Bouwinvest Dutch Institutional Office Fund N.V.

Annual report 2020

Table of contents

The Fund
at a glance

About the Office Fund

The Bouwinvest Dutch Institutional Office Fund focuses on future-proof office accommodation marked by its flexibility and high level of sustainability. The Fund invests in inspiring places where people want to work and socialise. The success of our strategy shows that it is possible to generate healthy returns in a competitive market – a market in which demand for good quality offices is plentiful but in which there is little supply. In addition, the Netherlands is regarded as a stable location for international companies and the unemployment rate is at a 12-year low. This too contributes to the Fund's positive perspectives and attractive returns.

The Office Fund takes a long-term approach to investment, with a growth strategy based on sustainability, the G4 cities and multi-tenant office buildings.

G4 cities

The Office Fund invests primarily (at least 80%) in inner city areas in the four big Dutch cities: Amsterdam, Rotterdam, The Hague and Utrecht. Offices in these cities are most likely to provide stable returns because they maintain their value in the long term. The Fund's offices are located in attractive and inclusive mixed use areas - the places where people will want to live, work and socialise now and in the future. This strategy enables us to combine the interests of society with the financial interests of our clients.

Multi-tenancy

The Office Fund is primarily comprised of multi-tenant buildings occupied by a variety of tenants with leases of varying lengths, which reduces the risk that a property will be left empty. We also stimulate interaction between our tenants by offering on and off-site facilities, such as shops, cafes, restaurants, childcare services and other meeting places. This in turn boosts the attractiveness of the properties and creates a pleasant atmosphere in which to work.

Sustainability

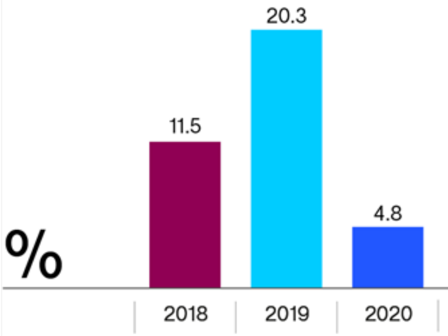
The Office Fund invests in sustainable new-build assets and in making our current portfolio more sustainable and future proof. Thanks to this approach, our office assets remain attractive investments while contributing to the need to develop a more sustainable society in general.

Sustainability in working environments is high priority for an increasing number of tenants because it helps them to meet their own sustainability targets. We listen to our tenants and we help them to think about their future office needs.

The Fund aims to ensure its portfolio is net-zero carbon by 2045. In recognition of our efforts, the Fund was awarded a GRESB five-star rating in 2020 and is now ranked GRESB Global Sector Leader.

The Fund's contribution to Real Value for Life

Fund return



Realised 2020

4.8%

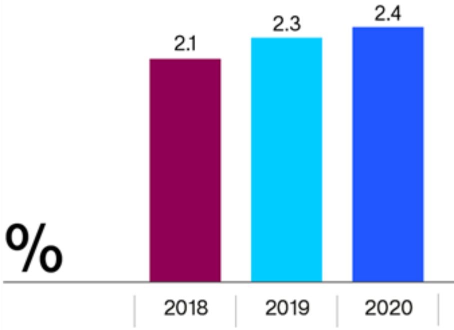
Plan 2020

8.1%

Long-term average target

6.0% - 7.5%

Fund income return



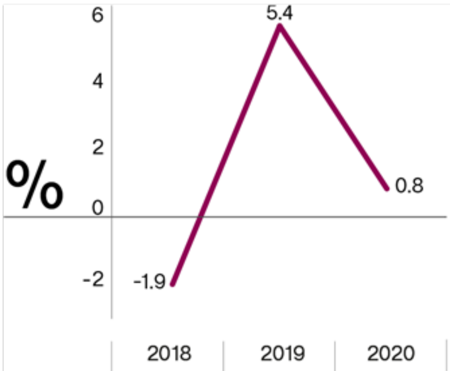
Realised 2020

2.4%

Plan 2020

3.0%

Relative performance MSCI



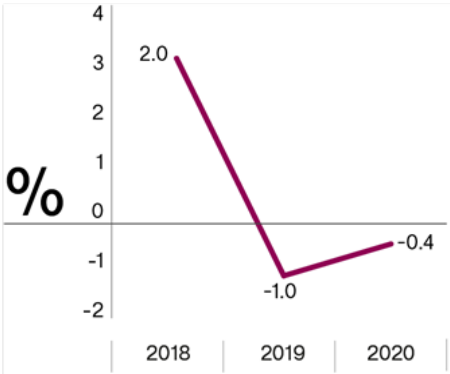
Realised 2020

0.8%

Plan 2020

> 0%

Like-for-like rental income



Realised 2020

-0.4%

Acquisitions (x € MILLION)

Realised 2020

-

Plan 2020

€ 40

Investments (x € MILLION)

Realised 2020

€ 112

Plan 2020

€ 87

Occupancy rate

Realised 2020

92.8%

Plan 2020

92.0%

Divestments (x € MILLION)

Realised 2020

€ 11

Plan 2020

€ 11

Core regions (G4)

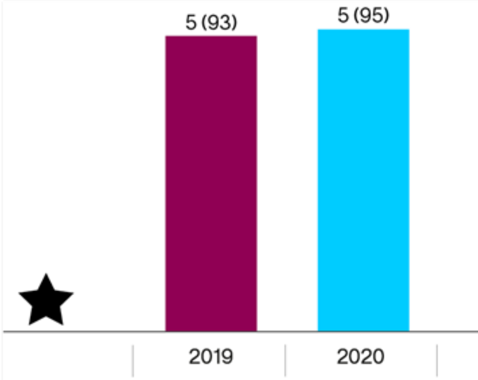
Realised 2020

100%

Plan 2020

98.4%

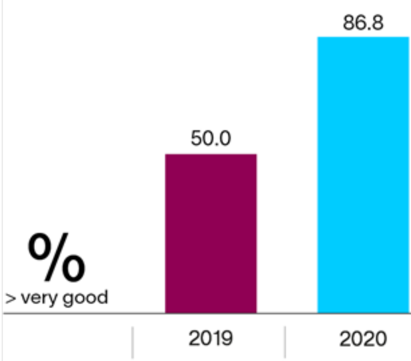
GRESB star rating (score)



Realised 2020

5 star rating
(95 Points)

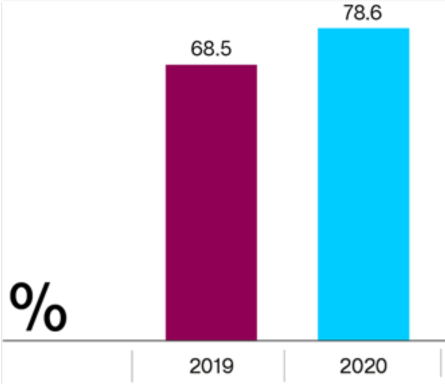
BREEAM builing label



Realised 2020

86.8%

Energy label (A)



Realised 2020

78.6%

Tenant satisfaction (score)

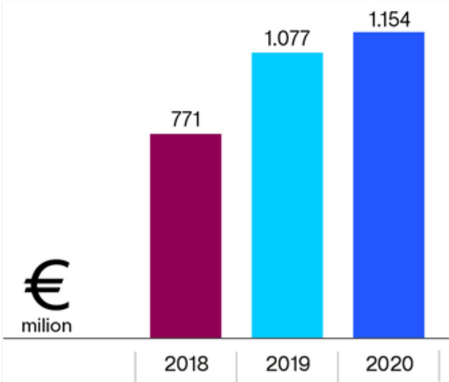
Realised 2020

7.3

Plan 2020

7.0

NAV (x € MILLION)



Realised 2020

1.155

Plan 2020

1.142

Dividend paid per share

Plan 2020

€ 75.45

Realised 2020

€ 66.77

Issued capital (x € MILLION)

Plan 2020

€ 65

Realised 2020

€ 50

Key performance over five years

All amounts in € thousands, unless otherwise stated	**2020**	2019	2018	2017	2016
Statement of financial position					
Total assets	1,252,079	1,168,142	782,645	644,945	536,257
Total shareholders' equity	1,154,720	1,077,155	771,241	631,446	525,988
Total debt from credit institutions	-	-	-	-	-
Performance per share					
Dividends (in €)	65.77	49.65	52.98	59.81	73.18
Net earnings (in €)	140.45	514.04	266.98	277.97	118.22
Net asset value IFRS (in €, at year-end)	3,034.73	2,959.53	2,506.33	2,295.87	2,084.17
Net asset value INREV (in €, at year-end)	3,034.73	2,959.53	2,511.10	2,306.55	2,101.63
Result					
Net result	51,844	172,585	75,962	71,746	30,506
Total Global Expense Ratio after tax (TGER)	0.52%	0.53%	0.56%	0.55%	0.53%
Real Estate Expense Ratio (REER)	1.36%	1.70%	2.50%	3.16%	2.66%
Fund return					
Income return	2.4%	2.3%	2.1%	2.7%	3.6%
Capital growth	2.3%	17.7%	9.2%	10.3%	1.9%
Total Fund return	4.8%	20.3%	11.5%	13.2%	5.5%
Portfolio figures					
Investment property	1,105,935	826,323	536,054	468,661	458,762
Investment property under construction	115,763	263,180	210,857	127,432	44,645
Gross initial yield	5.0%	5.8%	6.8%	8.0%	6.7%
Total number of properties	18	18	18	17	17
Average monthly rent per square metre (in €)	216	195	177	180	183
Financial occupancy rate (average)	92.8%	90.0%	89.2%	86.3%	81.3%
Sustainability (A, B or C label)	80.1%	75.5%	73.0%	73.1%	73.0%
Property performance (all properties)					
Income return	2.7%	2.3%	3.0%	3.6%	4.5%
Capital growth	2.8%	19.8%	10.0%	11.00%	2.40%
Total property return	5.5%	22.5%	13.3%	14.9%	7.0%
MSCI (Netherlands Property Index) office real estate (all properties)					
Income return	3.5%	3.9%	4.2%	4.9%	5.5%
Capital growth	1.2%	12.7%	10.6%	7.6%	4.00%
Total return MSCI (NPI)	4.7%	17.1%	15.2%	12.8%	9.7%

Message from the Director Dutch Office Investments

The past year has been dominated by the Covid-19 pandemic, the government measures taken to contain the outbreak and the social and economic impact of the virus and the restrictions. Luckily, the Dutch economy was in good shape before the outbreak, thanks to its, among others, strong culture of innovation and solid IT infrastructure. In addition, public and private sector organisations responded effectively and most companies able to switch to remote working adapted rapidly to the new situation. Thanks to this and government support measures, the pandemic had far less impact on the economy than initially feared in the spring. However, even with the early signs of economic recovery and the ongoing roll-out of the vaccine, the Dutch economy is very delicately poised and the outlook for the immediate future is still highly uncertain.

The main immediate impact on the office market was the sudden massive increase in home working and this is likely to remain at a higher level than previously after the Covid-19 crisis. This will result in lower overall levels of office use. However, we are firmly convinced that offices will continue to play a key role as a workplace. If anything, the Covid-19 pandemic will accelerate the trend driving demand for multi-occupier, multifunctional, well-connected locations, with healthy and sustainable offices and meeting places.

Many office users are likely to wait until the structural impact of the Covid-19 pandemic is visible before making any major decisions on the office space they need and potential relocations. Vacancy rates will gradually increase, as users prune their space and adapt to hybrid working models. Some smaller companies may even decide to dispense with offices entirely. But offices will continue to function as meeting places for creative interactions (brainstorming) and teamwork. And less structural use of office building will not necessarily translate into lower overall demand. We expect total office use to decline by between 2% and 7%, but multi-tenant, multifunctional offices close to metropolitan transport hubs will be the least affected by this decline. Indeed, we could see an increase in demand for these types of offices at the expense of less future-proof locations.

> ‘We firmly believe that offices will continue to play a key role as a workplace.’

Bas Jochims
Director Dutch Office Investments

The Office Fund’s response to the crisis was an immediate uptick in our engagement with tenants and clients. We stepped up our communications with tenants, to keep them abreast of the latest developments and engage with those hardest hit to reach payment arrangements. This was primarily office locations with tenants that operated facilities such as cafes and restaurants, fitness clubs, meetings spaces and the like. We quickly took measures to help tenants make their own spaces and public areas Covid-19 safe. This included signing and housekeeping protocols and hygiene measures. The Fund also stepped up its engagement with our clients, to share with them the impact of the various scenarios on the Fund’s portfolio and projected returns.

On the investment front, the office market more or less ground to a halt. Investors are postponing investments and users are putting off decisions on relocation plans, so there were very few new lease transactions. However, recent studies have shown that offices will retain their function as a meeting place and workplace, given the inherent limitations of remote working. On top of this, many organisations see face-to-face interactions as vital to their growth and success. Our Research department made a study of home working and the impact this will have on the office market, which is reflected in Bouwinvest's Real Estate Market Outlook 2021-2023. And while our assets at public transport hubs have been the hardest hit during the crisis, these locations are set to recover the fastest, in terms of use, once the Covid-19 crisis is over. These multi-tenant, multifunctional locations will remain attractive meeting places and workplaces long into the future. The Covid-19 pandemic has also raised awareness of the importance of air quality in office buildings and this is something we will continue do devote attention to in the future.

The Office Fund is a long-term investor and we continued to focus on our strategy in 2020. The development of Central Park in Utrecht is progressing well, which will give us an improved regional diversification as of completion in the third quarter of 2021. We are moving towards the completion of the renovation of WTC Rotterdam and Centre Court in The Hague. This resulted in a new lease for the latter, as the central government's Real Estate Agency expanded the office space for the Ministry of Economic Affairs & Climate. This was partly thanks to our strong relationship over many years and our shared ambitions on the sustainability front. These large investments are running parallel with minor innovations and experiments, such as a pilot with mobile sensors to measure air quality with Colliers, one of our tenants in The Garage in Amsterdam.

Covid-19 did not result in any major construction delays, but pre-letting spaces in the building has been delayed. We continued to book solid progress on the sustainability front. We retained our five-star rating in the Global Real Estate Sustainability Benchmark (GRESB) and once again improved our overall score. And GRESB named us a Global Sector Leader, leading the rankings for the Netherlands and Western Europe. On top of this, we are closer to achieving our goal of BREEAM-NL Very Good certifications for 100% of our office assets. Very importantly, we completed our draft roadmap for each of our assets, defining the measures we need to take to make our portfolio Paris Proof by 2045.

As stated above, we were cautious on the acquisition front in 2020, as we waited for a clearer view of the real impact of the pandemic on the office market. We did complete the sale of the planned hotel section in WTC Rotterdam to the Bouwinvest Hotel Fund. Although our full year returns were higher than initially expected at the start of the Covid-19 outbreak, our income return was depressed by the provisions we took for rental issues. Our full-year capital growth was more positive, driven by continued interest in the core office segment. We saw a number of transactions that showed it is still possible to record pre-Covid-19 yields in this market. However, capital growth was affected by the uncertainty in the market.

It is still unclear how much impact Covid-19 will have on the Dutch economy and how quickly the economy will recover in 2021 and beyond. We might see a reduction in office space use, if tenants leave their current offices or decide to downsize. On the bright side, extremely low interest rates and the ready availability of capital will keep investment volumes and initial yields at good levels. Plus we are seeing increased demand for healthy meeting places, one of the focal points of our strategy.

Finally, I would like to take this opportunity to thank our clients for their continued trust in us and our strategy. And of course, I want to thank our team for their flexibility and determination in dealing with constantly changing circumstances. And for new levels of collaboration that enabled us to anticipate and respond to the latest developments. Our team kept our tenants and our clients front of mind at all times and were constantly on the lookout for the best solutions for everyone. All of this, without losing sight of their normal day-to-day work. It is thanks to them that we emerged as well as we did from what was an exceptionally difficult year.

Bas Jochims
Director Dutch Office & Hotel Investments

Report of the

Executive Board of Directors

Market environment

Key macro developments

The year 2020 was dominated globally by the fight against the spread of Covid-19 and can be characterised as one of the most remarkable years in modern history. The key events and developments for the Dutch economy were as follows:

- The Covid-19 pandemic affected the Dutch economy and society from March 2020 onwards. Following the controlled lockdown initiated by the government, measures were eased over the summer and resulted in an increase in economic activity. However, a second wave of Covid-19 flared up again during the last quarter of the year and once again resulted in a so-called functional lockdown. The year ended with positive news on the availability of a vaccine in early 2021.
- Dutch GDP declined by 3.8% in 2020, with significant differences across the final three quarters of the year. The economy contracted in both Q2 and Q4 due to the lockdown, while Q3 saw a strong recovery as the contingency measures were eased. Private consumption was the major contributor to economic growth in Q3 but dropped 6.6% over the year. Remarkably, house prices were not affected by the Covid-19 pandemic and increased by an average of 7.8%. In December, the EU and UK reached a Brexit agreement on trade, preventing the introduction of tariffs. It is still unclear what impact this agreement will have on the Dutch economy.
- Consumer confidence declined heavily after the outbreak of the virus to the lowest level since 2013. It recovered during Q4, but ended the year much lower than at the start of the year. Producer confidence displayed the same pattern, although the recovery was considerably stronger.
- Average unemployment rates increased slightly over the year, although government support measures prevented higher levels. The number of unemployed people increased after the first lockdown and declined again in Q4.
- The yield on 10-year Dutch government bonds was relatively stable but did decline in the course of the year and ended 40 basis points lower at -0.54%.
- Inflation rates showed a similar trend and amounted to 1.3% on average, substantially lower than in 2019.

Key economic indicators	2021 forecast	**2020**	2019
GDP	2.9%	(3.8)%	1.6%
Consumer spending	2.4%	(6.6)%	1.5%
Consumer price index (CPI) *	1.6%	1.3%	2.6%
Government bond yields, long-term *	(0.3)%	(0.3)%	(0.1)%
Unemployment rate *	5.0%	3.8%	3.4%

**Average numbers over the year*
Source: Oxford Economics (25 February 2021)

Market update 2020

Public policies

To mitigate the financial burden placed on companies and self-employed people due to the Covid-19 outbreak, the Dutch government implemented a set of emergency measures. As a result, relatively few companies filed for insolvency in 2020 and the unemployment rate was kept in check.

On Budget Day 2020 ('Prinsjesdag'), the Dutch government announced a proposed adjustment of the real estate transfer tax (RETT) for all real estate classes as of January 2021. Specifically for commercial properties, the transfer tax will increase to 8% from 6%, increasing the pressure on the pricing of commercial assets.

Occupier market

Last year started positively and data for Q1 2020 showed increasing occupier demand, a continued drop in office vacancy rates and rising prime rents. In the course of March, however, the Covid-19 pandemic forced the government to take a number of measures, which included encouraging those who could to work from home as much as possible. This had an almost immediate impact on confidence in economic growth. As a result, companies put possible relocation or expansion plans on hold and office take-up in the full year 2020 fell well short of take-up in 2019 (-23.8%).

However, it should be noted that the government schemes providing financial support for Dutch businesses were quite effective in terms of keeping overall unemployment levels down and limiting insolvencies throughout 2020. As a result, vacancy in the office market even slightly decreased: to 7.6% from 7.9%, lower than in any point in the past 15 years. However, it should be noted that, due to the nature of their business, flex office providers are likely to have been hit harder than most, although complete data on vacancy in this niche is not available.

In most of the prime office locations in the G5 cities vacancy remained (well) below 5%, so the impact on prime rents was also limited. While the increase in rents came to a halt, prime rents in all of the prime office locations in the G5 cities remained stable.

Uncertainty around the office market remains, but this is the greatest for secondary office locations. Prime office locations have so far weathered the Covid-19 storm quite well and the distinctive qualities of these locations are likely to take them through the crisis without too much negative impact.

Occupier key factors	2021 Forecast	**2020**	2019
Take-up (m²)	↗	965,000	1,195,000
Vacancy (year-end)	↗	7.6%	7.9%
Prime rent (/m²/yr, year-end)	→	€ 450	€ 450

Source: JLL, Bouwinvest Research & Strategic Advisory

Investment market

The Dutch real estate investment market started the year strongly, with investment volumes of € 3.9 billion in Q1 2020. However, following the Covid-19 outbreak and the associated uncertainty regarding the economy and the various real estate sectors, investors reconsidered their tactical investment policy. Investments in retail, offices and hotels lagged for the rest of the year, while logistics investments and healthcare investments increased. The housing market also remained popular and the limited decline seen in this segment was largely due to lagging investment supply.

Overall investments in Dutch real estate totaled € 18.0 billion in 2020. While this was 15.7% lower than in 2019, it was still the fourth-highest volume ever recorded in the Netherlands.

We expect investors' appetite to remain high for real estate investments, supported by the low interest rate environment, the yield spread offered by real estate and the direct and total returns it offers compared to (government) bonds and other asset classes.

Like the office occupier market, the office investment market started quite strongly in 2020, with Q1 investment volumes even slightly higher than the first quarter of 2019. This changed following the Covid-19 outbreak and the remainder of the year saw a steady and substantial decline in investment volumes. Over the full year 2020, office investment transactions dipped to a total of € 3.5 billion, 48.6% lower than the previous year.

Lower investor demand was also reflected in prime yields, as these moved slightly outward, up to 15 bps in the course of the year.

