Global inflation rates ranged between 4% and 5% at the end of 2021, more than double previous levels.

Concerns about sustained high inflation are putting downward pressure on economic growth expectations. We appear to be closer to interest rate hikes to curb inflation. Several central banks had already raised policy rates at the end of 2021, or announced that they would do so in 2022. In mid-March, the US Federal Reserve and the Bank of England raised interest rates by 0.25 percentage points, in an attempt to stem soaring inflation rates. The ECB have so far remained silent on interest rates, although, like the Federal Reserve, the bank has announced it will scale back its bond-buying programme. Below you will find the economic growth forecast. This forecast is from December 2021 and does not include the economic impact of the war in Ukraine.

Economic growth forecasts

	2021	2022	2023	2024
World	5.7%	4.3%	3.5%	3.0%
Eurozone	5.0%	4.0%	2.7%	1.5%
United States	5.7%	4.4%	2.3%	1.9%
Asia-Pacific	6.1%	4.9%	4.8%	4.6%
The Netherlands	4.5%	3.6%	2.1%	1.2%

Source: Oxford Economics (22 December 2021)

Geo-political developments

Under new US President Joe Biden, the United States has re-joined the Paris Climate Agreement. In addition, the country has restored its relationship with the World Trade Organization (WTO) and the World Health Organisation (WHO) and reaffirmed the importance of NATO. Economically, the United States and Europe have strengthened ties, in part to form a bloc against fast-growing China. On the domestic front, President Joe Biden is boosting the US economy via major investments in infrastructure.

Although economic growth in Asia is relatively stable, the region remains in the grip of the pandemic. China is implementing strict policies to contain the Covid-19 virus. The regular and complete closure of major Chinese cities and ports last year once again jeopardised the recovery of international goods traffic and the supply of materials. Since the end of last year, the global shortage of semiconductor chips has led to cutbacks in the production of cars and other products that rely on chip technology. These problems have continued into 2022.

The biggest crisis, however, is the war in Ukraine, following Russia's invasion of the country in early 2022. The Russian invasion of Ukraine and the rapidly escalating events in late February and into March 2022 are a very tragic development for the people of Ukraine and these disrupted business and economic activities in the region and globally. These events and resulting economic uncertainties may have a negative impact on Bouwinvest, including on the valuation of its holdings and/or cash flows. At this time, it is not possible to estimate the financial impact of this crisis, either globally or for Bouwinvest. Bouwinvest regularly screens its business associates, including against sanctions lists. Recent checks against sanctions lists, specifically with respect to Russia and Belarus, have not resulted in the identification of any violations of these sanctions. Also, there are no other material consequences that impact Bouwinvest's ability to continue as a going concern. Bouwinvest will continue to monitor developments and evaluate any possible consequences for the organisation.

Demographic developments

The world population will grow to almost 10 billion people in the coming 30 years. However, growth is declining, from some 1% to 2% a year to 0.5% a year. This is mainly due to declining birth rates and the increased ageing of populations. Just nine countries will account for more than half of future population growth. India will overtake China as the most populous country in the world within just a few years. While Africa is projected to have the highest growth rate, many developed countries are actually experiencing declining population numbers. The ageing of Europe's population is expected to peak in 2050. China will also have to deal with the ageing of its population.

The growth of the world population is driving increasing urbanisation in most regions. As a result, metropolitan regions worldwide are increasingly confronted with shortages of affordable housing. It is estimated that 84% of the European population will be living in metropolitan areas by 2050. To meet the growing demand for housing in the Netherlands, the country needs to build about one million new homes, mostly in urbanised regions.

The pandemic has also increased inequality in the world. The outlook is especially grim for less-skilled workers. Globally, 65 to 75 million more people have fallen into poverty since the outbreak of the Covid-19 pandemic. The United States, for one, is certainly expected to see a further increase in economic inequality; the middle class is shrinking in the US.

Sustainability

Many countries are actively switching to carbon-neutral, environment-friendly economies. In Europe in particular, there is a growing urgency to reduce energy consumption and switch to renewable energy, increase biodiversity, reduce resource use and transition to a circular economy.

As one of the world's biggest polluters, China is lagging behind developed countries in terms of sustainability. The country is still heavily dependent on fossil fuels, but is taking steps on this front. In November of last year, China and the US signed an agreement in which they promise to reduce their CO₂ emissions to such an extent that they will be able to meet the climate targets of the Paris Agreement.

How Bouwinvest creates value

About Bouwinvest

Bouwinvest Real Estate Investors B.V. invests the capital of institutional investors, primarily pension funds and insurance firms, in real estate. Bouwinvest invests for the long term and currently manages € 15.7 billion in various real estate sectors. Bouwinvest work with these pension funds and insurance firms to create the city of the future and exerts influence on the design of these cities. Our investment management helps create sustainable, liveable and accessible urban environments and enhances pension benefits. This is how Bouwinvest creates social and financial returns. In short: we create Real Value for Life.

Purpose

Real Value for Life: Bouwinvest strives to create long-term value, combining social impact and stable financial returns for our clients.

Mission

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

Vision

Real estate is a growth market, both in terms of investments and in terms of funding. The future of the real estate sector is in finding a balance of financial and social returns.

Strategy

Bouwinvest invests worldwide in ten regions and six sectors, and does so primarily in metropolitan areas. This strategy ensures that Bouwinvest can respond optimally to trends and developments, such as population growth, urbanisation and globalisation. This also enables Bouwinvest to invest in sustainability and to focus on social equity, which guarantees stable returns in the long term. Furthermore, this diversified approach ensures that Bouwinvest can benefit from the various economic cycles in real estate markets. Given these trends, Bouwinvest expects to increase invested capital to €16.4 billion in 2022.

In 2021, Bouwinvest continued to execute the strategy it developed for 2020–2022. This strategy consists of advancing to the level of investment manager and focuses on three main strategic themes:

- Professionalisation: the continued professionalisation of its internal organisation, which will enable Bouwinvest to realise greater diversification and scale and maintain its market position.
- Responsible business: continue to do business in a socially responsible manner, be a leader on the sustainable real estate front and comply with all legal and regulatory requirements.
- Controlled growth: strengthen Bouwinvest's client base, diversify products and services and build on the company's own market proposition.

In 2021, Bouwinvest made the following progress on these three strategic themes:

Professionalisation

- Bouwinvest continued to implement its integrated risk management to achieve the next level of maturity.
- Implemented a contract register system.
- Launched its tenant portal.
- Used its own data warehouse for analyses and predictions.
- Drew up a Client Management Blueprint and made a start on implementation.
- Revised the set-up of its internal audit function in line with the Three Lines Model.

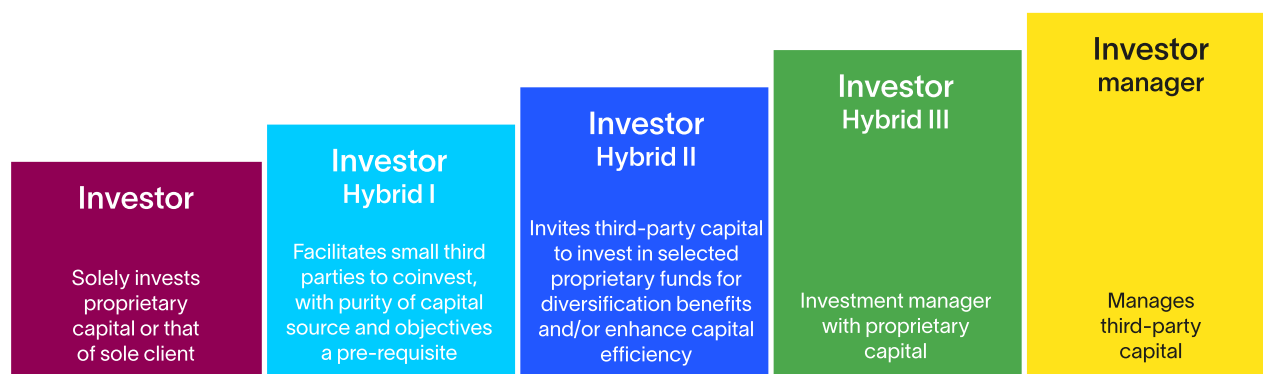
Responsible business

- Bouwinvest launched a Paris Proof programme in the Netherlands to coordinate the joint execution of its Paris Proof agenda.
- Bouwinvest achieved SFDR level 1 (Sustainable Finance Disclosure Regulation) and everything is on track to achieve level 2 in 2022. This also includes the guidelines for the EU taxonomy.
- Implemented a long-term Customer Due Diligence programme (runs to mid-2023) for the implementation of new policy. This revised policy stems from the tightened Dutch Prevention of Money Laundering and Financing of Terrorism Act (Wwft). Bouwinvest has already implemented a part of this programme and is on schedule with the ongoing implementation.
- Completed the first estimates of the climate risks of all assets.
- Achieved a GRESB five-star rating for all five Dutch funds.
- Presented the materiality matrix to stakeholders and updated this on the basis of their responses.

Controlled growth

- Renewed the fund terms and conditions and gained approval for the fund and mandate plans.
- Welcomed 10 new clients, taking the total number of clients to 36. New and existing clients together committed a total of € 376 million to the open Dutch funds. bpfBOUW committed to investments of € 460 million in the Healthcare mandate.

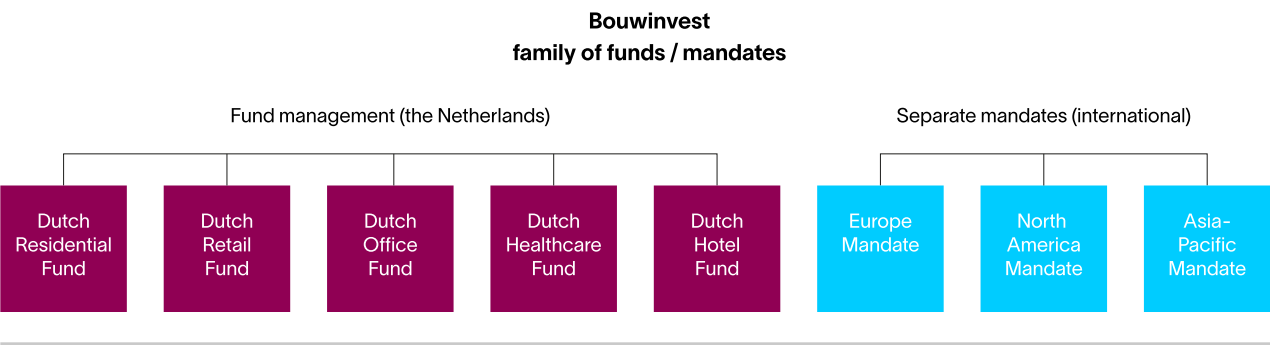
Evolution to investment manager level



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 36 clients that have invested in our funds and mandates.



Responsible investment and business

Bouwinvest’s value creation model shows which financial, social and human capital its uses, how it adds value to that capital and what value this ultimately creates for society. Gaining an understanding of how these various aspects are interrelated helps Bouwinvest to reflect on the impact it has on society and to take appropriate action, all in a fully integrated manner.

Real Value for Life

Input			
Financial	Intellectual	Business partner	People
Entrusted capital of € 18.6 billion from pension funds and insurance firms	Knowledge and expertise in pension and real estate worlds real estate worlds in 10 regions and 6 sectors.	Cooperative partner through 50 active positions in knowledge and network organisations.	197 motivated professionals and annual training and development budget of 3% total salaries.



Generating stable absolute and relative financial performance for investors	Minimising climate impact of buildings /portfolio	focusing on investor interest	Above-average sustainable buildings
	Stimulating/contributing to affordable housing and healthcare	Making buildings climate resilient	Keeping cities and regions liveable
	Integrity and transparency	Healthy and safe portfolio /buildings	Ensuring cyber & data security and privacy

Effect		
Pensions	Sustainable and liveable cities	Real estate sector
We contribute to pension incomes.	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.	We contribute to the professionalism and integrity of the real estate sector.

Contribution to the United Nations' Sustainable Development Goals (SDGs)	<div>3 GOOD HEALTH AND WELL-BEING</div>	<div>7 AFFORDABLE AND CLEAN ENERGY</div>	<div>8 DECENT WORK AND ECONOMIC GROWTH</div>	<div>11 SUSTAINABLE CITIES AND COMMUNITIES</div>	<div>13 CLIMATE ACTION</div>
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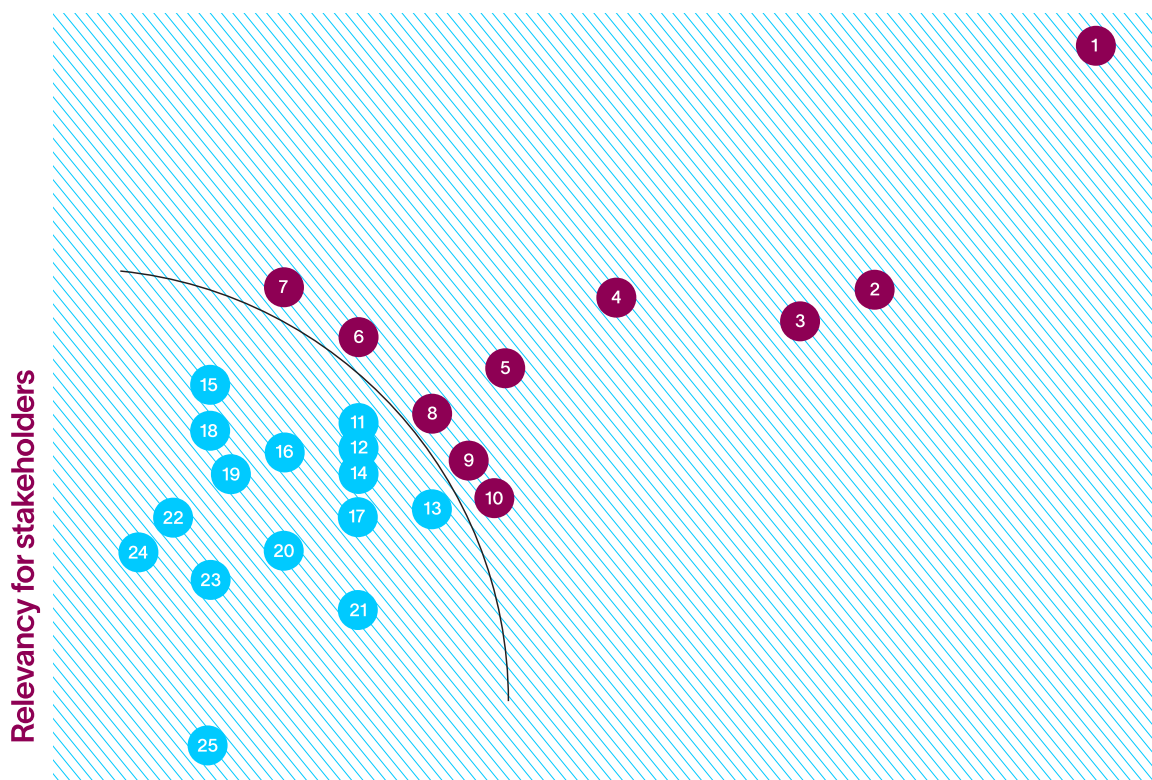
To make sure it can continue to generate sustainable returns in the long term, Bouwinvest includes environmental, social and governance (ESG) criteria in all its investment decisions. This is in line with the United Nations Principles of Responsible Investment (UN PRI), which Bouwinvest has signed. By endorsing the UN PRI, Bouwinvest recognises the importance of responsible investment and commits to the implementation of the principles in its investment process. Bouwinvest is also committed to achieving the targets laid down in the Paris climate agreement. Its long-term goal is to have a near energy-neutral portfolio (energy index of 0) - a so-called Paris Proof portfolio - in 2045.

Bouwinvest is targeting above-average sustainability ratings (GRESB 4 or 5 stars) for at least 80% of its invested capital in 2022, a Paris Proof organisation in 2045 and a positive contribution to the United Nation's Sustainable Development Goals (UN SDGs). Bouwinvest is explicitly committed to five Sustainable Development Goals (SDGs) that fall within its sphere of influence:

- Health and well-being (SDG 3): invest in healthcare real estate, healthy buildings and lifecycle-proof homes.
- Affordable and clean energy (SDG 7): reduce energy use and invest in renewable energy.
- Decent work and economic growth (SDG 8): maintain an active dialogue with our partners on the aspects health, safety and working conditions at building sites.
- Sustainable cities and communities (SDG 11): invest in real estate with an above-average sustainability rating and affordable homes.
- Take urgent action to combat climate change and its impacts (SDG 13): invest in sustainable and climate adaptive real estate, which will result in a near energy-neutral portfolio in 2045.

In 2021, Bouwinvest once again conducted a materiality analysis among its clients, (international) partners, employees, tenants and its shareholder about their insights and expectations with regard to strategy, policy and implementation. Based on a detailed stakeholder analysis, Bouwinvest determined that these are its most important stakeholders based on their influence on the continuity of our business operations. The material themes are mainly ESG-related. This goes beyond the sustainability performance of our real estate investments, and also encompasses the related organisation. After all, making real estate more sustainable is driven by the right policy choices, qualified employees, transparent reporting, systems and data.

Materiality matrix



Impact of Bouwinvest on environmental, social and economic themes

1 Minimising climate impact of buildings / portfolio	11 Sustainable partnerships and knowledge sharing
2 Generating stable absolute and relative financial performance for investors	12 Circularity and material use in buildings
3 Stimulating/contributing to affordable housing and healthcare	13 Attracting & retaining talent
4 Integrity and transparency	14 Providing senior housing
5 Focusing on investor interest	15 Ensuring employee health and safety
6 Healthy and safe portfolio / buildings	16 Engaging tenants
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8 Above-average sustainable buildings	18 Engaging employees
9 Keeping cities and regions liveable	19 Minimising climate impact of business operations
10 Ensuring cyber & data security and privacy	20 New technologies and digitalisation
	21 Considering new building concepts
	22 Biodiversity in built environment
	23 Stimulating diversity & inclusion
	24 Reducing water use of portfolio
	25 Contributing to taxes and economy

Progress per material aspect

1 Minimising climate impact of buildings /portfolio

Ambition

In 2020, Bouwinvest and 30 other market players signed the Paris Proof Commitment of the Dutch Green Building Council (DGBC). What this means in effect is that by 2045 all Bouwinvest's Dutch real estate funds will have made the buildings in their portfolios highly energy efficient, added renewable energy sources and purchased CO₂-neutral electricity. In February 2021, Bouwinvest published a Paris Proof position paper, in which it explains how collaboration and acceleration will be essential for a CO₂-neutral portfolio by 2045. Bouwinvest has set up Paris Proof programme to back up this ambition.

