

Annual report 2020

Bouwinvest
Dutch Institutional
Residential Fund N.V.



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The Fund at a glance

About the Residential Fund

The Bouwinvest Dutch Institutional Residential Fund focuses on properties in the liberalised rental sector, where there is constant demand due to population growth and continuing urbanisation. Institutional investors can count on stable returns combined with societal impact. The Residential Fund takes a long-term approach to investment, with an optimisation and growth strategy based on quality, affordability and sustainability.

Quality

To ensure a high occupancy rate, Bouwinvest Residential Fund properties must meet the wishes of both current and future tenants. This is why we invest in the Netherlands' economically stronger regions, where demand for housing is highest. The Fund focuses on the Holland Metropole (Amsterdam, Utrecht, The Hague, Rotterdam and Eindhoven) and the three big cities in the east of the country, Arnhem, Nijmegen and Zwolle. We have also developed specific tenant profiles, based on our research into different life cycles. This means we know who the Fund's tenants and potential tenants are, where they come from and what sort of home they want to live in. This means we can both offer tenants a home appropriate to their needs and ensure a high occupancy rate for the Fund's portfolio.

Affordability

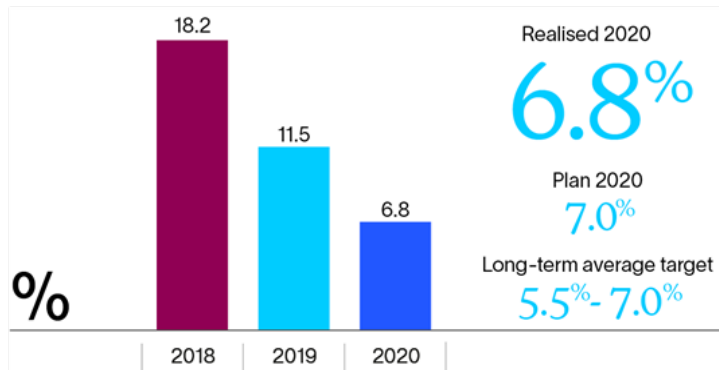
The Residential Fund contributes to solving housing needs by investing in mid-market rental homes for families, small households, young professionals and first-time tenants. The Fund's homes are located in attractive and inclusive cities - the cities where people will want to live and work today and will continue to do so in the future. Thanks to this strategy, the Fund's investments retain their value and we can combine the needs of society with the financial interests of our clients.

Sustainability

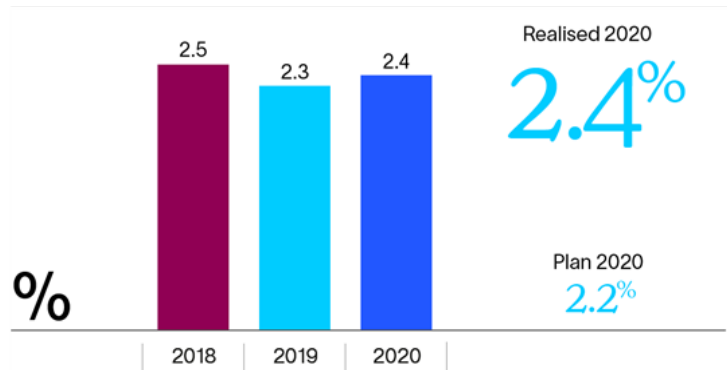
The Residential Fund invests in sustainable new-build homes and in making its current portfolio more sustainable. This creates a win-win situation, because the Fund's property makes an attractive investment while at the same time contributing to the development of a more sustainable society in general. The Fund aims to ensure its portfolio is almost net-zero carbon by 2045. In recognition of its efforts, in 2020 the Fund was awarded a GRESB five-star sustainability rating.

The Fund's contribution to Real Value for Life

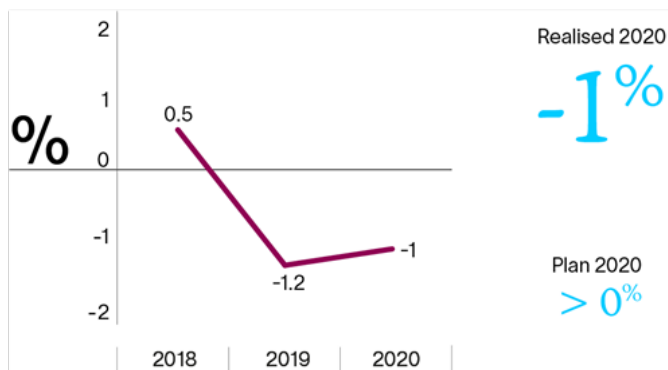
Fund return



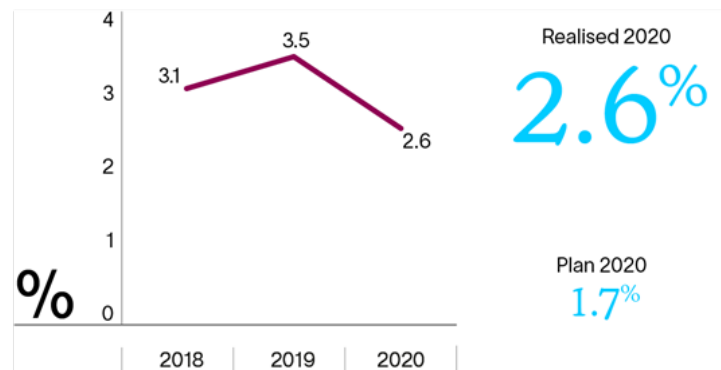
Fund income return



Relative performance MSCI



Like-for-like rental income



Acquisitions (x € MILLION)

Realised 2020
€ 203
 Plan 2020
 € 225

Investments (x € MILLION)

Realised 2020
€ 220
 Plan 2020
 € 447

Occupancy rate

Realised 2020
98.4%
 Plan 2020
 97.9%

Sales transactions (x € MILLION)

Realised 2020
€ 132
 Plan 2020
 € 150

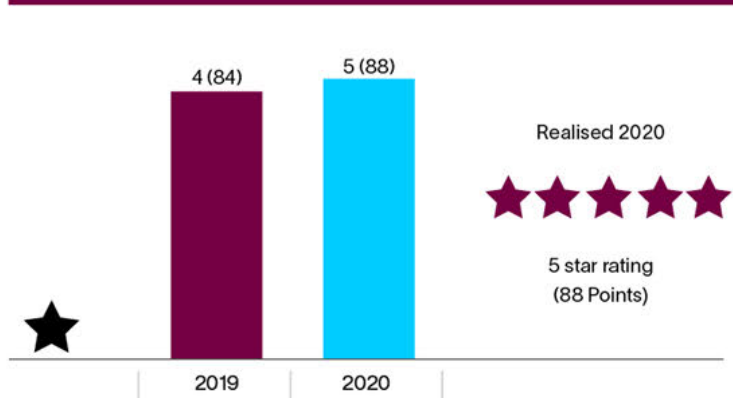
Divestments (x € MILLION)