As the office market has strong fundamentals and investor interest is set to continue, we expect a rebound in investment volumes coupled with stable prime yields. However, non-prime markets are likely to see less positive outcomes.

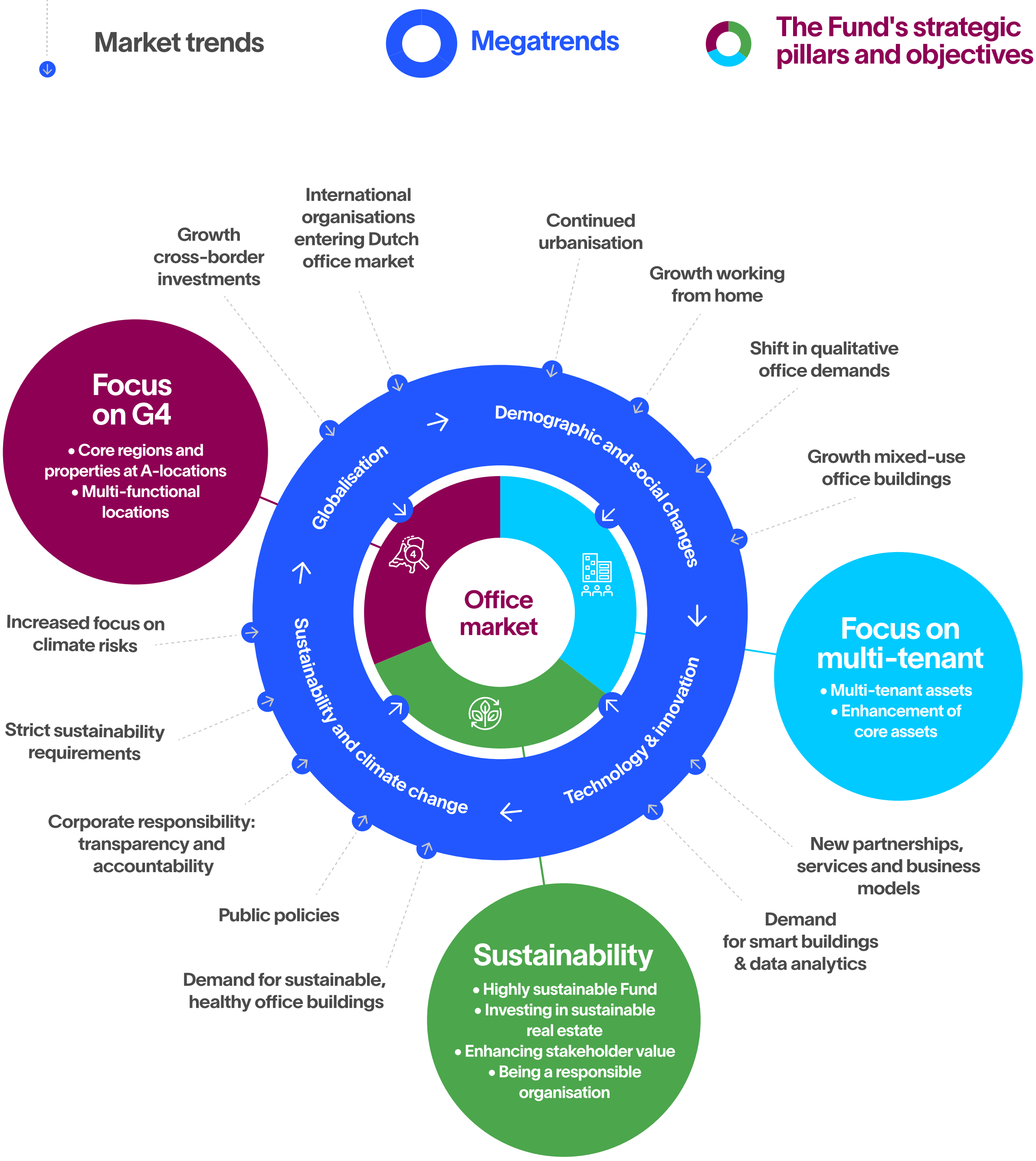
Investor key factors	2020 forecast	**2020**	2019
Prime net initial yields (excl. purchase costs, year-end)	→	2.95%	2.85%
Investment volumes (€ bln)	↗	€ 3.5	€ 5.2

Sources: JLL, Bouwinvest Research & Strategic Advisory

Market outlook 2021-2023

In November 2020, Bouwinvest published its Real Estate Market Outlook 2021-2023. We refer you to this document for more detailed insight into current macro and market trends, as well as scenario analyses related to the impact of the Covid-19 crisis.

Office market



Fund strategy

Fund characteristics

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

Strategic pillars

Strategic pillar	*Strategic objectives*	*Link to performance*
G4 cities	Focus on G4 cities	• Core regions • Multifunctional locations • Investments and divestments
Multi-tenancy	Multi-tenant assets	• Type of property • Tenant mix • Expiry dates
	Enhancement of core assets	• Age • Risk • Financial occupancy
Sustainability	Highly sustainable Fund	• GRESB
	Investing in sustainable real estate	• Sustainable investments • Environmental impact
	Enhancing stakeholder value	• Stakeholder engagement • Sustainable stewardship
	Being a responsible organisation	• Responsible business operation

Critical success factors

Active asset management	• New leases and lease renewals • High occupancy rate • Tenant engagement • Enhancement of assets
Customer service	• Client-centric approach to all stakeholders • Optimum levels of service
Strategic relationship management	• Maintaining strategic and professional relationships with vendors, real estate developers, real estate agents, national government, local municipalities and corporations • Partnering with lobby groups, network organisations and sector organisations.
Innovation	• Fostering a culture of innovation • Data gathering and advanced analytics • Enhancing involvement in technological development • Collaboration with proptech startups and scale-ups

Investment objectives

5-year average Fund return

Target
6.0%-7.5%

Realised 2016-2020

10.9%

Net asset value of invested capital year-end 2020

Target
€ 1,141 M

Realised 2020

€ 1,155 M

	Target	*Realised 2020*
Total Fund return 2020	8.1%	4.8%
Targeted investments 2020	€ 87 M	€ 112 M
Targeted divestments 2020	€10.5 M	€ 10.5 M

Investment restrictions

Investments in single investment property may not exceed 15% of total Fund book value

Target
<15%
Compliant 2020
X*
Realised 2020
WTC The Hague (17.5%), Hourglass (16.4%)

17.5%

Invested in non-core (non-office) property

Target
<10 %
Compliant 2020
√
Realised 2020

6.8%

No investments will have a material adverse effect on the Fund's diversification guidelines

Target
0
Compliant 2020
√
Realised 2020

0

Total (re)development activities shall not exceed 5% of the Fund's total investment portfolio

Target
<5%
Compliant 2020
√
Realised 2020

0%

Diversification guidelines

	Target	*Realised 2020*
Low and medium risk investments	>90%	100%
A minimum of 70% of all investments is multi-tenant	> 70%	64.3%
Total income of single tenant may not exceed 15% of total potential rental income	<15%	14.1%
Total income of five largest tenants may provide a maximum of 50% of the total potential rental income of the Fund	<50%	45.3%

Invested in the Fund's core regions

Target
>80%

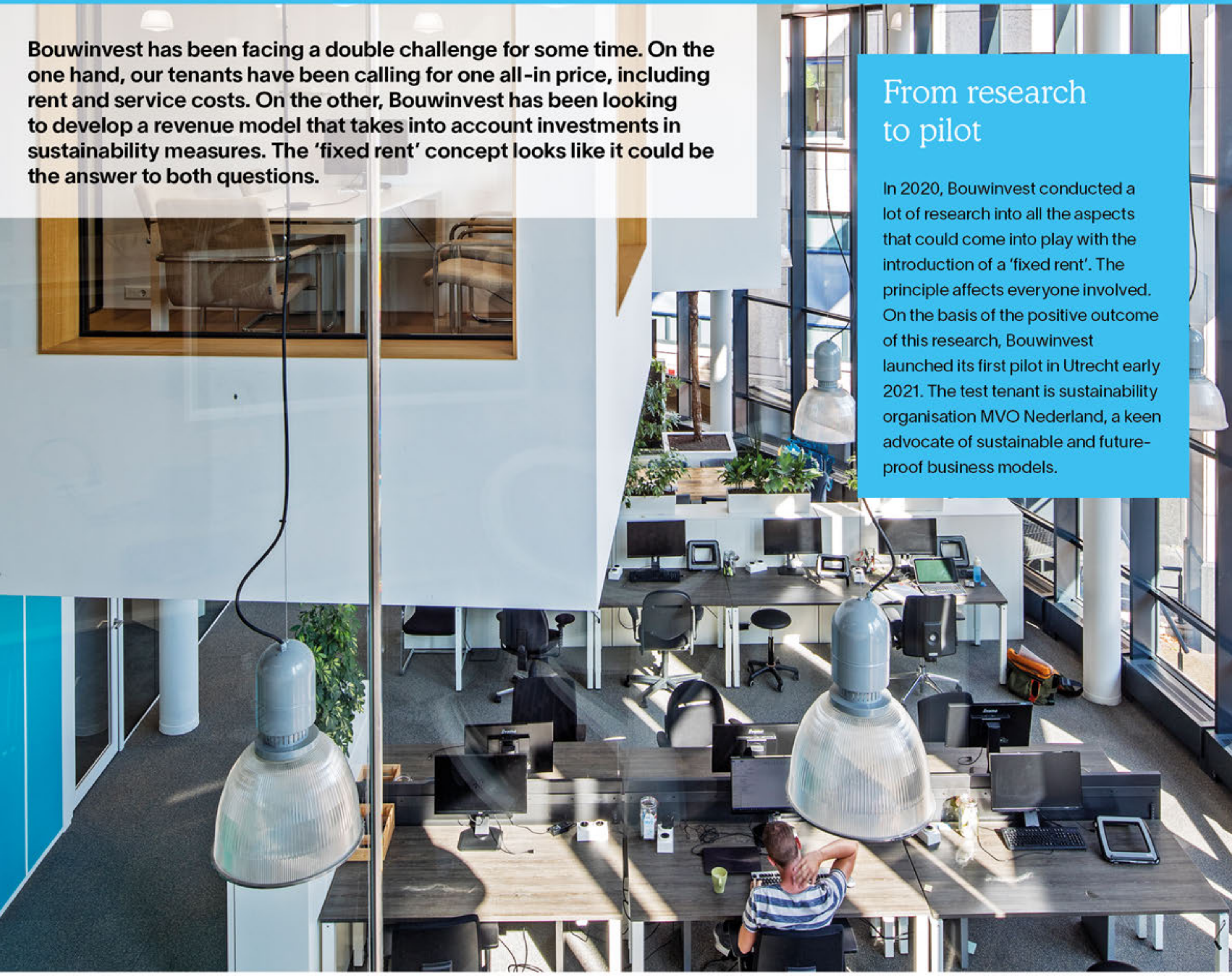
Realised 2020

100%

** The value of two assets is >15% of the Fund. Deviation of the restrictions for these assets was approved by the shareholders. In addition, positive revaluations cannot prevent the value of a single asset rising to a level of >15% of the Fund's total portfolio.*

Fixed rent: the ease of all-in

Real Value for Life



Bouwinvest has been facing a double challenge for some time. On the one hand, our tenants have been calling for one all-in price, including rent and service costs. On the other, Bouwinvest has been looking to develop a revenue model that takes into account investments in sustainability measures. The 'fixed rent' concept looks like it could be the answer to both questions.

From research to pilot

In 2020, Bouwinvest conducted a lot of research into all the aspects that could come into play with the introduction of a 'fixed rent'. The principle affects everyone involved. On the basis of the positive outcome of this research, Bouwinvest launched its first pilot in Utrecht early 2021. The test tenant is sustainability organisation MVO Nederland, a keen advocate of sustainable and future-proof business models.

'This is an issue that has been around for a long time, and not just for us', says Bouwinvest Business Innovator Gilles de Jong. 'We are facing the dilemma of the split incentive. What this means in our case is that the landlord foots the bill for any investments in measures to improve the sustainability of a building, while the tenants gets the benefits, in the form of lower energy bills'.

To eliminate this conflict, Bouwinvest is launching a 'fixed rent' pilot. Asset Manager Joanne Roozenburg explains: 'We have opted for a set-up in which the tenant pays one all-in price for rent, deliveries and services, including energy costs. The advantage for tenants is that in a subsequent financial year they're not confronted with a final bill for extra costs. They know exactly where they stand. For us as a landlord, the big advantage is that it gives us a chance to earn back our investments in sustainability. The savings in energy costs flow back to us. And using the data from our energy monitoring system, tenants can still benefit when the energy costs drop due to their energy-efficient use of the building'.

The concept does have its challenges on a number of fronts, from administrative, legal, fiscal and commercial matters to new (performance) agreements with suppliers, and estimates. There will always be resistance to innovations like this that change the existing system. De Jong: 'We will be looking to come up with a solution for that while we run the pilot. If you want to effect real change, you have to involve everyone. On the internal front, we have the relationships with our funds. Externally, we are dealing with managers, appraisers, the tax authorities and, last but not least, our tenants. As I said, everyone has to be involved. We are approaching this very carefully: first some thorough research and then move on to working out how this will work in practice together'.

'We want to show that the new fixed rent system has benefits for everyone. For tenants, landlords and society as a whole – because we can invest more in sustainability'. **Gilles de Jong**, Bouwinvest

Performance on strategy

Portfolio characteristics

- Total property value: € 1,143 million (18 assets, 257,733 m^2) at year-end 2020;
- Total Fund return: 4.8% (Fund income return: 2.4%);
- Occupancy rate: 92.8%;
- Rental segments: 64.3% multi-tenant;
- Core regions: 100% in Amsterdam, Rotterdam, The Hague and Utrecht;
- GRESB 5-star rating (95 points), Global Sector Leader and #1 in Western Europe;
- 100% BREEAM-NL-labelled assets (86.4% VERY GOOD);
- Green energy label (A/B/C): 80.1% (A label: 78.6%).

Performance on G4 cities

Core regions

The Office Fund has a clear focus on the G4, the four largest cities in the Netherlands (Amsterdam, Rotterdam, Utrecht and The Hague). At least 80% of the Fund's NAV will be invested in these defined core regions. The above-average valuation increases for Amsterdam assets Hourglass, The Garage and Move in 2019 did increase the capital city's share in the portfolio. However, once completed and delivered, Central Park in Utrecht will improve the distribution of the portfolio across our core regions. This means we can now look for acquisitions in all four of the G4 cities, as well as in Eindhoven. While Eindhoven is not one of our core regions, the area around the increasingly popular city's central station meets enough of the Fund's strategic criteria to warrent our attention.

To identify the most attractive municipalities for investments in office real estate, the Fund takes various indicators into account. Characteristics of the exact location (such as proximity to public transport, accessibility by car, visibility and overall attractiveness) and the asset (such as multi-tenant, large and flexible floors, sustainability and inviting entrance area) are part of the model we use to determine the risk/return profile at asset level.

The Fund's core regions closely correlate with the urbanisation trend in the Netherlands and the ongoing shift towards a knowledge-based economy. Following the tightening of our core region policy in 2017, only Amsterdam, Rotterdam, The Hague and Utrecht are now considered core regions. The plan is to have at least 80% of the total portfolio value invested in properties in these core regions. However, we have added Eindhoven as a potential target for acquisitions in non-core regions, which can account for a maximum of 20% of the Fund's total portfolio. Due in part to its 'brainport' status, the fifth largest city in the Netherlands is attracting a growing number of innovative high-tech start-ups and other companies. This in turn has led to a strong influx of young, highly qualified Dutch and international workers looking to work in the industries of the future. All of this is fuelling demand for smart, state-of-the-art office space. At the same time, a high proportion of Eindhoven's office stock is largely obsolete, and some development and redevelopment projects will match the Fund's other investment criteria, such as the risk/return profile, location, type of buildings, sustainability score and multi-tenant character.

The Fund has a strong preference for urban locations, as these are likely to be more resilient in the face of any economic downturn. Despite the Covid-19 pandemic and its impact on real estate markets, the urbanisation trend will continue to increase demand for high-grade office space in such urban locations, which tend to be more easily accessible and offer a wider range of other amenities and facilities than more peripheral locations.

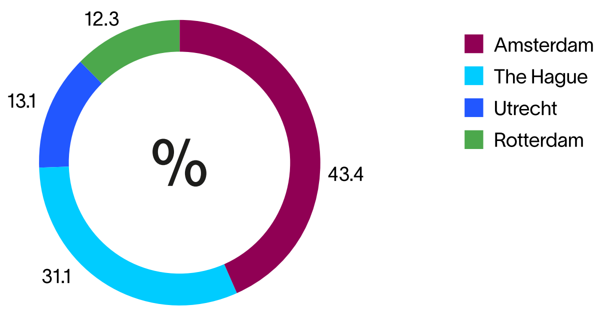
At year-end 2020, 100% of the Fund's assets were located in the four core regions: Amsterdam, Rotterdam, The Hague and Utrecht.

Multifunctional locations

Good retail, residential and leisure facilities play an important role in the appeal of (business) meeting places. Locations where a widely diverse group of people come together form a good basis for an inspiring working environment. The blending of leisure, culture, education, sport and work makes a positive contribution to the attractiveness of a location.

The completion of Hourglass (delivered in Q1 2020) and the Move and The Garage redevelopment projects (delivered in 2019) in Amsterdam improved the Fund's portfolio diversification, reducing the share of the portfolio accounted for by The Hague in particular, and increased the proportion of assets in the Dutch capital. Once Central Park is completed in 2021, the Fund's portfolio will be close to the targeted composition of 40% in Amsterdam and 20% in Rotterdam, The Hague and Utrecht.

Portfolio composition by core region based on book value



Investments and divestments

While the Fund continues to focus on growth and high-quality acquisitions, in view of the Covid-19 pandemic and the resultant uncertainty, we adopted a cautious stance in 2020. As a result, the Fund did not make any acquisitions last year. We did identify a number of potential acquisitions, but were unable to reach agreement on pricing. Despite the pandemic, offices in the core segment retained their value. As a result, yields were too low for us to realise our targeted returns. We continued our investments in the redevelopment and optimisation of the quality and sustainability of the Fund's assets. The size of the Fund's total portfolio stood at € 1.1 billion at year-end 2020 compared with € 1 billion at year-end 2019. This growth was largely driven by final investments in Hourglass in Amsterdam and continuing investments in Central Park in Utrecht, and by positive revaluations for WTC Rotterdam (Offices) and Centre Court (Offices). All of these developments led to a further optimisation of the Fund's portfolio, both in terms of geographical spread, asset enhancements and occupancy rate.

Investments
The plan for investments in 2020 was € 87 million. The investment plan consisted of cash out for development expenses for assets in the pipeline that were acquired as turn-key assets from real estate developers and property upgrades for several existing assets in the portfolio, including WTC Rotterdam and Centre Court in The Hague. The total actual investments in 2020 came in at € 112 million. This was above budget due to the delayed delivery of Hourglass. The initial date of 20 December 2019 was postponed to Q1 2020, which meant the final payment of € 30 million was made in 2020 rather than in late 2019.

Divestments
The Fund completed the divestment of part of WTC Rotterdam to Bouwinvest's Hotel Fund in the first quarter of 2020. This has since been redeveloped into a Postillion hotel, which is set to open this year, subject to Covid-19 restrictions. This new 168-

room hotel will help strengthen the WTC concept, which will in turn improve the occupancy rate of the Office Fund. The sale involved a sum of € 10.5 million.

Performance on multi-tenancy

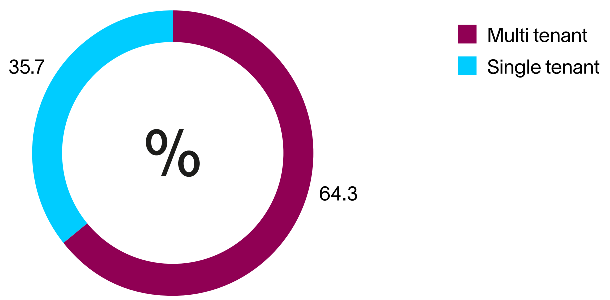
Type of property

The Covid-19 pandemic has accelerated a number of existing trends, which are likely to increase demand for healthy multi-tenant office buildings. For one, tenants are already looking for even more flexibility, in terms of both office use and in terms of flexible leases. In addition, a healthy working environment is very much top of mind right now, and we could see the introduction of higher climate control and air quality standards. Very importantly, the fact that so many people have been working from home has highlighted just how important offices are as meeting places and workplaces for inspiration, brainstorming and innovation. The fact that many companies are likely to downsize their overall office space, will create additional demand for more compact (flexible) offices. These will often be part of larger – multi-tenant and multifunctional – office complexes, as these offer the flexibility and the additional facilities and amenities seen as essential by most modern office users.

Multiple lease agreements reduce the volatility of revaluations and help increase the control of asset management risks. Furthermore, the Fund focuses on locations that attract a widely diverse group of people and offer a mix of culture, education, sport and work facilities.