For example, energy consumption will have to be reduced by roughly two-thirds. Bouwinvest will achieve this by investing in the buildings in its portfolios: highly insulated shells, smart systems for heating, cooling, ventilation and lighting, and sustainable energy generation. Bouwinvest is also ensuring that natural gas connections in its buildings are replaced with sustainable alternatives. When making acquisitions, Bouwinvest also targets sustainability by setting concrete standards. Bouwinvest exerts influence on local authorities, encouraging them to speed up the drafting of their heating visions and sets requirements for developers. To reduce energy consumption, Bouwinvest works intensively with tenants, pension funds and its chain partners, ranging from local authorities to technical installation companies. This enables Bouwinvest to obtain data on actual use and to share experiences and results.

Reduction of energy use

Bouwinvest once again managed to reduce the environmental impact of its Dutch portfolio last year by generating more sustainable energy, including the installation of solar panels and thermal storage systems (WKO). At year-end 2021, the total installed capacity of sustainable energy in the Dutch portfolio stood at 19.0 megawatt peak (MWp) (2020: 15.6 MWp). This put Bouwinvest just short of its target of 19.7 MWp of solar panels installed across the entire Dutch portfolio by the end of 2021.

In 2021, Bouwinvest completed roadmaps for all its Dutch funds, with the measures we need to take to make the buildings in our portfolio Paris Proof. In 2022, we will look at the measures for each building and work out the approach in more detail. In addition to focusing on energy reduction, Bouwinvest will continue to make the buildings in its portfolios more sustainable. Bouwinvest focuses on sustainable materials, the reuse of materials, waste and water consumption.

The timely, accurate and complete availability of energy consumption data, including the tenant component, remains a challenge, as the data is not freely available. Bouwinvest is in the process of introducing an Energy Management System (EMS) for the timely reading of data. Bouwinvest is also actively contacting tenants to get permission to read their data.

2 Generating stable absolute and relative financial performance for investors

Investing in real estate yields attractive and relatively stable returns in the long term. In terms of risk spread and minimum required returns, for Bouwinvest's clients – primarily pension funds and insurance firms – real estate is therefore an indispensable part their total portfolio. Bouwinvest also limits the risks for bpfBOUW even further with a worldwide spread in six real estate categories: residential property, retail property, offices, logistics, healthcare property and hotels.

The long-term stability of Bouwinvest's returns is evident from its performance over the past five years. Over 2021, Bouwinvest recorded a total return of 13.2%. This reversed the relatively weak result of 3.4% in 2020, the first year of the Covid-19

pandemic. While international investments still delivered a weak performance in 2020, last year they actually made a strong contribution to the positive result. Between 2017 and 2021, Bouwinvest's returns moved between a range of 3.4% and 13.2%.

Bouwinvest acquired properties worth € 903 million in 2021. Invested capital increased by € 2.3 billion to € 15.7 billion in 2021. Last year also saw solid growth in the capital entrusted by investors: this increased by almost € 3 billion to € 18.6 billion. This is clear evidence of investors' faith in Bouwinvest, which is also reflected in the strong increase of 10 new clients last year, taking the total to 36.

3 Stimulating/contributing to affordable housing and healthcare

Bouwinvest is closely involved in the debate on affordable mid-market rental housing in the Netherlands and also strives to ensure a plentiful supply of healthcare-related property. Bouwinvest invests in affordable rental housing and, as a build-to-let investor, is helping to reduce the housing shortage. Bouwinvest is involved in the Housing Action Plan and is making efforts, in consultation with public and private parties, to develop a realistic vision that will make a success of the major construction challenge facing the Netherlands.

In 2021, Bouwinvest once again actively invested in affordable housing. In 2021, 58% of new investments in the Netherlands was in mid-market rental housing. For example, Bouwinvest invested in mid-market rental homes in the Binckhorst district in The Hague and in Rotterdam-West, to name just two locations. In the Dutch liberalised rental sector, Bouwinvest capped the rent increase at inflation plus 1% in 2021.

Internationally, via its Europe Mandate Bouwinvest invested in affordable homes in countries including Belgium (€ 80 million) and Ireland (€ 100 million). In Australia, Bouwinvest's Asia-Pacific mandate invested in housing for disabled people (€ 42 million).

Through to the end of 2021, Bouwinvest had invested some € 600 million in healthcare real estate, both in the Netherlands and internationally. To address the shortage of healthcare housing, Bouwinvest very actively seeks dialogue with its chain partners. In mid-November, for example, Bouwinvest had a meeting in the Netherlands with investors, developers, and various stakeholders from the healthcare sector and the government to encourage an integrated approach to increase the supply of healthcare real estate.

4 Integrity and transparency

Integrity, transparency and corporate social responsibility are fundamental to Bouwinvest's aim to achieve well-balanced returns. The management communicates openly regarding its decisions and the company's financial and non-financial business performance. In doing so, Bouwinvest adheres to international standards, such as the Global Reporting Initiative (GRI). An independent compliance department identifies, assesses and monitors compliance risks and advises and reports to the Executive Board of Directors. Bouwinvest participates in the PRI benchmark and in the most recent report from 2020, Bouwinvest scored an A+, the highest possible score, for the Strategy and Governance module and the Property module.

You will find an update on compliance in the 'Integrated Risk Management' section of this report. You will find Bouwinvest's code of conduct at [Bouwinvest.nl](https://www.bouwinvest.nl).

Integrity, transparency and corporate social responsibility are also pillars of Bouwinvest's tax policy, which is applied to such matters as investment decisions, weighing tax risks and accounting for tax-related decisions. Bouwinvest considers its tax

policy to be an integral part of its ESG policy and the Executive Board of Directors adopts this policy on an annual basis. Starting in 2022, this policy will be published on the Bouwinvest.nl website.

5 Focusing on investor interest

Bouwinvest's size and growth provide a solid foundation for the continued professionalisation of the organisation and equip it to deal with the increasing complexity of real estate investment due, among other things, to increasing regulatory requirements. Bouwinvest provided its investors with regular updates on developments in its portfolios in connection with the evolving Covid-19 situation. In addition to its presence in the Netherlands, Bouwinvest's offices in New York and Sydney ensure that we can identify opportunities and promote the interests of bpfBOUW in the Asia-Pacific region and the US.

Following the addition of a Chief Client Officer to the Client Management team in 2020, the interests of our clients are now embedded at board level. Bouwinvest continued to shape its client journey in 2021. Some of the input for this came from the client satisfaction survey we conducted among investors in the open funds in early 2021, in which Bouwinvest was given a score of 7.1. In 2021, Bouwinvest provided existing clients with information on a range of subjects, including insight into the climate risks of the portfolio. We also held discussions with a number of (potentially new) investors in 2021; ten of these chose to invest with Bouwinvest in 2021.

6 Healthy and safe portfolio/buildings

Building certification

Bouwinvest uses various certification methods for existing and new buildings in its Dutch portfolios to manage their sustainability performance. This enables Bouwinvest to independently ensure that its buildings exceed legal requirements in terms of energy efficiency, environmental quality and safety. The primary goal is to offer users a healthy environment. Almost the entire Dutch portfolio (99%) had BREEAM or GPR labels in 2021, up from 97% in 2020. The Residential Fund and the Healthcare Fund use GPR labels. This label maps the sustainability of a building in terms of energy, environment, health, quality of use and future value. The health aspect includes limiting noise pollution, sufficient fresh air, ventilation and sufficient daylight. In addition, the GPR label looks at the quality of use, such as a safe living environment. When purchasing new residential and healthcare properties, Bouwinvest requires an average GPR Building score of at least 8.0. The maximum achievable GPR score is 10.

Bouwinvest uses BREEAM certification to assess its Retail, Office and Hotel fund properties. BREEAM measures the quality of real estate on the basis of nine aspects that are comparable to the GPR criteria, including noise, air quality, thermal comfort, light and visual comfort, plus the quality of use. A building with a BREEAM-NL Certificate is also a healthy building. This means that attention has been paid to the likes of indoor climate, ventilation, light and volatile organic compounds. A healthy working environment is better for the well-being and productivity of the users. The various funds had different goals for 2021, all of which were achieved.

- Office Fund: 100% BREEAM VERY GOOD or better;
- Hotel Fund: 100% BREEAM VERY GOOD or better;
- Retail Fund: 80% BREEAM GOOD or better.

Safe building sites

The Dutch Considerate Constructors code of conduct for building sites offers concrete guidelines for working in a conscientious manner with an eye for the local area, the environment, safety and reduced nuisance, all above and beyond any legal requirements. Bouwinvest has set itself the target that at least 75% of the construction sites it invests in (both new-build and redevelopment projects) should be registered as Considerate Building Sites each year. Bouwinvest actively encourages

its chain partners to apply this code of conduct, because Bouwinvest considers safe building sites important. In 2021, 83% of Bouwinvest's construction projects were registered under the scheme (2020: 70%).

7 Making buildings climate-resilient

In 2021, Bouwinvest used a so-called climate stress test to evaluate the exposure of the properties in the Dutch portfolio and international mandates to climate risks. This test provides insight into the potential 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 (gross risk). At the same time, Bouwinvest teamed up with two parties to analyse which (control) measures we need to take to prevent damage to its Dutch buildings and to safeguard the safety and well-being of the users of those buildings. This process is helping Bouwinvest to identify the net risks for tenants.

As a part of this pilot, Bouwinvest zoomed in on the Dutch portfolio using its own GIS (Geographical Information System) based on the characteristics of a property. In 2022, we will assess the results in more detail and come up with more concrete plans to address the risks. For the international mandates, Bouwinvest is engaging with managers of buildings with a higher exposure to climate risks. This process has provided Bouwinvest with valuable insights into the likes of how climate risks are perceived locally, how they are investigated, what measures are taken, and how they are insured against. As a result, Bouwinvest now has a clear picture of more than 23,000 properties in its funds and mandates.

8 Above-average sustainable buildings

In September 2021, Bouwinvest won the IPE Real Assets Sustainability Award for its management of the entire real estate portfolio.

GRESB results

For the first time last year, all five Dutch sector funds were awarded GRESB five-star ratings, the highest achievable score. This was the first time for the Retail and Healthcare funds. The Hotel Fund was once again named a GRESB Global Sector Leader. The position of Bouwinvest's real estate funds in the GRESB benchmark gives a clear picture of Bouwinvest's position compared with other real estate investors.

Within the benchmark, Bouwinvest focuses on two aspects to measure its impact: Performance (on energy, GHG, water and waste) and Management (risk management issues related to ESG, policy focused on the separate components of ESG and Stakeholder engagement).

The target for 2021 was to have at 80% of invested capital rated GRESB 4 or 5 stars and therefore above average in terms of sustainability. Despite the fact that 100% of the Dutch portfolio now has a GRESB 5-star rating, the share of above-average sustainable investments in the total portfolio declined slightly to 79.3% last year. This was just below the target of 80%. The difference with last year was due to the increase in the value of the international portfolio and the fact that on average less than half of the real estate in the North America and Asia-Pacific mandates have GRESB 4 or 5-star ratings.

BREEAM Award

In March 2021, Bouwinvest's Office Fund won the GRESB/BREEAM Award for Responsible Investment Small Portfolio. The Responsible Investment Awards recognise real estate investors that play a leading role in terms of making individual buildings or entire real estate portfolios more sustainable. This looks at criteria such as the percentage of real estate with a BREEAM certification, the GRESB score as a measure of ESG performance and the investment manager's commitment to sustainability.

9 Keeping cities and regions liveable

In 2021, Bouwinvest invested € 903 million worldwide in real estate. Bouwinvest focuses on metropolitan regions in developed countries worldwide. These cities offer the best investment opportunities for our clients. Investing in quality of life is essential in this respect. Liveable cities are resilient, prosperous and future-proof: they ensure growth in the value of real estate and therefore stable long-term returns. Quality of life in cities is characterised by mixed neighbourhoods with places to live, work, shop and recreate for all population groups. They are green cities that focus on sustainable mobility and public transport. They are well densified and promote a safe and healthy living environment. Cities that invest in liveability have less unemployment and economic inequality and are more resistant to climate problems.

Examples of investments that contribute to the liveability of cities include those in Rotterdam, The Hague, Ireland and Australia. For example, Little C (Coolhaven) in Rotterdam was a place without a clear purpose located between roads, and seen as a lost piece of the city. Now it is a real part of the city, with 15 buildings that are connected to the rest of the city and where people like to live and work. Other examples are the Binck Blocks and Binck City residential complexes in The Hague, where a total of 310 homes, 231 of which are affordable medium-rent homes, are currently being built. This large-scale inner-city redevelopment of an industrial area will soon be a mixed environment for living and working. In Dublin, Ireland, Bouwinvest has invested in affordable housing. Investing in housing for groups with low and middle incomes also makes the city accessible and attractive for those on low and middle incomes. In various cities in Australia, Bouwinvest is investing in specialised housing for people with disabilities. This means those people can live independently in the city and be a part of society.

10 Ensuring cyber & data security and privacy

Bouwinvest once again devoted a great deal of attention to cybersecurity in 2021. After all, increasing digitalisation is also increasing the need to keep information secure and available. This involves information from our investors, tenants, employees, chain partners and others. Last year, Bouwinvest made the potential improvements that emerged from the assessment related to the Dutch Central Bank (DNB) standard for information security ([DNB Information Security Good Practice](#)). Bouwinvest's score now meets this standards overall and exceeds it for most items. Bouwinvest has also made a start on the implementation of a Security Operations Centre to quickly detect and respond to attempted digital thefts. In addition to this, Bouwinvest ran an extensive security awareness programme, focusing on various target groups, such as management, IT and guests, staff and suppliers.

Each year, Bouwinvest evaluates its privacy-related processes and the processing of personal data to comply with the General Data Protection Regulation (GDPR). For example, Bouwinvest revised its privacy policy in 2021, making it more appropriate for the organisation and easier to read, and integrated privacy safeguards in existing processes.

Results of the real estate portfolio

In addition to a social return, Bouwinvest aims for stable absolute returns and outperformance of the relevant indices. These figures are shown below. This is followed by a brief review per fund and mandate.

Funds and mandates (x € million)	2021	Plan 2023 pipeline	Secured		Relative performance 2016 - 2020
			2021	Return 2021	
Dutch Residential Fund	7,681	8,662	533	11.1%	0.8%
Dutch Office Fund	1,239	1,369	27	7.3%	0.7%
Dutch Retail Fund	976	1,060	24	4.4%	3.8%
Dutch Healthcare Fund	456	628	54	10.5%	-
Dutch Hotel Fund	356	395	0	7.6%	-
Bouwinvest Development	61	4	0	10.5%	-
Europe Mandate	1,481	1,903	517	24.6%	(1.0)%
North America Mandate	1,939	1,931	319	28.7%	0.6%
Asia-Pacific Mandate	1,358	1,783	524	9.8%	1.1%
Other (The Netherlands)	109				

Residential Fund



Residential Fund, Tudorpark, Hoofddorp

Despite the increase in the real estate transfer tax, the Residential Fund recorded solid returns in 2021. Driven by the growing housing shortage, particularly in the mid-market rental sector, investment values rose sharply in 2021, resulting in capital growth of 8.9%, well above the forecast at the start of the year. The income return came in at 2.1%, taking the total return to 11.1% (6.8% in 2020). The relative performance against the MSCI Netherlands Index was an outperformance of 0.8% over the five-year period of 2016-2020.

The Fund did face Covid-19-related construction delays in a number of projects and delays in closing deals for new projects. Nevertheless, the fund acquired new-build projects in the Holland Metropole region (one project in The Hague, one in Hoofddorp and two in Rotterdam) totalling approximately €153 million and added four projects to the portfolio (75 houses and 299 apartments). Just under 60% of the homes the Fund acquired last year fell within the affordable mid-market rental segment. In 2021, the Fund also made a start on income-dependent allocation when renting out homes. The Fund will continue this initiative in 2022.

Office Fund



Office Fund, Central Park, Utrecht

Thanks to the upward revaluation of a number of assets, the Fund posted capital growth of 4.6%, well above the -1.7% expected at the start of the year. The Fund's income return of 2.6% was slightly higher than expected, taking the total return to 7.3% (4.8% in 2020). The relative performance against the MSCI Netherlands Index was an outperformance of 0.7% over the five-year period of 2016-2020.

Last year was a particularly productive year for the Office Fund. One of the milestones was the completion of Central Park in Utrecht. Due to the pandemic and working from home, the Fund was able to accelerate the renovation of WTC Rotterdam and completed the renovation of Centre Court in The Hague. In 2021, the Fund signed leases for 4,400 m² with stable, reliable tenants for a number of office properties, including Central Park, WTC Rotterdam and Centre Court. This led to significant reduction of the Fund's vacancy risk.

Retail Fund



Retail Fund, Damrak, Amsterdam

The Retail Fund posted a total return of 4.4% in 2021, well above the plan of 0.5% and about 4% higher than the market average. Although the income return was lower than budgeted, largely due to the Fund's financial assistance for tenants, it still came in at 3.9% (2020: 3.8%). The sharp decline in the value of experience retail properties was fully offset by the increase in the value of convenience properties, resulting in capital growth of 0.5%, versus a plan of -3.9% (2020: -3.4%). The relative performance against the MSCI Netherlands Index was an outperformance of 3.8% over the five-year period of 2016-2020.

A number of tenants in the experience segment of the Retail Fund once again experienced difficulties in 2021 and the Fund was forced to grant rent reductions to several tenants. Bouwinvest continues to have confidence in these high street retail properties for the long term and is actively involved in liveability initiatives in several cities. In the periods between lockdowns, consumers were also happy to resume their visits to shopping centres. Despite the challenging market, the Fund was able to

reduce vacancy rates even further last year. This was partly due to proactive lease negotiations, including TK Maxx's takeover of the C&A lease for the retail unit at Damrak 79 in Amsterdam (effected in January 2022). In addition, the Fund worked closely with supermarket retailers to facilitate their expansion plans. In 2021, the Fund acquired a project on the Lijnbaan in Rotterdam, consisting of 17 retail units, plus three high street stores in Eindhoven. In addition, despite the difficult market, the fund managed to sell the Muntpassage shopping centre in Weert and a retail unit on the Spuistraat in The Hague, as these assets were no longer a good fit with the Fund's strategy.