Realised 2020
€ 282
 Plan 2020
 € 150

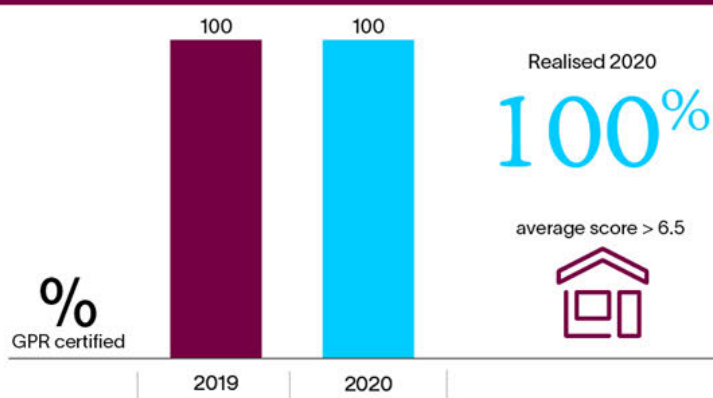
Core regions

Realised 2020
99.7%
 Plan 2020
 99.6%

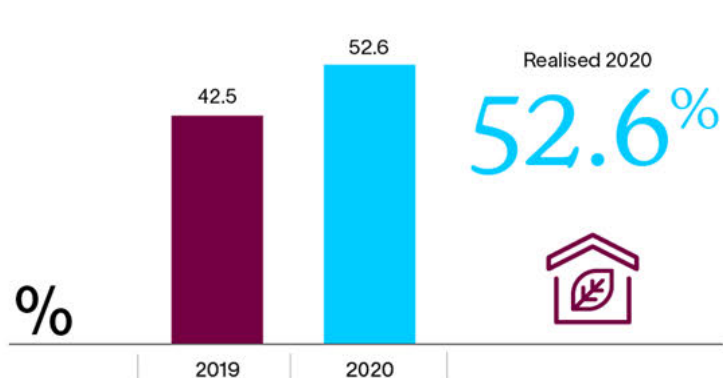
GRESB star rating (score)



GPR building label



Energy label (A)



Tenant satisfaction (score)



NAV (x € MILLION)



Dividend paid per share



Issued capital (x € MILLION)



Key performance over five years

All amounts in € thousands, unless otherwise stated

	2020	2019	2018	2017	2016
Statement of financial position					
Total assets	7,080,958	6,699,661	5,793,075	4,783,924	4,016,566
Total shareholders' equity	6,931,287	6,529,288	5,761,761	4,751,642	3,995,034
Total debt from credit institutions	-	-	-	-	-
Performance per share					
Dividends (in €)	110.50	97.29	94.99	90.82	94.03
Net earnings (in €)	314.40	489.06	665.23	508.28	569.66
Net asset value IFRS (in €, at year-end)	4,875.16	4,671.54	4,280.93	3,710.00	3,290.91
Net asset value INREV (in €, at year-end)	4,879.63	4,675.53	4,286.07	3,714.31	3,295.61
Result					
Net result	442,538	671,208	878,013	637,610	666,343
Total Global Expense Ratio after tax (TGER)	0.52%	0.53%	0.54%	0.53%	0.53%
Real Estate Expense Ratio (REER)	0.92%	0.99%	1.00%	1.26%	1.32%
Fund return					
Income return	2.4%	2.3%	2.5%	2.7%	3.2%
Capital growth	4.4%	9.1%	15.4%	12.6%	17.0%
Total Fund return	6.8%	11.5%	18.2%	15.6%	20.6%
Portfolio figures					
Investment property	6,369,668	6,209,139	5,185,923	4,143,094	3,547,470
Investment property under construction	453,085	388,303	558,704	463,040	353,078
Gross initial yield	3.9%	3.9%	4.1%	4.6%	5.1%
Total number of residential units	17,760	18,227	17,174	16,172	15,329
Average monthly rent per unit (in €)	1,130	1,104	1,055	1,020	1,001
Financial occupancy rate (average)	98.4%	97.9%	97.5%	97.8%	97.7%
Sustainability (A, B or C label)	100.0%	100.0%	98.0%	94.6%	93.3%
Property performance (all properties)					
Income return	2.8%	2.8%	3.1%	3.3%	3.9%
Capital growth	4.4%	9.3%	15.6%	13.0%	17.4%
Total property return	7.3%	12.4%	19.1%	16.7%	21.8%
MSCI (Netherlands Property Index) residential real estate (all properties)					
Income return	2.9%	3.2%	3.4%	3.8%	4.2%
Capital growth	5.3%	10.1%	14.7%	12.6%	10.6%
Total return MSCI (NPI)	8.3%	13.6%	18.6%	16.9%	15.3%

Message from the Director

Dutch Residential Investments

The Residential Fund is a long-term investor, with clear targets on the strategic pillars quality, affordability and sustainability and we made progress on all these fronts in 2020. This was despite the dramatic social and economic impact of the Covid-19 pandemic and the government measures taken to contain the outbreak. This showed once again how resilient the Residential Fund's high-quality portfolio is in the face of even the most extreme of crises. Of course, it helped that the Dutch economy was in good shape before the outbreak. 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 residential sector was one of the least affected by Covid-19. House prices continued to rise throughout the crisis, driven by low interest rates and a growing housing shortage, partly due to a slowdown in construction. This is why both Bouwinvest and the government believe the construction of new homes remains a top priority. The affordability of homes could become even more urgent if we see a rise in unemployment rates or if the Dutch economy dips into recession. However, the residential sector continues to perform strongly, and we expect this to continue in the future, driven by growing demand for (new) homes and continued strong interest from investors.

‘The Residential Fund’s portfolio has proven very resilient in the face of the crisis.’



Michiel de Bruine
Director Dutch Residential Investments



The Residential 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, a measure that has luckily been fairly limited so far. The Fund also established open and transparent communications with our clients, to share with them the impact of the various scenarios on the Fund's portfolio and projected returns. Very importantly, we worked with our peers and the IVBN to come up with ideas on how to deal with issues we all faced. This included the likes of rental lenience, limited annual rent increases and the best way to make public spaces Covid-19 proof.

At the start of the pandemic, we forecast negative returns for 2020, and 2021 in the worst-case scenario. However, our portfolio has proven remarkably resilient in the face of the crisis and our full year returns were only slightly lower than our pre-Covid-19 plan.

Despite market disruption, we once again made a number of high-quality acquisitions. We acquired the Binck Blocks project in The Hague, which includes a large number of mid-rental segment apartments, 190 highly sustainable homes in the Elements project in Haarlem and 146 homes in the mixed-use Oostenburg project in Amsterdam. In 2020, we kept our focus on the acquisition of properties that are fully in line with our long-term strategic criteria, in terms of product/market combinations, our risk/return standards and their location in the focus areas of our core regions, with a specific focus on the Holland Metropole region.