The share of multi-tenant assets in the portfolio declined slightly, to 64.3% at year-end 2020 (2019: 66.3%). The transaction with the Central Government Real Estate Agency for an additional 10,000 m^2 (on top of the 30,000 m^2 already leased) in our Centre Court asset in The Hague may not have increased the share of multi-tenant assets, but the improved occupancy once renovations are complete and the long lease term with the Real Estate Agency, on behalf of the Ministry of Economic Affairs and Climate, are major plusses in these uncertain times. This does mean that the actual situation now deviates from the diversification guideline to the effect that multi-tenant assets should account for more than 70% of the total portfolio. This is why the Fund will be focusing on the acquisition of multi-tenant assets in the coming period.

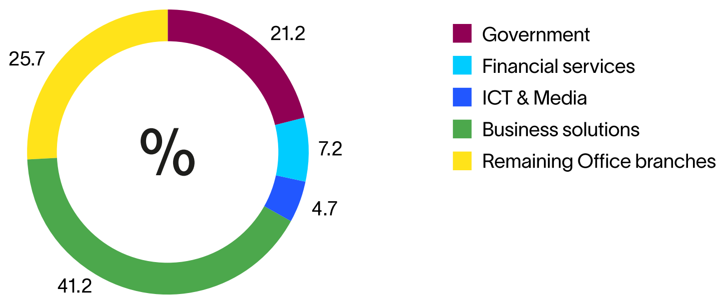
Portfolio composition by single versus multi-tenant based on market value



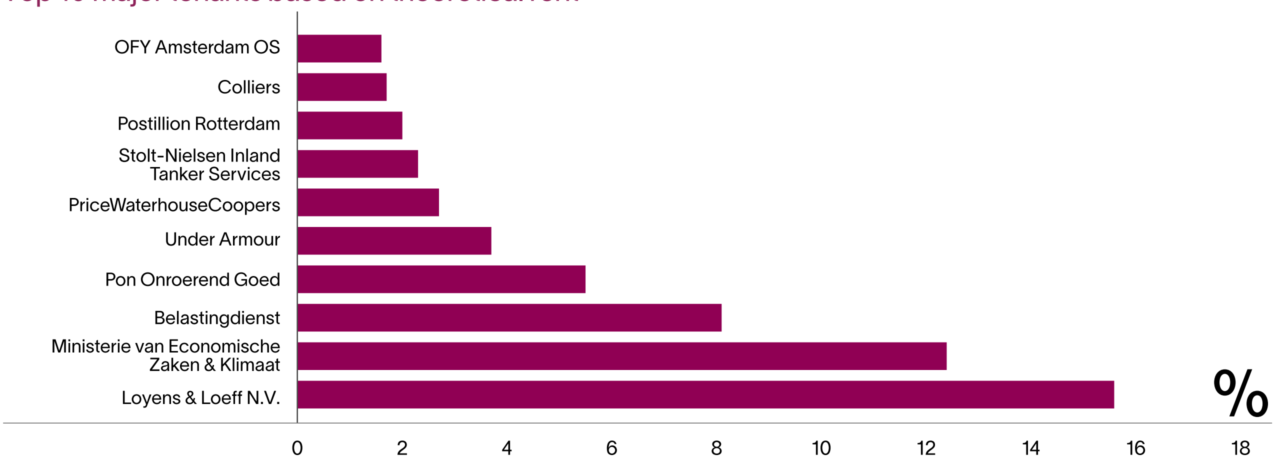
Tenant mix

Most of the Fund’s tenants are considered to have a low debtor’s risk. The top five tenants accounted for a total of 45.3% of the passing rent in 2020 (2019: 38.3%), which is in line with the Fund's diversification guideline that the total rental income of the five largest tenants may provide a maximum of 50% of the Fund's total potential rental income.

Allocation of investment property by tenant sector as a percentage of rental income



Top 10 major tenants based on theoretical rent

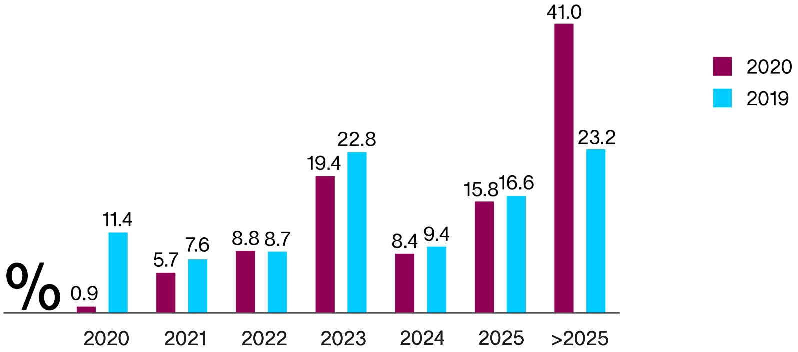


Expiry dates

Close relationships with its tenants enable the Fund to propose lease extensions at the right time. However, we do take lease expiries into account and anticipate these to attract new tenants. This is one of the reasons client satisfaction is so important and why this is a key part of our strategy. Following the Covid-19 outbreak in the spring of 2020, we engaged with tenants very quickly, to help them implement Covid-19-related measures in their offices and shared areas in their buildings. We also stepped up communications through a variety of channels (newsletters, community apps, narrowcasting), as well as personal discussions and online meetings with all the tenants in our multi-tenant office buildings. We also continued to invest in improvements and upgrades, including sustainability measures, such as the generation of renewable energy, LED lighting and improved insulation. Last year, we also launched programmes related to tenant engagement and health and well being. Plus we measured tenant satisfaction and communicated the results to our tenants, together with the improvement actions we planned to take.

As per 31 December 2020, the weighted average remaining lease term of the Fund stood at 5.6 years.

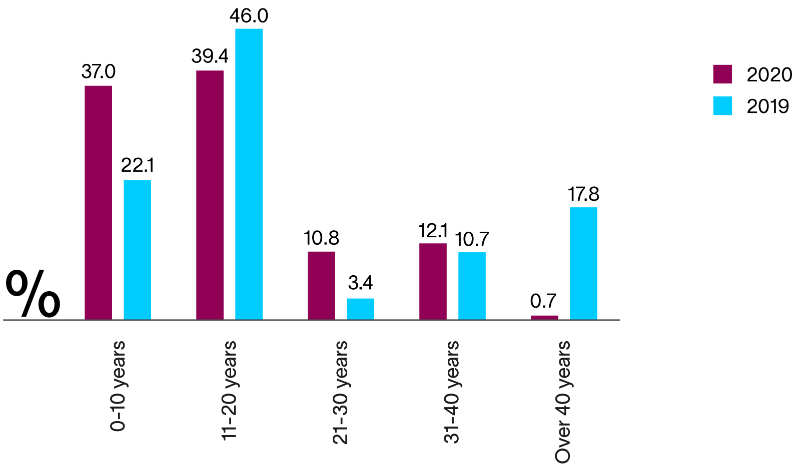
Expiry dates as a percentage of rental income



Age

Reducing the age of the Fund's portfolio is not a target in itself. More important than age is the asset's distinctive character, its location and return prognosis. Some assets have a listed status based on their rich history and architecture. The age of some assets is determined by their date of completion after redevelopment. This means that the construction year of The Garage and Move, which were originally built in 1962 and 1931, is being reported as 2019. However, some older assets that have been or are being renovated and upgraded in phases retain their original construction date, despite being equipped with state-of-the art climate control systems, renewable energy sources and other modern amenities and facilities. New-build asset Hourglass in Amsterdam reduced the average age of the portfolio in 2020, while the new-build Central Park project in Utrecht will reduce the average age of the portfolio even further from 2021 onwards.

Allocation of investment property by age based on market value

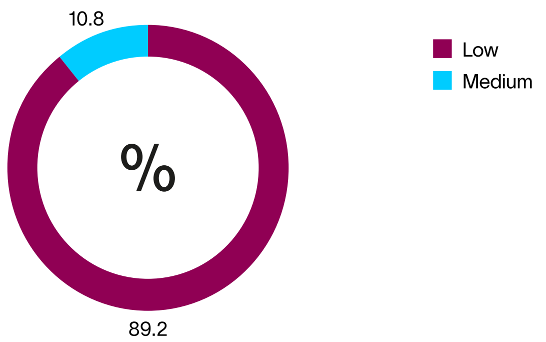


Allocation by risk

In terms of risk diversification, at least 90% of the investments must be low or medium risk. The actual risk allocation at year-end 2020 is shown in the figure below. Every year, we assess all properties separately. In 2020, the Fund was classified as 100% low to medium risk and as such was consistent with the framework of the Fund conditions.

Future investments in WTC Rotterdam and Central Park in Utrecht will lower the risk profile of the Fund even further once they are added to the portfolio. For instance, WTC Rotterdam is currently categorised as medium risk, but will be categorised as low risk once its occupancy rate climbs above 85%, something we expect to see in 2022. This means the Fund has sufficient leeway on the risk front to acquire an office redevelopment project or an empty office building.

Allocation of investment property by risk category based on market value



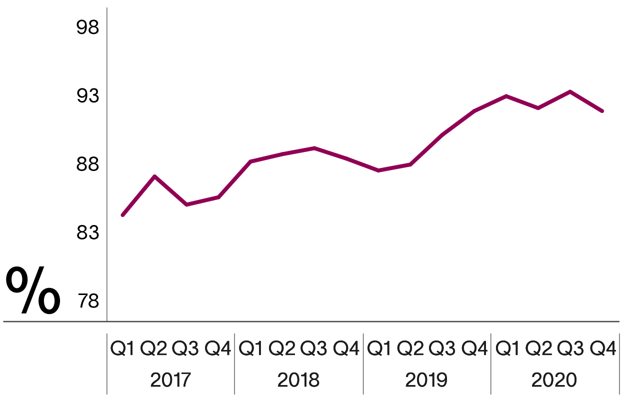
Financial occupancy

In 2020, the Fund's occupancy rate increased to 92.8% from 90.0% at portfolio level, largely thanks to a large number of smaller lease transactions for WTC Rotterdam. The new addition to the portfolio, Hourglass in Amsterdam, was fully let on completion and delivery. Financial occupancy may decline slightly when Central Park is added to the portfolio in the third quarter of this year, as this is not yet fully let and the Covid-19 pandemic and related government measures has put a dampener on new lease transactions.

In 2020, the Fund reached definitive agreement with the Dutch Government Real Estate Agency on a lease for an additional 10,000 m^2, in addition to the 30,000 m^2 it already leases, in the Fund's Centre Court asset in The Hague. The building is currently being renovated (and a 1,700 m^2 extension is being added), following the departure of publisher SDU.

The Fund is devoting a great deal of time and energy to online lead generation. Potential tenants are increasingly turning to the internet as their (first) search engine for office space. Last year, we continued to invest in the optimisation of the online presence of our buildings.

Financial occupancy rate



Performance on sustainability

Highlights performance on sustainability 2020

- Improved GRESB score by two points (total 95 points) and retained GRESB 5-star rating. Ranked GRESB Global Sector Leader;
- 100% of assets are BREEAM-NL certified; 86.4% have a minimum of VERY GOOD rating;
- 80.1% of portfolio has a green label (78.6% A label), with an average energy index of 0.91;
- Total of approx. 886 kWp solar power installed by year-end 2020, surpassing the target of more than 750 kWp for 2021;
- 13.6% like-for-like reduction in energy consumption; 4.2% increase in GHG emissions;
- 57 rental contracts with a sustainability clause (green lease);
- 100% of construction sites registered under the Dutch Considerate Constructors (Bewuste Bouwer) scheme;
- Coverage of 83% AEDs within six minutes walking distance;
- Signed DGBC's Paris Proof commitment to become net-zero carbon before 2045. First draft of roadmap was available at the end of 2020.

Focus on sustainability

The built environment consumes around 40% of the world's energy and accounts for up to 30% of the world's annual GHG emissions. Additionally, the building industry is a large user of raw materials. As a global real estate investor, we feel it is part of our responsibility to help find solutions. To contribute to a CO_2-neutral, sustainable, circular, resilient and healthy living and working environments, and to enhance stakeholder value by investing in sustainable real estate. We are convinced that our approach reduces risk, ensures stable client returns on the long term and keeps our real estate assets and portfolios attractive.

Environmental, social and governance (ESG) factors will continue to play a major role in our investment strategy. We are targeting a net-zero carbon, nearly energy-neutral and resilient portfolio before 2045 (approx. 50 kWh/m2 GLA per year). This will include an analysis of asset-level climate risks, including a plan of how to mitigate these risks. We have set out clear targets for the reduction of our environmental footprint and improving our positive social impact.

To make a start, we have formulated the following Paris Proof objectives for the mid-term:

- 2021-2030: A year-on-year 5% reduction in GHG emissions for the total portfolio (general and tenant consumption)
- 2030: Our portfolio has an average energy label A (energy index <1.0)

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

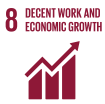
We also performed our first data-driven analysis related to physical climate risks, such as heat stress, flooding, heavy rainfall and drought. In 2021, we will continue to analyse these risks and focus on how they might affect our portfolio.

The Fund supports the United Nations Sustainable Development Goals (SDGs). We actively support three SDGs, as presented below.

Sustainable development goals

Above average sustainable portfolio

Installation of renewable energy



Considerate constructor scheme for construction projects

Highly sustainable Fund

In 2020, the Fund became the number one fund in its sector for the Netherlands and Western Europe. We also retained our GRESB 5-star rating and increased our overall score by two points to 95 points from 93 in 2019. The Fund outperformed all of its peers in terms of the number of technical building assessments conducted, the percentage of renewable energy generated and water reuse and recycling.

The improvement in our score was based on BREEAM-NL labels and more focus on the availability of data related to energy, water, waste and the related reductions. Opportunities for future improvements are related lower consumption and the reuse of water.

GRESB scores 2020

In addition, Bouwinvest is a signatory of the UN PRI. In 2020, we scored A+ on both the Strategy & Governance module and the Property module.

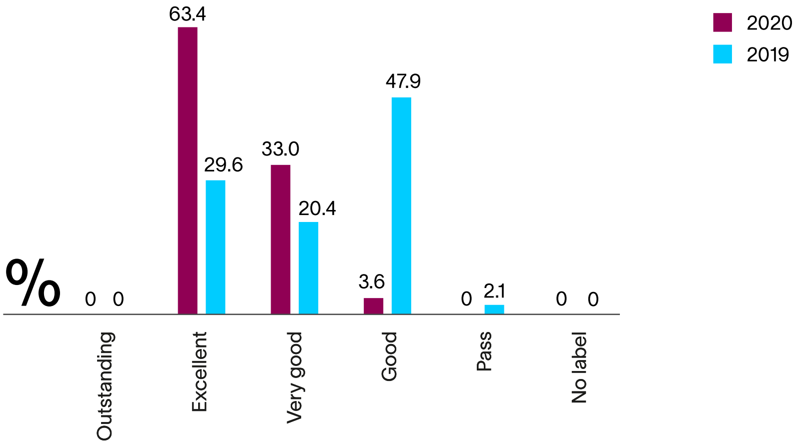
Investing in sustainable real estate

Sustainable buildings

The Fund uses BREEAM to measure and assess the overall sustainability of its buildings. The BREEAM methodology covers a wide range of subjects; from energy to transport, from vegetation and materials to indoor climate quality. This makes it a very useful tool for the implementation of sustainability measures at different levels within the Fund. The target for 2020 was to achieve a minimum of a BREEAM-NL GOOD rating for every asset in the portfolio, a target the Fund achieved last year. The Fund's new target is to achieve a BREEAM-NL VERY GOOD certificate for every asset in 2021. We have already realised goal for all assets, apart from De Lairesse, Valeriusplein, Valina (Amsterdam) and the low-rise section of WTC Rotterdam. Centre Court (The Hague), Move and The Garage (Amsterdam) all received an EXCELLENT certificate in 2020.

The figure below shows all the certificates obtained per asset.

BREEAM scores (% of lettable floor space)

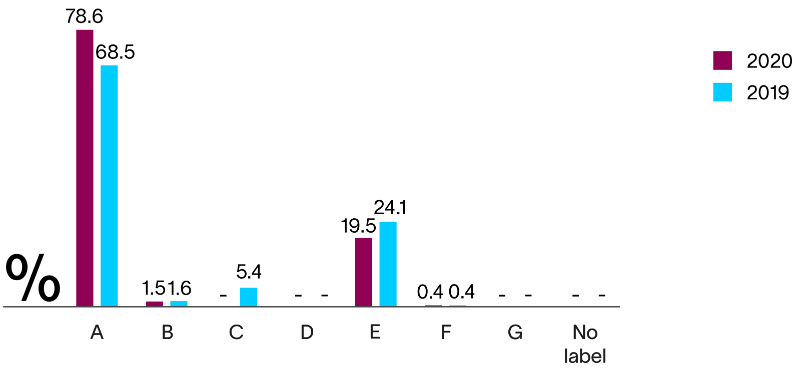


We continue to aimfor improvements, which is why the Fund redefined these targets in the 2021-2023 Fund Plan in such a way that we are now aiming for 100% certified assets with BREEAM-NL In-Use VERY GOOD labels at building management level by the end of 2021, while we have so far focused solely on certification at asset level.

Green portfolio

Another target related to the Fund's sustainability at asset level was to achieve a 100% green portfolio (EPC label A, B or C) in 2021 and a minimum of 75% label A or better. The distribution of energy labels in the portfolio is shown below. Hourglass in Amsterdam was awarded an A label upon completion in the first quarter of 2020. Investment properties under construction, in this case Central Park (Utrecht), are excluded from this overview. The Fund expects Central Park to receive an energy label A upon delivery in 2021. The 19.5% of label E assets is due to the listed low-rise section of WTC Rotterdam.

Distribution of energy label by floor space (m²) in %



Environmental impact

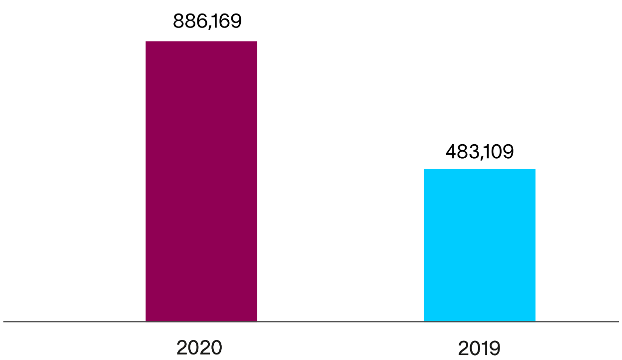
Bouwinvest committed itself to the Paris Proof commitment of the Dutch Green Building Council (DGBC). To become net-zero carbon (Paris Proof) before 2045, the Fund has drawn up a roadmap to realise this ambition. In 2021, the Fund will implement the technologies and measure and costs related to the implementation in our strategic maintenance plan for the coming years.

Energy consumption and GHG emissions

In 2020, the Fund's energy consumption declined by 13.6% (2019: -10.2%) on a like-for-like basis. The GHG emissions increased by 4.2%. This decline in like-for-like energy consumption was largely due to Covid-19, as a large majority of people worked from home last year. In addition, renovation projects in WTC Rotterdam also led to lower energy consumption. In Centre Court, the solar panels have been in use since the first quarter of 2020, which also led to a reduction in energy use.

The target for energy reduction is now 5% per year to bring this target into line with (international) climate goals (reduction of 95% of CO_2 in 2050 compared with 1990).

On-site solar panels (kWp)



Renewable energy production

We continued working on the Fund's renewable energy production last year. The target was to install at least 750 kWp of solar panels by the end of 2021. At the end of 2020, the Fund had already installed 886 kWp of on-site solar panels. This is mainly due to the installation of a large number of solar panels on the roof of the Olympic Stadium (Amsterdam). Since the Fund has already achieved the target for 2021, we have raised our target for renewable energy generated on-site via solar panels to 1,000 kWp by the end of 2021.

In 2020, the Fund raised its targets for the reduction of its environmental impact in the period 2021-2023:

- Renewable energy: increase percentage of renewable energy
- Energy consumption: average annual reduction of 5% as from 2021
- GHG emissions: average annual reduction of 5% as from 2021
- Water use: average annual reduction of 2%
- Waste: increase recycling percentage

Enhancing stakeholder value

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

Stakeholder engagement

Improving client services and communications

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

In 2019, Bouwinvest conducted a stakeholder survey, asking our main stakeholders, including our investors, how they view us in terms of what we are getting right and where we could make improvements. This survey provided us with a lot of valuable feedback. The survey showed that we are on the right track on the ESG front, but also that can improve how and how much we communicate with our investors on the progress we are making towards achieving our ESG ambitions. These and other actions will help us to improve our client services and communications. Our ultimate aim is to achieve a steady long-term client satisfaction score of above 7.5 (out of 10). We will repeat our stakeholder survey in late 2021 and the results will be available in early 2022.

Tenant engagement

In the fourth quarter of 2020, we received the results of our annual tenant satisfaction survey. One key outcome is that the many efforts we have taken to improve our score are paying off. The average satisfaction score for the quality of our assets improved to 7.3 (7.0 in 2019); appreciation of our property management scored 6.8 (6.6 in 2019). Both the score for the quality of our assets and the overall average are now in line with the Fund's target of 7.0.

We constantly initiate new efforts and projects to maintain and improve satisfaction. Many of these projects are related to health and well-being, engagement and our response speed to our tenants' requests.