Healthcare Fund



Healthcare Fund, Villa Verde, Harderwijk

The Healthcare Fund posted a total return of 10.5% in 2021 (4.0% in 2020), significantly better than the plan of 1.8%. This was primarily due to higher than expected capital growth of 7.2% (versus a plan of -1.7%), which was driven by market demand and increasing competition for healthcare real estate, the strong economic recovery and continued government support for the healthcare sector. Although the Fund's income return was lower than expected (3.2%), largely due to incidental maintenance, rent deferrals and discounts, the Fund expects this to recover in 2022 thanks to our high occupancy rate and a number of new assets.

The Healthcare Fund made good progress on all its strategic pillars last year, exceeding almost all targets for the financial year. The Fund acquired new complexes in the mid-market rental segment and intramural segment for € 82 million last year. The Fund also saw a significant improvement in its occupancy rate, which had risen to 98% by the end of the year. On the social return front, the continued development of the community-based approach proved very popular with tenants in the LIFE complex in Amsterdam. The majority of tenants are now participating in this initiative and the tenant satisfaction score for the complex saw a marked improvement. The Fund has now implemented this community concept at all Assisted Living complexes, ranging from a hostess to a full-fledged programme.

Hotel Fund



Hotel Fund, Postillion Hotel, Rotterdam

The value of the Hotel Fund's portfolio remained stable in 2021; some assets even increased slightly in value. Following the decline in value of -6.8% in 2020, the fund posted capital growth of 3.6% in 2021, despite the expected decline at the start of the year. The Fund's income return remained below plan at 3.9% due to the postponed completion of Hotel Postillion WTC Rotterdam and because the Fund recorded more rental losses than planned due to Covid-19. The total return came in at 7.6% (-4.3% in 2020).

In the year under review, the Hotel Fund devoted a great deal of time and energy to relationship management and making agreements with tenants regarding rent payments. The Fund also held numerous discussions with hotel operators about developments in the sector and forecasts for recovery. The Fund's portfolio includes quality hotels in city centre locations in three major cities (Amsterdam, The Hague and Rotterdam). Covid-19 has had an enormous impact on the hotel sector, even though there have been differences between the various concepts. The completion of Hotel Postillion WTC Rotterdam marks another step in the Fund's diversification across the most attractive hotel cities in the Netherlands. The benefits of a diversified portfolio also became even more apparent during the pandemic, as individual assets were affected in different ways at different stages of the pandemic. For example, the hotels in the portfolio were hit hardest by the restrictions on international tourists, while long-stay accommodations recorded higher occupancy rates due to the fact that they had numerous alternative rental options, such as temporary housing or work space. The impact of Covid-19 also varied by city. For example, the NH hotel in The Hague benefited from its proximity to the Scheveningen beach in the summer.

Europe Mandate



Europe Mandate, Ardstone, Dublin

The Europe Mandate recorded a return of 24.6% in 2021 (-4.6% over 2020), mainly driven by the strong performance of residential and logistics investments. The relative performance against the INREV/GPR index was an underperformance of -1.0% over the five-year period of 2016-2020. By year-end 2021, the portfolio had a value of close to € 1.5 billion and 57% of the core investments in the European portfolio scored above average on sustainability (GRESB 4 or 5 stars). The Europe

Mandate's pipeline of committed investments currently amounts to € 517 million. The mandate made new investments of € 173 million in 2021, mainly in (affordable) rental housing in Ireland and Germany.

North America Mandate



*North America Mandate, Acton
Courtyard, Berkeley*

The North America Mandate recorded a return of 28.7% in 2021 (-2.3% over 2020), driven primarily by the strong performance of residential and logistics investments. The relative performance against the NCREIF/GPR index was an outperformance of 0.6% over the five-year period of 2016-2020. At year-end 2021, the portfolio had a value of over € 1.9 billion and 19% of the core investments in the North American portfolio scored above average on sustainability (GRESB 4 or 5 stars). The North America Mandate's pipeline of investments currently stands at € 319 million. Bouwinvest invested a total of € 112 million in this region, primarily in data centres, life sciences (medical research centres and laboratories) and logistics assets in the United States.

Asia-Pacific Mandate



*Asia-Pacific Mandate, Esplanade,
Sydney*

The Asia-Pacific Mandate delivered a return of 9.8% in 2021 (2.9% over 2020), mainly driven by the strong performance of logistics investments. The relative performance against the ANREV/GPR index came in at an outperformance of 1.1% over the five-year period of 2016-2020. At year-end 2021, the portfolio had a value of nearly € 1.4 billion and 57% of the core investments in this portfolio scored above average on sustainability (GRESB 4 or 5 stars). The Asia-Pacific Mandate's pipeline of investments currently stands at € 524 million. In 2021, this mandate committed a total of € 347 million, including investments in logistics in South Korea and Japan, housing for disabled people, data centres and offices in Australia, and residential and healthcare real estate in several countries in the Asia-Pacific region.

Little C Residential Fund

Rotterdam
the Netherlands



Results of the management organisation

Bouwinvest's internal organisation and Covid-19

In 2021, the Covid-19 pandemic once again had a major impact on the way Bouwinvest employees worked, communicated with each other and their well-being. Working from home was the norm for much of the year. Bouwinvest devoted a great deal of attention last year to ensuring that working from home went smoothly and that people continued to feel engaged in the organisation. It was possible for people to work at the office for a number of periods in the year. This was mainly because the space in the building allowed it and employees really felt the need to get back to the office. Employees were able to use a special app to sign up to work in the office, so we never exceeded the set maximum number of employees and people could see which of their colleagues were present in the office.

Employees were also given access to vitality programmes involving joint online exercise, plus they were kept informed via newsletters and virtual business meetings. Last year, these bi-monthly business meetings took the form of live broadcasts, which were used to exchange information about the organisation, but also to talk to and listen to clients. We also discussed the meaning of the Real Value for Life purpose in detail.

Remote collaboration

The Business Continuity Team (BCT Team), which Bouwinvest set up in 2020, continued to meet once every two weeks in 2021. Last year, the team focused primarily on the measures required in the office, helping to optimise conditions for working from home, maintaining engagement with Bouwinvest, and ensuring the well-being of employees.

People were able to work at the office if they had signed in using the app. This was subject to a maximum number of people to guarantee a safe working environment. For home offices, Bouwinvest opened a webshop in collaboration with Heath2work, so employees could order office chairs and IT resources. Both the app and the webshop are now permanent, as Bouwinvest will continue with hybrid working. Which means there will no longer be any fixed home-working or office days. Bouwinvest completed its hybrid working policy in Q1 2022. To optimise remote working, all employees received a new laptop with additional options in 2021. Bouwinvest also organised training sessions on working with new digital applications.

Managers followed a workshop on remote management. And the PFB planning cycle devoted attention to achieving a good work-life balance. Bouwinvest also improved the new onboarding programme by adding internal buddies and live programme has been replaced with a video programme about the various parts of the organisation. Absenteeism came in at 1.7% in 2021, slightly higher than in 2020 (1.6%).

Growing management organisation

In line with the increase in invested capital, the management organisation is also seeing steady growth. In 2021, the workforce increased by five FTEs on balance. Last year, 16 employees left the organisation, representing a turnover rate of 7.8%. This turnover rate is relatively low for an organisation undergoing change, and Bouwinvest sees this as a healthy development. At year-end 2021, Bouwinvest had 210 employees. The number of FTEs stood at 196.6, compared with 191.4 at year-end 2020.

The rapid growth in the number of clients, the increase in regulatory requirements and the tight labour market requires further professionalisation of the organisation. The organisation is changing and we will need to accelerate processes and improve communications.

	Employees	Senior management	Employees by age	Staff turnover	Absenteeism	Internships	Employee satisfaction
2021	Female 35% Male 65% (Total 196,6 FTE)	Female 17% Male 83%	< 30 7.3% 30 - 40 26.7% 40 - 50 38.8% 50 - 60 21.4% > 60 5.8%	7.8%	1.7%	7	7.8
2020	Female 35% Male 65% (Total 191,4 FTE)	Female 17% Male 83%	< 30 9.5% 30 - 40 28.5% 40 - 50 38.0% 50 - 60 21.0% > 60 2.0%	8.4%	1.6%	3	- *

*Measured every two years

Human Resource Management

HR policy – Shape & Develop

In line with its strategic goals, Bouwinvest has developed a new HR policy, the 'Shape & Develop' programme. Good employment practices are central to this drive and they have been subdivided into the themes Steer, Attract, Engage, Shape, Develop, Unite. Bouwinvest has had a high level of employee engagement for many years and has a strong, people-oriented culture. For the coming years, the strategic objectives call for specific attention to:

- Shape – organisational structure, processes, digitalisation
- Develop – culture, performance management, leadership and training

The goal of this programme is: the Executive Board of Directors, management and employees create and maintain a people-oriented and inclusive organisation of motivated professionals, interconnected by the organisational mission and vision, and our purpose, with a focus on leveraging their combined knowledge, energy and creativity to create value for our clients.

Employee survey

The biennial employee survey, held in October 2021, showed that the efforts of employees and management to shape the new way of working have been successful. The employees satisfaction score of 7.8 was a good result in our sector, especially when you take into account the obstacles the organisation faced due to the pandemic. Bouwinvest's score was higher than those of the companies in the benchmark of Effectory, which conducted the survey. The Bouwinvest staff participation rate of 90.5% was considerably higher than the benchmark average of 75%.

- Overall score 7.8
- Employment practices 7.5
- Organisational direction 7.9
- Enthusiasm 7.9
- Job transparency 8.1

The survey showed that employees recognise and endorse Bouwinvest's core values and the direction of the company is clear. Employees appreciate the company's approach to the Covid-19 crisis and, despite the pandemic, engagement has remained high.

The main potential improvement that emerged from the survey was the collaboration between teams and Bouwinvest. Each team will work on its own points of attention and Bouwinvest will work on improving collaboration between the various teams and internal communications.

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). Bouwinvest also follows the Dutch Corporate Governance Code.

Total staff remuneration of employees with permanent contracts at Bouwinvest, including salaries, social security charges and pension contributions, amounted to € 27.3 million in 2021 (2020: € 24.8 million). At year-end 2021, Bouwinvest employed 196.6 FTEs (2020: 191.4 FTEs). The increase in average personnel costs per FTE was the result of indexation effective 1 July 2021, annual personnel salary increases, increased pension contributions and the relatively high salary level of newly recruited personnel. The variable remuneration amounted to € 1.2 million in 2021 (2020: € 1.2 million) and the costs of hiring temporary staff came in at € 1.9 million (2020: € 2.9 million).

Sixty percent of employees qualify for variable remuneration of a maximum of 4% of their gross annual base salary, based on the organisation's collective performance targets. We agree individual performance targets 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 annual base salary. The Executive Board of Directors bears primary responsibility for the remuneration policy. As of 2021, the members of the Executive Board of Directors will no longer receive any variable remuneration. The Supervisory Board supervises this policy and is advised by the Selection and Remuneration committee.

Renewal of remuneration policy

As announced in the previous annual report, Bouwinvest evaluated the remuneration policy for its directors (Executive Board of Directors and Supervisory Board). As a result of the review, it was decided that the Executive Board of Directors would no longer receive any variable remuneration at all as of 2022 and their remuneration will now consist entirely of their fixed salary. By way of compensation, however, these salaries have been increased. This step is appropriate in the light of Bouwinvest's social responsibility and is in line with the policy of other pension providers and asset managers and with the needs of society. The renewal of the remuneration policy for Bouwinvest employees is on the agenda for 2022.

Explanation of staff remuneration on the basis of AIFMD remuneration rules

Bouwinvest works on the basis of an AIFMD licence. Below you will find the total amount of the remuneration Bouwinvest paid out to its staff over the whole year, divided into fixed and variable remuneration.

	Fixed remuneration (x € 1,000)	Variable remuneration (x € 1,000)	Total remuneration (x € 1,000)
2021	26,104	1,185	27,289
2020	23,550	1,231	24,781

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 2021, 26.5 FTEs qualified as identified staff (2020: 25.1 FTEs).

	Fixed remuneration (x € 1,000)	Variable remuneration (x € 1,000)	Total remuneration (x € 1,000)
2021	5,820	389	6,209
2020	4,797	574	5,371

You will find an explanation of the remuneration of the Executive Board of Directors and the Supervisory Board in the Remuneration report.

Technology: continuity and continued development

In 2021, Bouwinvest's people were once again able to continue to work (together) digitally. Both at the office and from home. The actions taken in 2020 once again ensured that IT support functioned properly in 2021. Bouwinvest also devoted attention to the continued development of its technological landscape. For instance, Bouwinvest implemented a new contract register to improve insight into the organisation's contracts. Bouwinvest continued with the development of a Data Analytics tool, which makes it easier to analyse and report on data. Bouwinvest is made a start on the implementation of a GRC tool to provide better support for the Risk and Compliance departments. The implementation of this tool was completed in Q1 2022. 2021 also saw the start of the development of an Energy Management System (EMS) to gain insight into the actual energy consumption of the buildings in the Bouwinvest portfolio, a process we will complete in 2022.

Other company-wide technological developments are listed under the material aspects 'Cybersecurity and privacy' and 'New technology and innovation'.

Community engagement & sponsoring

Real Value for Life also means that we make an annual financial contribution to certain civil organisations. These charities are a good fit with our core business and are related to the theme:

A roof over your head

As a real estate investor, Bouwinvest provides a roof over the heads of many people, by investing in inclusive and sustainable areas, areas where people want to and can live now and in the future. Via sponsorship, Bouwinvest wants to go a step further and help long-term vulnerable groups who also need good housing. Based on the theme of 'a roof over your head', Bouwinvest makes conscious decisions as to whether or not to sponsor initiatives.

Based on the theme of 'A roof over your head', Bouwinvest has entered into sustainable partnerships with two charities: HomePlan Foundation (since 2014) and The Forgotten Child Foundation (since 2021).

HomePlan Foundation

HomePlan was founded in 1997 to provide the poorest of the poor, especially in developing countries, with a decent house, home and future. HomePlan always works with local partners because they know local customs and culture better than anyone. In addition to housing, they also offer aftercare programmes.

In addition to raising funds for construction projects, HomePlan also recruits volunteers. For example, every year groups of volunteers travel to ongoing projects. In addition to our financial contribution, two Bouwinvest colleagues join these annual building trips to help build a number of homes and see for themselves what impact HomePlan's work has on local communities. These trips were temporarily interrupted in 2020 and 2021 due to Covid-19. In 2021, Bouwinvest made a financial contribution of € 6,500.

The Forgotten Child Foundation

The Forgotten Child (Dutch: Het Vergeten Kind) fights for thousands of children in the Netherlands who do not have a safe and loving home, because there are so many problems at home. The foundation wants all these children to feel heard and seen, that they have a safe and stable place to live and can develop positively, so they can take their own place in society. To show that it can be done differently and better, the foundation set up Heppie (t)Huis. This initiative aims to provide a safe and stable home for children who have been placed in foster care and works with a fixed team of social workers. In 2022, a second Heppie (t)Huis will be built in the Veluwe national park. This will be a sustainable timber construction project to which Bouwinvest made a concrete financial contribution. In 2021, Bouwinvest donated € 5,000.

Environmental impact management organisation

Bouwinvest takes a targeted approach to reducing its own environmental impact. The aim is to keep reducing the organisation's CO₂ footprint and to shift the energy consumption of the head office, in cooperation with the owner, towards the Paris Proof standard of 50 kWh/m² in the coming years.

Due to Covid-19, Bouwinvest once again made limited use of its own office building in 2021. This together with the few kilometres driven and the few flights taken, means that, as in 2020, the energy consumption and environmental data in 2021 do not give a representative picture. This information can be found in the 'ESG performance indicators' section in the appendices.

Hourglass Office & Hotel Fund

Amsterdam
the Netherlands



Financial analysis

management organisation

Income

Net income amounted to € 6.5 million in 2021 (2020: € 4.3 million). The operating result of € 7.4 million recorded in 2021 was € 2.2 million higher than in 2020. This increase was due to a higher management fee, combined with a less sharp increase in operating expenses.

Management fee

The management fee increased by €2.9 million year-on-year to €53.2 million in 2021 (2020: €50.3 million). This increase was due to the higher (average) Net Asset Value (NAV). Compared with year-end 2020, the NAV of the international mandates had increased by € 1.3 billion and the NAV of the Dutch funds by € 950 million at year-end 2021. The entire portfolio increased by 17% when compared with year-end 2020.

Operating expenses

Operating expenses increased by € 0.6 million (1.5%) to € 45.7 million in 2021, from € 45.1 million in 2020. This increase was the result of the € 1.4 million higher personnel costs and € 0.8 million lower other operating expenses.

The higher personnel costs were due to an increase in the number of employees to 196.6 FTEs (year-end 2020: 191.4 FTEs) and extra temporary staff. These extra temporary staff were primarily used to fill vacancies and in the execution of projects. Depreciation came in at the same level as in 2020 and amounted to € 1.3 million.

Other operating expenses declined by € 0.8 million in 2021 compared with 2020. Non-deductible VAT was € 0.9 million lower than in 2020, mainly due to lower non-deductible VAT as a result of lower total costs than initially budgeted (impact of € 0.3 million) and a release of part of the provision for the right to deduct VAT for costs resulting from the fiscal unity (impact € 0.6 million).

Corporate income tax

The total corporate income tax expense amounted to € 2.2 million; € 1.8 million of this was current corporate income tax, while € 0.3 million was related to a change in the deferred tax liability and € 0.1 million was related to the release of a deferred tax asset.

The deferred tax liabilities are related to the difference between the fiscal and commercial valuation of the participations in the Dutch funds (cost price versus fair value) valued at the expected tax rate. Deferred tax assets are related to the difference between the fiscal and commercial carrying amount of tangible and intangible fixed assets. For tax purposes, assets cannot be depreciated more quickly than over five years, while some assets have a shorter depreciation period for commercial purposes.

Financial position

Solvency

Bouwinvest's shareholders' equity increased by € 6.5 million to € 45.2 million in 2021 (2020: € 38.7 million). This increase was due to the addition of the net income for 2021 (€ 6.5 million). The solvency ratio stood at 72% in 2021, unchanged from 2020.

Cash position

At year-end 2021, Bouwinvest had € 37.8 million of current account balances available with the company's bank ABN AMRO. This is more than enough to cover all outstanding liabilities and also meets the formal requirements of the AIFM directive.