In 2020, we once again made solid progress on the sustainability front. We continued to improve our tenants' customer journey through the roll-out of our tenant portal. This is a digital environment for information, requests and complaints, together with a tenant monitoring system, which will help us streamline and improve our tenant services. And we continued to work on our Paris Proof roadmap, a collection of measures that will help us make our portfolio net-zero carbon by 2045. These efforts paid off in 2020, when we improved our Global Real Estate Sustainability Benchmark (GRESB) score to 88 points and were awarded our first GRESB 5-star rating. This puts the Fund in the top 20% best-performing funds participating in the GRESB global benchmark survey. We also teamed up with the city of Utrecht to launch a project to encourage people living in government-regulated homes to switch to affordable private sector homes in the Rachmaninoff complex.

The Fund has built up a strong portfolio of high-quality and sustainable homes and this has once again proven highly resilient, even in the face of extreme economic uncertainty. The recent crisis also confirmed that we have a well distributed portfolio. Our focus on affordability and our core regions, as well as our strategic exposure to the higher rental segment, enabled us to keep our returns at a healthy level during the worst economic crisis in over a decade. This crisis also revealed just how important it is to have a stable team of professionals, able to adapt and work in constantly changing circumstances.

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 so strongly from what was an exceptionally difficult year.

Michiel de Bruine
Director Dutch Residential 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

In 2020, the Dutch government announced additional measures aimed at increasing the affordability of the housing market. These measures include maximising the 'WOZ' (Real Estate Value Act) value in the housing valuation system to 33% and maximum annual rent increases of 1.0% above inflation for homes in the liberalised rental sector for at least three years. This last measure does seem to have averted the need for the government's so called 'emergency button for mid-rental homes', which includes far more drastic measures. However, Amsterdam and other local governments say these measures do not go far enough, so we could see local authorities introducing additional measures to safeguard the affordability of the rental housing market.

On Budget Day 2020 ('Prinsjesdag'), the Dutch government announced additional measures to improve the accessibility of the housing market, including: increased investments to accelerate housing construction and additional capital to remove obstacles due to the nitrogen emissions problem. The national government is also planning to intervene in the search for housing locations. However, the question is whether these plans will hold up after the March 2021 elections.

The proposed adjustment of the real estate transfer tax (RETT) is expected to have the most impact for investors. To give young starters an advantage over investors, commercial residential property purchases have been taxed at a rate of 8% from on 1 January 2021 (this was 2%). Young starters who meet various requirements can apply for exemption. The 2% rate will now only apply to the purchase of homes used as a principal place of residence. The impact of these measures on the valuation of residential portfolios will become clear in 2021.

Occupier market

The pressure on the housing market is the most pronounced in the Holland Metropole region. Despite Covid-19, house prices and rents are still rising in most regions, making fewer and fewer homes affordable. This is primarily hitting starters and low-income and middle-income households. Prices are expected to continue to rise due to low interest rates, the rising housing shortage and the lagging production of new homes.

We have not seen an additional increase in suburbanisation (people moving from larger cities to more suburban locations close to those cities) since the Covid-19 outbreak. However, the trend of families moving from larger cities to surrounding municipalities has been going on for some years. Foreign immigration to these cities has declined since early 2020. The G5-cities in particular are highly dependent on this influx of foreign workers for their population growth. If this influx remains relatively low for a prolonged period of time, it could have a negative impact on the growth of these cities. Due to the housing shortage, many households are finding it difficult if not impossible to relocate in the short term, which may result changing housing requirements at a later date. We expect to see sustained demand for rental housing in urban areas in the medium to long term. We believe the Holland Metropole has a wide variety of living environments with a high quality of life that matches this demand.

Occupier key factors The Netherlands	2021 forecast	2020	2019
Household growth	→	1.2%	0.9%
Housing shortage	↗	285,000	300,500
Average selling price	↗	€ 334,500	€ 308,000
Average rent by institutional investors (sqm/month)	↗	€ 11.8	€ 11.5

Sources: ABF Research, CBS, Calcasa, 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 policies. 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 primarily due to the lagging investment supply.

Overall investments in Dutch real estate totalled € 18 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 to 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.

The Dutch residential investment market accounted for 40% of the total investment volume and saw € 7.2 billion in investments in 2020, compared with € 7.6 billion in 2019. Residential property was once again the largest segment of the Dutch real estate investment market, as it has been since 2018. The resilience of the Dutch residential sector during the Covid-19 outbreak was the main reason why investment volumes more or less maintained their momentum. Investor interest remained high and resulted in a slight contraction of net initial prime yields in all major cities.

Investment key factors	2020 forecast	2020	2019
Prime net initial yields	→	3.10%	3.20%
Investment volumes (€ bln)	→	7.2	7.6

Sources: JLL, Bouwinvest Research & Strategic Advisory

Market outlook 2021-2023

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

Residential 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
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Strategic pillars

Quality	Strategic objectives	Link to performance
	Lifecycle-proof and high-quality apartments	<ul style="list-style-type: none"> Segmentation Targeted acquisitions Targeted divestments Age Financial occupancy
	Holland Metropole Alliance + Zwolle/Arnhem/Nijmegen	<ul style="list-style-type: none"> Holland Metropole Alliance + Zwolle/Arnhem/Nijmegen
Affordability		
	Mid-rental segment	<ul style="list-style-type: none"> Invest in affordable real estate Focus on the liberalised segment
	Moderate rent increase	<ul style="list-style-type: none"> Price level
Sustainability		
	Highly sustainable Fund	<ul style="list-style-type: none"> GRESB
	Investing in sustainable real estate	<ul style="list-style-type: none"> Sustainable investments Environmental impact
	Enhancing stakeholder value	<ul style="list-style-type: none"> Stakeholder engagement Sustainable stewardship
	Being a responsible organisation	<ul style="list-style-type: none"> Responsible business operation

Critical success factors

Active asset management	
	<ul style="list-style-type: none"> High occupancy rate Appropriate rental levels Suitable types of homes Optimal maintenance plan
Customer service	
	<ul style="list-style-type: none"> Prime tenant journey and services 360° client monitoring
Strategic relationship management	
	<ul style="list-style-type: none"> 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	
	<ul style="list-style-type: none"> 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	Total Fund return 2020-2022		Target	Realised 2020
Target 5.5%-7.0%	Target 6.8-7.0%			
Realised 2016-2020	Realised 2020	Net asset value of invested capital year-end 2020	€ 71 Bn	€ 6.9 Bn
		Targeted signed transactions 2020	€ 225 M	€ 203 M
		Targeted investments 2020	€ 447 M	€ 220 M
		Targeted divestments 2020	€ 150 M	€ 282 M
14.4%	6.8%			

Investment restrictions

Invested in single investment property	Invested in non-core (non-residential) property	No investments will have a material adverse effect on the Fund's diversification guidelines	Value of investments to pre-finance acquisitions must never exceed 10% of the total value of the Fund's investment portfolio
Target <5%	Target <10 %	Target 0	Target <10%
Compliant 2020 ✓	Compliant 2020 ✓	Compliant 2020 ✓	Compliant 2020 ✓
Realised 2020	Realised 2020	Realised 2020	Realised 2020
2.7%	0.9%	0	6.4%

Diversification guidelines

	Target 2020	Realised 2020	Invested in the Fund's core regions	Energy label A, B or C (green)
			Target >80%	Target >75%
Invested in Randstad conurbation	<90%	87.1%	Realised 2020	Realised 2020
Family homes	>25%	33.9%		
Liberalised segment	>75%	91.0%		
			99.7%	100%

Going all out on tenant satisfaction

Real Value for Life

High-quality and affordable homes in an attractive living environment are of enormous value. Not just financially, as they are also of huge social value. They contribute to people's happiness and well-being – real value for life. This is why Bouwinvest is going all out to increase the satisfaction of its tenants. And we are already seeing the encouraging results of this approach, which focuses on our tenants' entire customer journey.