Green leases
The Fund encourages its tenants to be more sustainable by including standard green lease clauses in its lease contracts. These embed the intended cooperation between the Fund and tenants to improve the sustainability of the Fund's office assets. The Fund prefers to supplement these clauses with concrete agreements, such as access to data on energy use and parameters on joint investments in energy-saving measures. Despite a certain level of reluctance on the part of tenants, in 2020 the Fund managed to increase the number of green leases it closed. We are currently working on increasing the number of green leases even further by formulating the agreements more concisely and by offering tenants concrete tools to help them reduce their energy consumption and costs.

We have so far signed 57 green lease agreements with tenants that include clauses related to cooperation on improving sustainability (total number of leases is 227). And together with our external property manager, we drew up a new standard for green lease agreements, which we implemented in 2020 as a standard appendix to every new lease. This includes clauses related to collective sustainability and efficiency goals for both landlord and tenants, making any improvement of sustainability a joint effort.

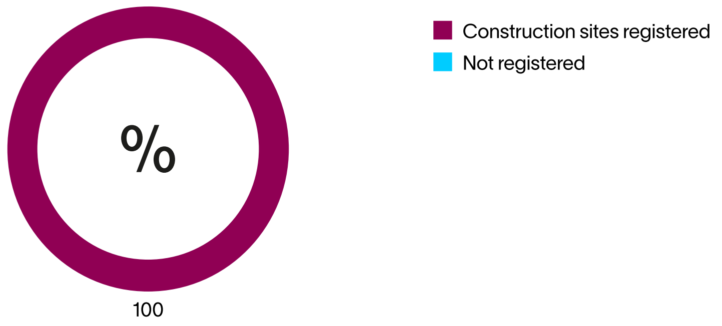
The target for 2021 was to have a sustainability clause included in 20% of all rental contracts. We had already surpassed this target at the end of 2020, as 25.1% of all rental contracts now includes a sustainability clause.

Sustainable stewardship
We take an active approach to raising environmental, social and governance awareness throughout the real estate industry. We encourage our partners to enhance their sustainability performance. We focus on: health & safety at construction sites, active participation (memberships) in industry associations and community programmes. To further improve the climate for real estate investments, we are an active member of boards and committees of sector, industry and cross-disciplinary networks such as NEPROM, IVBN, Holland Metropole, DGBC, INREV and ULI.

All the construction sites related to assets in the Office Fund are registered under the Dutch Considerate Constructors Scheme (Bewuste Bouwer). This ensures that the contractor deals with the concerns of local residents and addresses safety and environmental issues during the construction phase.

The target is to have more than 75% of the construction sites registered under the Considerate Construction Scheme by the end of 2021. At the end of 2020, we are right on track, as 100% of the construction sites has been registered under the Considerate Construction Scheme.

% of construction sites registered under Considerate Construction Scheme



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

In 2020, we continued focusing on the installation of AEDs. Our target for the end of 2021 is to give all our tenants and communities access to an AED within six minutes walking distance. At the end of 2020, 83% of our tenants and communities have an AED available within six minutes walking distance.

Being a responsible organisation

We believe that integrity, honesty and corporate responsibility are essential to ensuring we do our job properly and will, in turn, enable us to optimise returns for our clients. We are committed to upholding the highest ethical standards and compliance stewardship in all our business dealings and we avoid conflicting interests. To ensure accountability and transparency, we set targets, based on international sustainability standards, which allow us to monitor our progress.

Financial performance

Fund return

The Fund realised a total return of 4.8% in 2020, consisting of 2.4% income return and 2.3% in capital growth. Net rental income, administrative and finance expenses are the main drivers for the income return. The capital growth came under pressure due to challenging market conditions. The results for 2020 were below plan. The income return was lower due to higher than planned operational and financial expenses. Valuations were impacted by the Covid-19 pandemic.

Fund performance	2020 Actual	Plan	2019 Actual
Income return	2.4%	3.0%	2.3%
Capital growth	2.3%	5.1%	17.7%
Fund performance	4.8%	8.1%	20.3%

Income return

Net rental income of € 35.4 million was € 0.4 million lower than the plan of € 35.8 million (2019: € 25.7 million). The most significant drivers of the deviation from plan were lower land lease costs (€ 2.1 million) and property costs, such as maintenance, service charges and property taxes (€ 0.5 million), combined with higher costs for lease incentives (€ 2.7 million) and an addition to the provision for bad debtors (€ 0.3 million). The difference in land lease costs was due to the reallocation of these costs according to IFRS 16 and the addition to the provision was primarily for expected rental discounts on outstanding rent receivables that were deferred during the course of the year.

Administrative expenses (€ 5.8 million) were € 0.3 million higher than plan (€ 5.5 million) due to higher management fee costs, directly driven by the Fund's higher than planned average NAV. Finance expenses totalled € 3.0 million, compared with the plan of € 0.1 million. This difference of € 2.9 million was due to higher negative interest charges (€ 0.2 million) and land lease costs (€ 2.7 million). The difference in land lease costs, also visible in the net rental income, is due to the reallocation of these costs according to IFRS 16.

The lower net rental income and higher finance expenses led to a drop in the income return of 2.4% compared with the plan of 3.0%.

Capital growth

The Fund realised a capital growth of 2.3% compared with the plan of 5.1%. Valuations in the office market came under pressure as a result of the market conditions following the outbreak of Covid-19, but the overall picture of the valuations in the Fund’s portfolio is mixed. Despite the ongoing crisis, some assets, most notably WTC Rotterdam and Move in Amsterdam, appreciated significantly, while others such as De Lairesse and The Garage in Amsterdam depreciated.

Property performance

The total property return for 2020 came in at 5.5%, consisting of a 2.7% income return and 2.8% capital growth. The Fund outperformed the MSCI Netherlands Property Retail Index (all properties) by 0.8% in 2020. This outperformance was related due to the Fund's capital growth which was 1.7% higher compared to the benchmark's capital growth of 1.1%. Meanwhile, the income return was 0.8% lower than the benchmark.

Property performance	**2020 Actual**	**2020 MSCI**	2019 Actual
Income return	2.7%	3.5%	2.3%
Capital growth	2.8%	1.2%	19.8%
Property performance	5.5%	4.7%	22.5%

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

Hourglass
Single-tenant

Amsterdam
The Netherlands

Shareholder information

Introduction

In this section, we summarise the Fund's financial management policies, activities and performance over 2020, followed by the Fund's overall governance and structure. We conclude this section with more details about the fund manager.

Financial management

Results

Income Statement summary (all amounts in € thousands)	**2020**	2019	change	in %
Revenues	58,832	48,440	10,392	21%
Operating expenses	(23,479)	(22,741)	(738)	3%
Net rental income	**35,353**	**25,699**	**9,654**	**38%**
Net valuation gain / (loss)	25,279	152,578	(127,299)	-83%
Result on disposal	-	-	-	0%
Administrative expenses	(5,805)	(4,484)	(1,321)	29%
Finance expenses	(2,958)	(983)	(1,975)	201%
Income taxes	(25)	(225)	200	-89%
Result for the year	**51,844**	**172,585**	**(120,741)**	**-70%**
Financial occupancy	92.8%	90.0%		
REER	1.36%	1.70%		
TGER	0.52%	0.53%		

In 2020, the full-year result declined to € 51.8 million, from € 172.6 million in 2019 (-70%). The decline of € 120.8 million was primarily driven by the lower valuations of the investment properties as a result of continued uncertainty due to the Covid-19 pandemic.

Revenues of € 58.8 million were € 10.4 million higher than 2019 (€ 48.4 million), driven by higher rental income (€ 9.6 million) and service charges income (€ 1.0 million,) due to the deliveries of Hourglass in 2020 and The Garage in 2019 (both in Amsterdam). Lower vacancy (€ 0.7 million) was offset by lower other income (€ 0.9 million). The lower vacancy combined with the higher rental income are reflected in the higher occupancy rate of 92.8%.

Operating expenses of € 23.5 million were € 0.8 million higher than 2019 (€ 22.7 million). This increase was primarily driven by higher property taxes (€ 0.9 million). Despite the increase in operating expenses, the REER fell to 1.36%, from 1.70% in 2019, as a result of the higher average NAV.

Administrative expenses, consisting primarily of the management fee, increased to € 5.8 million (2019: € 4.5 million). The increase of € 1.3 million was primarily due to the higher management fee (€ 1.1 million). Finance expenses increased by € 2.0 million to € 3.0 million following the delivery of Hourglass in Amsterdam (land lease costs were capitalised during the construction phase). Income taxes were lower in 2020 due to a lower taxable result in the subsidiary company. Despite higher administrative and finance expenses, the TGER declined to 0.52% from 0.53% in 2020 due to a higher average NAV.

Dividend

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

The Executive Board of Directors proposes to pay a dividend of € 27.4 million for 2020 (2019: € 20.1 million), which corresponds to a pay-out ratio of 100%. It is proposed that the dividend will be paid in cash, within the constraints imposed by the company's fiscal investment institution (FII) status. Of this total dividend, € 18.9 million or 69% was paid out in the course of 2020. The fourth instalment was paid on 15 February 2021. The rest of the distribution over 2020 will be paid in one final instalment following the adoption of the annual report by the Annual General Meeting of shareholders on 14 April 2021.

Funding

According to internal guidelines, the Fund is not allowed to have an unsecured pipeline. At the end of 2020 the Fund did not have an unsecured pipeline.

In 2020, the Fund did not close new commitments. The Fund made capital calls for a total of € 50 million.

Name shareholder	Number of shares at year-end 2020
Shareholder A	358,258
Shareholder B	10,910
Shareholder C	5,750
Shareholder D	4,730
Shareholder E	854
Total	**380,502**

Leverage

Leverage policy: In line with the Fund's Information Memorandum, it is allowed to incur debt up to a debt to total asset ratio of up to 3%, to bridge any temporary liquidity constraints and accommodate distributions to shareholders and redemption of shares.

In 2020, the Fund was financed solely with equity and did not use any loan capital for liquidity management purposes.

Treasury management

Treasury policy: For treasury management purposes, the Fund acted in accordance with Bouwinvest's treasury policy in 2020, to manage the Fund's liquidity and financial risks. The main objectives of the treasury management activities are to secure shareholders' dividend pay-out, ensure other obligations can be met and to manage the Fund's cash position.

At year-end 2020, the Fund had € 25.0 million freely available in cash. In 2020, the Fund's cash position declined by € 48.7 million compared with year-end 2019 (€ 73.7 million).

Interest rate and currency exposure

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

Tax

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

The Fund met its obligations related to value added tax, transfer tax and other applicable taxes in their entirety in 2020. In 2020 the Fund complied with the FII requirements.

Fund governance

Bouwinvest Dutch Institutional Office Fund N.V. (the Fund) was established in 2010. The Fund has a governance structure that ensures effective and efficient management, combined with proper checks and balances. The Fund's governance structure consists of a General Meeting of Shareholders, a Shareholders' Committee and an Executive Board of Directors.

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

- The compliance function is independent
- Conflicts of interests are avoided and managed through compliance with Bouwinvest's conflicts of interest policy
- Robust checks and balances through established framework with lines of defence
- Focus on process management: ISAE 3402 type II certified
- Compliant with AIFMD
- An independent depositary function has been installed

Rules and principles governing day-to-day business

- Best-in-class system for valuation of assets
- Elaborate approval process for all real estate investments
- Transparency and integrity integrated in daily business conduct
- Code of conduct
- Transparent and open shareholder communication

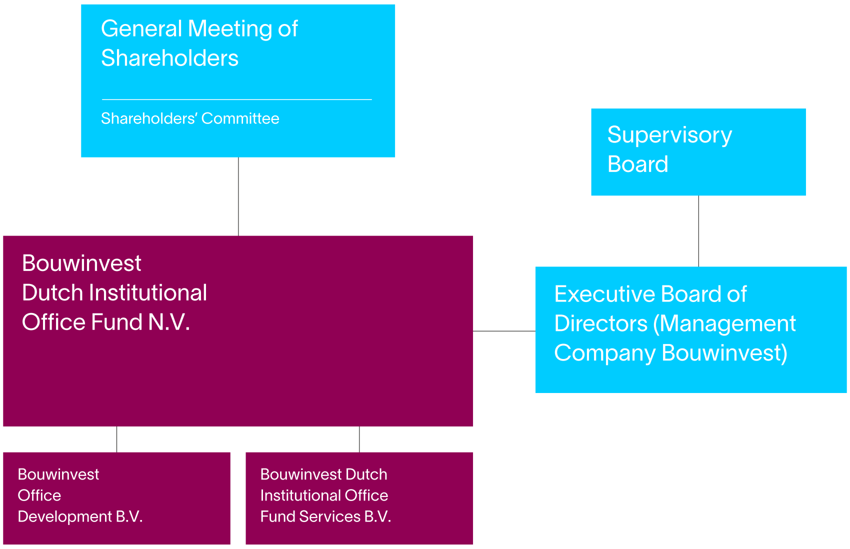
Structure of the Fund

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

Subsidiaries

The Fund has two taxable subsidiaries, Bouwinvest Dutch Institutional Office Fund Services B.V., which renders services that are ancillary to the Fund's renting activities, and Bouwinvest Office Development B.V., which pursues development activities that are ancillary to the Fund's investment portfolio. Such activities are placed in these taxable subsidiaries to ensure the Fund's compliance with the criteria of the FII regime.

Fund governance bodies



Shareholders' Committee

The Shareholders' Committee comprises a maximum of five shareholders: one representative from each of the four shareholders with the largest individual commitments and one member to represent the collective interests of all other shareholders. Each eligible shareholder shall appoint a member of the Shareholders' Committee for a period of one year running from the Annual General Meeting.

Role of the Shareholders' Committee

The role of the Shareholders' Committee is to approve certain specified resolutions by the management company and to be consulted with regard to certain resolutions specified in the Terms and Conditions.

General Meeting of Shareholders

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

Anchor investor

As at this annual report's publication date, bpfBOUW held the majority of the shares in the Office Fund.

Governance matrix

The voting rights of the General Meeting of Shareholders and the Shareholders' Committee are shown in the governance matrix.

	General Meeting of Shareholders		Shareholders' Committee	
	Simple majority vote (> 50%)	Double majority vote	Approval rights	Consultation rights
Amendment of the strategy of the Fund		X		X
Liquidation, conversion, merger, demerger of the Fund		X		X
Dismissal and replacement of the management company		X		X
Amendment of the management fee of the Fund		X		X
Conflict of interest on the basis of the Dutch Civil Code		X		X
Investments within the hurdle rate bandwidth as specified in the Fund Plan			X	
Related party transaction			X	
Amendment or termination of the Fund Documents	X			X
Adoption of the Fund Plan	X			X
Deviation from the valuation methodology of the Fund as set out in the Valuation Manual	X			X
Investments outside the hurdle rate bandwidth as specified in the Fund Plan	X			X
Change of control (of the management company)				X
Appointment, suspension and dismissal of managing directors of the Fund (with due observance to the rights mentioned under 3. here above).	X			X
Amendment to the Articles of Association of the Fund	X			
Adoption of the Accounts of the Fund	X			
Information rights on the basis of the Dutch Civil Code	X			
Authorising the Executive Board of Directors to purchase own shares	X			
Reducing the capital of the Fund	X			
Extending the five month term with regard to approval of the Accounts	X			
Providing the Executive Board of Directors with the authority to amend the Articles of Association of the Fund	X			
Appointing a representative in the event of a conflict of interest	X			
Requesting to investigate the Accounts and the withdrawal thereof	X			
Approval of an applicant shareholder to become a shareholder of the Fund	X			

Manager of the Fund

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

Executive Board of Directors

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

Supervisory Board

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

Policies, rules and regulations

Corporate Governance Code

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

Code of Conduct

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

Conflicts of Interest policy

Bouwinvest has a Conflicts of Interest policy. The purpose of this policy is to ensure that no material conflicts of interest occur that are damaging for investors in the Fund, the Fund or Bouwinvest. The policy also describes how Bouwinvest should act with respect to the allocation of different investment opportunities over the respective funds and clients. The policy is intended to supplement but not replace any applicable Dutch laws governing conflicts of interest. In 2020, there was no conflicts of interest as referred to in the Bouwinvest Conflicts of Interest Policy, either between the members of the Executive Board of Directors, the management company, the Fund and/or other funds managed by the management company.

Funds managed by Bouwinvest

Bouwinvest manages the following alternative investment funds:

- Bouwinvest Dutch Institutional Residential Fund N.V.
- Bouwinvest Dutch Institutional Retail Fund N.V.
- Bouwinvest Dutch Institutional Office Fund N.V.

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

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

Shareholders' calendar

15 February 2021	Payment interim dividend fourth quarter 2020
14 April 2021	General Meeting of Shareholders
28 April 2021	Payment of final dividend 2020
17 May 2021	Payment interim dividend first quarter 2021
16 June 2021	Shareholders' Committee
18 August 2021	Payment interim dividend second quarter 2021
9 November 2021	Shareholders' Committee
19 November 2021	Payment interim dividend third quarter 2021
8 December 2021	General Meeting of Shareholders
15 February 2022	Payment interim dividend fourth quarter 2021

WTC Rotterdam
Multi-tenant

Rotterdam
The Netherlands

Risk management

Risk Management Framework

Bouwinvest has set up an Integrated Risk Management Framework, which enables Bouwinvest to address all the risks it has identified that may prevent it from achieving its objectives, and to manage these risks while taking into account Bouwinvest's risk appetite. Bouwinvest has put together a balanced set of control measures and updates and improves these measures to address identified control deficiencies. Risks are viewed as both a threat and an opportunity to improve the organisation and add value.

Integrated risk management addresses risks across a variety of levels in the organisation, including strategic, tactical and operational risks. Widening the scope of risk management to cover both strategic risks and opportunities (in addition to tactical and operational risks) creates an integrated approach that can bridge the gap between strategy and tactics. Integrated risk management is an interactive process of:

- Drafting the strategy and the related risk profile and risk appetite;
- Identifying risks and opportunities;
- Drafting and implementing the policy for risk management; and
- Implementing, monitoring and providing feedback on risks and control measures and a continuous review of risks and control measures.

The three lines of defense and the risk taxonomy are two crucial elements of Bouwinvest's Risk Management Framework, which are applied to the Bouwinvest management organisation, the Dutch funds and the international mandates. Further information on the risk governance can be found in the 2020 annual report of the manager of the Fund, Bouwinvest Real Estate Investors.

Main Fund risks

On the basis of the taxonomy and in line with AIFMD regulations, the fund has identified a number of risks, including market, credit, counterparty, liquidity, and operational risks, together with related mitigants.

Risks from the Risk Taxonomy

1.0 Financial risk

1.1 Market risk

Risk type	Risk description	Risk mitigation
1.1.1. Interest rate risk	The risk that interest rate fluctuations – due to an imbalance between interest rate sensitive assets and liabilities (including off-balance sheet items) in the field of interest maturity and interest rate – lead to undesirable effects on the balance sheet and result.	Cash position in line with current cash flows; capital calls only when instalments are due.
1.1.3 Market concentration risk	The risk that, due to insufficient diversification within the assets under management, a certain development or event could have an above-average impact on the value of the assets under management.	Long term investment strategy focussing on G4 office market. Investment restrictions apply. Due to the size of individual assets (both multi-tenant and single tenant properties) existing concentrations will diminish with delivery of Central Park Utrecht.
1.1.4 Price volatility	The risk of changes in the value (of marketable instruments) within the assets under management due to changes in market prices.	Active management with goal to provide long term stable returns. Hurdle rates apply to acquisitions to maintain long term minimum returns.
1.1.5 Market liquidity risk	The risk that available assets cannot be converted into cash and cash equivalents quickly enough or at acceptable prices.	Long term investment strategy Hold-sell analysis to identify potential divestment assets early on. Acquisitions fitting strategy with attractive (expected) yields meeting hurdle rates are scarce.
1.1.6 Occupancy rate risk	The risk of losses due to an exessively low occupancy rate in the assets under management.	Focus on strong locations in G5, strong tenants with long term contracts and further upgrading of Rotterdam WTC location to lower vacancy levels.
1.1.7 Real estate portfolio risk	The risk of losses arising from suboptimal asset and tenant diversification, suboptimal asset quality and unsustainable assets under management.	Long-term strategy focusing on continued improvement of sustainability, healthy multi-tenant mix and improvement and optimisation of existing assets.
1.1.8 Real estate strategy risk	The risk of losses related to the chosen real estate strategy, taking account of the degree of development in the assets under management, blind pool and non-income producing share in the assets under management.	Delivery of major assets in recent years has reduced this risk considerably with only one sizeable asset (Central Park) under construction (delivery planned for 2021). Future sizeable acquisitions require additional funding.
1.1.10. Operational expenditure risk	The risk of losses arising from high operational costs of the assets under management that are not in line with the budgeted costs.	All assets have annually updated maintenance plans to keep assets in good condition.
1.1.11 Valuation risk	The financial risk that an asset is undervalued and worth less than expected when it matures or is sold. Factors that could contribute towards valuation risk include incomplete data, market instability, uncertainties in financial modelling and poor data analysis by people responsible for determining the value of the asset.	Mitigated by frequent appraisals with periodic rotation of appraisers, quality of appraisers (NRVT, certification) and additional scrutiny by external accountant.
1.1.12 Inflation risk	The risk of losses arising from changes in the inflation rate.	Rental rates contain (yearly) indexation clauses. Construction costs are usually capped (no or partial indexation).