Profit distribution and dividend policy

The Executive Board of Directors proposes to add € 0.5 million of the 2021 profit of € 6.5 million to its retained earnings and to pay out a dividend of € 6.0 million. Bouwinvest aims to have future-proof shareholders' equity to facilitate the growth of the organisation and to achieve its strategic objectives. Bouwinvest's capital policy is geared towards achieving this and the proposed dividend pay-out is in line with this capital policy.

Outlook

There is still a great deal of concern about global warming, and it is still unclear whether lockdowns due to the Covid-19 pandemic will be necessary in 2022. On the other hand, there is still a lot of real estate that needs to be developed worldwide, especially in residential, logistics and healthcare real estate. This will require a lot of capital, and this capital is available.

Given its market position, its size and its organisation, Bouwinvest is in a good position to contribute to this. In 2022, our first priority will be to implement the agreements with our investors, as included in the fund and mandate plans. In addition, Bouwinvest will continue to develop along the three main themes from the strategic plan: professionalisation, responsible investment and controlled growth. The development of new product/market combinations is part of this controlled growth.

All-important at this point, however, is the war in Ukraine, following Russia's invasion of the country in early 2022. The Russian invasion of Ukraine and the rapidly escalating events in late February and into March 2022 are a very tragic development for the people of Ukraine and these disrupted business and economic activities in the region and globally. These events and resulting economic uncertainties may have a negative impact on Bouwinvest, including on the valuation of its holdings and/or cash flows. At this time, it is not possible to estimate the financial impact of this crisis, either globally or for Bouwinvest. Bouwinvest regularly screens its business associates, including against sanctions lists. Recent checks against sanctions lists, specifically with respect to Russia and Belarus, have not resulted in the identification of any violations of these sanctions. Also, there are no other material consequences that impact Bouwinvest's ability to continue as a going concern. Bouwinvest will continue to monitor developments and evaluate any possible consequences for the organisation.

Result and profitability

For 2022, Bouwinvest is forecasting a result after-tax of € 3.1 million (actual 2021: € 6.5 million). Implementation of the strategic plan and the continued professionalisation of the organisation will result in higher costs. Bouwinvest's profitability largely depends on:

- The development of the management fee, which depends on the Net Asset Value (NAV) of our funds and mandates;
- The composition and development of our workforce;
- The development of operating costs and to a significant extent project-related costs.

The management fee is based on the approved fund and mandate plans. For 2022, Bouwinvest has reduced the management fee for the Dutch funds to 48 basis points, from 50 basis points on invested capital. The estimated management fee is based on the premise of economic recovery and the fact that the vaccinations against the Covid-19 virus (and its variants) are effective.

Bouwinvest will have to increase the number of its staff to achieve the objectives laid down in its strategic plan. Staff development depends on filling vacancies. If Bouwinvest fails to fill these vacancies in line with the plans for 2022, Bouwinvest anticipates a shift between permanent staff costs and the costs of hiring external staff.

In the 2022 budget, other operating costs are € 1.4 million higher than in 2021. These costs develop in line with the growth of the organisation. Bouwinvest expects project-related costs to come in at € 2.5 million in 2022 (actual 2021: € 1.8 million). Whether Bouwinvest realises this figure will depend in part on the capacity of the project organisation and the availability of the necessary internal and external staff.

Financial position and solvency

With the exception of its short-term borrowing, Bouwinvest is almost fully financed with equity and had a strong solvency of 72% at year-end 2021. Based on the estimated result for 2022, Bouwinvest expects solvency to increase to 76% at year-end 2022, based on the adopted budget.

At year-end 2021, Bouwinvest had € 37.8 million in current account balances with its principal bank ABN AMRO. Bouwinvest could also cut costs, although these cuts could affect its strategic objectives.

Personnel

Bouwinvest expects to increase its total workforce to 228 FTEs by year-end 2022. This represents an increase of 31 FTEs compared with 2021 (197 FTEs). Bouwinvest considers this increase necessary if it is to achieve the objectives of its 2020-2022 Strategic Plan. In addition, Bouwinvest is setting ever-higher demands for client service, internal controls, risk management and compliance.

If Bouwinvest achieves the planned growth in staff numbers, personnel costs will amount to € 31.8 million in 2022. This is a growth of € 2.6 million compared with the actual figure for 2021 (€ 29.2 million). The budgeted costs for external staff are projected to decline by € 0.4 million, while the budgeted costs for permanent staff is set to increase by € 3.0 million.

Investments

In recent years, Bouwinvest has invested in improvements to its office building in Amsterdam. Bouwinvest estimates investments for 2022 at € 0.9 million, largely for the transformation of its standard workstations, new telephones and the upgrade to SAP BW/4HANA.

Assurance-report of the independent auditor

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

Our conclusion

We reviewed the sustainability information in the 2021 annual report of Bouwinvest Real Estate Investors B.V. in Amsterdam. A review is aimed at obtaining a limited level of assurance.

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

- the policy and business operations with regard to corporate social responsibility; and
- the events and performance on this front in 2021

The sustainability information consists of the following sections of the 2021 annual report:

'How Bouwinvest creates value' on pages 15-20; 'Progress per material aspect' on pages 21-25; the appendices 'GRI Content Index' on pages 103-107 and 'ESG performance indicators' on pages 108-111, excluding water use, waste management and 'Environmental data head office'.

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). We describe our responsibilities on the basis of this standard in more detail in the 'Our responsibilities for the review of the sustainability information' section of this 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, and other relevant independence regulations in the Netherlands. In addition, we complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch professional code of ethics for accountants).

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 responsible for selecting and applying these reporting criteria, taking into account applicable legal and regulatory requirements 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 pages 112-13 of the annual report.

The lack of established practices for reviewing and measuring non-financial information provides the opportunity to apply several acceptable measurement techniques. This can affect comparability across entities and over time.

Limitations to the scope of our examination

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

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

Responsibilities of the Executive Board of Directors and the Supervisory Board for the sustainability information

The Executive Board of Directors is responsible for the preparation of the reliable and adequate sustainability information in accordance with reporting criteria as disclosed in the 'Reporting criteria' section, including the identification of stakeholders and the definition of material aspects. The choices made by the Executive Board of Directors regarding the scope of the sustainability information and the reporting policy are summarised in the 'Material aspects' chapter in the Bouwinvest Real Estate Investors B.V. 2021 annual report.

The Executive Board of Directors is also responsible for such internal controls as it deems 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 at determining the plausibility of information and vary in nature and timing from, and are less extensive, than for an assurance engagement aimed at obtaining a reasonable level of assurance. The level of assurance obtained in a review is therefore substantially lower than the assurance obtained in an audit.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for quality management systems). Accordingly, we have at our disposal a comprehensive system of quality controls, including documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We exercised professional judgement and maintained professional scepticism throughout this review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our review included but was not limited to:

- 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 included the evaluation of the results of the stakeholders' dialogue and of the reasonableness of estimates made by the Executive Board of Directors;

- Obtaining an understanding of the reporting processes for the sustainability information, including obtaining a general understanding of internal control measures relevant to our review;
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted amongst others of:
 - Interviewing the members of the Executive Board of Directors (and/or relevant staff) at group (and business/division/ cluster/local) level responsible for the sustainability strategy, policy and performance;
 - 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 to the effect that the sustainability information reconciles with the 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 overall presentation, structure and content of the sustainability information;
 - Considering whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used;

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 Supervisory Board regarding, among other matters, the planned scope, timing and outcome of the review.

Amsterdam, 1 April 2022

Deloitte Accountants B.V.

Signed on the original:

R.J.M. Maarschalk RA

Corporate governance

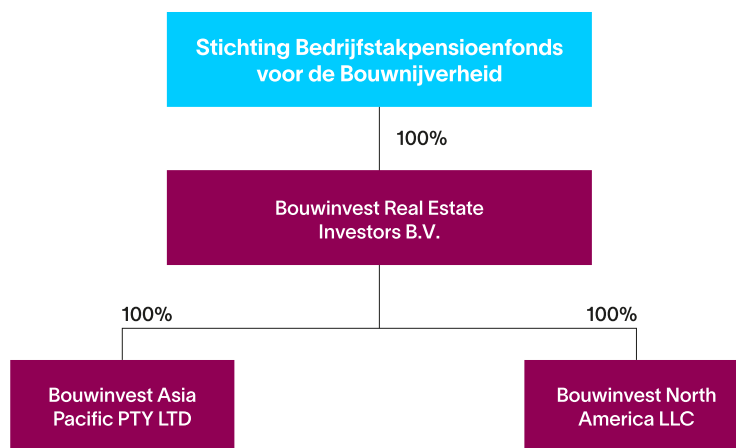
Legal structure

Bouwinvest Real Estate Investors B.V. (Bouwinvest) is a wholly owned subsidiary of Stichting Bedrijfstakpensioenfonds voor de Bouwnijverheid (bpfBOUW, the pension fund for the Dutch 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 legal structure

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).



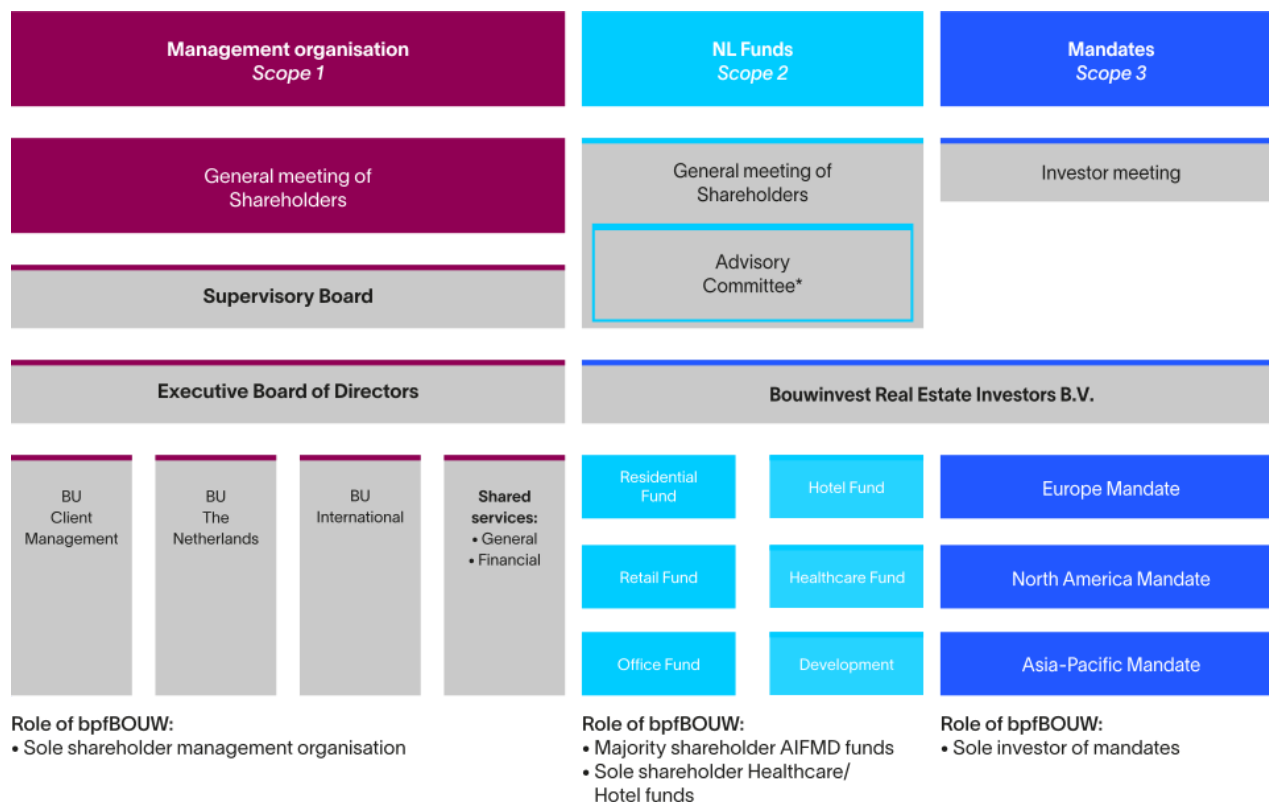
Bouwinvest also holds limited interests in the following open funds that it manages:

- 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 exerts significant influence on these funds, these interests are classified as associated companies in the financial statements, despite the fact that the interests are less than 20%.

Threefold scope

Bouwinvest operates on the basis of a threefold scope.



*until 2021: Shareholders committee

Executive Board of Directors

The Bouwinvest Executive Board of Directors consists of five persons: the Chief Executive Officer (and statutory director), the Chief Financial & Risk Officer (and 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 assisted 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.

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 remained unchanged in 2021 (20% women and 80% men). The gender ratio in the Supervisory Board is currently 50% women and 50% men, and is in line with this guideline.

Based on the profiles of the members of the Executive Board of Directors and/or the Supervisory Board who may resign in the future, 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

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 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

Bouwinvest Real Estate Investors wants to operate on the basis of a healthy balance between risk and return and strives to take risks in a conscious and sustainable manner in the interests of its shareholder and investors. Integrated risk management is a key mechanism to achieve this goal. The mechanism provides for the identification, assessment and understanding of risks inherent in Bouwinvest's services, products, support activities, processes and systems.

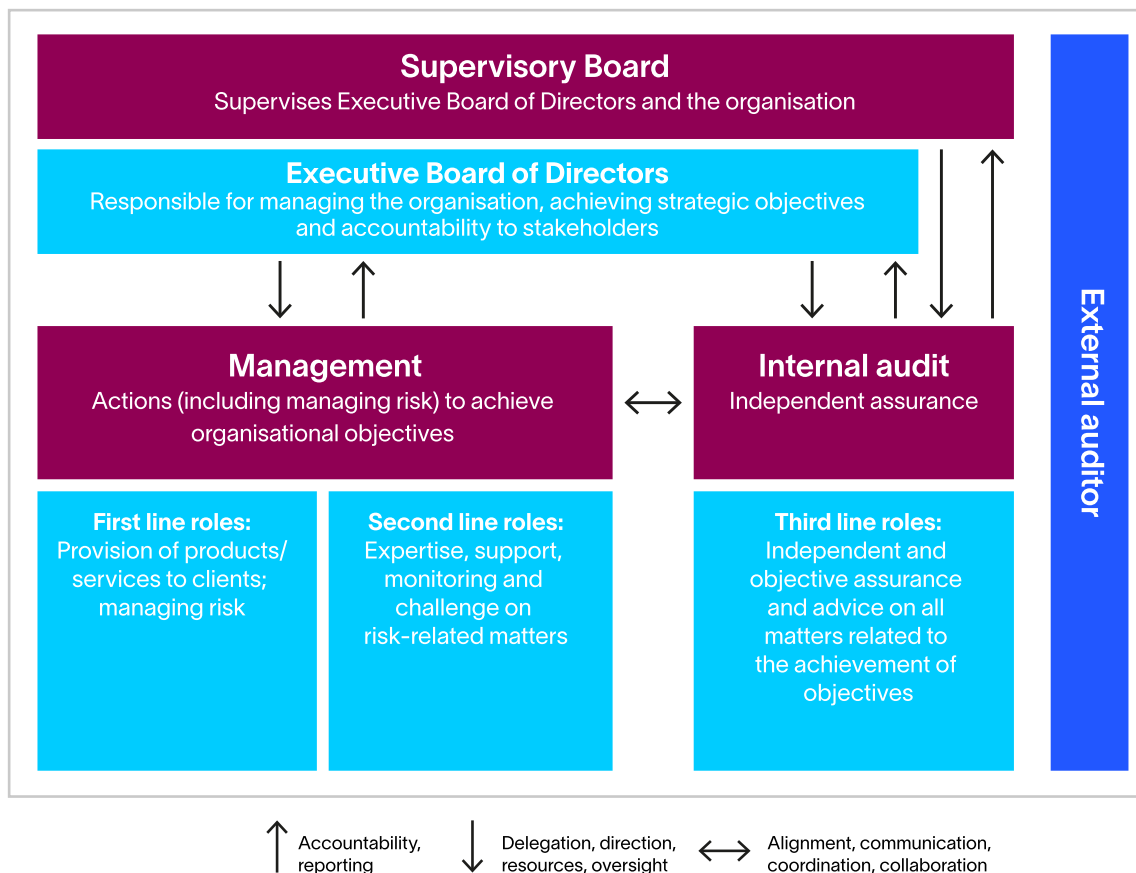
To apply integrated risk management in an adequate manner, Bouwinvest has implemented a risk governance model. And a methodology that aims to match risk appetite to the risk profile of Bouwinvest and its funds and mandates, and to make it possible to measure the applicable risk exposures. The risk appetite determines the maximum acceptable risk that may be taken and is aimed at optimising the risk/return ratio.



Risk governance

To ensure adequate decision-making, Bouwinvest has a risk governance and decision-making model. Risk management-related roles and responsibilities have been allocated using the Three Lines Model (in accordance with the IIA model).

The Three Lines Model creates a clear structure for everyone, which helps raise awareness of everyone's role and responsibility on the risk management front.



1. As risk owner, the first line is primarily responsible for the execution of the processes assigned to it. The first line is also responsible for the effective and efficient management of the risks associated with the execution of these processes, as well as acting in line with the applicable policies.
2. The second line (Risk Management and Compliance) is responsible for setting frameworks and advising the first line, monitoring and reporting on the quality of risk management and ensuring that the first line takes risk ownership.
3. The third line is Internal Audit, which independently assesses the adequacy of the risk management and control processes as implemented in the first and second lines. Internal Audit makes recommendations where possible and monitors the adequate follow-up of these recommendations.

The Executive Board of Directors is ultimately responsible for risk management and is supposed to provide the organisation with guidance on how to remain within the established risk appetite at strategic, tactical and operational levels. The Supervisory Board is responsible for supervising the Executive Board of Directors.

Risk profile

In the interests of its shareholder and investors, Bouwinvest uses a risk management framework to manage its risk profile and that of its funds and mandates. This framework helps the organisation to identify and manage all material risks at strategic, tactical and operational levels.

Risk taxonomy

The risk taxonomy is a list of the material risks to which Bouwinvest is or may be exposed and which arise from its business activities. Drawing up the risk taxonomy ensures that Bouwinvest has insight into all relevant material risks and is able to manage these risks adequately. Bouwinvest has drawn up product-specific risk taxonomies for the funds and mandates it manages.

Bouwinvest updates its risk taxonomy on an annual basis. If Bouwinvest is potentially exposed to a new or evolving type of risk, the risk taxonomy is updated more frequently.

The main risks Bouwinvest recognises are market risk, credit risk, liquidity risk, business risk, operational risk and compliance risk. These main risks are subdivided into sub-risks, for which Bouwinvest has defined risk indicators. Bouwinvest's has defined its risk appetite with respect to the main risks in the risk appetite statement.