Better on all fronts

The Residential Fund's tenants responded enthusiastically to the new tenant portal. These are some of the compliments we received: 'Excellent environment. A clear and transparent site'. 'The new tenant portal is great!' More than enough incentive for us to continue with the actions we have taken.



In 2019, Bouwinvest made the satisfaction of its tenants a major priority. Tenants really appreciate our homes and their local living environments. However, tenants were less happy with their access to Bouwinvest and the property managers, the response time and the information they were given about the status of repair requests. Bouwinvest addressed these points on the basis of an overarching strategy, says Tenant Engagement Manager Ingrid Bontkes. 'We looked at the entire customer journey and asked ourselves 'How can we make life easier and more comfortable for our tenants?' We looked at all our tenant-related processes and used every opportunity to digitalise and automate those processes. Tenants can now find all kinds of information on a portal, make changes themselves and submit repair requests, all from the comfort of their own homes'.

Bouwinvest's property managers were also closely involved in this process. Marlies Rickelmann (Account Manager at Van 't Hoff Rijnland Property Management): 'So far I've only had positive experiences! In the old situation, we often had to refer tenants to Bouwinvest or pass a request on or dig around for more information, but now we have access to all the information we need and we can inform tenants directly. This is largely due to the fact that we're all working in a single

application that is always up to date: the client monitoring system. On top of that, it's great that tenants can now use the tenant portal to arrange all kinds of things themselves. As a property manager, we have access to the same data and client contacts as Bouwinvest. This makes it very easy to monitor client-related matters and make adjustments where necessary. I fully expect the implementation of the client monitoring system to have a positive impact on tenant satisfaction'.



'We can see at a glance what is going on with a tenant and all the correspondence on their issues'.

Marlies Rickelmann, Van 't Hoff Rijnland Property Management

That expectation has since proven more than justified: tenants have responded enthusiastically to the new tenant portal and the 2020 tenant satisfaction survey showed that Bouwinvest had improved its score for overall satisfaction to 7.3, from 7.0 in the previous survey. Bouwinvest also recorded higher scores in other categories, such as service levels, friendliness and the settlement of service costs.

Performance on strategy

Portfolio characteristics

- Total property value: € 6,706 million (268 properties, 17,760 homes) at year-end 2020;
- Total Fund return: 6.8% (Fund income return: 2.4%);
- Occupancy rate: 98.4%;
- Rental segments: 93.4% in liberalised rental sector;
- Core regions: 99.7% of all properties are located in core regions;
- GRESB 5-star rating (88 points);
- GPR building sustainability certificates: 100%, average score 6.5;
- Green energy label (A/B/C): 100% (A label: 52.6%).

Performance on quality

Focus on the optimisation of the portfolio

The Fund's primary focus is on the optimisation of its portfolio. Last year, we once again managed to make a number of high-quality acquisitions, with even greater focus on strategic fit and the right product/market combinations, with a view to meeting the needs of the various target groups we have identified. In addition, all of our acquisitions last year were in the Holland Metropole region (G4 cities and Eindhoven), which we believe offers us the best chance to future proof and enhance the quality of our portfolio. And we divested a large number of assets that no longer meet our strict risk/return standards or our strategic criteria.

We also optimised our portfolio through investments in our standing portfolio. These included investments in the sustainability of our assets and the upgrading of properties through the installation of new, modern bathrooms and kitchens, as well as the enhancement of green areas and other amenities for our tenants.

Lifecycle-proof and high-quality apartments

In addition to the much-discussed quantitative mismatch (supply lagging demand), the Netherlands is faced with a growing qualitative mismatch. For one, a new generation of young people (starters and young professionals) is entering the housing market and the vast majority have little choice but to enter the rental market. The majority of these young people are looking for (smaller) apartments in the big cities. At the same time, the 65+ target group is also changing and becoming increasingly diverse in terms of their housing needs and requirements.

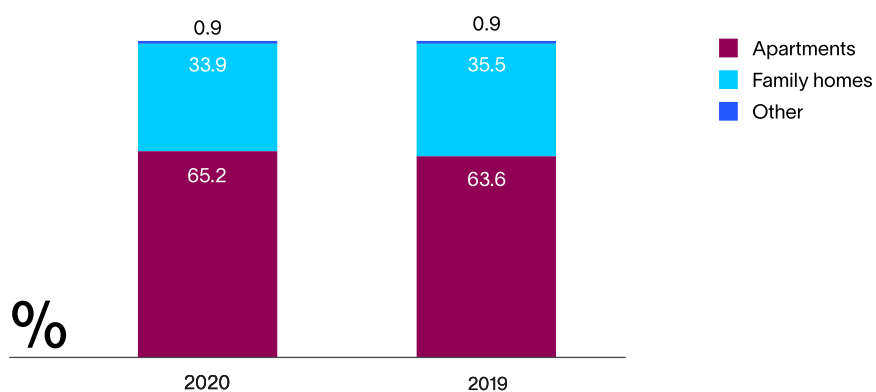
Bouwinvest closely monitors the trends among the above-mentioned target groups to gain a better understanding of their very different housing needs. This gives us the insight we need to respond even more effectively to the needs of these target groups and in turn realise even more future-proof homes for a wide range of potential tenants. This is why we are focusing on lifecycle-proof and high-quality apartments for starters, young professionals and seniors (one-person and two-person households).

Major segments

To meet its own diversification guidelines, the Fund strives for a healthy balance of houses and apartments.

In 2020, the Fund bought and sold both houses and apartments. Due to our focus on inner-city areas and the fact that apartment complexes are almost always larger than projects involving houses, the proportion of apartments will continue to grow for the foreseeable future.

Portfolio composition by type of property based on market value



Investments and divestments

Acquisitions

Following the Covid-19 outbreak in the spring of last year, we lowered our acquisition target due to initial market uncertainty and the cautious approach adopted by many investors. However, it was quickly apparent that the crisis was having little impact on the housing market or residential property prices, which continued to rise throughout the year. As a result, we resumed our acquisition activities and managed to make three high-quality acquisitions. Acquisitions eventually totalled around € 200 million in 2020, close to our original, pre-Covid target of € 225 million. We acquired a total of 548 apartments, including 156 affordable homes. All of the properties we acquired have an energy index of 0.2 or lower and all have a minimum GPR score of above 7.5.