1.2 Credit & counterparty risk

Risk type	Risk description	Risk mitigation
1.2.1 Credit risk	The risk that a counterparty defaults on contractual or other agreed obligations (including furnished credits, loans, receivables, pledges, rental obligations, banking credit positions and received guarantees).	Spread over multiple tenants, and locations. Risk assessment of potential tenants, deposits and or bank guarantees. Active payment collection strategy with dedicated department, supported by Covid-19 Taskforce to deal with impact of Covid-19. Cash must be held with local bank with good external ratings.
1.2.2 Counterparty risk	The risk that a counterparty (to a transaction) defaults before the final settlement of the cash flows (associated with the transaction) has taken place (breaching delivery versus payment).	Risk assessment of developer and or contractor, with instalments lagging actual construction costs and frequent (independent) monitoring of building progress.

1.3 Liquidity risk

Risk type	Risk description	Risk mitigation
1.3.1 Liquidity risk	The risk of losses arising from the inability to gain timely access to sufficient liquidity to meet obligations or withdrawals or, due to the lack of liquidity, being forced to sell assets under unfavourable conditions.	Contractual cash outflows (operational expenditure, fees) are relatively small compared to direct income. Investment instalments are fully covered by available funding from commitments.
1.3.2 Funding risk	The risk that commitments made are not covered by contractually agreed financing (from promises of investors and/or promised loans).	Acquisitions and related investment instalments must be fully covered by available funding from commitments.

2.0 Non - financial risk

2.1 Strategic & business risk

Risk type	Risk description	Risk mitigation
2.1.2 ESG risk	The risk arising from improper behaviour on the part of Bouwinvest with respect to to environmental criteria, social performance and governance, or its inadequate response to developments in the field of ESG.	Ambitious climate targets to anticipate existing or future legislation and trends from tenants. Construction projects usually undertaken under the Dutch Considerate Constructors (Bewust Bouwers) label.
2.1.3 Model risk	The risk that decisions based on models could lead to wrong outcomes and/or assumptions, such as financial losses or lower than expected results, reputational damage and erroneous strategic decision-making.	Models are applied to hold/sell and acquisition decisions and frequently updated based on newly available data and insights. Model validation policy in place.
2.1.5 Claim risk	The risk that claims are instituted or that insufficient capital is available to cover an awarded claim or that one is not properly insured against it.	Mitigated by appropriate insurance against property related claims.
2.1.7 Legal risk	The risk associated with the possibility of a threat to the legal position of Bouwinvest and/or funds and mandates managed by Bouwinvest, including the possibility that contractual stipulations are not enforceable or incorrectly documented.	Mitigated by standard contracts and dedicated in-house legal department.
2.1.8 Tax risk	The risk related to taxation, i.e. where the competent legislator levies tax on a threshold determined by the legislator, including sanctions in the case of shortfalls observed in the payment of the due taxes. Exemptions, lower tax rates or carrying out activities in different jurisdictions are circumstances that could result in an increased tax risk.	Mitigated by active, dedicated in-house tax department; Tax Control Framework includes anticipation of future fiscal changes that may affect the Fund; lobbying with other real estate investors (eg IVBN).
2.1.10 Concentration risk	The risk arising from the dependence on a limited number of large clients, advisory mandates and types of investment products.	bpfBOUW is the Fund's main investor, which exposes the Fund to changes in the pension fund's office strategies and allocations. This is mitigated by fund regulations and its status as an AIF managed by manager Bouwinvest supervised by AFM.

2.2 Operational risk

Risk type	Risk description	Risk mitigation
2.2.4 Outsourcing risk	The risk that the continuity, integrity and/or quality of the procedures outsourced to third parties (whether or not within a group) or the equipment and personnel provided by these third parties are damaged.	This risk is mitigated by making use of reliable property managers that are regularly scrutinised via audits performed by Bouwinvest.

2.3 Compliance risk

Risk type	Risk description	Risk mitigation
2.3.1 Integrity risk	The risk of reputational damage or existing or future threats against equity or results due to inadequate compliance with any legal stipulations or with standards set by society or the organisation. This includes risks associated with fraud, money laundering, conflicts of interest, terrorist financing, sanctions legislation, corruption, undesirable conduct, insider knowledge and market abuse.	This risk is mitigated by applying client due diligence in line with regulations, and working with trusted parties that have often had a long relationship with Bouwinvest.

Monitoring and reporting

Monitoring risks is embedded in the daily activities of the responsible line manager and is an integral part of the planning and control cycle. Bouwinvest monitors all the defined risks via key risk indicators, supported by the performance reporting and business incidents reporting processes. Each quarter, the Executive Board of Directors is provided with a risk report, including the risk indicators indicated above and actions necessary to limit or mitigate risk, if there is a deviation between the outcome and the pre-determined norm.

Risks in the portfolio are monitored closely and the following events and risks were noteworthy in 2020.

Market concentration risk

Compared with the regional diversification guidelines, the Fund has concentrations in Amsterdam (43%) and in The Hague (31%). This geographical concentration will decline over time with the delivery of development project Central Park (Utrecht) in 2021 and planned acquisitions in other (core) regions, leading to a more diversified portfolio in line with the Fund's strategy.

In addition to this, the Fund also has a substantial concentration in several single assets (the three largest assets account for 44% of NAV). Three assets exceed the restriction to invest <15% of the Fund's size in a single asset due to strong revaluations (in the past) of both existing assets WTC The Hague and Hourglass (Amsterdam) and the new-build development project Central Park (Utrecht, 'as if completed'). The actual share of multi-tenant assets is slightly lower (64%) than set out in the diversification guidelines, which state that 70% must be invested in multi-tenant assets. This is due to the re-classification of Hourglass to single tenant.

Occupancy rate risk

Almost all pending negotiations with potential tenants were put on hold due to the Covid-19 crisis. Companies were reluctant to start their search for new office space and viewings are few and far between. Current vacancy is concentrated in WTC Rotterdam and Centre Court (The Hague) both of which are undergoing significant renovations. Leasing activities for these spaces would not have resulted in the commencement of new leases in 2020. A new lease with the Ministry of Economic Affairs & Climate for all vacant space in Centre Court (approx. 8,100 m^2) and a newly built extension (approx. 1,700 m^2) secures rent and is expected to increase the occupancy rate of this office building to 100% at the end of 2021.

One of the main priorities for WTC Rotterdam has been to accelerate noisy renovation works while the use of the building's offices is still low due to the lockdown. In 2021, the focus will be on proactive tenant communications and the development and implementation of new facilities and services, such as the company restaurant, gym, hotel, narrowcasting, signing and a new approach route to the high-rise section. The occupancy rate is set to increase substantially, from the current 73.0%, in the coming years and this increase will run parallel with the creation of a sustainable, full-service and state-of the-art asset.

The Fund's overall financial occupancy rate in 2020 is slightly higher compared to the budget (92.8% versus 92.0%).

Valuation risk

A change of external appraisers with different views resulted in several fluctuations in asset values in 2020. However, the pricing and valuation policy has proved that the valuation process is thorough and that these kinds of differences are inevitable. Analyses conducted by internal departments (Research, Control and Asset Management) to challenge former and new appraisers have clarified varying views and deviations between these values. A second opinion for WTC Rotterdam was part of the process to determine the plausibility of the initial valuation.

Credit risk

Concentrations in counterparty (tenant) risk are limited, with the Dutch Government being the largest tenant (approx. 25% of rental income). Intensive credit control has contributed to a relatively low rent in arrears.

To support our tenants during the Covid-19 crisis, we gave rent discounts totaling € 0.7 million, which had an impact of 0.1% on the Fund's total return. Since April, we have also allowed tenants to defer rental payments. These deferrals stood at € 0.6 million at the end of 2020, compared with total outstanding rent receivables of € 1.0 million, including deferrals. Outstanding tenant receivables stood at 1.6% at the end of 2020, which is below the average (2.2%) of the previous eight 8 quarters. In 2020, the Fund set aside a provision of € 0.4 million for doubtful debtors booked as operational expenses.

Liquidity risk

Despite the deferral or non-payment of rental payments due, the Fund has a strong cash position, with ample liquidity and sufficient expected inflows, and does not foresee a liquidity shortfall. Any transactions and investments are fully covered by commitments from investors.

Funding risk

In 2020, the Fund had sufficient funding available for unfunded future commitments at the time of actual investments.

Operational risk

In 2020, the Fund informed its tenants that rents would be increased by the rate of inflation (CPI index) plus a maximum of 1%. We informed them that in view of the Covid-19 crisis, we would waive these rent increases for the months of July through September 2020. For a number of tenants with older contracts, this resulted in an increase contractually limited to CPI.

Fiscal risk

FII regime:
In its 2021 Tax Plan, the Dutch government announced that the Dutch Ministry of Finance is planning to evaluate the FII regime in 2021. This evaluation could eventually result in the abolition of the real estate FII. As a result, the Fund would become subject to tax at the ordinary income tax rate. In anticipation of the outcome of this evaluation, Bouwinvest commenced an investigating of a possible restructuring of the Fund into the legal form of a closed Fund for Mutual Account. The fiscal transparency of the Fund for Mutual Account regime prevents double taxation for investors.

Another important risk has required further attention, one that cannot be mapped one-to-one with the above risks, namely climate risk.

Climate risk

Last year was another year with exceptionally hot weather, reminding us of the need to deal with climate change and related risks. In line with the recommendations from the Task Force on Climate Financial Disclosures (TCFD), the Fund recognises two main risks related to climate change, namely physical risks directly affecting our real estate and or tenants (heat stress, flooding, strong winds, etc), and transition risks, or risk related to the adaptation of our real estate to future climate changes (an environment in which greenhouse gasses should be minimised to limit future temperature rises to 2˚C or less).

Core elements of the recommended disclosures include the organisation’s governance related to climate risks, the strategy, the risk management and resulting metrics and targets. Within Bouwinvest, the Sustainability & Innovation department is dedicated to advising the Board on the preparations of the management organisation and the Fund for the necessary steps and related changes. These climate risks affect a large number of risks within our risk taxonomy, and we will adapt our risk taxonomy to incorporate climate risk where necessary. As an example of recent initiatives, Bouwinvest has commissioned Paris Proof roadmaps for our real estate to meet the Paris Proof goals in 2045.

Compliance

Bouwinvest sees integrity, transparency and corporate social responsibility as important prerequisites to achieving its business objectives. In that context, Bouwinvest strives for ethical and controlled business operations in which Bouwinvest and its employees comply with laws and regulations and the company’s own Code of Conduct.

The compliance function is largely asked for advice on the subjects: assessment of business partners, ancillary positions, gifts & events and privacy.

Reports and advice

Information on Bouwinvest's compliance policy and procedures as well as incidents in 2020 can be found in the annual report 2020 of Bouwinvest Real Estate Investors B.V.

WTC Rotterdam is ready for the future

Real Value for Life

Shortly before Christmas 2014, Bouwinvest announced it had acquired WTC Rotterdam on behalf of its Office Fund and Retail Fund. The multi-tenant concept, with offices, a conference and events centre, commercial and retail space in a city centre location, was a perfect fit with the strategies of both funds. The building was in need of an upgrade, admits Asset Manager Jan-Willem Kos: 'We drew up a master plan to make the complex more sustainable and to adjust it to the requirements of today's market. We also wanted to improve the connection with the surrounding inner-city area'. So in 2017, Bouwinvest made a start on the execution of 20 (!) sub-plans. The historic landmark asset has made countless changes: from the installation of an escalator in the listed stairwell and the replacement of the façade of the low-rise section to the restoration of the conference rooms to their former glory. The offices in the high-rise section have also been given a major facelift. The final result: WTC Rotterdam once again exudes quality on every front. The building's energy labels improved to A from G and it now has a BREEAM-NL In-Use Very Good certificate; this is part of the social return on this investment.

The renovated WTC is a major draw for domestic and international tenants. Telecom and IT company Swisscom was unable to find enough highly educated employees in Switzerland, so decided to base its European DevOps Center in Rotterdam. John de Keijzer, head of Development IT, Network & Innovation at Swisscom, explains why Swisscom chose to lease 3,000 m2 of space for 140 employees in this particular building: 'The unique central location, the many facilities and the modernisation of WTC are a great fit with the desired image of our DevOps Center. It is modern, dynamic and right in the middle of society'.

'We were looking around Rotterdam for an ideal home base for our software engineers and the management voted unanimously for the WTC'. **John de Keijzer**, Swisscom

The World Trade Center Rotterdam is a striking building right in the middle of Rotterdam city centre. It is a combination of low-rise dating back to the 1940s and a high-rise section from the 1980s. Bouwinvest has given the building a radical sustainability upgrade, making it completely future-proof again. The market positioning of WTC Rotterdam was and remains excellent, as attested to by the lease closed with Swisscom in 2020.

Mix of functions

If there is one building in Rotterdam's city centre that is truly multifunctional then that building is WTC Rotterdam: more than 200 companies, various food & beverage outlets, conference facilities, a service desk, a business centre, an art gallery, child care facilities, parking garage, and - soon - sports facilities, all under one roof. In the meantime, a hotel has been added to the complex, operated by Postillion. This means that WTC is now a part of the portfolio of three Bouwinvest funds (Office, Retail and Hotel). The combination of small to large users with numerous facilities makes this a truly vibrant whole.

Outlook

Office occupier market

So far, the pandemic has caused occupiers to postpone their relocation and expansion plans. Occupiers scaled back their office portfolio and did not extend leases for some satellite offices. Many other office occupiers are likely to wait until the more structural impact of Covid-19 is clear before making major decisions regarding the amount of space needed and possible relocations. The pandemic has had the largest impact on the flex office market, as tenants were able to take advantage of their short lease terms. However, these flex operators could well see the largest inflow of occupiers when the office market returns to (new) normality in the post-Covid era and companies and freelancers are once again in need of office and meeting space.

Vacancy in our core markets was still low, with just two of our twelve core markets in the Netherlands recording a vacancy rate above 5%, and we foresee a decline in office space demand of a maximum of 6-7%. We expect multifunctional metropolitan locations in the largest cities to be the least affected in terms of vacancy, rents and yields, just as in the aftermath of the Global Financial Crisis.

Office investor market

Over the course of 2020, office investment volumes dropped by 32%, compared with a 16% decline for the overall real estate market. At the same time, prime office yields in the G5 cities either remained stable or increased slightly (10-15 bps) and are still at their lowest historical recorded levels. These two signals indicate a further polarisation in the office market, with the prime office destinations forecasted to remain most resilient.

Office Fund plan

The Office Fund has a strategy of moderate growth and investment to optimise and future-proof its portfolio. The Fund is targeting invested capital of € 1.3 billion by year-end 2023. This implies growth of € 150 million in the period 2021-2023, based on the portfolio at year-end 2020. This growth will come from positive revaluations and new transactions. The Fund's investments in the coming plan period will be primarily focused on the completion of Central Park in Utrecht, together with capital expenditures to upgrade the WTC Rotterdam and Centre Court in The Hague. It will be a challenge to make new acquisitions that meet the Fund's return requirements, but Covid-19 may create opportunities on this front. Any acquisitions will also depend on the Fund's ability to attract new investors or new commitments. The Fund is well-positioned, thanks to the quality and sustainability of its portfolio, its lack of leverage and continued investor interest in the office market.

We believe that we can only generate long-term stable financial returns for our investors if we take the societal impact into account in every decision we take. Our focus is on the city of the future and we aim to create real value for life by investing for the long term in a responsible manner. The Office Fund works with our peers, public sector bodies and other stakeholders to create healthy working environments and meeting places that meet today's demands and those of the future. In addition, we aim to reduce the environmental impact of our portfolio, striving for a net-zero carbon, nearly energy-neutral and climate-resilient Paris Proof portfolio before 2045.

The pandemic will leave its mark on the real estate markets. Many developments that had already been initiated before the pandemic, such as online meetings and working from home, accelerated during the crisis. At the same time, we are convinced that once Covid-19 measures are lifted, people will want to travel and meet each other again in a work setting. With its long-term investment scope, the Fund focuses on adding value for our investors, tenants and stakeholders by continuing to invest in attractive meeting and working environments.

Amsterdam, 22 maart 2021

Bouwinvest Real Estate Investors B.V.

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

Financial statements

Consolidated statement of comprehensive income

All amounts in € thousands, unless otherwise stated

	Note	2020		2019	
Gross rental income	6	48,743		38,446	
Service charge income	6	8,041		7,025	
Other income		2,048		2,969	
Revenues			**58,832**		**48,440**
Service charge expenses		(9,696)		(9,534)	
Property operating expenses	7	(13,783)		(13,207)	
			(23,479)		**(22,741)**
Net rental income			**35,353**		**25,699**
Result on disposal of investment property			-		-
Positive fair value adjustment investment property	12	32,765		118,194	
Negative fair value adjustment investment property	12	(11,653)		(1,005)	
Fair value adjustments on investment property under construction	13	4,167		35,389	
Net valuation gain (loss)			**25,279**		**152,578**
Administrative expenses	8		(5,805)		(4,484)
Result before finance result			**54,827**		**173,793**
Finance result	9	(2,958)		(983)	
Net finance result			**(2,958)**		**(983)**
Result before tax			51,869		172,810
Income taxes	10		(25)		(225)
Result for the year			**51,844**		**172,585**
Items that will not be reclassified subsequently to comprehensive income			-		-
Items that may be reclassified subsequently to comprehensive income			-		-
Total comprehensive income for the year, net of tax			**51,844**		**172,585**
Net result attributable to shareholders			51,844		172,585
Total comprehensive income attributable to shareholders			**51,844**		**172,585**
Distributable result	20		27,389		20,060
Pay-out ratio	20		100%		100%
Earnings per share (€)					
From continuing operations					
Basic			140		514
Diluted			140		514

Consolidated statement of financial position

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2020	2019
Assets			
Non-current assets			
Investment property	12	1,105,935	826,323
Investment property under construction	13	115,763	263,180
Total non-current assets		**1,221,698**	**1,089,503**
Current assets			
Trade and other current receivables	14	5,417	4,969
Cash and cash equivalents	15	24,964	73,670
Total current assets		**30,381**	**78,639**
Total assets		**1,252,079**	**1,168,142**
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		380,502	363,962
Share premium		453,729	420,269
Revaluation reserve		258,975	232,743
Retained earnings		9,670	(112,404)
Net result for the year		51,844	172,585
Total equity	16	**1,154,720**	**1,077,155**
Liabilities			
Non-current lease liabilities	17	78,515	77,378
Current trade and other payables	18	18,844	13,609
Total liabilities		**97,359**	**90,987**
Total equity and liabilities		**1,252,079**	1,168,142

Consolidated statement of changes in equity

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

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2020	**363,962**	**420,269**	**232,743**	**(112,404)**	**172,585**	**1,077,155**
Comprehensive income						
Net result	-	-	-	-	51,844	51,844
Total comprehensive income	**-**	**-**	**-**	**-**	**51,844**	**51,844**
Other movements						
Issued shares	16,540	33,460	-	-	-	50,000
Appropriation of result	-	-	-	172,585	(172,585)	-
Dividends paid	-	-	-	(24,279)	-	(24,279)
Movement revaluation reserve	-	-	27,565	(27,565)	-	-
Total other movements	**16,540**	**33,460**	**27,565**	**120,741**	**(172,585)**	**25,721**
Balance at 31 December 2020	**380,502**	**453,729**	**260,308**	**8,337**	**51,844**	**1,154,720**

* See explanation dividend restrictions in Note 16.

For 2019, before appropriation of profit, all amounts in € thousands

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2019	**307,717**	**326,514**	**95,937**	**(34,889)**	**75,962**	**771,241**
Comprehensive income						
Net result	-	-	-	-	172,585	172,585
Total comprehensive income	**-**	**-**	**-**	**-**	**172,585**	**172,585**
Other movements						
Issued shares	56,245	93,755	-	-	-	150,000
Appropriation of result	-	-	-	75,962	(75,962)	-
Dividends paid	-	-	-	(16,671)	-	(16,671)
Movement revaluation reserve	-	-	136,806	(136,806)	-	-
Total other movements	**56,245**	**93,755**	**136,806**	**(77,515)**	**(75,962)**	**133,329**
Balance at 31 December 2019	**363,962**	**420,269**	**232,743**	**(112,404)**	**172,585**	**1,077,155**

* See explanation dividend restrictions in Note 16.

Consolidated statement of cash flows

All amounts in € thousands

	Note	2020	2019
Operating activities			
Net result		51,844	172,585
Adjustments for:			
Valuation movements		(25,279)	(152,578)
Net finance result		2,958	983
Movements in working capital		4,787	16,101
Cash flow generated from operating activities		**34,310**	**37,091**
Interest paid		(2,730)	(734)
Interest received		-	-
Cash flow from operating activities		**31,580**	**36,357**
Investment activities			
Proceeds from sale of investment property		10,500	-
Payments of investment property		(32,534)	(17,631)
Payments of investment property under construction		(83,973)	(95,255)
Cash flow from investment activities		**(106,007)**	**(112,886)**
Finance activities			
Proceeds from the issue of share capital		50,000	150,000
Redemption of shares		-	-
Dividends paid		(24,279)	(16,671)
Cash flow from finance activities		**25,721**	**133,329**
Net increase/(decrease) in cash and cash equivalents		(48,706)	56,800
Cash and cash equivalents at beginning of year		73,670	16,870
Cash and cash equivalents at end of year	15	**24,964**	**73,670**

Notes to the consolidated financial statements

All amounts in € thousands, unless otherwise stated

1 General information

The Office Fund (Chamber of Commerce number 34366457) is a public limited liability company incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands. The Fund was formed for the purpose of providing shareholders with a rate of return by acquiring, managing, adding value to and disposing of a diversified real estate portfolio through investments in office real estate in the Netherlands.