Risk appetite

Bouwinvest's risk appetite determines the level of risk it is prepared to accept at an aggregate level in order to achieve its strategic objectives. Bouwinvest constantly monitors its risk appetite using a risk indicator framework based on quantitative and/or qualitative variables. The risk indicator framework is continuously monitored by means of a risk indicator framework based on quantitative and/or qualitative variables to measure whether Bouwinvest remains within its own defined risk appetite on a constant basis. The risk indicator framework consists of statements for each material risk as included in the risk taxonomy. Each risk indicator has a limit that is used within the current risk profile. In addition, Bouwinvest has early warning limits in place so it can intervene in a timely fashion to prevent itself from exceeding its defined risk appetite. Bouwinvest has defined product-specific risk appetites for the funds and mandates it manages.

The Executive Board of Directors discusses Bouwinvest's compliance with its risk appetite and its outlook with the Supervisory Board on a quarterly basis. Each quarter, Bouwinvest informs its Investors about compliance with the risk appetite for the funds and mandates via individual fund and mandate reports.

Each year, Bouwinvest evaluates and sets its risk appetite and the associated limits of its risk indicator framework. The risk appetite is recorded in a risk appetite statement. This statement is drawn up by the Executive Board of Directors. Bouwinvest determines the risk appetite for the individual funds and mandates annually in the shareholders meeting and records this in the relevant fund and mandate documentation.

Enterprise risk			
1.0 Financial risk		2.0 Non-Financial Risk	
Catagory	Risk Appetite Mgt Company	Catagory	Risk Appetite Mgt Company
1.1 Market Risk	Low	2.1 Business risk	Medium
1.2 Credit risk	Low	2.2 Operational risk	Low
1.3 Liquidity risk	Very low	2.3 Compliance risk	Very low

Risk culture

As part of its integrated risk management, Bouwinvest focuses continuously on risk awareness as an integral part of its company-wide risk culture. It does this via communications, risk awareness sessions, as well as the inclusion of risk management targets in the individual targets of its employees. This is how Bouwinvest emphasises risk management as a key component of its remuneration policy.

Employees are also expected to be aware of the risks inherent in the processes they perform or for which they are responsible, the risks they may take, and are expected to act in accordance with the code of conduct applicable within Bouwinvest.

Looking back and looking ahead

Covid-19

In 2021, Covid-19 once again had a major impact on a global scale and more specifically on the Dutch economy and society. Bouwinvest implemented a number of internal measures to minimise the impact of Covid-19 on its staff and business operations. The Business Continuity Team also continuously monitors (signs of) potential negative effects. In 2021, there were no incidents that endangered the company's daily operational management due to failing processes, systems and/or external threats. In addition, in line with the figures in 2020, absenteeism among employees was historically low and staff working partly or entirely from home has not prevented Bouwinvest from meeting its operational, tactical and strategic objectives. As long as the situation continues and the future is uncertain, Bouwinvest will remain on high alert and the Business Continuity Team will remain active.

Risk management

In 2021, Bouwinvest made a number of improvements to its risk management maturity level. Bouwinvest implemented a risk management framework, supporting all risk management activities (financial and non-financial), executed within the Three Lines Model, and supporting Bouwinvest's sustainable achievement of its strategic objectives. Bouwinvest developed and implemented risk reports, including indicators and limits. In addition to the existing ISAE framework, Bouwinvest performed Risk Self Assessments (RSA) to identify the main risks, measure the degree of risk control, and raise risk awareness. These RSAs are performed with the various process and chain owners within Bouwinvest. To support the first-line risk management, in early 2021 Bouwinvest added two senior risk managers in the field of financial and non-financial risks to the second line of

risk management. To support risk management and to help the organisation perform its risk management activities, Bouwinvest started preparations for the implementation of a GRC (Governance, Risk and Compliance) tool in late 2021.

Risk culture

In the 2021 risk management programme, Bouwinvest devoted a great deal of attention to increasing risk awareness within the organisation. We defined and implemented a soft control framework, and included a number of elements of this framework in the individual targets (2022) of management and employees. Bouwinvest also organised various workshops and risk management knowledge sessions for its management and employees. During the knowledge, culture and dilemma sessions on risk, a great deal of attention was devoted to the influence of attitude and behaviour (soft controls) on individual decision-making. Bouwinvest also presented a large number of information security and cybersecurity-related e-learning sessions/ knowledge bites to the entire organisation. Bouwinvest will continue the risk awareness programme in the future and this will retain a prominent place within risk management.

Outsourcing

The ongoing shift towards organisations (partly) outsourcing their processes and services, and the related exposure to outsourcing risks, has prompted regulators and supervisory bodies to impose additional requirements on these organisations. Bouwinvest is also very much aware of this risk exposure and worked hard in the past year to carefully frame and make transparent the risks associated with outsourcing and contractual relationships with third parties. This resulted in a sound outsourcing policy, in line with applicable requirements and market practices, and the resultant internal processes that should help Bouwinvest to remain in control of its outsourcing relationships and outsourced processes. This covers the entire process, from entering into an outsourcing relationship and the operational status of the relationship through to the termination of the relationship.

ESG

On the ESG risk management front, in 2021 Bouwinvest actively started a process to add structure to its ESG risks, including the development of the ESG risk taxonomy, as well as the determination of the impact on the existing risk taxonomy of the real estate portfolios and the management organisation. The process started in 2021 and will continue through 2022.

Physical climate risks

In the final quarter of 2021, Bouwinvest performed the annual update of the physical climate risk assessment for almost all the assets in its real estate portfolios. Bouwinvest also made an active start on the assessment of physical climate risks. For the Dutch real estate portfolios, Bouwinvest launched a pilot to map out the net risk from the identified gross risks on the basis of location, using building characteristics. These risks are heat stress, flooding, heavy rainfall and subsidence. Bouwinvest expects to complete the pilot in Q1 2022. We will use the results to determine the methodology best suited to the funds' expectations and criteria.

Climate transition risks

On the energy transition risk front, Bouwinvest expects to see the introduction of new legal and regulatory requirements to combat further global warming and to phase out the use of Dutch natural gas. Bouwinvest is monitoring upcoming legal and regulatory requirements and will actively adjust assets to comply with these requirements. Bouwinvest also set up a Paris Proof programme to manage this risk. Bouwinvest's goal is to achieve a natural gas-free portfolio with low energy consumption, in accordance with the Actual Energy Intensity Indicator (WEii) protocol. Bouwinvest also mapped the Paris Proof net-zero carbon commitments of all its core investments and summarised the net-zero carbon strategy of the investments. The investments based on the so-called Paris Proof roadmaps have now been included in the long-term maintenance budgets for

all the Dutch funds. Bouwinvest then made a start on drawing up a long-term Paris Proof programme. As part of this programme, Bouwinvest is drawing up specific tailor-made plans per asset and carrying out the related activities.

All these activities should lead to a thorough understanding of the impact of the above risks on the existing real estate portfolios and the management organisation and to compliance with SFDR level 2.

Cybersecurity

Bouwinvest Security Awareness Programme

In 2021, Bouwinvest devoted a great of attention to information security. Given the increasingly dominant role of IT in society and business, and the constant application of new technologies, the likelihood and impact of cybercrime will also continue to grow. Reason enough for Bouwinvest to continue to improve in this area and to draw the attention of its staff to the risks of cybercrime. With the support of an external party, the Bouwinvest Security Awareness Programme was rolled out in 2021. Based on case studies, this clarified the roles and responsibilities of employees on the cybersecurity front, as well as how people are supposed to act in the event of a potential threat. Bouwinvest periodically monitors and evaluates the results of the awareness programme. Bouwinvest will continue with the roll-out of the programme in 2022.

SOC/SIEM

In the third quarter of 2021, Bouwinvest started the SOC/SIEM process. SIEM (Security Incident & Event Management) ensures that the logging of various IT environments can be aggregated, while the SOC (Security Operations Centre) ensures the follow-up to any alerts. The implementation of the SOC/SIEM service will raise security maturity at Bouwinvest to a higher level. The planned deadline for the project is the end of the third quarter of 2022.

COBIT

At year-end 2020, an external party gave Bouwinvest a lower score than the required DNB Good Practice Information Security standard in eight domains. As part of this exercise, the external party also formulated the improvement actions required to meet the standard. Bouwinvest followed up on these improvement actions in 2021. Bouwinvest also implemented a new approach, in which the key controls of the DNB framework are assessed twice a year, with one of these tests run on all controls. This resulted in the elimination of four of the eight gaps by mid-2021. By the end of 2021, all the gaps had been eliminated and Bouwinvest now meets the DNB standard in all domains. The Data & System Ownership and Manage Data domains still lagged slightly and Bouwinvest will work on these domains in 2022.

Human Resources

The conditions on the Dutch labour market, the so-called war for talent, make it challenging to attract high-quality staff for positions in Risk Management, Compliance and IT. Bouwinvest sees this reflected in the lead times of its vacancies and the limited numbers of candidates applying for these positions. This trend is expected to continue in 2022. To fill these positions in the interim, Bouwinvest is using a flexible layer consisting of qualified external staff, who support the day-to-day processes and ambitions within the various focus areas.

In the fourth quarter of 2021, an external party conducted a satisfaction survey among Bouwinvest employees. The response rate of the survey was 90.5% and it showed consistently high scores across the board: from the content of the work to the employer. Points of attention at Bouwinvest level will be included in the collective targets for 2022.

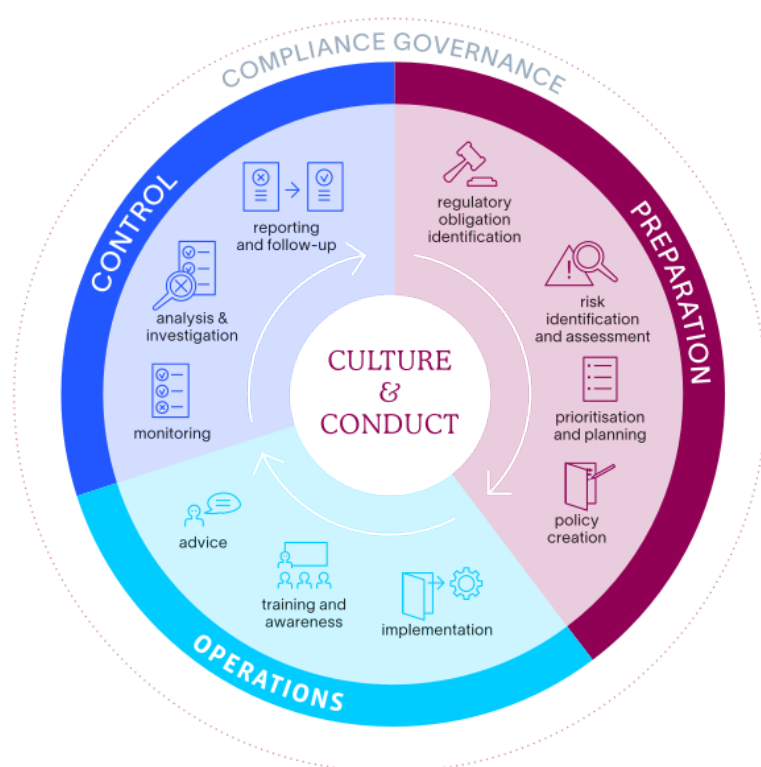
Compliance

Compliance function

At Bouwinvest, Compliance is embedded in the Three Lines Model. This means that the first line is primarily responsible for compliance with legal and regulatory requirements, internal policy and the code of conduct, and for managing compliance risks. The Compliance department is an independent second-line function. This department supports the organisation on the compliance front by translating regulator-related legal and regulatory requirements into organisational measures, providing solicited and unsolicited advice, assisting in the execution of risk analyses and monitoring compliance with regulator-related legal and regulatory requirements and internal policy. Another important part of its task is to strengthen integrity awareness and promote the desired behaviour within Bouwinvest by providing training courses.

The compliance cycle below is used to manage the compliance function.

Compliance cycle



The department reports to the CFRO on a monthly basis. The Executive Board of Directors also receives these monthly reports. In addition, the compliance function reports on a quarterly basis to the Executive Board of Directors and the Audit, Risk & Compliance committee of the Supervisory Board.

Legal and regulatory requirements

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

In 2021, Bouwinvest made a start on a long-term programme for the implementation of the revised CDD policy, which will run until mid-2023. The policy will translate the obligations pursuant to the Dutch Prevention of Money Laundering and the Financing of Terrorism Act (Wwft) into measures within the Bouwinvest organisation. Bouwinvest has already implemented a part of the programme and the organisation is on schedule with the ongoing implementation. The programme relates to both new and existing business associates.

In 2021, Bouwinvest also worked within a project structure on the implementation of the Sustainable Finance Disclosure Regulation (SFDR), which came into force in March 2021. In addition, we made preparations for the implementation of the Regulatory Technical Standards related to the SFDR. The entry into force of the latter regulation has been delayed until January 2023. This is why preparations for the implementation are continuing in 2022. This also applies to related legislation such as the Corporate Sustainability Reporting Directive. You will find more information on the SFDR at Bouwinvest under the heading [SFDR at bouwinvest.nl](https://www.bouwinvest.nl/sfdr)

Bouwinvest actively monitors other (European) legislative developments related to the AIFMD and IT, so we can determine the impact and implement any changes in a timely fashion.

Management of compliance risks

Risk management is a key part of conducting business in an ethical and controlled manner. As part of the second line, the Compliance Department helps the organisation to control any identified compliance risks. The first line is supported by increasing awareness of the risks, how they can be reduced or controlled and what Bouwinvest expects of employees in this regard.

An important annual activity in this context is the performance of the Systematic Integrity Risk Analysis (SIRA). In 2021, a large delegation from the organisation (55 people, including the Compliance Department) participated in this analysis. The purpose of the SIRA is to identify integrity risks, assess the effectiveness of the control of the risks and to identify points of attention in relation to risk management. In response to the outcome of the analysis, the Compliance department advised on improvements to risk management. In early 2022, the Compliance department will discuss the improvements in more detail with the organisation and reach agreements on their implementation, after which the Compliance department will monitor their follow-up.

Management of tax risks

In line with its tax policy, Bouwinvest has a framework for managing its tax risks, the Tax Control Framework (TCF). The TCF is an integral part of Bouwinvest's Risk & Control Monitoring Framework (RCMF). Bouwinvest has systematically mapped out its tax risks and set up measures to control the most significant risks. Bouwinvest periodically tests the effectiveness of these measures, and therefore also the TCF.

Training and awareness

Bouwinvest considers culture an important part of mitigating compliance risks. In this context, Bouwinvest values an open culture in which dilemmas can be discussed.

As part of the risk management programme, last year Bouwinvest devoted attention to the risk culture and the soft control framework. We will continue these efforts in 2022, in part via integrity workshops.

Bouwinvest revised various policy documents in 2021 and we organised additional awareness activities related to these subjects.

Reports and advice

In 2021, one incident occurred that led to a report to the regulator, the Dutch Financial Markets Authority (AFM). This was related to a report on the late notification to the depository of a new bank account.

No reports of corruption or fraud were received in 2021.

With respect to the processing of personal data (privacy), thirty-one data breaches occurred in 2021. Seven of these were reported to the regulator, the Dutch Data Protection Agency (DPA). One report was subsequently withdrawn. The causes of the data leaks included incorrectly sent e-mails. Some of the data leaks occurred at processors, such as property managers. All data leaks were investigated and, where necessary, additional control measures were taken.

In early February 2022, a report of a data breach was received from a software supplier used by Bouwinvest's property managers. Bouwinvest reported this breach to the Data Protection Agency (DPA). The tenants of various Bouwinvest-managed funds were also informed of this data breach and the possible consequences for them. The data breach was the result of a cyberattack and the software supplier is investigating this attack.

In terms of advice, the compliance function was primarily consulted on the subjects of CDD, ancillary positions, gifts & events and privacy.

Investigations by regulators

Bouwinvest has a licence from the Dutch Financial Markets Authority (AFM) and is therefore subject to continuous supervision by the AFM. Last year, Bouwinvest received several questions/questionnaires relating to valuations and the SFDR. In addition, several clients received a request from the Dutch Central Bank (DNB) regarding climate risks related to real estate exposure.

Report of the Supervisory Board

The Supervisory Board hereby offers the 2021 annual report of Bouwinvest Real Estate Investors B.V. (Bouwinvest), which includes the financial statements for 2021. 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 chapter). 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 12 April 2022, as part of the 2021 annual report. The Supervisory Board proposes that the meeting adopt the financial statements and, as proposed by the Executive Board of Directors, to add part of the profit to Bouwinvest's shareholders' equity and pay out part as dividend. 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. In this report, the Supervisory Board explains how it fulfilled its role in the year under review.

Covid-19 pandemic

Last year was once again dominated by the Covid-19 pandemic and its consequences. However, despite the limitations imposed by the pandemic, last year was a good both for investments and the internal organisation. Bouwinvest staff worked largely from home. The management devoted a great deal of attention to internal collaboration and (digital) social interaction with and between employees. The Supervisory Board was periodically informed about the pandemic in relation to the investments and the organisation itself.

Bouwinvest Strategic Plan

In the year under review, the Board discussed in detail the implementation of Bouwinvest's Strategic Plan 2020-2022, which was approved on 11 May 2020. The core of the strategy is the evolution of Bouwinvest from a real estate investor to a broad real estate investment manager with a broad client base. Anchor investor bpfBOUW's target allocation for real estate investments still offers sufficient scope in a number of markets, but also has its limits. Further growth is necessary to enable Bouwinvest to diversify, to offer the organisation's human capital prospects and to continue to create sufficient scale and maintain a solid market position: 'Moving up to the next level'. This will require the expansion of the client base and continued professionalisation and strengthening of the organisation.

The Strategic Plan consists of three pillars: professionalisation, responsible business and controlled growth.

Professionalisation

Professionalisation is a prerequisite for Bouwinvest's advancement to investment manager. This pillar focuses on improving the organisation, improving operations and support services and the continued development of data science. Last year, Bouwinvest completed numerous projects across the company as part of the improvement and professionalisation of the organisation, and these efforts will continue in 2022. The continued implementation of risk management also demanded a great deal of attention from the organisation in 2021. The Supervisory Board monitored the progress on the implementation of the Risk Roadmap. Bouwinvest also made solid progress on the IT, cybersecurity, HR and operational excellence fronts. In addition, the company completed the design of a modified IAD function, in line with current requirements on this front.