Apart from the purchase price, market vendors appreciate matters such as reliability, vigour and expertise. It is also very important to stand out in terms of deal security, efficiency, rapid (legal) structuring and decision making. All these aspects played a role in achieving these results. The Fund financed the acquisitions from existing commitments, the commitments of new shareholders, top-up commitments from existing shareholders and through divestments. All of the properties we acquired in 2020 were located in the Holland Metropole region.

Properties added to the portfolio

In 2020, the Fund added a total of 432 apartments and 115 houses to its portfolio. See below for a list of the new properties in the portfolio.

Property	City	No. of residential units
De Monarch	Hoofddorp	97
Tudorpark Phase 2	Hoofddorp	62
De Wateringen	The Hague	30
Rijswijk Buiten-Sion	Rijswijk	38
Rachmaninoff	Utrecht	132
Picusgebouw	Eindhoven	77
Ebbinge 9A	Groningen	32
Jeruzalem Blok G	Amsterdam	40
Zandven	Veldhoven	22
Huysackers	Veldhoven	17

Added to the pipeline in 2020

De Monarch



Location

Hoofddorp

Segment

Apartments

Number of residential units

97 apartments

Expected rental bandwidth

€ 940 - € 1,620

Tuinen van Sion



Location

Rijswijk

Segment

Family homes

Number of residential units

38 family homes

Expected rental bandwidth

€ 1,020 - € 1,270

Rachmaninoff



Location

Utrecht

Segment

Apartments

Number of residential units

132 apartments

Expected rental bandwidth

€ 740 - € 1,585

Added to the pipeline in 2020

De Wateringen



Location

The Hague

Segment

Apartments

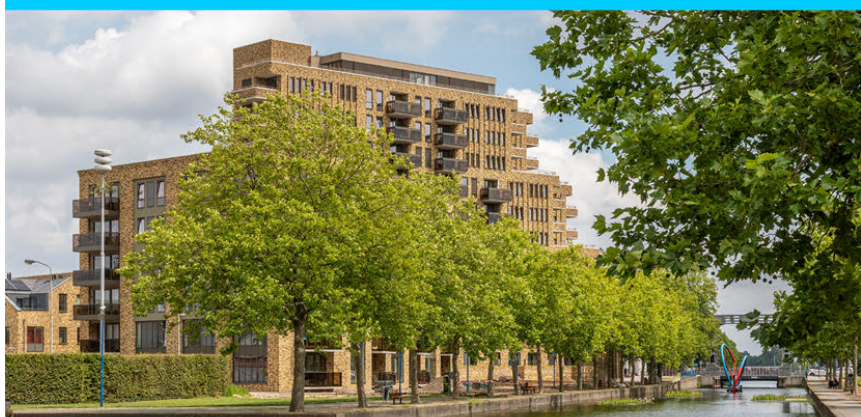
Number of residential units

30 apartments

Expected rental bandwidth

€ 940 - € 1,525

Picuskade



Location

Eindhoven

Segment

Apartments

Number of residential units

77 apartments

Expected rental bandwidth

€ 820 - € 1,500

Huysackers



Location

Veldhoven

Segment

Family homes

Number of residential units

17 family homes

Expected rental bandwidth

€ 1,070 - € 1,240

Commitments 2020

Oostenburg Kavel 3



Location

Amsterdam

Segment

Apartments

Number of residential units

146 apartments

Elements



Location

Haarlem

Segment

Apartments

Number of residential units

190 apartments

Binck Blocks



Location

The Hague

Segment

Apartments

Number of residential units

212 apartments

Divestments

Due to the uncertainty in the market in the immediate aftermath of the Covid-19 outbreak, we halved our divestment target to € 75 million, from € 150 million. However, when the government unveiled plans to raise the real estate transfer tax (RETT) on commercial transactions to 8% from 2% from 1 January 2021, we upped our divestment target, as we thought this move could have a negative impact on the value of our portfolio. In the end, we recorded an excellent result, divesting properties for € 133 million, comprising 410 houses and 28 apartments.

The decision to sell residential complexes is largely driven by the returns they are expected to generate over the next ten years. Factors in any decision to sell include the location, the product/market combination, the potential to increase the rents and the local rental market. Despite the ongoing crisis, residential real estate is still very much in demand among both domestic and foreign investors, and we are seeing high levels of interest in assets we put up for sale. For this reason, we see very few obstacles to the continued optimisation of our portfolio.

The following properties were sold for an amount of € 133 million and delivered in 2020.

Property	City	No. of residential units
De Heeze I	Apeldoorn	24
Hasseler Es	Hengelo	39
Mammoet Oost	Gouda	96
Centrum Oost	Nuenen	59
Blixembosch	Eindhoven	44
De Hoftuin	Huizen	28
Langakker I	Nuenen	104
Keizershof	Rotterdam	44

At the end of 2019, the Fund signed a sales agreement for the following 12 properties. These properties were delivered in 2020.

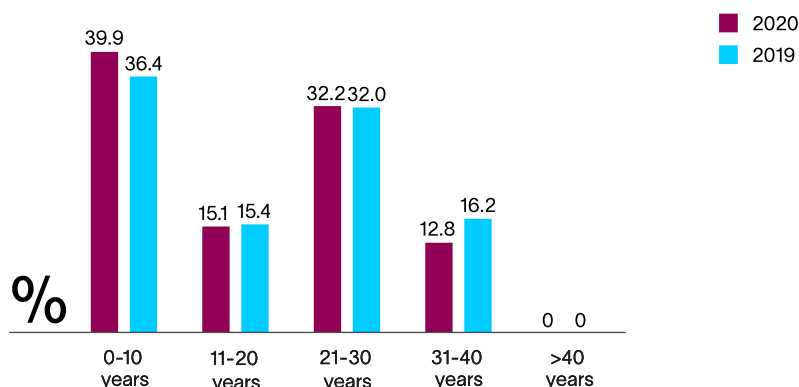
Property	City	No. of residential units
Mierlo Hout	Helmond	41
Dunantweg	Deurne	26
Watermolen	Roosendaal	20
Oranjelaan	Roermond	87
Dommelbergen II	Oosterhout NB	32
Craneveld	Venlo	35
Wasbeek	Sassenheim	64
Cauberg	Alphen aan den Rijn	37
Mercatorweg	Hoek van Holland	33
Heer Oudelands Ambacht II	Zwijndrecht	38
Maaskwadrant	Hoogvliet Rotterdam	120
Endenhout	Hoogvliet Rotterdam	42

Age

Due to the refreshment of our portfolio in 2020, the weighted average age of the portfolio declined slightly compared with year-end 2019 (17.3 years in 2020 versus 17.6 years in 2019).

With a pipeline of around € 707 million and a divestment plan of around € 150 million per year for the coming years, the weighted average age of the portfolio is expected to decline further in the future. The age of the portfolio is not a target in itself, as a number of factors determine whether a property meets the Fund's risk/return standards and strategic criteria.