The Fund owns two taxable subsidiaries, Bouwinvest Office Development B.V. (Chamber of Commerce number 66245133) and Bouwinvest Dutch Institutional Office Fund Services B.V. (Chamber of Commerce number 67492738). These subsidiaries perform activities that might go beyond mere 'investing'. By having these activities performed by these subsidiaries the Fund remains compliant with the investment criteria of the FII-regime. Bouwinvest Office Development B.V. (Office Development) performs development activities for the investment portfolio of the Fund while Bouwinvest Dutch Institutional Office Fund Services B.V. (Office Fund Services) renders services that are ancillary to renting activities of the Fund.

The Fund's active portfolio management is supported by the supply of (re)developed properties by Office Development and third parties.

The Statutory Director will present the annual report to the Annual General Meeting of shareholders on 14 April 2021, and will request the approval of the financial statements.

2 Summary of significant accounting policies

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

The Fund's functional and presentation currency is the euro. All amounts are in thousands of euros, unless otherwise stated. The financial year 2020 was a normal calendar year from 1 January to 31 December 2020.

2.1 Basis of preparation

Statement of compliance
The consolidated financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Company financial statements of the Fund are included in the consolidated financial statements and are prepared in accordance with the legal requirements of Part 9, Book 2, of the Dutch Civil Code. These financial statements have been prepared in accordance with the provision of Article 2:362 subsections 8 and 9, of the Dutch Civil Code, under which the Company financial statements may be prepared in accordance with accounting policies as adopted in the consolidated financial statements.

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

Application of new and revised International Financial Reporting Standards (IFRS)
In 2020, the Fund adopted the new IFRS standards, amendments to IFRS and the interpretations that are mandatory for accounting periods that begin on or after 1 January 2020:

- Amendments to IAS 1 and IAS 8 - Definition of Material - adopted on November 29, 2019 are effective from January 1, 2020
- Amendments to References to the Conceptual Framework in IFRS Standards adopted on November 29, 2019 are effective from January 1, 2020
- Amendments to IFRS 9, IAS 39 and IFRS7 Interest Rate Benchmark Reform Phase 1 - adopted on January 15, 2020 are effective from January 1, 2020
- Amendments to IFRS 3 Business Combinations – definition of a business – adopted on April 21, 2020 are effective from January 1, 2020
- Amendment to IFRS 16 Leases Covid-19-Related Rent Concessions adopted on October 9, 2020 is effective from June 1, 2020

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

New and amended standards and interpretations, effective for financial years beginning on or after 1 January 2021
At the date of authorisation of these financial statements, the Fund has not applied the following new and revised IFRS standards that have been issued but are not yet effective:

- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 – adopted on December 15, 2020 are effective from January 1, 2021
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2 – adopted on January 13. 2021 are effective from January 1, 2021

New and amended standards and interpretations not yet adopted by the European Union
The Fund is not yet applying the standards, amended standards and interpretations that have not yet been adopted by the European Union.

The Fund is monitoring these regulatory changes.

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

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

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company: has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The following entities are included in the consolidated financial statements:

- Bouwinvest Office Development B.V. (100%), established 15 June 2016
- Bouwinvest Dutch Institutional Office Fund Services B.V. (100%), established 15 December 2016

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.3 Investment property

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

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

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

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

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

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

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

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

The right-of-use component of land leases is included as an integral part of the Investment property. The accounting principles for land leases are disclosed in more detail in note 2.5 Leases.

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

2.4 Investment property under construction

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

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

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

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

Investment property is not developed within the Office Fund but via external parties or within Bouwinvest Office Development B.V. When entering into the contract, the rental risk is transferred to the Fund; the remaining risks remain with the developer. The paid instalments are therefore recognised as investment property under construction.

The right-of-use component of land leases is included as an integral part of the Investment property under construction. The accounting principles for land leases are disclosed in more detail in note 2.5 Leases.

2.5 Leases

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

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

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

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

The accounting principles for lease liabilities are disclosed in more detail in note 2.10 Non-current lease liabilities.

2.6 Financial instruments

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

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

Financial assets

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

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

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

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

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

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

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

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

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

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

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

2.7 Prepayments

Prepayments are stated at cost less any accumulated impairment losses.

2.8 Cash and cash equivalents

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

2.9 Issued capital

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

2.10 Non-current lease liabilities

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

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

After initial recognition, the Fund measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability
- reducing the carrying amount to reflect the lease payments made; and

- remeasuring the carrying amount to reflect any reassessment or lease modifications

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

2.11 Current trade and other payables

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

Tenant deposits

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

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

2.12 Dividend distribution

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

2.13 Rental income

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

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

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

2.14 Service charges, property operating expenses and administrative expenses

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

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

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

2.15 Other income

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

2.16 Finance income and expenses

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

2.17 Cash flow statement

Cash flows are stated according to the indirect method.

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

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

2.18 Earnings per share

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

2.19 Income taxes

Based on its status as an FII, the Fund is subject to Dutch corporate income tax at a rate of 0%. See Note 10. The subsidiaries of the fund are subject to Dutch corporate income tax at a rate of 16.5% - 25%.

3 Financial risk management

3.1 Financial risk factors

The risk management function within the Fund is carried out with respect to financial risks. Financial risks are risks arising from financial instruments to which the Fund is exposed during or at the end of the reporting period. Financial risk comprises market risk (including interest rate risk and other price risks), credit risk and liquidity risk.

Risk management is carried out by the risk manager under policies approved by the Statutory Director of the Fund. The treasury manager identifies and evaluates financial risks in close cooperation with the Fund's business units and the risk manager. The Statutory Director of the Fund provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of excess liquidity.

Market risk

The market risk of financial instruments relates to foreign exchange risk, price risk and interest rate risk. For more information, we refer you to the Risk Management section.

(I) Foreign exchange risk

The Fund has no exposure to foreign exchange risk as it operates in a euro country only.

(II) Price risk

The Fund has no significant exposure to price risk as it does not hold any equity securities or commodities. The Fund is not exposed to price risk other than in respect of financial instruments, such as property price risk, including property rental risk.

(III) Interest rate risk

The Fund has exposure to (negative) interest rate risk for its bank balances. As the Fund has no external loans and borrowings, it has no exposure to related interest rate risks.

(IV) Hedging risk

The Fund has no hedging instruments in place.

Credit risk

Credit risk is defined as the unforeseen losses on assets if counterparties should fail to meet their obligations. The Fund closely monitors the creditworthiness of tenants. When entering into a contract, the Fund checks their credit rating, while throughout the term of the contract the Fund keeps a close watch on the accounts receivable. Rents are in general also payable in advance and part of the rent payable is secured by means of bank guarantees or guarantee deposits. There are no significant credit risk concentrations.

It is our policy to enter into financial transactions only with financial institutions with a credit rating of at least A (Standard & Poor's). The financial risk is monitored for each individual transaction. Given the high credit rating of its counterparties, the Fund does not expect any defaults.

The credit risk relating to the receivables is maximised to € 5.8 million in 2020 (2019: € 5.0 million) and the receivables are closely monitored.

Deposits refundable to tenants may be withheld by the Fund in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract.

There is a significant concentration of credit risk with respect to cash and cash equivalents, as the Fund holds cash accounts with one financial institution. This financial institution has a credit rating of A (Standard & Poor's) and therefore the credit risk is mitigated.

Liquidity risk
Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the treasury manager aims to maintain flexibility in funding by keeping committed credit lines available.

The Fund’s liquidity position is monitored on a daily basis by management and is reviewed quarterly by the Statutory Director of the Fund. The Finance department manages liquidity risks and is derived from managerial reports at Fund level. The amounts are disclosed in the notes to consolidated statement of financial position. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not significant.

3.2 Fair value estimation

For financial purposes fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The carrying amount less impairment provision of trade receivables and trade payables approximates their fair value. All other Statement of financial position items are short-term and therefore not adjusted to their fair value.

3.3 Capital risk management

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

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

4 Critical accounting estimates and judgements

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

4.1 Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom be exactly the same as the related actual results. The estimates, assumptions and management judgements that carry a significant risk of material adjustments to the carrying amounts of assets and liabilities within the next financial year are outlined below.

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

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

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

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

5 Core regions

A spread by core regions is applied in the analysis of the valuation of the investment property portfolio. Amsterdam, Rotterdam, The Hague and Utrecht are considered core office regions in 2020. The Fund is currently active in these 4 regions.

The valuation of the completed investment properties per core region for the year ended 31 December, is as follows:

Property valuation as at 31 December	2020	2019
Region		
Amsterdam	575,085	328,817
Rotterdam	141,060	126,556
Utrecht	34,290	34,800
The Hague	355,500	336,150
Total	**1,105,935**	**826,323**

6 Gross rental income and service charge income

	2020	2019
Theoretical rent	58,577	48,813
Incentives	(5,683)	(5,532)
Vacancies	(4,151)	(4,835)
Total gross rental income	**48,743**	**38,446**

The future contractual rent from leases in existence on 31 December 2020, until the end of the contract (accounted for on the basis of the minimum rent) can be analysed as follows:

	2020	2019
First year	51,329	39,527
Second year	51,597	36,320
Third year	47,524	32,924
Fourth year	37,581	29,240
Fifth year	31,452	19,614
More than five years	125,106	45,721

Service charge income represents € 8.0 million (2019: € 7.0 million) income receivable from tenants for the services utilities, caretakers, etc. when the Fund acts as a principal.

7 Property operating expenses

	2020	2019
Taxes	2,297	1,326
Insurance	321	230
Maintenance	4,937	4,770
Valuation fees	101	124
Property management fees	902	895
Letting and lease renewal fees	1,616	2,072
Addition to provision for doubtful debtors	326	132
Non reclaimable VAT	636	744
Business center expenses	998	808
Other operating expenses	1,649	2,106
Total property operating expenses	**13,783**	**13,207**

In 2020, € 1.1 million (2019: € 0.8 million) of the maintenance expenses related to unlet properties. The addition to the provision for doubtful debtors mainly relates to expected rent discounts to support our tenants in managing the impact of Covid-19.

Other operating expenses relate to the Business Center, costs for the association of owners and other operating expenses for the account of the Fund.

8 Administrative expenses

	2020	2019
Management fee Bouwinvest	5,486	4,359
Audit fees	50	58
Other administrative expenses	222	12
Legal fees	6	4
Other Fund expenses	41	51
Total administrative expenses	**5,805**	**4,484**

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

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

9 Finance expenses

	2020	2019
Finance expenses	297	360
Interest on lease liabilities	2,661	623
Total finance expenses	**2,958**	**983**

The Fund had no external loans and borrowings during 2020. The Fund was subject to the negative interest rate development for its bank balances.

10 Income taxes

FII Status

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

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

Distribution obligation

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

Activity rules

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

Real estate development is not regarded as a 'passive' investment activity. However, development activities for the FII's own portfolio are specifically permitted. These activities should be carried out by a subsidiary which is subject to tax at the common corporate tax rate (2020: 16.5% - 25%). Improvements to existing properties do not qualify as development activities provided that the capital expenditure is less than 30% of the value of the property as determined by the Dutch Valuation of Immovable Property Act ('Wet Waardering onroerende zaken') prior to the improvements.

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

The Fund avails of both a taxable subsidiary for development activities as a taxable subsidiary for auxiliary services.

Leverage restrictions

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

Shareholder test

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

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

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

The Fund met the requirements of an FII in 2020. The effective tax rate was 0% (2019: 0%).

Legislation FII status
In its 2021 Tax Plan, the Dutch government announced that the Dutch Ministry of Finance is planning to evaluate the FII regime in 2021. This evaluation could eventually result in the abolition of the real estate FII. As a result, the Fund would become subject to tax at the normal income tax rate. In anticipation of the outcome of this evaluation, Bouwinvest commenced an investigation of a possible restructuring of the Fund into the legal form of a closed Fund for Mutual Account. The fiscal transparency of the Fund for Mutual Account prevents double taxation for investors.

Dividend withholding tax

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

11 Employee benefits expense

The Office Fund has no employees.

12 Investment property

		2020		2019
At the beginning of the year		**813,073**		**529,100**
First time adoption IFRS16		**-**		**8,911**
Investments		**28,022**		**11,335**
Transfers to investment property under construction	-		-	
Transfer from investment property under construction	235,557		146,366	
Total transfer to/from investment property under construction		**235,557**		**146,366**
Disposals		**(10,500)**		**-**
Net gain (loss) from fair value adjustments on investment properties (like for like)	15,575		79,881	
Net gain (loss) from fair value adjustments on investment properties	5,537		37,308	
In profit or loss		**21,112**		**117,189**
In other comprehensive income		**-**		**-**
Transfers out of level 3		**-**		**-**
Movement of right of use ground leases		**909**		**172**
Total investment property (level 3)		**1,088,173**		**813,073**
Lease incentives		**17,762**		**13,250**
At the end of the year		**1,105,935**		**826,323**

The Fund’s investment properties are valued by external valuation experts on a quarterly basis. The external valuation expert is changed every three years. On 31 December 2020, these properties were revalued by independent professionally qualified valuation experts who hold a recognised relevant professional qualification and had recent experience in the locations and categories of the investment properties valued. The carrying values of investment property as at 31 December 2020, and 1 January 2020, are in line with the valuations reported by the external valuation experts.

The lease incentives granted are included in the total fair value of investment properties. For the year 2020 the amount of lease incentives is € 17.8 million (2019: € 13.3 million).

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

	2020	2019
Investment Property	1,105,935	826,323
Less: lease liabilities	(78,515)	(21,023)
Valuation as per valuation report	**1,027,420**	**805,300**

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

Investments	2020	2019
Amsterdam	(720)	2,545
Rotterdam	14,335	7,844
Utrecht	-	-
The Hague	14,407	946
Total investments	**28,022**	**11,335**

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

2020

	Amsterdam	Rotterdam	Utrecht	The Hague	Total
Current average rent (€/m²)	321	174	163	179	**216**
Current average rent (€/PP)	2,300	2,588	1,365	1,776	**2,065**
Market rent (€/m²)	349	183	189	189	**232**
Market rent (€/PP)	2,894	2,813	1,750	1,992	**2,416**
Gross initial yield	4.4%	5.5%	5.9%	5.4%	**5.0%**
Net initial yield	3.8%	1.1%	3.9%	3.7%	**3.4%**
Current vacancy rate (financial)	0.5%	20.7%	1.7%	8.5%	**7.2%**
Long-term growth rental rate	2.0%	1.6%	2.2%	1.4%	**1.7%**
Risk free (NRVT)					**0.1%**

The net valuation gain (loss) for the year included a positive fair value adjustment of € 32,765 (2019: € 118,194) relating to investment properties that are measured at fair value at the end of the reporting period.

The valuation of the investment properties takes into account a rent-free period/rent incentives ranging from 1 to 3 months after occupation.

Investment property includes no buildings held under finance leases. The carrying amount is € nil (2019: € nil).

Sensitivity analysis

The appraisal of the portfolio implies a net initial yield of 3.4% (2019: 3.2%). If the yields used for the appraisals of investment properties on 31 December 2020 had been 100 basis points higher (2019: 100 basis points higher) than was the case at that time, the value of the investments would have been 22.5% lower (2019: 28.7% lower). In this situation, the Fund's shareholders' equity would have been € 232 million lower (2019: € 247 million lower).

The table below presents the sensitivity of the valuation to changes in the most significant assumptions.

	2020		2019	
Change rental rates	-5%	5%	-5%	5%
Value of the investment property change	(51,371)	51,371	(40,265)	40,265

	2020		2019	
Change net initial yield	– 25 bps	+ 25 bps	– 25 bps	+ 25 bps
Value of the investment property change	80,580	-69,654	67,829	(58,050)

13 Investment property under construction

		2020		2019
At the beginning of the year		**263,180**		**210,857**
First time adoption IFRS16		**-**		**67,990**
Investments		**83,973**		**95,254**
Transfer to investment property	(235,557)		(146,366)	
Transfer from investment property	-		-	
Total transfer to/from investment property		**(235,557)**		**(146,366)**
Net gain (loss) from fair value adjustments on investment property under construction	4,167		35,389	
In profit or loss		**4,167**		**35,389**
In other comprehensive income		**-**		**-**
Transfers out of level 3		**-**		**-**
Movement of right of use ground leases		**-**		**56**
At the end of the year		**115,763**		**263,180**

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

Investment property is not (re)developed within the Office Fund but via external parties or within Bouwinvest Office Development B.V. As at 31 December 2020 the investment property under construction relates to Central Park (Utrecht).

The net valuation gain (loss) for the year included a positive fair value adjustment of € 4,167 (2019: € 35,389) relating to investment property under construction that is measured at fair value at the end of the reporting period.

The investment property under construction is valued by external valuation experts.

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

Investments	2020	2019
Amsterdam	36,487	72,287
Rotterdam	-	-
Utrecht	47,486	22,967
The Hague	-	-
Total investments	**83,973**	**95,254**

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

	2020	2019
Investment Property	115,763	263,180
Less: right of use assets	-	(56,355)
Valuation as per internal valuation	**115,763**	**206,825**

14 Trade and other current receivables

	2020	2019
Trade receivables	895	2,812
VAT Receivable	1,511	2,157
Other receivables	3,011	-
Balance as at 31 December	**5,417**	**4,969**

The other receivables mainly consist of prepaid expenses.

15 Cash and cash equivalents

	2020	2019
Bank deposits	-	-
Bank balances	24,964	73,670
Balance as at 31 December	**24,964**	73,670

The bank balances of € 25.0 million are freely available to the Fund as at 31 December 2020.

16 Equity attributable to shareholders of Bouwinvest Dutch Institutional Office Fund N.V.

For 2020, before appropriation of result

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2020	**363,962**	**420,269**	**232,743**	**(112,404)**	**172,585**	**1,077,155**
Comprehensive income						
Net result	-	-	-	-	51,844	51,844
Total comprehensive income	**-**	**-**	**-**	**-**	**51,844**	**51,844**
Other movements						
Issued shares	16,540	33,460	-	-	-	50,000
Appropriation of result	-	-	-	172,585	(172,585)	-
Dividends paid	-	-	-	(24,279)	-	(24,279)
Movement revaluation reserve	-	-	27,565	(27,565)	-	-
Total other movements	**16,540**	**33,460**	**27,565**	**120,741**	**(172,585)**	**25,721**
Balance at 31 December 2020	**380,502**	**453,729**	**260,308**	**8,337**	**51,844**	**1,154,720**

* See explanation dividend restrictions in this Note.

For 2019, before appropriation of result

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2019	**307,717**	**326,514**	**95,937**	**(34,889)**	**75,962**	**771,241**
Comprehensive income						
Net result	-	-	-	-	172,585	172,585
Total comprehensive income	**-**	**-**	**-**	**-**	**172,585**	**172,585**
Other movements						
Issued shares	56,245	93,755	-	-	-	150,000
Appropriation of result	-	-	-	75,962	(75,962)	-
Dividends paid	-	-	-	(16,671)	-	(16,671)
Movement revaluation reserve	-	-	136,806	(136,806)	-	-
Total other movements	**56,245**	**93,755**	**136,806**	**(77,515)**	**(75,962)**	**133,329**
Balance at 31 December 2019	**363,962**	**420,269**	**232,743**	**(112,404)**	**172,585**	**1,077,155**

* See explanation dividend restrictions in this Note.

Dividend restrictions

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

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

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

	Number of shares in fully paid up equivalents	**Paid-up share capital**	**Share premium**	**Total share capital and share premium**
Opening balance at 1 January 2020	**363,962**	**363,962**	**420,269**	**784,231**
Issued shared	16,540	16,540	33,460	50,000
Dividends paid	-	-	-	-
Balance at 31 December 2020	**380,502**	**380,502**	**453,729**	**834,231**

	Number of shares in fully paid up equivalents	Paid-up share capital	Share premium	Total share capital and share premium
Opening balance at 1 January 2019	**307,717**	**307,717**	**326,514**	**634,231**
Issued shared	56,245	56,245	93,755	150,000
Dividends paid	-	-	-	-
Balance at 31 December 2019	**363,962**	**363,962**	**420,269**	**784,231**

Issued capital

The authorised capital comprises 1 million shares each with a nominal value of € 1,000. As at 31 December 2020, in total 380,502 shares had been issued and fully paid up.

Share premium

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

Revaluation reserve

The revaluation reserve relates to the revaluation of the property investments. The (unrealised) positive or negative difference between the cumulative increase or decrease in the fair value of the investment property owned at the end of the year has been included in the revaluation reserve. The revaluation reserve as at year-end 2020 was determined at the individual property level.