Responsible business

Responsible business encompasses Bouwinvest's ambition to achieve social returns in addition to financial returns. Bouwinvest's 'Real Value for Life' purpose encompasses both these elements. Bouwinvest's focus includes the following United Nations Sustainable Development Goals (SDGs). These are SDG number 3 (Good health and well-being), number 7 (Affordable and clean energy), number 8 (Decent work and economic growth), number 11 (Sustainable cities and communities) and number 13 (Climate action).

In 2021, Bouwinvest conducted a survey among its various stakeholders to ask about their financial and social priorities. The results of this survey are included in the materiality matrix in this annual report. Reducing CO₂ emissions, energy labels, the reduction of energy consumption, solar panels and climate-proof buildings are all key priorities. In 2021, Bouwinvest conducted climate risk assessments for both its Dutch and international investments. The Board was given extensive information about this in a deep dive.

Controlled growth

Real estate is a key alternative asset class and a growth market in view of the building challenge both in the Netherlands and elsewhere. The figures in this report show that both entrusted and invested capital increased once again in the year under review. Bouwinvest currently invests in real estate on behalf of 36 pension funds, insurers and charities.

Last year, Bouwinvest revised the fund conditions of the Residential Fund, the Office Fund and the Retail Fund, following extensive dialogue with the investors in these funds. As a result, the fund terms are once again fully in line with market practices.

Bouwinvest regards the expansion of its client base and entrusted capital as a prerequisite for its continued success in the long term. The Supervisory Board therefore endorses the importance of continuous improvement of its existing products and the development of new products for institutional investors, both Dutch and international. In addition to continued growth of the Dutch Residential Fund, Office Fund and Retail Fund, Bouwinvest also wants to develop new products for institutional investors, both focused on the Netherlands and on a pan-European level. In a themed session, Bouwinvest informed the Board about market developments and the continued development of specific markets and products.

Bouwinvest has translated its strategy into strategic objectives, KPIs and milestone planning. The Executive Board of Directors as a whole is responsible for the realisation of the strategy, and a member of the board bears primary responsibility for the individual strategic objectives. The strategic goals are laid down in clear targets. The Executive Board of Directors periodically reports to the Supervisory Board on the progress of the strategy. If necessary, the Board takes additional actions in consultation with the Executive Board of Directors.

The Supervisory Board discussed the extensive quarterly reports, enabling it to form a complete picture of the realisation of the strategic objectives, the stakeholder value and the finances of the Bouwinvest management company.

SIRA

The Board discussed the annual SIRA, or systematic integrity risk analysis. The report provides a clear overview of the integrity risks and the mitigating measures taken by the organisation.

Procurement regulation

The Board discussed and approved the new procurement regulation.

The Board rated the provision of information to the Supervisory Board as adequate.

2. Composition of the Supervisory Board and evaluation

Composition of the Supervisory Board

In 2021, the Supervisory Board consisted of two female members and two male members. With four members, the Board is of adequate size.

At year-end 2021, the Executive Board of Directors consisted of one female member and four male members. The Supervisory Board and the Executive Board of Directors will make every effort to also achieve a distribution of 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 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-evaluation. This evaluation report was discussed in the Supervisory Board in early February 2021 and subsequently with the Executive Board of Directors in a physical meeting. The main focus was on the reciprocal expectations of each party's role and performance. In October, a follow-up physical session was held to discuss progress and to deepen the discussion based on each person's profile. These sessions proved valuable in terms of personal interaction, especially since almost all of the regular meetings were held digitally.

The Supervisory Board conducted its annual self-evaluation in early 2022. The Supervisory Board has a clear picture of its mandate and responsibilities and has the right mix of experience and knowledge. The Supervisory Board functions well as a team, with sufficient diversity, knowledge of the business and differences in style. There is open, honest and timely communication between Supervisory Board members. The Executive Board of Directors generally communicates with the Supervisory Board in an open, honest and timely manner. It is possible that the Board has slightly too little understanding of the pressure of work in the organisation. Bouwinvest is a small organisation with limited resources, which is expected to do a great deal and professionalisation is becoming more demanding due to (financial) regulatory requirements. The involvement of the Supervisory Board in strategy development and risk management was good. The Audit, Risk and Compliance Committee and the Selection and Remuneration Committee function effectively.

3. Other matters

Appointments

Members of the Executive Board of Directors

There were no appointments of members of the Executive Board of Directors in 2021.

Members of the Supervisory Board

There were no appointments or reappointments of members of the Supervisory Board in 2021. The general meeting appointed Jos van Lange as vice-chairman of the Supervisory Board as of 1 June 2021.

Meetings of the Supervisory Board

	J.A. Nijhuis	J.H.P.M. van Lange	G.E.A. Reijnen	W.B. Verschoor
Supervisory Board	7 of 7	7 of 7	7 of 7	7 of 7
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 seven times in 2021. The members of the Executive Board of Directors attended all of these meetings. Prior to the regular 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 restrictions, the meetings of both the Board and its committees were largely held online in 2021.

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

Last year 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 Bedrijfstakpensioenfonds voor de Bouwnijverheid (bpfBOUW) and the Bouwinvest CEO and CFRO.

As the member appointed upon the nomination of the Works Council, supervisory director Wendy Verschoor acts as the liaison between the Board and the Works Council. She talked 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 2021.

The committee discussed the annual results, the reports of the external auditor and any interim observations. 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 Risk Management, Compliance and Internal Audit reports. Last year, the Committee once again devoted a great deal of attention to the continued development of the risk management framework to the next level of maturity. On the basis of the next level risk management 'roadmap', the Committee monitored the progress in the implementation of the roadmap.

In view of Bouwinvest's growth and continued professionalisation, which is focused on the strategy, the ongoing implementation of the Three Lines Model and corporate governance, the committee also looked at whether the current scope of the internal audit function and the products delivered by the internal audit function are still sufficiently aligned with each other. The results of this study showed that a future-proof audit function will require a number of changes, which the organisation will now implement. The plan for this was discussed and endorsed.

The Board also devoted attention to cybersecurity. Bouwinvest is implementing an integrated cybersecurity programme based on three pillars: business, bytes and behaviour. New measures are being phased in to develop and strengthen cybersecurity. The committee was given extensive information about this in a deep dive.

Selection and Remuneration committee

The Selection and Remuneration committee consists of the members Gabriëlle Reijnen (chair) and Jos Nijhuis. The Selection and Remuneration committee met a total of four times in 2021.

The committee discussed the new HRM policy for the organisation, which is seen as an important pillar for the implementation of Bouwinvest's strategic plan. The core theme of this policy is 'shape and develop': sustainable development is important for Bouwinvest's future. If it is to realise its strategic plan, it is important that Bouwinvest be and remain an attractive employer. The results of the periodic employee satisfaction survey became available at the end of the year. The committee will discuss the recommendations and actions resulting from this at a later date.

The committee also discussed the new structure of the remuneration policy for the Executive Board of Directors. This remuneration policy has been completely revised and updated. In addition, the committee drew up the remuneration policy for the Supervisory Board. At the committee's proposal, the Supervisory Board discussed the remuneration policies for the Executive Board of Directors and the Supervisory Board and these were adopted by the general meeting on 21 April 2021. A number of compliance regulations, including the privacy policy, the gifts and events regulation and the private investments regulation, were submitted to the committee for its opinion.

The committee discussed the 2021 target realisation and remuneration of the members of the Executive Board of Directors, together with the target setting for 2022. The Selection and Remuneration Committee conducted evaluation interviews with all members of the Executive Board of Directors. You will find additional details in the remuneration report.

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 good results achieved last year for both the investment portfolios and the organisation, despite the constraints imposed once again by the Covid-19 pandemic in 2021.

Amsterdam, 1 April 2022

The Supervisory Board

Jos Nijhuis

Jos van Lange

Gabriëlle Reijnen

Wendy Verschoor

Remuneration report

General

The supervisory board is responsible for the remuneration policy for the Executive Board of Directors and the Supervisory Board (the remuneration policy) and its implementation. The Selection and Remuneration committee advises the Board on this and prepares an annual remuneration report on the structure and application of the remuneration policy and the individual remuneration of the members of the Executive Board of Directors and the remuneration of the Supervisory Board in the past year. This report is submitted to the General Meeting of Shareholders for an advisory vote.

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 Executive Board of Directors is in line with the remuneration policy for Bouwinvest employees, which is based on a strategy, culture and organisation that recognises the interests of stakeholders in a broad sense, social impact and responsibilities. This is also based on Bouwinvest's origins as an executive organisation for a pension fund. This means that the emphasis is on collaboration and connection within and outside the organisation and on achieving results in a socially acceptable and responsible manner. This requires a controlled remuneration policy in which the interests of clients are paramount for both the Executive Board of Directors and staff, and with a working method and remuneration in which team achievements outweigh individual interests.

The policy level for the remuneration of the members of the Executive Board of Directors is around the median level of a composite reference market, consisting of Dutch companies active in the asset management and real estate sectors. The total package of employment terms and conditions must fit within the median level of this composite reference market. At least once every four years, a market comparison is made of the remuneration levels of the individual members of the Executive Board of Directors to check whether the remuneration levels are in line with market practice.

The Supervisory Board periodically assesses the fixed remuneration of the members of the Executive Board of Directors on the basis of the following elements: knowledge, insight and experience of the individual members of the Executive Board of Directors; job evaluation; market comparison; indexation; social and market developments; progress made on the realisation of the targets in the business plan and the performance of the individual members of the board. Depending on the periodic assessment, the Supervisory Board, on the advice of the Selection and Remuneration Committee, assesses whether it is appropriate to index the salaries of the members of the Executive Board of Directors.

The Supervisory Board may, on a discretionary basis, deviate from the remuneration policy in (very) exceptional circumstances. The Supervisory Board did not deviate from the applicable remuneration policy in 2021.

Review and implementation of the remuneration policy in 2021

The remuneration policy was comprehensively reviewed and updated in 2021 and was adopted by the General Meeting on 21 April 2021 and entered into force. The remuneration policy was also prepared for the Supervisory Board and adopted by the general meeting. The remuneration policy was implemented in 2021.

On the basis of the revised remuneration policy, the remuneration of the members of the Executive Board of Directors now consists solely of fixed income and pension, and variable remuneration is no longer applicable. This step is in line with the social responsibility Bouwinvest takes and is also in line with the policies of other pension providers and asset managers and with the needs of society. The Supervisory Board decided to convert this variable remuneration into fixed remuneration with retroactive effect from 1 January 2021. Up until 1 January 2021, the variable remuneration for on target performance level was 20% of gross annual base salary. As Bouwinvest has performed above the benchmark in recent years, the variable

remuneration of 20% has been fully converted into fixed remuneration. The employment contracts with the CEO and CFRO were brought into line with the new remuneration policy, where these still deviated.

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.

Statutory Board of Directors remuneration

The total fixed remuneration for the CEO for 2021 was € 433,077. The total fixed remuneration of the CFRO for 2021 amounted to € 293,318. The Supervisory Board decided to index this remuneration according to the Consumer Price Index CPI of 2.0% as of 1 July 2021, in line with the remuneration policy.

The Supervisory Board considered the performance of the members of the Statutory Board of Directors in 2021 and the progress in the realisation of the targets in the business plan as on target. As part of the periodic review of fixed remuneration, the Supervisory Board, on the advice of the Selection and Remuneration Committee, decided to grant a 3% salary increase for the CEO and the CFRO as of 1 January 2022.

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. Bouwinvest has taken out a Directors & Officers Liability Insurance in line with the market practices. The members of the Executive Board of Directors are not granted any shares and/or rights to shares, nor do they receive any loans.

Severance pay

Compensation for involuntary departure amounts to a maximum of one year's income. For the rest, only severance payments provided for in the Dutch Work and Security Act will be agreed upon.

Total remuneration Executive Board of Directors

	Fixed remuneration	Variable remuneration	Pension costs (regular contribution)	Pension costs (additional contribution)	Other allowances	Total 2021
D.J. van Hal	433,077	53,578	26,441	92,455	22,887	628,438
M.A. Vedder	293,318	36,288	25,961	38,585	11,190	405,342
Total	726,395	89,866	52,402	131,040	34,077	1,033,780

	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
Totaal	598,992	85,537	49,278	112,108	30,457	876,372

(*1) The variable remuneration was paid in March 2021 and was related to the 2020 financial year. No variable remuneration will be paid to the Executive Board of Directors for 2021.

In 2021, Bouwinvest paid an amount of € 2.1 million in remuneration for the (statutory and titular) members of the Executive Board of Directors. € 1.0 million of this was related to the remuneration of the statutory directors (2020: € 0.9 million).

Remuneration Supervisory Board

The remuneration policy for the Supervisory Board 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 for the members of the Supervisory Board comprises a fixed annual remuneration. This remuneration is not dependent on Bouwinvest's results. As of 1 January 2021, the remuneration was indexed by 1% in line with the CPI consumer price index.

Remuneration Supervisory Board

		Remuneration 2021
J.A. Nijhuis	Chairman	46,686
J.H.P.M. van Lange	Member, vice chairman as per June, 1, 2021	39,338
G.E.A. Reijnen	Member	36,312
W.B. Verschoor	Member	36,312
Total		158,648

		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, nor do they 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.

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



Chief Financial & Risk Officer and Statutory Director

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

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



Chief Client Officer

M. (Mark) Siezen (1972, Dutch)

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



Chief Investment Officer Dutch Investments

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

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



Chief Investment Officer International Investments

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

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

Composition of the Supervisory Board



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

From left to right: 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, Jos held various positions at PWC, for the last seven years 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 company. In 2021, he was also appointed as a supervisory director at Flynth Holding by the Enterprise Chamber for a part of the year.

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 the 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 and member of the board of the Tilburg University foundation.

W.B. (Wendy) Verschoor

Wendy Verschoor (1974) is a real estate specialist and an executive with 20 years of 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 has run her own consultancy practice 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, a member of the Advisory Board of Borghese Real Estate, and 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	2021	2020
Assets			
Non-current assets			
Intangible fixed assets	1	531	518
Tangible fixed assets	2	4,165	4,460
Financial non-current assets	3	17,211	16,137
		21,907	21,115
Current assets			
Trade receivables		-	-
Receivables from associates and affiliated companies	4	91	98
Tax receivables	5	2,168	181
Other receivables and accrued assets		804	724
Cash and cash equivalents	6	37,772	31,804
		40,835	32,807
Total assets		62,742	53,922
Equity and liabilities			
Equity			
Equity attributable to the shareholder of Bouwinvest	7	45,229	38,726
		45,229	38,726
Provisions	8	1,876	1,540
Long-term liabilities	9	256	288
Current liabilities			
Accounts payable		32	40
Taxes and social security premiums	10	2,500	1,695
Pension premiums	11	354	314
Payables to shareholder and associates	12	7,475	5,573
Other current liabilities		2,668	3,531
Accrued liabilities		2,352	2,215
		15,381	13,368
Total equity and liabilities		62,742	53,922

Consolidated statement of profit or loss

All amounts in € thousands

	Note	2021	2020
Management fee	13	53,161	50,329
Operating costs			
Personnel costs	14	29,182	27,728
Depreciation costs	1-2	1,270	1,318
Other operating costs	15	15,291	16,068
Total operating costs		(45,743)	(45,114)
Operating result		7,418	5,215
Result from investments in associates	16	1,495	862
Interest income and expenses	17	(216)	(195)
Result before taxes		8,697	5,882
Corporate income tax	18	(2,194)	(1,572)
Result after taxes		6,503	4,310

Consolidated statement of cash flows

All amounts in € thousands

	2021	2020
Cash flow from operating activities		
Net result	6,503	4,310
Adjustments for:		
Depreciations	1,270	1,318
Result from investments in associates	(1,495)	(862)
Interest income and expenses	216	195
Movements in working capital and provisions and long-term liabilities:		
Movement in deferred tax assets	31	(140)
Movement in current assets	(2,059)	121
Movement in provisions	336	305
Movement in current and long-term liabilities	1,981	1,362
	6,783	6,609
Interest paid	(216)	-195
Cash flow from operating activities	6,567	6,414
Cash flow from investment activities		
Investments in tangible fixed assets	(628)	(491)
Investments in intangible fixed assets	(361)	(455)
Investments in associates	-	-
Dividends received	390	397
Cash flow from investment activities	(599)	(549)
Cash flow from financing activities		
Dividends paid	-	-
Cash flow from financing activities	-	-
Net cash flow	5,968	5,865
Cash and cash equivalents as at 1 January	31,804	25,939
Increase/(decrease) in cash and cash equivalents	5,968	5,865
Cash and cash equivalents as at 31 December	37,772	31,804

Notes to the financial statements

All amounts in € thousands, unless otherwise stated

General

Activities

Bouwinvest Real Estate Investors B.V. ('Bouwinvest' or 'the company'), with its head office in Amsterdam, at La Gardiaweg 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 is 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	0.160%
Bouwinvest Dutch Institutional Retail Fund N.V.	Amsterdam	0.216%
Bouwinvest Dutch Institutional Office Fund N.V.	Amsterdam	0.219%

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 2016; the companies in this fiscal unity file their VAT returns independently.

In 2021, after a long period of consultation, the Dutch Tax Authority took a position on the method for calculating the VAT deduction of this fiscal unity. This calculation goes back to the year in which the fiscal unity first existed (2016). Bouwinvest's right to deduct VAT, as part of this fiscal unity, fluctuates between 22% and 25% in the years 2016 through 2020. Based on this deduction right, Bouwinvest does still have to pay VAT over the relevant years, but this amount is lower than anticipated. The release amounts to approximately € 550,000.

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 are understood to include primary financial instruments (such as receivables and payables) and derivative financial instruments. Bouwinvest has several primary financial instruments. 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 group companies and the non-consolidated associated companies 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 borrowing 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 fixed assets

When significant influence is exercised on their business and financial strategy, non-consolidated 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 deferred tax assets, if and insofar as it is probable that Bouwinvest will be able to realise the deferred tax asset in due course. These deferred 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 potential doubtful debts deemed necessary. 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 non-consolidated associated companies in which Bouwinvest participates

The share in the result of these participations (in which Bouwinvest exerts significant influence on the business and financial strategy) is recognised as result from participations. 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

	2021	2020
Carrying amount as at 1 January	518	513
Investments	361	455
Depreciations	(348)	(450)
Carrying amount as at 31 December	531	518
Purchase value	2,784	2,424
Derecognition of old software	-	-
Cumulative depreciations	(2,253)	(1,906)
Carrying amount as at 31 December	531	518

Intangible fixed assets pertain to investments in software.