Allocation of investment property by age as a percentage of market value



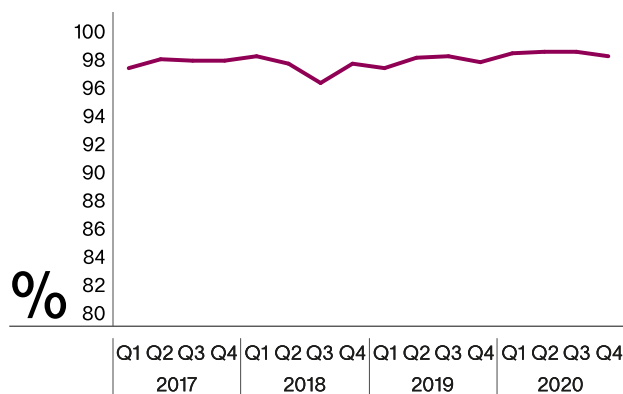
Financial occupancy

A key element of Bouwinvest's active asset management is our aim to achieve an optimal fit with tenants' needs by engaging with (potential) tenants and adapting both new and existing homes to the evolving housing desires identified by our marketing and asset management teams. Bouwinvest has therefore divided the tenant population of the portfolio into six specific customer segments. These segments differ significantly and are based on lifestyle, housing ambition and housing preferences.

Furthermore, the Fund devotes 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 rental homes. On the basis of the customer journeys we mapped out for our target groups, we invested in the optimisation of the rental process and our online presence via the continued development of websites using Search Engine Optimisation (SEO), Marketing Automation and a CRM system. We have now fully digitalised the customer journey for all new-build projects, simplifying the entire process and making it fully transparent, both for us and for our (potential) tenants.

We are convinced that this approach, combined with high-quality housing products in the best locations, is the main reason that virtually all new properties added to the portfolio were fully let before completion. Even amidst the Covid-19 crisis, thanks to the quality of the properties we had on offer, plus online viewings and our fully automated letting process, all our new properties were fully let shortly after completion. For instance, our Rachmaninoff complex in Utrecht was fully let within two months of its delivery in April of last year, at the height of the initial Covid-19 restrictions. We ended the year with a very satisfying overall financial occupancy rate of 98.4%.

Financial occupancy rate



Core regions

The Fund has a clear core region strategy, with a specific focus on the Holland Metropole region – the urban regions of Amsterdam, The Hague, Rotterdam, Utrecht and Eindhoven – and to a somewhat lesser extent the cities of Zwolle, Arnhem and Nijmegen. We invest in Dutch rental properties located in areas with the strongest social, demographic, economic and real estate market prospects. These local housing markets offer the best medium to long-term investment foundation for the mid-market housing and liberalised rental sectors. Almost 100% of the Fund's investments are currently in these defined core regions.

Holland Metropole region

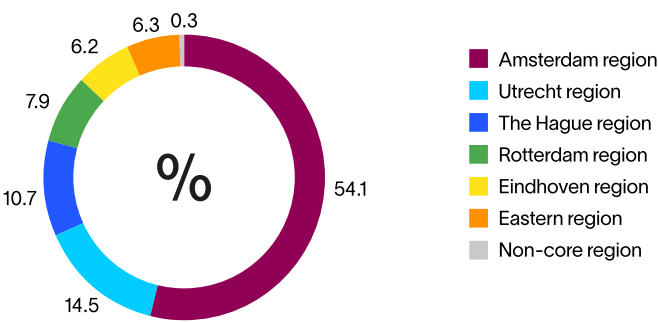
Due to the structural lag in the supply of new-build properties, combined with the persistent high demand for homes in both the private and institutional markets, the pressure on the housing market is actually increasing and spreading to peripheral municipalities close to the larger cities. This is why the Fund has chosen to concentrate its acquisition efforts in certain focus areas within our core regions. In 2020, the Fund once again increased its focus on the Holland Metropole region. This is where the pressure on the housing market is the most pronounced due to economic and demographic developments. It is also the region where the Fund sees the best investment opportunities. In the future, we will be focusing on acquisitions in this region, as it offers the best opportunities to optimise our portfolio and add long-term value to the Fund. At the same time, assets in these regions and focus areas need to be close to excellent infrastructure and located within vibrant areas that meet the needs of current and future tenants. This is especially true for increasingly popular (suburban) locations serving the larger cities.

The Bouwinvest Research & Strategic Advisory department (R&SA) periodically determines the core regions for the Residential Fund, and the most recent update took place in 2019. These updates are based on objective data and are conducted in close cooperation with the Fund's management. The Fund uses the core region model for both tactical and strategic purposes. On a tactical level, the model forms a guideline for acquisitions and divestments. This model is also an important input parameter in the risk-return form: the higher a municipality scores as a core region, the lower the risk and investment hurdle. The core region model also supports strategic decision making, and gives the Fund a clear focus.

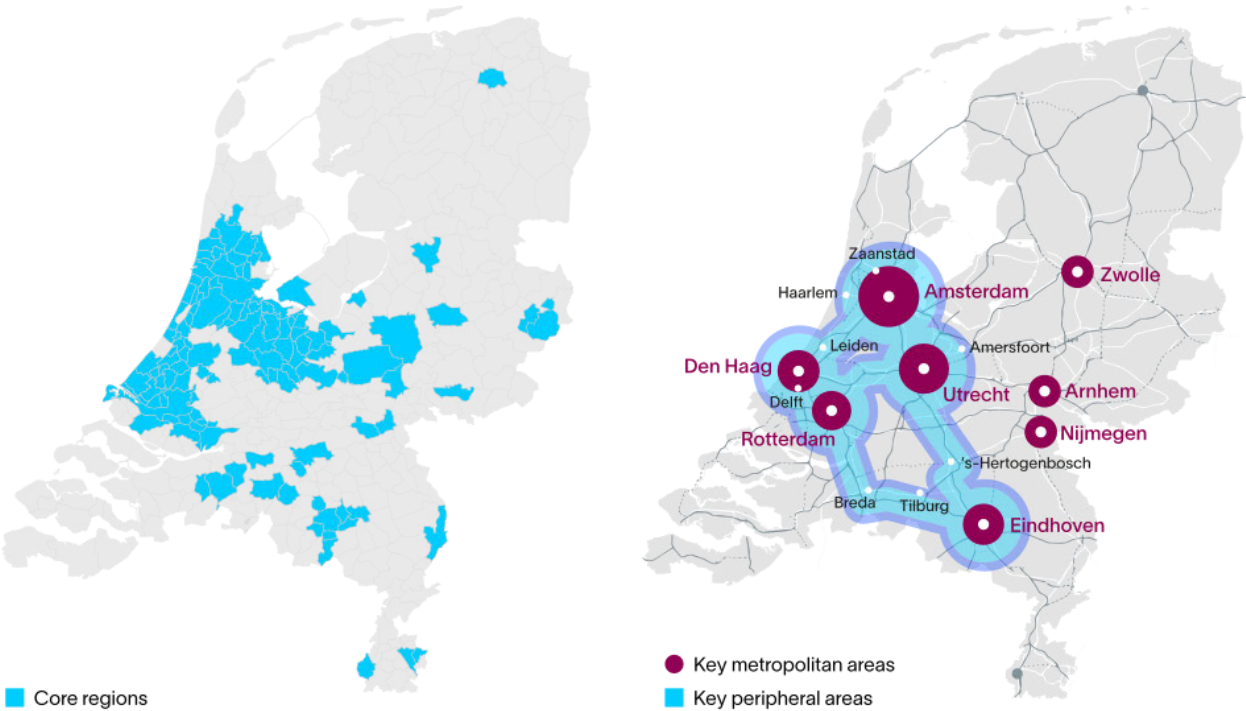
The plan is to have at least 80% of the total value of the portfolio concentrated in residential real estate in these core regions. Due to revaluations, together with the acquisitions and divestments we made in 2020, 99.7% of the portfolio value was located in these core regions, while 93.4% of the portfolio was located in the Holland Metropole region.