17 Non-current lease liabilities

	2020	2019
Opening balance at beginning of year	**77,378**	**-**
First time adoption IFRS16	-	76,901
Interest	228	249
Other movements	909	228
Balance at end of year	**78,515**	**77,378**

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

Land lease obligations	2020	2019
Year 1	2,091	2,064
Year 2	2,091	2,064
Year 3-5	6,273	6,193
Year > 5	92,907	92,027
Total land lease obligations	**103,362**	**102,348**

18 Current trade and other payables

	2020	2019
Trade payables	3,920	1,929
Rent invoiced in advance	9,133	5,523
Tenant deposits	1,987	1,842
Other payables	3,804	4,315
Balance as at 31 December	**18,844**	**13,609**

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

19 Earnings per share

	2020	2019
Net result attributable to shareholders	51,844	172,585
Weighted average number of ordinary shares	369,124	335,741
Basic earnings per share (€ per share)	140.45	514.04

20 Dividends per share

In 2020, the Fund paid out a dividend of € 65.77 per share (2019: € 49.65) which amounts to a total of € 24.3 million (2019: € 16.7 million). A total dividend of € 27.4 million (2019: € 20.1 million), is to be proposed at the Annual General Meeting of shareholders on 14 April 2021. These financial statements do not reflect this dividend payable.

The dividend proposal for 2020 has not been accounted for in the financial statements. The dividend for 2020 will be paid in cash.

21 Contingent liabilities and assets

As at 31 December 2020, the Fund had unprovisioned contractual obligations for future repairs and maintenance of € 1.1 million (2019: € 1.5 million).

The total future commitments as at 31 December 2020 amounted to € 48 million (2019: € 133 million). The commitments relate to the acquisition of Central Park (Utrecht).

Investment commitments (in € million)	2021	2022	>2023
Central Park, Utrecht	29	15	4
	29	**15**	**4**

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

22 Related parties

The Office Fund's subsidiaries and members of the Supervisory Board and Executive Board of Directors of Bouwinvest and the other entities under management by Bouwinvest, qualify as related parties of the Office Fund. The Fund paid Bouwinvest a fee of € 5.5 million in 2020 (2019: € 4.4 million).

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

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

The members of the Supervisory Board and Executive Board of Directors of Bouwinvest held no personal interest in the Fund's investments in 2020.

Bouwinvest Office Development B.V. (re)develops part of the investment property for the Fund. In 2020, € 0 million (2019: € 21.5 million) was paid to Bouwinvest Office Development B.V. with regard to the projects Building 1931 and Building 1962 (Amsterdam).

23 Management fee

Bouwinvest is the manager and the Statutory Director of the Fund. The management fee paid for the year 2020 amounted to € 5.5 million (2019: € 4.4 million).

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

During the reporting period, the manager, Bouwinvest, is responsible for five funds of which the Residential Fund, Office Fund and Retail Fund are under supervision of the Dutch Financial Markets Authority (AFM). Bouwinvest also has a separate mandate from bpfBOUW for the management of international real estate investments and manages Bouwinvest Development B.V. The remuneration cannot be explicitly allocated per fund and is therefore not available. The remuneration, in line with Article 22 of the AIMFD, is disclosed in the annual report 2020 of Bouwinvest Real Estate Investors B.V.

24 Audit fees

The table below shows the fees charged over the year 2020 by Deloitte Accountants B.V. and the Deloitte Network in respect of activities for the Office Fund.

	2020	2019
Audit of the financial statements	37	33
Other assurance engagements	13	25
Tax advisory services	-	-
Other non-audit services	-	-
Total fees	**50**	**58**

25 Subsequent events

In January 2021, shares were issued for € 10 million.

Company balance sheet

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2020	2019
Assets			
Non-current assets			
Investment property		1,105,935	826,323
Investment property under construction		115,763	263,180
Financial assets	3	883	1,479
Total non-current assets		**1,222,581**	**1,090,982**
Current assets			
Trade and other current receivables		5,372	5,222
Cash and cash equivalents		22,552	71,275
Total current assets		**27,924**	76,497
Total assets		**1,250,505**	**1,167,479**
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		380,502	363,962
Share premium		453,729	420,269
Revaluation reserve		276,975	250,743
Retained earnings		(8,330)	(130,404)
Net result for the year		51,844	172,585
Total equity	4	**1,154,720**	**1,077,155**
Liabilities			
Non-current lease liabilities		78,515	77,378
Current trade and other payables		17,270	12,946
Total liabilities		**95,785**	**90,324**
Total equity and liabilities		**1,250,505**	**1,167,479**

Company
profit and loss account

All amounts in € thousands, unless otherwise stated

	2020	2019
Result of participation interests after taxes	151	310
Other income and expenses after taxes	51,693	172,275
Result for the year	**51,844**	**172,585**

Notes to the company financial statements

All amounts in € thousands, unless otherwise stated

1 Summary of significant accounting policies

1.1 General

The Company financial statements of Bouwinvest Dutch Institutional Office Fund N.V. (the Office Fund) are included in the consolidated financial statements and are prepared in accordance with the legal requirements of Part 9, Book 2 of the Dutch Civil Code. These financial statements have been prepared in accordance with provision of Article 2:362 subsection 8 and 9, of the Dutch Civil Code, under which the Company financial statements may be prepared in accordance with accounting policies as adopted in the consolidated financial statements.

If no other policies are mentioned, the applicable policies are those of the consolidated financial statements. The consolidated financial statements should be consulted for an appropriate interpretation of the Company financial statements.

The notes in the consolidated financial statements also apply to the Company accounts. If Company amounts are not directly traceable to the consolidated notes, additional notes are included in the Company notes.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

The exemption laid down in Article 402 Book 2 of the Dutch Civil Code has been applied to the Company profit and loss account of the Fund.

1.2 Financial assets

Subsidiaries
Subsidiaries include all entities over which the Fund has the power – directly or indirectly – to control financial and operational policies. Subsidiaries are valued under the net equity method, but not lower than zero.

The equity value is measured by valuation of assets, provisions and liabilities and determination of results based on the accounting policies of the consolidated financial statements.

Recognition of losses
If the share in losses attributable to the Fund exceeds the carrying amount of the net investment (investment and other unsecured receivables), further losses will not be recognised, unless the Fund has provided securities to the associate, committed to liabilities or paid on behalf of the associate. In that case, a provision will be set aside for the excess.

2 Financial risk management

Reference is made to Note 3 of the consolidated financial statements.

3 Financial assets

	2020	2019
As per 1 January	1,479	1,169
Acquisitions and capital contributions	-	-
Dividends received	(747)	-
Net result for the year	151	310
As per 31 December	**883**	**1,479**

The Fund acquired the shares (100%) of the following subsidiaries:

- Bouwinvest Office Development B.V., Amsterdam
- Bouwinvest Dutch Institutional Office Fund Services B.V., Amsterdam

Bouwinvest Office Development B.V. redevelops investment properties for Bouwinvest Dutch Institutional Office Fund N.V. Bouwinvest Dutch Institutional Office Fund Services B.V. renders services that are ancillary to renting activities of the Fund.

4 Equity attributable to shareholders of Bouwinvest Dutch Institutional Office Fund N.V.

For 2020, before appropriation of result

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2020	**363,962**	**420,269**	**250,743**	**(130,404)**	**172,585**	**1,077,155**
Comprehensive income						
Net result	-	-	-	-	51,844	51,844
Total comprehensive income	**-**	**-**	**-**	**-**	**51,844**	**51,844**
Other movements						
Issued shares	16,540	33,460	-	-	-	50,000
Appropriation of result	-	-	-	172,585	(172,585)	-
Dividends paid	-	-	-	(24,279)	-	(24,279)
Movement revaluation reserve	-	-	27,565	(27,565)	-	-
Total other movements	**16,540**	**33,460**	**27,565**	**120,741**	**(172,585)**	**25,721**
Balance at 31 December 2020	**380,502**	**453,729**	**278,308**	**(9,663)**	**51,844**	**1,154,720**

* See explanation dividend restrictions in Note 16 of the consolidated financial statements.

For 2019, before appropriation of result

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2019	**307,717**	**326,514**	**113,937**	**(52,889)**	**75,962**	**771,241**
Comprehensive income						
Net result	-	-	-	-	172,585	172,585
Total comprehensive income	**-**	**-**	**-**	**-**	**172,585**	**172,585**
Other movements						
Issued shares	56,245	93,755	-	-	-	150,000
Appropriation of result	-	-	-	75,962	(75,962)	-
Dividends paid	-	-	-	(16,671)	-	(16,671)
Movement revaluation reserve	-	-	136,806	(136,806)	-	-
Total other movements	**56,245**	**93,755**	**136,806**	**(77,515)**	**(75,962)**	**133,329**
Balance at 31 December 2019	**363,962**	**420,269**	**250,743**	**(130,404)**	**172,585**	**1,077,155**

* See explanation dividend restrictions in Note 16 of the consolidated financial statements.

Issued capital

The authorised capital comprises 1 million shares each with a nominal value of € 1,000. As at 31 December 2020, in total 380,502 shares had been issued and fully paid up.

Share premium

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

Revaluation reserve

The revaluation reserve relates to the revaluation of the property investments. The (unrealised) positive or negative difference between the cumulative increase or decrease in the fair value of the investment property owned at the end of the year has been included in the revaluation reserve. The revaluation reserve as at year-end 2020 was determined at the individual property level.

Appropriation of profit 2019

The Annual General Meeting of shareholders on 15 April 2020 adopted and approved the 2019 financial statements of the Office Fund. A dividend of € 20.1 million (in cash) was paid. Of the profit for 2019 amounting to € 172.6 million, € 172.6 million was incorporated in the retained earnings.

Proposal for profit appropriation 2020

The management of the Fund proposes to the General Meeting of shareholders that a dividend of € 8.5 million (in cash) is to be paid. Of the profit for 2020 amounting to € 51.8 million, € 51.8 million will be incorporated in the retained earnings.

5 Employee benefits expense

The Office Fund has no employees.

6 Remuneration

Reference is made to Note 23 of the consolidated financial statements.

Signing of the Financial Statements

Amsterdam, 22 March 2021

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

Other information

Articles of Association related to the appropriation of profit

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

20.1

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

20.2

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

20.3

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

20.4

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

20.5

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

20.6

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

Independent auditor’s report

To the shareholders of Bouwinvest Dutch Institutional Office Fund N.V.

Report on the audit of the financial statements 2020 included in the annual report

Our opinion

We have audited the accompanying financial statements 2020 of Bouwinvest Dutch Institutional Office Fund N.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Bouwinvest Dutch Institutional Office Fund N.V. as at 31 December 2020, and of its result and its cash flows for 2020 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Bouwinvest Dutch Institutional Office Fund N.V. as at 31 December 2020, and of its result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at 31 December 2020.
2. The following statements for 2020: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

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

Basis for our opinion

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

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

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

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 12 million. The materiality is based on 1% of total investment property. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Materiality overview	
Materiality level	€ 12 million
Basis for materiality level	1% of total investment property
Threshold for reporting misstatements	€ 600 thousand

We agreed with the Executive Board of Directors that misstatements in excess of € 600 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Bouwinvest Dutch Institutional Office Fund N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Bouwinvest Dutch Institutional Office Fund N.V.

Our group audit mainly focused on significant group entities.

We have performed all audit procedures ourselves for all group entities.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

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

This matter was addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How the key audit matter was addressed in the audit
Valuation of investment property	
Refer to notes 4.1, 12, and 13 to the consolidated financial statements. As at December 31, 2020 the Company held a portfolio of investment property with a fair value of € 1.1 billion (December 31, 2019: € 826 million) and investment property under construction of € 116 million (December 31, 2019: € 263 million). The portfolio consist of € 1.2 billion office buildings. At the end of each reporting period, the Executive Board of Directors determines the fair value of its investment property portfolio in accordance with the requirements of IAS 40 and IFRS 13. The Company uses external valuation reports issued by external independent professionally qualified valuers to determine the fair value of its investment property. As the valuation of investment property is inherently judgmental in nature, due to the use of assumptions that are highly sensitive, any change in assumptions may have a significant effect on the outcome given the relative size of the investment property balance. The most significant assumptions and parameters involved, given the sensitivity and impact on the outcome, are the capitalisation rate and market rent levels. In addition, and as the external appraiser has highlighted in its assessment of the fair value of the property portfolio, there is considerable uncertainty over the global economy due to Covid-19 and how long it will take before the economy is stabilized. This has introduced a level of uncertainty relating to projected future cash flows which affects the valuation of these assets resulting in special audit considerations.	Our audit procedures included, among others, the following: We have gained understanding of the valuation process and tested the design and implementation of the Company's relevant controls with respect to the data used in the valuation of the property portfolio. We evaluated the competence of the Company's external appraiser, which included consideration of their qualifications and expertise. We have further evaluated and challenged the assumptions made in respect to the creditworthiness of significant tenants, lease incentives and vacancy periods in the valuation calculations. In relation to the significant assumptions in the valuation of investment property we have: - determined that the valuation methods as applied by the Executive Board of Directors, as included in the valuation reports, are appropriate; - challenged the significant assumptions used (such as capitalisation rate, market rental income, market-derived discount rate) against relevant market data. We have involved our internal real estate valuation experts in these assessments; - assessed the sensitivity analysis on the key input data and assumptions to understand the impact of reasonable changes in assumptions on the valuation and other key performance indicators (i.e. loan covenants); - assessed the appropriateness of the disclosures relating to the assumptions used in the valuations and sensitivity analysis in the notes to the consolidated financial statements. **Observation** We found that, with the (significant) assumptions used in the valuation reports, the valuation of the investment property is valued within a reasonable range.

Report on the other information included in the annual report

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

- Report of the Executive Board of Directors.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.
- Other additional information.

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

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

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

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

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

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

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

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

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

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

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management'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 the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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

From the matters communicated with the Executive Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, March 22, 2021

Deloitte Accountants B.V.

Signed on the original: V.S. Borreman

Assurance report of the independent auditor

To the shareholders of Bouwinvest Dutch Institutional Office Fund N.V.

Our conclusion

We have reviewed the sustainability information in the accompanying annual report for the year 2020 of Bouwinvest Dutch Institutional Office Fund N.V. at Amsterdam. A review is aimed at obtaining a limited level of assurance.

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

- the policy and business operations with regard to corporate social responsibility; and
- the thereto related events and achievements for the year 2020 in accordance with the reporting criteria as included in the section 'reporting of performance indicators'.

The sustainability information consists of performance information in the section 'Performance on Sustainability' part of chapter 'Performance on strategy' on page 25-31 of the 2020 Annual Report, excluding the performance information on installed AED's and the Paris-Proof commitment.

Basis for our conclusion

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

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

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

Reporting criteria

The sustainability information needs to be read and understood together with the reporting criteria. Bouwinvest Dutch Institutional Office Fund N.V. is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting. The reporting criteria used for the preparation of the sustainability information are the reporting criteria as disclosed in the Bouwinvest annual report on page 107-108.

Limitations to the scope of our examination

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

The references to external sources or websites in the sustainability information are not part of the sustainability information as reviewed by us. We therefore do not provide assurance on this information.

Responsibilities of the Executive Board of Directors for the sustainability information

The Executive Board of Directors is responsible for the preparation of the sustainability information in accordance with the applicable criteria, including the identification of the intended users and the criteria being applicable for their purposes. In this context, The Executive Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation, measurement or evaluation of the sustainability information that are free from material misstatement, whether due to error or fraud.

Our responsibilities for the review of the sustainability information

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

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

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

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

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

Our review included amongst others:

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

- Obtaining assurance information that the sustainability information reconciles with underlying records of the company;
- Reviewing, on a limited test basis, relevant internal and external documentation;
- Performing an analytical review of the data and trends

- Evaluating the presentation, structure and content of the sustainability information;
- To consider whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

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

Amsterdam, March 22, 2021

Deloitte Accountants B.V.

Signed on the original: V.S. Borreman

The Garage
Multi-tenant

Amsterdam
The Netherlands

INREV
Valuation principles

In order to give investors information on the transition from the Net Asset Value (NAV) according to IFRS to the adjusted NAV based on INREV valuation principles, the Fund reports the adjustments according to the INREV valuation principles. The fundamental assumption underlying the adjusted INREV NAV of the Fund is that it should give a more accurate reflection of the economic value of the Fund and of a participation in the Fund as it would be realised by a participant in a theoretical sale, as of the balance sheet date, assuming an arm's length transaction, a willing buyer/seller and an adequate time to market.

Note		Total	Per share	**Actual impact on 2020 figures**	Actual impact on 2019 figures
	NAV per the IFRS financial statements	X	X	Yes	Yes
	Reclassification of certain IFRS liabilities as components of equity	X	X	N/A	N/A
1	Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders long term interests in a vehicle	X	X	N/A	N/A
2	Effect of dividends recorded as a liability which have not been distributed	X	X	N/A	N/A
	NAV after reclassification of equity-like interests and dividends not yet distributed	X	X	N/A	N/A
	Fair value of assets and liabilities	X	X	N/A	N/A
3	Revaluation to fair value of investment properties	X	X	N/A	N/A
4	Revaluation to fair value of self-constructed or developed investment property	X	X	N/A	N/A
5	Revaluation to fair value of investment property held for sale	X	X	N/A	N/A
6	Revaluation to fair value of property that is leased to tenants under a finance lease	X	X	N/A	N/A
7	Revaluation to fair value of real estate held as inventory	X	X	N/A	N/A
8	Revaluation to fair value of other investments in real assets	X	X	N/A	N/A
9	Revaluation to fair value of indirect investments not consolidated	X	X	N/A	N/A
10	Revaluation to fair value of financial assets and financial liabilities	X	X	N/A	N/A
11	Revaluation to fair value of construction contracts for third parties	X	X	N/A	N/A
12	Set-up costs	X	X	N/A	N/A
13	Acquisition expenses	X	X	Yes	Yes
14	Contractual fees	X	X	N/A	N/A
	Effects of the expected manner of settlement of sales/vehicle unwinding	X	X	N/A	N/A
15	Revaluation to fair value of savings of purchaser's costs such as transfer taxes	X	X	N/A	N/A
16	Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments	X	X	N/A	N/A
17	Effect of subsidiaries having a negative equity (non-recourse)	X	X	N/A	N/A
	Other adjustments	X	X	N/A	N/A
18	Goodwill	X	X	N/A	N/A
19	Non-controlling interest effects of INREV adjustments	X	X	N/A	N/A
	INREV NAV	X	X	Yes	Yes

INREV adjustments

All amounts in € thousands, unless otherwise stated

Note		Total 2020	Per share 2020	Total 2019	Per share 2019
	NAV as per the financial statements	**1,154,720**	**3,034.73**	**1,077,155**	**2,959.53**
	Reclassification of certain IFRS liabilities as components of equity				
1	Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders long term interests in a vehicle	-	-	-	-
2	Effect of dividends recorded as a liability which have not been distributed	-	-	-	-
	NAV after reclassification of equity-like interests and dividends not yet distributed	**1,154,720**	**3,034.73**	**1,077,155**	**2,959.53**
	Fair value of assets and liabilities				
3	Revaluation to fair value of investment properties	-	-	-	-
4	Revaluation to fair value of self-constructed or developed investment property	-	-	-	-
5	Revaluation to fair value of investment property held for sale	-	-	-	-
6	Revaluation to fair value of property that is leased to tenants under a finance lease	-	-	-	-
7	Revaluation to fair value of real estate held as inventory	-	-	-	-
8	Revaluation to fair value of other investments in real assets	-	-	-	-
9	Revaluation to fair value of indirect investments not consolidated	-	-	-	-
10	Revaluation to fair value of financial assets and financial liabilities	-	-	-	-
11	Revaluation to fair value of construction contracts for third parties	-	-	-	-
12	Set-up costs	-	-	-	-
13	Acquisition expenses	-	-	-	-
14	Contractual fees	-	-	-	-
	Effects of the expected manner of settlement of sales/vehicle unwinding				
15	Revaluation to fair value of savings of purchaser's costs such as transfer taxes	-	-	-	-
16	Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments	-	-	-	-
17	Effect of subsidiaries having a negative equity (non-recourse)	-	-	-	-
	Other adjustments				
18	Goodwill	-	-	-	-
19	Non-controlling interest effects of INREV adjustments	-	-	-	-
	INREV NAV	**1,154,720**	**3,034.73**	**1,077,155**	**2,959.53**
	Number of shares issued	380,502		420,207	
	Number of shares issued taking dilution effect into account	380,502		420,207	
	Weighted average INREV NAV	1,114,717		901,768	
	Weigthed average INREV GAV	1,130,304		917,004	
	Total Expense Ratio (NAV)	0.53%		0.51%	
	Total Expense Ratio (GAV)	0.52%		0.50%	
	Real Estate Expense Ratio (GAV)	1.36%		1.70%	

Notes to the INREV adjustments

All amounts in € thousands, unless otherwise stated

1 Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders' long-term interest in a vehicle

Investors' capital can take various forms aside from equity – examples include shareholder loans and hybrid capital instruments such as convertible bonds. Some vehicles are structured via a combination of equity participations and shareholder loans.

Shareholder loans and hybrid capital instruments are generally seen as part of the investors' overall interest in the vehicle.

Since investors in the Fund only invest via shares, no adjustment is included.

2 Effect of dividends recorded as a liability that have not been distributed

Under certain circumstances dividends are recorded as a liability but have not yet been legally distributed. For the determination of INREV NAV, these accrued dividends should be reversed to the NAV.

As per 31 December 2020, no dividends are recorded as a liability, so no adjustment is included.

3 Revaluation to fair value of investment property

After initial recognition, investment property is valued at fair value under the fair value option of IAS 40. Therefore no adjustment had to be made as per 31 December 2020.