2 Property, plant and equipment

	Leasehold Improvements	Equipment	Total 2021	Total 2020
Carrying amount as at 1 January	3,763	697	4,460	4,838
Investments	144	483	627	491
Depreciations	(558)	(364)	(922)	(869)
Carrying amount as at 31 December	3,349	816	4,165	4,460
Purchase value	4,776	1,873	6,649	6,451
Derecognition of old renovations and business equipment	-	-	-	(111)
Cumulative depreciations	(1,427)	(1,057)	(2,484)	(1,880)
Carrying amount as at 31 December	3,349	816	4,165	4,460

3 Financial non-current assets

	2021	2020
Investments in associates	17,102	15,997
Deferred tax asset	109	140
Total	17,211	16,137

The item 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 associated companies included in the financial fixed assets were as follows:

	Book value 31-12-2020	Deposit/ repayment	Dividend	Result 2021	Book value 31-12-2021
Bouwinvest Dutch Institutional Residential Fund N.V. (0.2%)	11,306	-	(239)	1,229	12,296
Bouwinvest Dutch Institutional Retail Fund N.V. (0.2%)	2,100	-	(82)	88	2,106
Bouwinvest Dutch Institutional Office Fund N.V. (0.2%)	2,591	-	(69)	178	2,701
Total	15,997	-	(390)	1,495	17,102

	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

4 Receivables from participations and associated companies

	2021	2020
Bouwinvest Retail Fund N.V.	91	91
Bouwinvest Retail Development B.V.	-	-
Bouwinvest Office Development B.V.	-	-
Bouwinvest Hotel Development B.V.	-	7
Total	91	98

€ 91,000 (2020: € 91,000) of the receivables from participations and associated companies pertains to receivables from associated companies in which the group can exert significant influence. € nil (2020: € nil) of this is of a long-term nature.

5 Taxes

	2021	2020
Value added tax	2,105	121
Dividend tax	63	60
Corporate income tax	-	-
Total	2,168	181

The VAT receivable consists primarily of adjustments with respect to the management fee from previous years.

6 Cash and cash equivalents

	2021	2020
Bank balances	37,772	31,804
Total	37,772	31,804

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.

	2021	2020
Equity attributable to the shareholder of Bouwinvest at 1 January	38,726	34,416
Consolidated result after taxes	6,503	4,310
Other comprehensive income	-	-
Comprehensive income	6,503	4,310
Dividends paid	-	-
Equity attributable to the shareholder of Bouwinvest at 31 December	45,229	38,726

8 Provision deferred tax liabilities

	2021	2020
Balance at 1 January	1,540	1,235
Additions	336	305
Released	-	-
Balance at 31 December	1,876	1,540

Bouwinvest has recognised a deferred tax liability of € 1.9 million of a long-term nature for the difference between the fiscal and commercial valuation of the participations of € 7.3 million at year-end 2021 (2020: € 6.2 million). The deferred tax liability is of a long-term nature. The addition of € 0.3 million includes € 0.1 million for the change in the future tax rate to 25.8% from 25.0% and € 0.2 million for the change in the commercial valuation of the associated companies.

9 Long-term liabilities

	2021	2020
Received lease incentive headquarters Amsterdam	256	288
Total	256	288
Amount due between one and five years	128	128
Amount due after five years	128	160
Total	256	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 charges

	2021	2020
Payroll taxes	1,522	1,398
Corporate income tax	978	297
Total	2,500	1,695

11 Pension premiums

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

	2021	2020
Balance as at 1 January	314	717
Payment relating to previous years	(314)	(717)
	-	-
Premiums due for the financial year	4,201	3,628
Payments relating to the financial year	(3,847)	(3,314)
Total	354	314

12 Payables to shareholder and participations

	2021	2020
Payable bpfBOUW	6,972	5,344
Payable Office Fund	-	-
Payable Residential Fund	-	229
Payable Bouwinvest Development	301	-
Payable Hotel Fund	165	-
Payable Healthcare Fund	37	-
Total	7,475	5,573

€ 5.3 million of the payables to bpfBOUW is related to the incentive fee with respect to bpfBOUW's participation in the Bouwinvest Dutch Residential Fund.

The amount of € 503,000 (2020: € 229,000) of the payables to the shareholder and associated companies pertains to associated companies in which the group can exert significant influence. Of this amount, € nil (2020: € 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 open-ended and payment after termination is for two years. In addition, Bouwinvest has signed three investment management agreements with stichting Bedrijfstakpensioenfondsen voor de Bouwnijverheid (bpfBOUW, the pension fund for the construction industry) 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	2021	2020
First year	4,203	4,197
Second to fifth year	7,526	8,098
More than five years	5,089	6,312
Total	16,818	18,607

Note to the consolidated statement of profit or loss

All amounts in € thousands, unless otherwise stated.

13 Management fee

Bouwinvest received a management fee totalling € 53.2 million (2020: € 50.3 million), consisting of € 52.9 million (2020: € 50.0 million) on the basis of the net asset value. The fee for project development activities amounted to € 0.3 million (2020: € 0.3 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.

	2021	2020
Bouwinvest Dutch Institutional Residential Fund N.V.	7,681,103	6,931,287
Bouwinvest Dutch Institutional Retail Fund N.V.	975,551	945,699
Bouwinvest Dutch Institutional Office Fund N.V.	1,238,539	1,154,720
Bouwinvest Dutch Institutional Hotel Fund N.V.	355,647	344,320
Bouwinvest Dutch Institutional Healthcare Fund N.V.	455,796	380,381
Bouwinvest Development B.V.	61,452	55,353
bpfBOUW (mandates International Investments & Heritage)	4,887,403	3,588,557
Total	15,655,491	13,400,317

The management fee for the funds is calculated as 0.5% of the net asset value. For bpfBOUW's international investments, this amounts to 0.25% of the net asset value up to a limit of € 4 billion and 0.20% above € 4 billion.

	2021	2020
Bouwinvest Dutch Institutional Residential Fund N.V.	29,760	27,755
Bouwinvest Dutch Institutional Retail Fund N.V.	4,738	4,905
Bouwinvest Dutch Institutional Office Fund N.V.	5,908	5,486
Bouwinvest Dutch Institutional Hotel Fund N.V.	1,744	1,796
Bouwinvest Dutch Institutional Healthcare Fund N.V.	2,012	1,434
Bouwinvest Development B.V.	278	311
Mandates International Investments	8,269	8,151
Fiduciary services	450	491
Total	53,161	50,329

14 Personnel costs

	2021	2020
Wages and salaries	21,068	19,229
Social security charges	2,020	1,924
Pension fund charges	4,201	3,628
Temporary staff	1,893	2,947
Total	29,182	27,728

Wages and salaries increased by € 1.8 million in 2021. This was largely due to the growth in the number of FTEs and an increase in fixed salaries as a result of the revised remuneration policy.

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

	2021	2020
Pension fund agreements chargeable to the financial year	4,769	4,128
Deductions	(568)	(500)
Total	4,201	3,628

In accordance with the Dutch pension system, this pension plan is financed through contributions (premiums) to an industry pension fund. For Bouwinvest, this is APG's Ondernemingspensioenfond (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 28.4% of the pensionable salary in 2021 (2020: 28.7%), with a maximum of € 112,189 (2020: € 110,111). The annual employee contribution is at least 1.75% (2020: 1.75%) and was capped at 4.2% (2020: 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 mandatory limit of € 112,189 (2020: € 110,111). Bouwinvest pays a gross amount equivalent 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 111.9 % in 2021 (2020: 96.1%). 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 197 FTEs at year-end 2021 (2020: 191 FTEs). The average number of employees in 2021 was 194 FTEs (2020: 189 FTEs). The average number of employees working abroad was three in 2021 (2020: two).

Executive Board of Directors and Supervisory Board remuneration

In 2021, Bouwinvest paid total remuneration of € 2.1 million (2020: € 1.7 million) to the members of the Executive Board of Directors (statutory and titular). Of this, € 1.0 million was allocated to the statutory directors (2020: € 0.9 million).

In 2021, Bouwinvest paid total remuneration of € 158,648 (2020: € 154,050) to the members of the Supervisory Board of the legal entity.

15 Other operating expenses

	2021	2020
Office expenses	2,523	2,638
Automation expenses	4,769	4,395
Other personnel costs	2,843	3,075
Communications expenses	1,310	1,055
Consultancy costs	883	1,063
Research and Investor Relations costs	521	539
Non-deductible VAT	1,757	2,677
Other expenses	685	626
Total	15,291	16,068

Non-deductible VAT was €0.9 million lower than in 2020, mainly due to lower non-deductible VAT as a result of lower total expenses than initially budgeted (impact € 0.3 million) and the release of part of the provision for VAT deduction for expenses as a result of the fiscal unity (impact €0.6 million).

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

	2021	2020
Minimum lease payments leased cars	785	768
Minimum lease payments office building	1,403	1,169
Minimum lease payments office automation	31	26
Total	2,219	1,963

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

Auditor's fees:

	2021	2020
Audit of the financial statements	42	45
Other audit engagements	98	118
Other non-audit engagements	17	19
Total	157	182

16 Result from investments in associates

	2021	2020
Bouwinvest Dutch Institutional Residential Fund N.V. (0.2%)	1,229	731
Bouwinvest Dutch Institutional Retail Fund N.V. (0.2%)	88	22
Bouwinvest Dutch Institutional Office Fund N.V. (0.2%)	178	109
Total	1,495	862

17 Interest income and expenses

	2021	2020
Interest expenses	(202)	(187)
Exchange rate differences	(14)	(8)
Total	(216)	(195)

18 Corporate income tax

	2021	2020
Current tax expense	(1,827)	(1,407)
Deferred tax income	(31)	140
Deferred tax liability	(336)	(305)
Total	(2,194)	(1,572)

Effective tax rate

	%	2021	%	2020
Result before taxes		8,697		5,882
Income tax expenses at statutory tax rate	25.0%	2,174	25.0%	1,471
Application of lower tax rate corporate income tax (until € 245,000)	-0.3%	(25)	-0.3%	(17)
Investments in associates valued at cost for tax purposes	-3.2%	(276)	-2.0%	(116)
Non-taxable expenses	0.0%	1	0.3%	19
Lower depreciation for tax purposes	-0.4%	(33)	0.2%	11
Application local tax rates of foreign group companies	-0.1%	(13)	0.4%	26
Effect deferred tax assets and liabilities	4.2%	366	2.8%	165
Income tax previous years	0.0%	(1)	0.2%	13
Corporate income tax effective tax rate	25.2%	2,194	26.7%	1,572

Subsequent events

In January 2022, the Utrechtse Bomenstichting tree protection society filed a report with the Public Prosecutor's Office of possible bribery at the Utrecht city council related to a 2019 transaction. In this transaction, the Bouwinvest Dutch Institutional Residential Fund N.V. purchased a parking lot from an external developer. The report was submitted to the National Public Prosecutor's Office for assessment. It is currently unclear whether this will lead to a formal investigation.

The biggest crisis, however, is the war in Ukraine, following Russia's invasion of the country in early 2022. The Russian invasion of Ukraine and the rapidly escalating events in late February and into March 2022 are a very tragic development for the people of Ukraine and these disrupted business and economic activities in the region and globally. These events and resulting economic uncertainties may have a negative impact on Bouwinvest, including on the valuation of its holdings and/or cash flows. At this time, it is not possible to estimate the financial impact of this crisis, either globally or for Bouwinvest. Bouwinvest regularly screens its business associates, including against sanctions lists. Recent checks against sanctions lists, specifically with respect to Russia and Belarus, have not resulted in the identification of any violations of these sanctions. Also, there are no other material consequences that impact Bouwinvest's ability to continue as a going concern. Bouwinvest will continue to monitor developments and evaluate any possible consequences for the organisation.

White Pines South International Investments

Dublin
Ireland



Company balance sheet as at 31 December

Before appropriation of result, all amounts in € thousands	Note	2021	2020
Assets			
Non-current assets			
Intangible fixed assets		531	519
Tangible fixed assets		4,165	4,460
Financial non-current assets	1	17,535	16,350
		22,231	21,329
Current assets			
Trade receivables		-	-
Receivables from subsidiaries, associates and affiliated companies		91	122
Tax receivables		2,165	178
Other receivables and accrued assets		780	665
Cash and cash equivalents		37,464	31,523
		40,500	32,488
Total assets		62,731	53,817
Equity and liabilities			
Issued capital		225	225
Share premium		41,367	41,367
Statutory reserve participations		5,395	4,621
Other reserves		(8,261)	(11,797)
Net result for the year		6,503	4,310
Shareholders' equity	2	45,229	38,726
Provisions		1,876	1,540
Long-term liabilities		256	288
Accounts payable		32	40
Taxes and social security premiums		2,486	1,664
Pension premiums		354	314
Payables to shareholder and associates		7,593	5,573
Other liabilities		2,553	3,458
Accrued liabilities		2,352	2,214
Current liabilities		15,370	13,263
Total equity and liabilities		62,731	53,817

Company statement of profit or loss

All amounts in € thousands

	Note	2021	2020
Result from investments in subsidiaries and associates	1	1,606	859
Other income and expenses after taxes		4,897	3,451
Result after taxes		6,503	4,310

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 statements 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

Participations in group companies

Participations in group companies 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 Bouwinvest's accounting policies. 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 associated company. If Bouwinvest stands as surety for all or part of the debts of the associated company in question, or is in fact obliged to enable said associated company 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 associated company.

Statutory reserve for associated companies

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

Notes to the company balance sheet

All amounts in € thousands, unless otherwise stated.

1 Financial non-current assets

	2021	2020
Investments in subsidiaries and associates	17,426	16,210
Deferred tax asset	109	140
Total	17,535	16,350

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 group companies and the associated companies that are part of the group included in the financial fixed assets were as follows:

	Book value 31-12-2020	Deposit/ repayment	Dividend	Result 2021	Book value 31-12-2021
Bouwinvest Dutch Institutional Residential Fund N.V. (0.2%)	11,306	-	(239)	1,229	12,296
Bouwinvest Dutch Institutional Retail Fund N.V. (0.2%)	2,100	-	(82)	88	2,106
Bouwinvest Dutch Institutional Office Fund N.V. (0.2%)	2,591	-	(69)	178	2,700
Bouwinvest Asia Pacific Pty Ltd (100%)	131	-	-	44	175
Bouwinvest North America LLC (100%)	82	-	-	67	149
Total	16,210	-	(390)	1,606	17,426

	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. (0.3%)	2,166	-	(88)	22	2,100
Bouwinvest Dutch Institutional Office Fund N.V. (0.3%)	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

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

2021, before appropriation of result

	Issued capital	Share premium	Statutory reserve investments in associates	Other reserves	Retained earnings	Total equity
Balance at 1 January 2021	225	41,367	4,621	(11,797)	4,310	38,726
Net result for the year	-	-	-	-	6,503	6,503
Appropriation of result	-	-	-	4,310	(4,310)	-
Change in statutory reserve investments in associates	-	-	774	(774)	-	-
Dividends paid	-	-	-	-	-	-
Balance at 31 December 2021	225	41,367	5,395	(8,261)	6,503	45,229

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

Share capital

The shares have a nominal value of one euro. At 31 December 2021, Bouwinvest had a total of 225,000 issued and fully paid up ordinary shares.

Statutory reserve for participations

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:

	2021	2020
Balance at 1 January	4,621	4,461
Additions	774	160
Released	-	-
Balance at 31 December	5,395	4,621

Appropriation of 2020 result

On 21 April 2021, the General Meeting adopted the 2020 financial statements. The General Meeting resolved to add € 4,310,000 of the 2020 result to the retained earnings.

Proposal for the appropriation of the 2021 result

It will be proposed to the General Meeting that it approve the payment of a dividend of € 6,000,000 and the addition of the remaining 2021 result, amounting to € 503,000, to the retained earnings in line with the capital policy. The net result for 2021 amounted to € 6,503,000.

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 open-ended and payment after termination is for two years. In addition, Bouwinvest has signed three investment management agreements with stichting Bedrijfstakpensioenfondsen 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	2021	2020
First year	4,159	4,142
Second to fifth year	7,526	8,098
More than five years	5,089	6,312
Total	16,774	18,552

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 2016; the companies in this fiscal unity file their VAT returns independently.

In 2021, after a long period of consultation, the Dutch Tax Authority took a position on the method for calculating the VAT deduction of this fiscal unity. This calculation goes back to the year in which the fiscal unity first existed (2016). Bouwinvest's right to deduct VAT, as part of this fiscal unity, fluctuated between 22% and 25% in the years 2016 through 2020. Based on this deduction right, Bouwinvest does still have to pay VAT over the relevant years, but this amount is lower than anticipated. The release amounts to approximately € 550,000.

Signing of the financial statements

Amsterdam, 1 April 2022

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 2021 financial statements included in the annual report

Our opinion

We have audited the 2021 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 2021 and of its result for 2021, in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and company balance sheet as at 31 December 2021.
- The consolidated and company statement of profit or loss for 2021.
- 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.

Audit approach to fraud risks

We identified and assessed risks of material misstatement in the financial statements resulting from fraud. During our audit, we obtained an understanding of the entity and its environment, the components of the internal control system, including the risk assessment process and the manner in which the management responds to fraud risks and monitors the internal control system and the manner in which the Supervisory Board exercises supervision, as well as the results thereof. A fraud risk analysis is a visible part of the internal control environment.

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

As part of our process for the identification of risks of a material misstatement in the financial statements resulting from fraud, we considered fraud risk factors relating to fraudulent financial reporting, improper appropriation of assets and bribery and corruption. In this assessment we were supported by our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

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

Fraud risk	How the fraud risk was addressed in the audit
Executive Board of Directors override of controls	
We presume a risk of material misstatement due to fraud related to the Executive Board of Directors override of controls. The Executive Board of Directors is in a unique position to perpetrate fraud because of the Executive Board of Directors' ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	<p>Our audit procedures included, among others, the following:</p> <p>We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or noncompliance.</p> <p>We considered available information and made inquiries of relevant key personnel focused on risk compliance and finance.</p> <p>We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.</p> <p>We evaluated whether the selection and application of accounting policies by the group, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting.</p> <p>We evaluated whether the judgments and decisions made by the Executive Board of Directors in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud.</p>

Audit approach to compliance with legal and regulatory requirements

We obtained a general understanding of the legal and regulatory framework applicable to Bouwinvest Real Estate Investors B.V. by making inquiries of management and other personnel and our review of relevant correspondence.