As the entire investment pipeline is located in the Fund's core regions, this percentage will increase slightly in the near future. In addition, the Fund has a guideline that a maximum of 90% can be invested in the Randstad conurbation. This now stands at 87.2%.

Allocation of investment property by core region based on market value



Core regions and focus Holland Metropole region



Performance on affordability

Investing in affordable real estate

With our investment objective in mind, our ambition is to have 60% of the total acquisition pipeline consist of homes in the affordable mid-rental segment category (€ 737 to € 1,027). We are currently heavily involved in the ongoing national debate on affordable housing and we have looked at what we can do with our current housing stock. One of the measures taken to keep our current housing stock affordable was to moderate our annual rent increase. In 2020, we capped our rent increases at inflation plus 1%, after limiting increases to inflation plus 1% in 2018 and inflation plus 0.5% in 2019.

Following the Covid-19 outbreak in early 2020, the Fund responded quickly to help tenants affected financially by the outbreak. We postponed our annual July 2020 rent increase to October 2020, waiving 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 inflation only. We also reached both standard and tailor-made rent deferral arrangements with a small group of tenants across our portfolio.

In 2020, we participated in a pilot project with the Utrecht city council, renting out new mid-rental segment homes to people who left their government-regulated social rental homes, and freeing up social housing for the people who really need it. We believe that everyone should have the opportunity to live in their city of choice, as limiting urban living to a select group will have a major impact on the vibrancy and liveability of cities in the long run.

Last year, we also worked closely with the municipality of Haarlemmermeer to allocate a number of homes in our new-build project De Monarch in Hoofddorp to middle-income households. Half of the new mid-rental segment homes were allocated to starters and two to people who had left social housing. On top of this, well over half of the 212 highly sustainable homes in the Binck Blocks development we acquired in The Hague in December 2020 will be in the mid-rental segment.

All of these initiatives are part of our effort to be a partner to various local authorities. We want to build reciprocal understanding between local authorities and institutional investors. We hope this approach will help us to avoid further regulatory measures from local governments, which could severely weaken the residential investment climate. Only when local authorities, housing corporations, institutional investors and project developers are prepared to join forces, will we be able to develop a structural solution to the serious shortage of mid-market rental properties in urban areas. Any excessive regulation is likely to hamper institutional investments and slow down the construction of much-needed new homes.

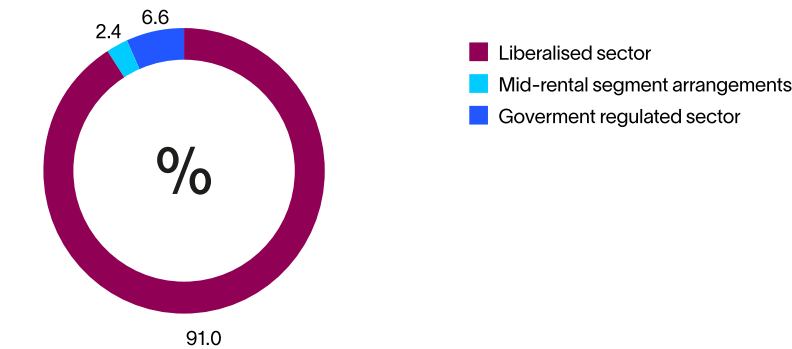
We have also noted that an increasing number of investors are taking this issue of affordability seriously and are looking to invest in 'impactful' residential projects. Given that the biggest challenge is to increase the supply of affordable homes, we believe the best way to maximise our positive societal impact is to invest in more affordable mid-market rental homes. This is why the Fund now focuses even more explicitly on affordable mid-rental segment homes when considering or making acquisitions.

Focus on liberalised rental sector

The Fund sees the liberalised sector (rents of € 737 and above) as particularly interesting, as demand is set to increase, while supply is lagging, especially in the Holland Metropole region. With more than 90% of its properties in the liberalised segment, the Fund's focus continues to be on this segment.

In the graph below, we have added the mid-rental segment for liberalised properties with special agreements related to the likes of the rental level and rent increases.

Allocation of investment property by type of rent based on rental contract

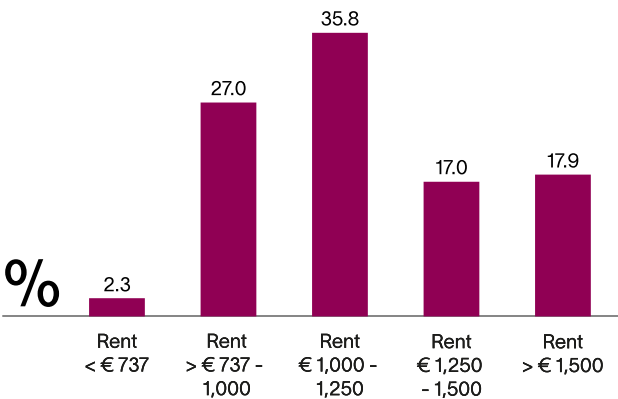


The following five cities account for almost 90% of the rents above € 1,500: Amsterdam (66%), Rotterdam (7%), Utrecht (6%), Diemen (5%), Amstelveen (5%).

Price level

Around 65% of the current portfolio has a monthly rent under € 1,250. Despite the Covid-19 crisis, house prices continued to rise in 2020 and individuals, couples and families who no longer qualify for government-regulated rental housing are still finding it difficult to buy homes due to high house prices and a growing lack of affordable supply, especially in the Holland Metropole region. In addition to this, the rental market gives tenants greater flexibility. This is even more appreciated right now, given the current market uncertainty, growing unemployment and the fragile Dutch economy. The Residential Fund’s sharpened focus on affordable housing in the mid-rental segment has given it a solid portfolio of prime properties perfect for this target group.