4 Revaluation to fair value of self-constructed or developed investment property

Development property is investment property under construction and valued at fair value under the fair value option of IAS 40. Therefore no adjustment had to be made as per 31 December 2020.

5 Revaluation to fair value of investment property held for sale

Assets in this category are measured under IFRS at the lower of cost or net realisable value in the financial statements. The adjustment represents the impact on NAV of the revaluation of the property intended for sale, measured at cost, to fair value.

As per 31 December 2020, no properties intended for sale had been presented that are not included in the fair value of investment property.

6 Revaluation to fair value of property that is leased to tenants under a finance lease

Property that is leased to tenants under a finance lease is initially measured on a net investment basis and subsequently re-measured based on an amortisation pattern reflecting a constant rate of return. The adjustment represents the impact on NAV of the revaluation of the finance lease receivable to fair value.

As per 31 December 2020, no adjustment had been made since no property is held that is leased to tenants under a finance lease.

7 Revaluation to fair value of real estate held as inventory

Properties intended for sale and accounted for under IAS 2 (Inventory) are measured at the lower of cost or net realisable value in the financial statements. This adjustment represents the impact on the NAV of the revaluation of such properties to net realisable value (fair value less disposal costs). This adjustment should be included under the caption ‘revaluation to fair value of real estate held as inventory’.

As per 31 December 2020, no adjustment had been made since no property is accounted for under IAS 2 (Inventory).

8 Revaluation to fair value of other investments in real assets

Under IAS16, other investments in real assets are normally accounted for at cost. The adjustment represents the impact on NAV of the revaluation of other investments in real assets to fair value in accordance with the fair value assumptions under IFRS 13.

As per 31 December 2020, no adjustment had been made since the Fund has no investments in real assets.

9 Revaluation to fair value of indirect investments not consolidated

Indirect investments in real estate, such as investments in associations and joint ventures, have different accounting treatments and carrying values under IFRS. Such investments can be valued at cost, fair value or NAV. The adjustment represents the impact on NAV of the revaluation of indirect investments to fair value if not yet accounted for at fair value.

As per 31 December 2020, no adjustment had been made since the Fund has no indirect investments in real estate.

10 Revaluation to fair value of financial assets and liabilities (including revaluation to fair value of debt obligations)

Financial assets and liabilities such as debt obligations are generally measured at amortised cost, taking into account any impairment when applicable. The adjustment represents the impact on NAV of the revaluation of financial assets and financial liabilities to fair value as determined in accordance with IFRS.

As per 31 December 2020, no adjustment had been made since the financial assets and liabilities accounted for in the Statement of financial position are not materially different from the fair value of the financial assets and liabilities in accordance with the fair value principles of IFRS 13.

11 Revaluation to fair value of construction contracts for third parties

Under IAS11, construction contracts for third parties are normally accounted for based on the stage of completion. The adjustment represents the impact on NAV of the revaluation of construction contracts for third parties to fair value in accordance with the fair value principles of IFRS 13.

As per 31 December 2019, no adjustment had been made since the Fund has no construction contracts of third parties.

Adjustments to reflect the spreading of one-off costs

As described in further detail below, set-up costs and acquisition expenses should be capitalised and amortised. The rationale for these adjustments is to spread these costs over a defined period of time to smooth the effect of the write-off of costs on the vehicle’s performance. Furthermore, it is a simple mechanism to spread costs between different investor groups entering or leaving the vehicle’s equity at different times.

In practice, there are many other ways in which vehicles address such issues for pricing, valuation, or other purposes. Since the INREV NAV is primarily intended to facilitate comparability between different vehicles, the INREV approach is a simple but fixed methodology. Please note that these capitalised costs are subject to an impairment test each time the NAV is calculated and therefore should always be recoverable over time.

As the adjustments with respect to set-up costs are separately disclosed in the calculation of a vehicle's INREV NAV, investors can choose how these are taken into account when valuing their holding.

12 Set-up costs

Set-up costs (i.e. establishment expenses) are charged immediately to income after the initial closing date. This adjustment represents the impact on NAV of the capitalisation and amortisation of set-up costs over the first five years of the terms of the Fund. When capitalising and amortising set-up costs, a possible impairment test should be taken into account every time the adjusted NAV is calculated when market circumstances change and it is not to be expected that the capitalised set-up costs can be recovered.

As per 31 December 2020, the set-up costs of the Fund had been amortised, so no adjustment was made as per 31 December 2020.

13 Acquisition expenses

Under the Fair Value model, acquisition expenses of investments under the fair value assumptions according to IFRS may be partly charged to income or equity as fair value changes at the first subsequent measurement date after acquisition. This is when the fair value at the moment of measurement is less than the total amount of the purchase value of the assets and the acquisition expenses.

This adjustment represents the impact on NAV of the capitalisation and amortisation of acquisition expenses over the period from acquisition of the specific asset to five years after initial closing.

When an asset is sold during the amortisation period, the balance of capitalised acquisition expenses is charged to the income statement in the period of sale.

When capitalising and amortising acquisition costs, a possible impairment test should be taken into account every time the adjusted NAV is calculated (when market circumstances change) and it is not expected that the capitalised acquisition costs can be recovered with the sale of units of the Fund.

Most of the acquisitions are realised via a turn-key agreement with a development company. Since these acquisitions can be purchased free of transfer-tax normally the acquisition price is higher than if transfer-taxes should be paid separately. The valuation methodology is the net valuation after deduction of acquisition cost for a potential buyer. At initial recognition and during the instalments a part in the revaluation result will include the effect of the difference of the purchase price and the net valuation after deduction of acquisition cost for a potential buyer. This difference is taken into account in the INREV NAV as a separate item in the INREV adjustment in respect to Acquisition expenses.

14 Contractual fees

A liability represents a present obligation. A fee payable at the end of the lifetime of the Fund or at any other moment during the lifetime of the Fund may not meet the criteria for recognition of a provision or liability in accordance with IFRS at the moment the accounts are prepared.

As per the financial position date, all contractual fees and contingent liabilities are recognised in accordance with IFRS. The Fund did not enter into any other contractual fees or contingent liabilities that are not presented in the accounts as per the financial position date.

15 Revaluation to fair value of savings of purchaser's costs such as transfer taxes
This adjustment represents the positive impact on NAV of the possible reduction of transfer taxes and purchaser's costs for the seller based on the expected sale via the sale of shares. Transfer taxes and purchaser's costs which would be incurred in an asset sale are generally deducted when determining the fair value of the properties. The effect of a possible sale of shares in a property vehicle might be taken into account when determining the deduction of transfer taxes and purchaser's costs (if this lowers the actual transfer tax and/or purchaser's costs to be paid upon sale by the seller).

The Fund has no investment property structured in special vehicles. As per 31 December 2020, no adjustment had been made due to the fact that it is impossible to sell investment property via a share deal. Therefore, there is no possibility of an additional reduction of the transfer tax or purchaser's costs that might lead to a higher sales price.

16 Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments
Under IFRS, deferred tax (assets and liabilities) is measured at the nominal statutory tax rate. How the Fund expects to settle deferred tax is not taken into consideration. This adjustment represents the impact on NAV of the deferred tax for assets and liabilities or financial instruments based on the expected settlement. This should be taken into consideration when tax structures have been applied to reduce tax on capital gains or allowances.

When goodwill is included in the Statement of financial position as a result of a deferred tax liability that is eliminated as a result of the above-mentioned adjustment, the goodwill related to this deferred tax will be excluded from NAV.

The Fund has the status of a fiscal investment institution (0% corporate tax rate). Therefore, no adjustment has been made, as the Fund is exempt from corporate tax payments.

17 Effect of subsidiaries having a negative equity (non-recourse)
The adjustment represents the positive impact on the NAV of the partial or full reversal of the negative equity of the specific subsidiary. If the vehicle has granted shareholder loans to the subsidiary, these should be taken into account.

As per 31 December 2020, no adjustment had been made since the Fund has no subsidiaries with a negative equity.

18 Goodwill
Upon the acquisition of an entity that is determined to be a business combination, goodwill may arise as a result of a purchase price allocation exercise. A major component of such goodwill in property vehicles often reflects the difference between the full recognition of deferred tax, purchaser's costs or similar items in the IFRS accounts (which does not generally take account of the likely or intended method of subsequent exit), and the economic value attributed to such items in the actual purchase price. Except where such components of goodwill have already been written off in the NAV as determined under IFRS, they should be written off in the INREV NAV.

As per 31 December 2020, no adjustment had been made since the Fund has no goodwill recognised in the Statement of financial position.

19 Non-controlling interest effects of INREV adjustments
This adjustment represents the impact on the NAV of the recognition of non-controlling interests on all of the above adjustments.

As per 31 December 2020, no adjustment had been made since the Fund holds no minority interests.

Independent auditor’s report

To the shareholders of Bouwinvest Dutch Institutional Office Fund N.V.

Report on the INREV adjustments

Our Opinion

We have audited the accompanying INREV adjustments 2020 of Bouwinvest Dutch Institutional Office Fund N.V., based in Amsterdam.

In our opinion the INREV adjustments are prepared, in all material respects, in accordance with the accounting policies selected and disclosed by the fund, i.e. INREV valuation principles, as set out on page 98 up to and including page 101.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.

Our responsibilities under those standards are further described in the “Our responsibilities for the audit of the INREV adjustments” section of our report.

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

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

Responsibilities of management for the INREV adjustments

Description of responsibilities for the inrev adjustments

Management is responsible for the preparation of the INREV adjustments in accordance with the accounting policies selected and disclosed by the fund (INREV valuation principles) as set out on page 98 up to and including page 101.

Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the INREV adjustments that are free from material misstatement, whether due to fraud or error.

Our responsibilities for the audit of the INREV adjustments

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.

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

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

- Identifying and assessing the risks of material misstatement of the INREV adjustments, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluating the overall presentation, structure and content of the INREV adjustments, including the disclosures.
- Evaluating whether the INREV adjustments represent the underlying transactions and events free from material misstatement.

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

Amsterdam, March 22, 2021

Deloitte Accountants B.V.

Signed on the original: V.S. Borreman

Enclosures

Composition of the Executive Board of Directors

Chief Executive Officer and Statutory Director

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

Dick van Hal has been CEO since his appointment on 1 March 2008. From 1999 until that time, he held several senior positions at Syntrus Achmea Vastgoed, including Managing Director and CEO. Dick started his career with Centraal Beheer Beleggingen and Staal Bankiers. He studied Investment Analysis (VBA) at the University of Amsterdam. Dick is Chairman of IVBN (Association of Institutional Property Investors in the Netherlands).

Chief Financial & Risk Officer and Statutory Director

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

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

Chief Client Officer

M. (Mark) Siezen (1972, Dutch)

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

Chief Investment Officer Dutch Investments

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

Allard van Spaandonk has been CIO Dutch Investments since 2013. He was formerly director Asset Management of Bouwinvest, director retail investments at Syntrus Achmea Vastgoed as well as head of residential mortgages at Achmea Vastgoed. Allard is a member of the Management Board of NEPROM (Dutch association of project development companies).

Chief Investment Officer International Investments

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

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

Director Dutch Office & Hotel Investments

S.F. (Bas) Jochims (1977, Dutch)

Bas Jochims has been Director Dutch Office & Hotel Investments since 2008. He is responsible for the performance of the assets of the Bouwinvest Dutch Institutional Office Fund. He joined Bouwinvest in 2005 as Asset Manager. He has seventeen years experience in real estate asset management. Bas gained his office real estate experience with Dynamis ABC Offices, where he worked as an Account Manager and was responsible for the total property management in the greater Amsterdam and The Hague areas.

Responsible investment performance indicators

Continued improvement of the Fund's sustainability performance

Impact area	Indicator	Measure	Units of measure	2020	2019	Change	Plan 2020-2022
Fund sustainability benchmark	GRESB	Star rating	# stars	5	5	-	Annual improvement of overall GRESB score
	GRESB	Overall score (GRI-CRESS: CRE8)	# [1-100]	95	93	2	

Investing in sustainable real estate

Impact area	Indicator	Measure	Units of measure	2020	2019	change	Plan 2020-2022
Asset sustainability certificate	BREEAM	Green Building Certificates floor space (BREEAM or GPR) (GRI-CRESS: CRE8)	%	100.0%	100.0%	+0.0 pp	All standing investments minimum BREEAM-NL in-use VERY GOOD by the end of 2021 at asset-level All standing investments minimum BREEAM-NL in-use GOOD by the end of 2021 at management-level
		Certificate BREEAM-NL in-use PASS floorspace	%	0.0%	2.1%	-2.1 pp	
		Certificate BREEAM-NL in-use GOOD floorspace	%	3.6%	38.6%	-35.0 pp	
		Certificate BREEAM-NL in-use VERY GOOD	%	33.0%	20.4%	-12.6 pp	
		Certificate BREEAM-NL in-use EXCELLENT	%	63.4%	29.6%	+33.8 pp	
		Certificate BREEAM-NL in-use OUTSTANDING	%	0.0%	0.0%	+0.0 pp	
	BREEAM (new acquisitions)	Labelled floor space (GRI-CRESS: CRE8)	%	n/a	n/a	n/a	Acquisition of new developments have BREEAM-NL EXCELLENT or better
		Average score (GRI-CRESS: CRE8)	%	n/a	n/a	n/a	

Reduce Environmental impact

Impact area	Indicator	Measure	Units of measure	2020	2019	change	Plan 2020-2022
Energy performance certificate	EPC	Labelled floor space (GRI-CRESS: CRE8)	%	100%	100%	0 pp	by end 2021, 80% of the portfolio has an energy label A or better (energy index <1.2)
		Green labelled floor space (A, B or C label)	%	80.1%	75.5%	+2.5 pp	
		A labelled floor space	%	78.6%	68.5%	+15.3 pp	
		Average energy index	#	0.91	1.02	-2.9%	
Renewable energy	Solar panels	Installed kWp of solar panels	kWp	886.2	483.1	83.4%	By end 2021, solar panels generate 750 kWp

Impact area	Indicator	Measure	Units of measure	2020 (Abs)	2019 (Abs)	% change (LfL)	Plan 2020-2022
Energy	Electricity	Total landlord-obtained electricity (GRI: 302-2)	MWh	16,185	17,281	-14.1%	Annual reduction of environmental impact to increase:
	Gas	Total gas consumption (GRI: 302-1)		391	375	4.2%	
	District heating and cooling	Total district heating and cooling (GRI: 302-2)		0	0	0.0%	
	Total	Total energy consumption from all sources (GRI: 302-2)		16,575	17,656	-13.6%	from -2% in 2019 to -5% in 2021
	Energy intensity	Building energy intensity (GRI-CRESS: CRE1)	kWh/m²/year	94	100	-13.6%	
		Energy and associated GHG disclosure coverage		6 of 12	6 of 11		
GHG emissions	Direct	Scope 1 (GRI: 305-1)	tonnes CO_2e	75	72	4.2%	
	Indirect	Scope 2 (GRI: 305-2)		8,999	9,608	-14.1%	
	Total	Total GHG emissions (GRI: 305-2) Scope 1 and 2		9,074	9,680	-13.9%	from -2% in 2019 to -5% in 2021
		Total GHG emissions after compensation		75	72	4.2%	
	GHG emissions intensity	GHG intensity from building energy (GRI-CRESS: CRE3)	kg CO_2e/m²/year	52	55	-13.9%	
Water	Total	Total water consumption (GRI:303-1)	m³	63,384	96,270	-33.0%	from -2% in 2019 to -5% in 2021
	Water intensity	Building water intensity (GRI-CRESS: CRE2)	m³/m²/year	0.28	0.46	-33.0%	
Waste	Total	Total waste collected (GRI: 306-1)	tonnes	482	848	-38.9%	from -2% in 2019 to -5% in 2021
		Recycling rate	%	24%	27%	-13.3%	

Stakeholder engagement performance

Impact area	Indicator	Measure	Units of measure	2020	2019	change	Plan 2020-2022
Engage with stakeholders	Tenant satisfaction	Response rate (GRI: 102-43)	%	60%	61%	-1.0%	Tenants give the Fund a score higher than 7
		Average total score (GRI: 102-43)	#	7.3	7.0	+0.3	
	Client satisfaction	Response rate (GRI: 102-43)	%				Clients give the Fund a score higher than 7.5
		Average total score (GRI: 102-43)	#				
Sustainable stewardship	Considerate constructors scheme	Registered construction projects	#	2 of 2	2 of 2	0%	In 2021, 75% of construction sites (€) registered under Considerate Constructors Scheme ('Bewuste Bouwer')
		Participation rate (by acquisition price)	%	100%	100%	+ 0 pp	
	Board seats and committee memberships industry organisations, related to the Dutch healthcare sector	Number	#	3	3	no change	Gain board seats and committee memberships industry organisations: have at least one active board/committee memberships within industry organisations in the Dutch office sector
	Make areas heart safe	Number	%	83%	n/a	0%	By the end of 2021, our tenants and communities have an AED available within six minutes walking distance walking distance

** This concerns only lease agreements with regard to office space, leases for parking spaces are excluded.*

Being a responsible organisation

Impact area	Indicator	Measure	Units of measure	2020	2019	% change	Plan 2020-2022
Sustainable agreements	Leases	Number of new leases	#	20	140	-85.7%	By end of 2021 20% is a green lease contract
		Number of green leases*	#	57 of 227	36 of 222	54.8%	
Responsible business operation	Digital tenant portal	Usage of tentants	%	0.0%	0.0%	0.0%	In 2021 all our tenants can use our tenant portal incl. sustainability performance

Reporting of performance indicators

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

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

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

For the managed portfolio (scope 1 and 2), Bouwinvest reports on total energy consumption including all direct energy sources (gas and fuel) and indirect energy sources (electricity, district heating and district cooling). To calculate Greenhouse Gas (GHG) emissions, country and energy source-specific emission factors have been applied. Emission factors change over time. For this annual report most recently available factors for 2020 are used (source:www.co2emissiefactoren.nl).

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

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

Properties overview

Municipality	Street name/property name	Floor space (in m²)	No. of parking units	Year of construction/ renovation	Land ownership	Core region	Financial occupancy rate (average)
Amsterdam	De Lairesse	3,522	57	1998	Freehold	Amsterdam	92.6%
Amsterdam	Valeriusplein	918	-	1917	Leasehold	Amsterdam	100.0%
Amsterdam	Olympisch Stadion (parking)	125	850	2001	Freehold	Amsterdam	99.6%
Amsterdam	Olympisch Stadion (offices)	13,001	-	1999	Freehold	Amsterdam	100.0%
Amsterdam	Move	7,351	40	1931	Leasehold	Amsterdam	100.0%
Amsterdam	The Garage	12,561	25	1962	Leasehold	Amsterdam	100.0%
Amsterdam	Valina	3,716	14	2015	Leasehold	Amsterdam	100.0%
Amsterdam	Hourglass	21,975	148	2019	Leasehold	Amsterdam	99.7%
The Hague	Centre Court (offices)	39,755	-	2002	Freehold	The Hague	82.1%
The Hague	Centre Court (parking)	-	670	2002	Freehold	The Hague	72.5%
The Hague	WTC The Hague / Prinsenhof (Offices)	63,413	-	2004	Freehold	The Hague	98.7%
The Hague	WTC The Hague / Prinsenhof (Parking)	584	923	2004	Freehold	The Hague	97.1%
Rotterdam	Maasparc	6,357	30	2000	Freehold	Rotterdam	100.0%
Rotterdam	WTC Rotterdam (offices)	44,589	-	1987	Freehold	Rotterdam	73.6%
Rotterdam	WTC Rotterdam (Parking P1 / P2)	20	240	1987	Freehold	Rotterdam	81.2%
Rotterdam	WTC Rotterdam (Parking WTC-Beursplein)	-	248	1987	Freehold	Rotterdam	99.9%
Utrecht	Nieuwe Vaart	11,595	111	1992	Freehold	Utrecht	98.3%
Utrecht	Central Park*	28,250	370	2021	Leasehold	Utrecht	n/a
Total		**257,733**	**3,726**				**92.8%**

* Investment property under construction

Glossary

Acquired residential units in mid-rental segment

The total number of acquired units with rental prices between € 737 and € 1,000 per month in the reporting period.

Considerate constructors scheme

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

Direct property return

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

Distributable result

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

Energy index of the portfolio

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

Estimated rental value

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

Financial occupancy rate

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

Fund capital growth (INREV)

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

Fund income return (INREV)

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

Fund total return (INREV)

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

Green portfolio

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

GRESB score

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

GRESB star rating

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

Gross Asset Value (GAV)

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

Gross initial yield (passing)

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

Gross initial yield (market)

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

Gross rental income

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

Indirect property return

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

INREV NAV

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

Investment property

Property that is fully operational on the reporting date

Investment property under construction

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

Lease incentive

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

Like-for-like gross rental income

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

Membership of industry associations

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

MSCI Property Index

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

Net asset value (NAV)

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

Net initial yield

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

Net rental income

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

On-site solar power

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

Passing rent

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

Pay-out ratio of distributable earnings

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

Property value

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

Real Estate Expense Ratio (REER)

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

Reduction of energy consumption

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

Sustainably certified portfolio

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

Theoretical rent

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

Total Global Expense Ratio (TGER)

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

Transactions

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

Zero-energy projects

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

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Colophon

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