Compliance with legal and regulatory requirements may be fundamental to an entity's ability to operate, to the ability of an entity to continue as a going concern, or to the avoidance of material sanctions, so non-compliance with such legal and regulatory requirements may have a material impact on the financial statements. In view of the nature of Bouwinvest Real Estate Investors B.V. and the regulated environment in which it operates, there is a risk of non-compliance with regulatory requirements, including the Dutch Financial Supervision Act (Wet op het financieel toezicht - Wft), the Dutch Prevention of Money Laundering and the Financing of Terrorism Act (Wet ter voorkoming van witwassen en financieren van terrorisme - Wwft).

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

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
- Composition of the boards
- Other information

Based on the following procedures performed, we are of the opinion 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 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 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 objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not 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.
- Concluding on the appropriateness of Executive Board of Directors's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluating the presentation, structure and content of the financial statements, including the disclosures contained in same.
- 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 complete 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. In this context, we also provide the audit committee with a statement pursuant to Article 11 of the European regulation on specific requirements for the statutory audit of the financial statements of public-interest entities. The information provided in that additional statement is consistent with our opinion in this audit report.

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, 1 April 2022

Deloitte Accountants B.V.

Signed on the original:

R.J.M. Maarschalk RA

Centrumplan Retail Fund

Rosmalen
the Netherlands



Appendices

Responsible investment results

Results responsible investment

79% of total portfolio consists of investments with above-average sustainability ratings (GRESB 4/5 Stars) (2020: 81%).

100% of the Dutch investments had GRESB 4/5-star ratings in 2021 (2020: 100%).

34% of the investments in the international mandates had GRESB 4/5-star ratings (2020: 28%).

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 0.5% compared with 2020.

Sustainability performance:

The Dutch funds had an average GRESB score of 91 points (2020: 88).

The average GRESB score of the international mandates in 2021 (76 points) was four points higher than in 2020 and was three points higher than the GRESB global average for 2021 (73 points)*.

Sustainable building certificates

99% of the Dutch fund investments (by surface area) has received a sustainable building certificate (2020: 97%).

The international mandates scored an average of 55 points (2020: 51 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 19.0 Megawatt peak of solar panels in 2021. This was an increase of 3.4 Megawatt peak vs. 2020.

13.9% of the energy consumption of the international investments came from renewable sources*.

Reduction of energy consumption:

In the Dutch portfolio, we realised a 9.3% (like-for-like) reduction in energy consumption and a 31% reduction in CO₂ emissions vs. 2020.

Energy consumption in the international mandates was 2% higher than in the previous year and GHG emissions decreased by 64%*.

Energy-efficient buildings:

99.8% of the Dutch portfolio had a green energy label (71.2% A labels) and the average NZEB2 improved to 169.4.

83% of the construction projects are registered as Considerate Construction sites (2020: 70%).

Achieved: client satisfaction score of 7.1 (2020: 7.8)

Achieved: tenant satisfaction score of 7.2 (2020: 7.5)

42 Bouwinvest employees have active positions in 26 boards or working groups of sector organisations, including: IVBN, ANREV, INREV, AFIRE, VBA, ULI, DGBC and NEPROM.

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 financial statements - General	
102-2	Activities, brands, products, and services	Notes to the financial statements - General	
102-3	Location of headquarters	Notes to the financial statements - General	
102-4	Location of operations	Notes to the financial statements - General	
102-5	Ownership and legal form	Corporate governance - Legal structure	
102-6	Markets served	How Bouwinvest creates value - Strategy How Bouwinvest creates value - Market proposition Corporate governance	
102-7	Scale of the organization	How Bouwinvest creates value - Market proposition Consolidated balance sheet at 31 December Consolidated statement of profit or loss Notes to the financial statements	
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 - Bouwinvest Strategic Plan Corporate Governance	
102-11	Precautionary Principle or approach	Integrated risk management	
102-12	External initiatives	The world around us	
102-13	Membership of associations	Responsible investment results	

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 - Responsible investment and business	
102-41	Collective bargaining agreements	Corporate Governance - Works Council	
102-42	Identifying and selecting stakeholders	How Bouwinvest creates value - Responsible investment and business	
102-43	Approach to stakeholder engagement	How Bouwinvest creates value - Responsible investment and business	

102-44	Key topics and concerns raised	Progress per material aspect	
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 consolidated balance sheet - 3 Financial fixed assets	
102-46	Defining report content and topic boundaries	Notes to the financial statements - General About this report	
102-47	List of material topics	Responsible investment and business	
102-48	Restatements of information	About this report - Reporting policy and guidelines	
102-49	Changes in reporting	About this report	
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	

Minimising climate impact of buildings/ portfolio

GRI Standard	GRI disclosure	Reference or information	Omissions
103 (2016)	Disclosure of Management Approach (DMA)	Progress per material aspect - Minimising climate impact of buildings/ portfolio About this report - Data collection and verification of non-financial data - Reporting environmental data Glossary - Reduction of energy consumption, Like-for-like reduction of emissions	
103-1	Explanation of the material topic and its boundaries	Progress per material aspect - Minimising climate impact of buildings/ portfolio About this report - Data collection and verification of non-financial data	
103-2	The management approach and its components	Progress per material aspect About this report - Data collection and verification of non-financial data	
103-3	Evaluation of the management approach	Progress per material aspect - Minimising climate impact of buildings/ portfolio Responsible investment results - Reduction of energy consumption ESG performance indicators - Reducing environmental impact About this report - Reporting environmental data Data collection and verification of non-financial data Results of the real estate portfolio	
305-5 (2016)	Reduction of GHG emissions	ESG performance indicators - Reducing environmental impact Glossary - Like-for-like reduction of emissions	
305-4	GHG emissions intensity	Only GHG emission applicable	

Generating stable absolute and relative financial performance for investors

GRI Standard	GRI disclosure	Reference or information	
103 1-3 (2016)	Disclosure of Management Approach (DMA)	Financial statements Progress per material aspect - Generating stable absolute and relative financial performance for investors based on the risk appetite	
103-1	Explanation of the material topic and its Boundaries	Financial statements Progress per material aspect - Generating stable absolute and relative financial performance for investors based on the risk appetite	
103-2	The management approach and its components	Financial statements Progress per material aspect - Generating stable absolute and relative financial performance for investors based on the risk appetite	
103-3	Evaluation of the management approach	Financial statements Progress per material aspect - Generating stable absolute and relative financial performance for investors based on the risk appetite	

Stimulating/contributing to affordable housing and healthcare

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	Demographic developments Progress per material aspect - Stimulating/contributing to affordable housing and healthcare How Bouwinvest creates value	
103-2	The management approach and its components	Progress per material aspect - Stimulating/contributing to affordable housing and healthcare How Bouwinvest creates value	
103-3	Evaluation of the management approach	Progress per material aspect - Stimulating/contributing to affordable housing and healthcare How Bouwinvest creates value	

Company specific, no direct relation with GRI or SASB standard	Add residential units in mid-rental segment	Progress per material aspect - Stimulating/contributing to affordable housing and healthcare How Bouwinvest creates value	
Integrity and transparency			
GRI Standard	GRI disclosure	Reference or information	Omissions
103 (2016)	Disclosure of Management Approach (DMA)	Progress per material aspect - Living integrity and transparency	
103-1	Explanation of the material topic and its boundaries	Progress per material aspect - Living integrity and transparency	
103-2	The management approach and its components	Progress per material aspect - Living integrity and transparency 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	
Focusing on investor interest			
GRI Standard	GRI disclosure	Reference or information	
103 1-3 (2016)	Disclosure of Management Approach (DMA)	Progress per material aspect - Focusing on investor interest	
103-1	Explanation of the material topic and its Boundaries	Progress per material aspect - Focusing on investor interest	
103-2	The management approach and its components	Directors' report Progress per material aspect - Focusing on investor interest	
103-3	Evaluation of the management approach	Message from the CEO Progress per material aspect - Focusing on investor interest	
Company specific, no direct relation with GRI or SASB standard	Average client appreciation	ESG performance indicators - Social data Responsible investment results	
Healthy and safe portfolio/buildings			
GRI Standard	GRI disclosure	Reference or information	
103 1-3 (2016)	Disclosure of Management Approach (DMA)	Progress per material aspect - Providing healthy and safe portfolio /buildings	
103-1	Explanation of the material topic and its Boundaries	Progress per material aspect - Providing healthy and safe portfolio /buildings	
103-2	The management approach and its components	Progress per material aspect - Providing healthy and safe portfolio /buildings	
103-3	Evaluation of the management approach	Progress per material aspect - Providing healthy and safe portfolio /buildings	
SRS 403 (2018)	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Results of the management organisation Social data - Health	
Making buildings climate-resilient			
GRI Standard	GRI disclosure	Reference or information	

103 1-3 (2016)	Disclosure of Management Approach (DMA)	Progress per material aspect - Making buildings climate resilient	
103-1	Explanation of the material topic and its Boundaries	Progress per material aspect - Making buildings climate resilient	
103-2	The management approach and its components	Progress per material aspect - Making buildings climate resilient	
103-3	Evaluation of the management approach	Progress per material aspect - Making buildings climate resilient	

Above-average sustainable buildings

GRI Standard	GRI disclosure	Reference or information	
103 1-3 (2016)	Disclosure of Management Approach (DMA)	Progress per material aspect - Above-average sustainable buildings	
103-1	Explanation of the material topic and its Boundaries	Progress per material aspect - Above-average sustainable buildings	
103-2	The management approach and its components	Progress per material aspect - Above-average sustainable buildings	
103-3	Evaluation of the management approach	Progress per material aspect - Above-average sustainable buildings	

Keeping cities and regions liveable

GRI Standard	GRI disclosure	Reference or information	
103 1-3 (2016)	Disclosure of Management Approach (DMA)	Progress per material aspect - Preserving livability in cities and regions	
103-1	Explanation of the material topic and its Boundaries	Progress per material aspect - Preserving livability in cities and regions	
103-2	The management approach and its components	Progress per material aspect - Preserving livability in cities and regions	
103-3	Evaluation of the management approach	Progress per material aspect - Preserving livability in cities and regions	

Ensuring cyber & data security and privacy

GRI Standard	GRI disclosure	Reference or information	Omissions
103 1-3 (2016)	Disclosure of Management Approach (DMA)	Progress per material aspect - Ensuring cyber & data security and privacy	
103-1	Explanation of the material topic and its Boundaries	Progress per material aspect - Ensuring cyber & data security and privacy	
103-2	The management approach and its components	Progress per material aspect - Ensuring cyber & data security and privacy	
103-3	Evaluation of the management approach	Progress per material aspect - Ensuring cyber & data security and privacy	
418-1 (2016)	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Compliance Reports and advice	

ESG performance indicators

Continuous improvement of our sustainability performance

Impact area	Indicator	Measure	Unit	2021	2020	% change
Above-average sustainable investments	GRESB	Percentage of above-average sustainable investments in total portfolio	%	79%	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	%	34%	28%	2% points
	GRESB	GRESB coverage of total portfolio	%	94%	95%	2% points
	GRESB	GRESB coverage of the Dutch funds	%	100%	100%	0% point
	GRESB	GRESB coverage of the international mandates	%	83%	84%	4% points

Investing in sustainable real estate

Impact area	Indicator	Measure	Unit	2021	2020	% change
Sustainable building certificates	BREEAM or GPR	Share of sustainable building certificates by m ² (BREEAM or GPR) (GRI-CRESS: CRE8)	%	99%	97%	0%

Reducing environmental impact

Impact area	Indicator	Measure	Unit	2021	2020	% 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)	%	100%	98%	2%
		Average energy index	#	169.37	n/a	

Impact area	Indicator	Measure	Unit	2021 (Abs)	2020 (Abs)	% change (LfL)
Energy	Electricity	Total electricity consumption (GRI: 302-2)	MWh	27,041	30,945	-3.2%
	Gas	Total gas consumption (GRI: 302-1)		6,346	9,472	-31.0%
	District heating and cooling	Total consumption district heating and cooling (GRI: 302-2)		0	3,273	0.0%
	Total	Total energy consumption all sources (GRI: 302-2)		33,388	43,690	-9.3%
	Energy intensity	Average energy intensity of the buildings (GRI-CRESS: CRE1)	kWh/m ² /year	23	30	-9.3%
		Coverage percentage data energy and CO ₂		184 of 395	178 of 400	
CO ₂ emissions	Direct	Scope 1 (GRI: 305-1)	tonnes	1,507	2,250	-31.0%
	Indirect	Scope 2 (GRI: 305-2)	CO ₂ e	11,547	13,530	-3.2%
	Total	Total CO ₂ emissions (GRI: 305-2) Scope 1 and 2		13,054	15,779	-7.0%
	CO ₂ emission intensity	Total CO ₂ emissions after offsetting		1,507	2,566	-31.0%
		Average CO ₂ intensity of the buildings (GRI-CRESS: CRE3)	kg CO ₂ e/m ² /year	9	11	-7.0%
Water	Total	Total water consumption (GRI:303-1)	m ³	N/A	169,362	N/A
	Water intensity	Average water intensity of the buildings (GRI-CRESS: CRE2)	m ³ /m ² /year	N/A	0.47	N/A
Waste	Total	Total Waste by weight (GRI: 306-1)	tonnes	N/A	1,305	N/A
		Recycling percentage	%	N/A	27%	N/A

Improving stakeholder value

Impact area	Indicator	Measure	Unit	2021	2020	% change
Stakeholder engagement	Tenant satisfaction	Response percentage (GRI: 102-43)	%	55%	65%	-10%
		Average total score (GRI: 102-43)	#	7.2	7.4	-4%
Promoting sustainability in the chain	Considerate construction sites	Number of registered	#	33 (of 39)	28 (of 47)	
		Percentage registered building sites (by aquisition price)	%	83%	70%	13%

Responsible organisation

Impact area	Indicator	Measure	Unit	2021	2020	% change
Sustainable contracts	Rental contracts	Number of new rental contracts	#	3,226	3,223	2.1%
		Number of sustainable rental contracts (green leases)	#	4,827 (of 18,890)	1,847 (of 18,542)	

Environmental data head office

Impact area	Indicator	Measure	Unit	2021 (abs)	2020 (abs)	% change (Lfl)
Energy	Electricity	Total electricity consumption	MWh	462.5	389.5	
		Share of electricity from renewable sources		436.2	29.6	
	Gas	Total gas consumption (GRI: 302-1)		0	0	
	District heating and cooling	Total district heating and cooling (GRI: 302-2)		1108	556	
		Percentage locally generated heating and cooling		0	0	
	Total	Total energy consumption all sources (GRI: 302-2)		1571	945	
	Energy intensity	Energy intensity head office by gross floor surface (GRI-CRESS: CRE1)	kWh/m ² /year	178	107	
		Coverage percentage data energy and CO ₂		1 of 1	1 of 1	
Waste	Total	Total waste by weight (GRI: 306-1)	tonnes	14,931	11,850	-56%
		Recycling percentage	%	19%	26%	-10%
Mobility	Distance	Lease cars	km	1,417,654	1,502,494	-20%
		Public transport		109,656	156,411	-73%
		Air travel		795,166	371,524	-69%
CO ₂ emissions	Direct	Scope 1 (GRI: 305-1)	tonnes	171.00	209.00	
	Indirect	Scope 2 (GRI: 305-2)	CO ₂ e	189.00	253.00	
	Total	Total CO ₂ emissions (GRI: 305-2) Scope 1 and 2		360.00	462.00	
		Total CO ₂ emissions after offsetting		189.00	253.00	
	CO ₂ intensity head office (GRI-CRESS: CRE3)	kg CO ₂ e/FTE/year	1.33	0.95939	1.32461	
		CO ₂ intensity mobility (GRI-CRESS: CRE3)	kg CO ₂ e / FTE / year	0.87	1.09	
		CO ₂ intensity total (GRI-CRESS: CRE3)	kg CO ₂ e / FTE / year	1.83	2.42	
Water	Total	Total water consumption (GRI:303-1)	m ³	538	1,774	
	Water intensity	Water intensity head office (GRI-CRESS: CRE2)	m ³ /FTE/year	2.7	9.3	

Social data

Impact area	Indicator	Measure	Unit	2021	2020
Employees	Contracts (incl. proportion of women)	Number of employees (GRI: 401-1)	FTE	196.6 fte (65.8 fte)	191.4 (66.4)
		Full-time contract percentage (GRI: 401-1)	%	73.3% (21.9%)	74.1 (22.8)
		Part-time contract percentage (GRI: 401-1)	%	26.7% (72.7%)	25.9 (76.9)
		Temporary contract percentage (GRI: 401-1)	%	9.7% (30%)	8.5 (52.9)
		Permanent contract percentage (GRI: 401-1)		90.3% (36%)	91.5 (35.3)
	Health	Absenteeism (GRI: 403-3)	%	1.7%	1.6%
	Turnover	Employee turnover percentage (GRI: 401-2)	%	7.9%	8.4%
	Employee satisfaction	Employee engagement - survey response percentage (GRI: 103)	%	90.5%	95.1%
		Average satisfaction score (GRI: 103)	#	7.8	7.8
		Employee engagement score		niet gemeten	8.1
		Employee enthusiasm score		7.9	7.9
	Equality & diversity	Percentage of women (GRI: 405-2)	%	35.4%	34.7%
		Percentage of women in senior management (GRI: 405-2)		17.2%	16.7%
	Training & development	Number of internships and graduate positions	#	7	3
	Age (incl. percentage of women)	<30	percentage	7.3% (26.7)	9.5 (42.1)
		30-40		26.7% (32.7)	28.5 (28.1)
		40-50		38.8% (37.5)	38 (40.8)
		50-60		21.4% (36.4)	21 (38.1)
		>60		5.8% (41.7)	2 (33.3)
	Clients	Investor satisfaction	%	na	n.a
		Average total score (GRI: 102-43)	#	7.1	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 2021 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., its five funds (Residential, Office, Retail, Healthcare and Hotel) and the three international mandates (Europe, North America and Asia-Pacific). Unless otherwise stated, the scope of the report extends to all of 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 22 March 2021 pertained to the calendar year 2020. The 2020 annual report was prepared and published on 22 March 2021. The 2021 annual report pertains to the calendar year 2021, which ran from 1 January 2021 through 31 December 2021.

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 significant 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 CO 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 promote 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 2021 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 2021, 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-annualreports2021.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 in association with Bendert Zevenbergen

Concept: Bouwinvest

Design and production: TD Cascade and Remind Identity by Design

This PDF annual report 2021 is a translation of the audited Dutch annual report for the financial year 2021 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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