Allocation of investment property by price level based on rental income



Performance on sustainability

Highlights performance on sustainability 2020

- Improved GRESB score by four points (total 88 points) and obtained a GRESB 5-star rating for the first time;
- 100% of investments have GPR Building certificates, with an average score of 6.5 for the total portfolio;
- 100% green label portfolio, with an average energy index of 1.08 (52.6% A label);
- Total of approx. 13,726 kWp solar power installed;
- 4.3% like-for-like reduction in energy consumption; 16.7% decrease in GHG emissions;
- 1,575 (9.1%) rental contracts with a sustainability clause;
- 66.8% of construction sites are registered under the Considerate Constructors (Bewuste Bouwer) scheme;
- 156 homes acquired in the mid-rental segment (€ 737 - €1,000);
- Coverage of 100% AEDs within six minutes walking distance;
- Signed DGBC Paris Proof commitment to become net-zero carbon before 2045; implemented Paris Proof roadmap in 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 contribute to a CO₂-neutral, sustainable, circular, resilient and healthy living environment, and to enhance stakeholder value by investing in sustainable real estate. We are convinced that our approach reduces risk, increases client returns and makes our real estate assets and portfolios more 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. 40 kWh/m 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)
- 2030: 50% of our homes are natural gas free

In addition, 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.

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

Sustainable development goals

11 SUSTAINABLE CITIES AND COMMUNITIES



Above average sustainable portfolio

7 AFFORDABLE AND CLEAN ENERGY



Installation of renewable energy

8 DECENT WORK AND ECONOMIC GROWTH



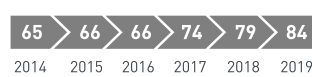
Considerate constructor scheme for construction projects

Highly sustainable Fund

For 2020, our goal was to continue to improve our sustainability performance and to improve our GRESB score to obtain a 5-star rating. We improved our GRESB rating to a GRESB 5-star rating, which is the highest rating and puts the Fund among the top 20% worldwide. We also increased our overall score by four points, taking our total score to 88 points from 84 points in 2019. This also resulted in a substantially better peer comparison position, to 4th out of 9 in 2020 from 6th out of 16 in 2019.

The higher GRESB score was primarily the result of improvements in three areas: Risk & Opportunities, Monitoring & EMS and Performance Indicators. To retain our GRESB 5-star rating, we will continue to increase our focus on Performance Indicators and maintain our focus on Policy & Disclosure, Stakeholder Engagement, Monitoring & EMS.

GRESB score 2020



GRESB Score
GRESB Average 70

Green Star
Peer Average 86



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

Investing in sustainable real estate

Sustainable buildings and investments

Sustainable building certificates show us where we are in terms of sustainability at asset level and how far we have yet to go. We use internationally accepted sustainability certificates to measure and assess the overall sustainability of our assets. Benchmarks help us to make informed business decisions to mitigate environmental, social and governance risks and enhance our long-term returns. Certificates such as GPR Building measure criteria that go beyond legislative requirements and provide us with instruments to encourage more responsible tenant behaviour, such as cutting waste and reducing energy consumption.

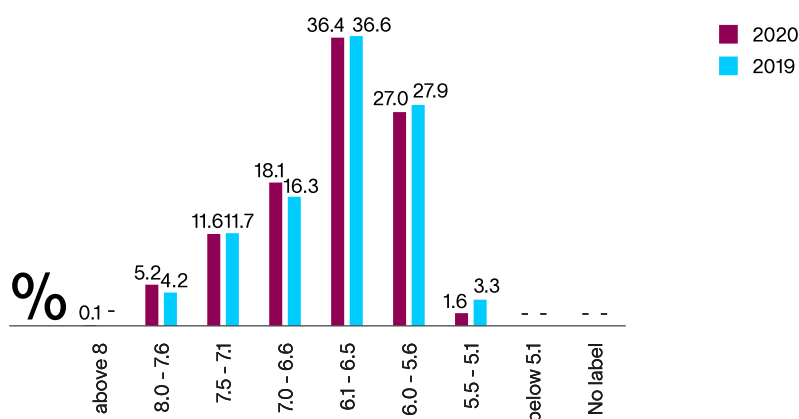
The Fund uses GPR Building software to measure and assess the overall sustainability of its buildings. The GPR reports on five performance indicators: Energy, Environment, Health, Quality of Use and Future value, and assigns a score for each performance indicator on a scale of 1 to 10. When used on existing buildings, GPR makes it very easy to identify potential

quality improvements following sustainability-related measures. This in turn makes it very easy to compare various scenarios and the outcome of any measures, which enables us to choose the most (cost) effective measures, both in terms of sustainability and the long-term return on investment.

Our plan was to achieve an average GPR score of at least 6.6 (with a coverage of 100%) by the end of 2021. By year-end 2020, 100% of the portfolio had received a GPR label, with an average score of 6.5 (2019: 6.4), surpassing our 2021 target.

For the coming years, we will focus on improvements to get a higher average score related to the GPR labels and all new-build properties we acquire will have to have a minimum energy performance coefficient of 0.2 (BENG proof) and a GPR score of 8.0.

GPR scores (% of lettable floor space)

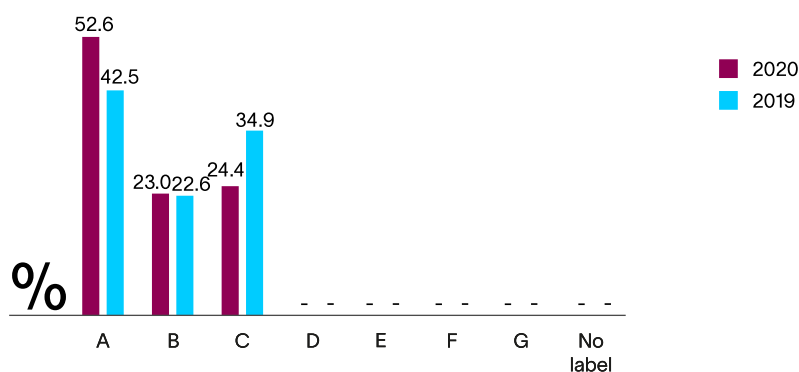


Green portfolio

Our target was to have energy label A for 65% for the portfolio at the end of 2021. However, since the measurement has been changed from units to square meters, we redefined our target to 50%. The Fund met this target in 2020, and had a 100% green portfolio, as all assets had an energy label A, B or C. The distribution of energy labels in the portfolio is shown below. Investment properties under construction are excluded from this overview. The Fund expects all these properties to receive an energy label A upon delivery.

The Fund redefined its targets in the Fund Plan 2021-2023 to the effect that we were aiming to receive energy label A for at least 50% of the portfolio (energy-index <1.2), a target we had already achieved by year-end 2020 (52.6%). We will also continue to invest in our standing portfolio to reduce energy index levels to a minimum of 1.1 and achieve a minimum GPR score of 6.6 in 2022.

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



Environmental impact

In 2020, Bouwinvest committed itself to the Paris Proof commitment of the DGBC. To become net-zero carbon (Paris Proof) before 2045, we drew up a roadmap for the Fund. In 2020, we implemented the technologies, measures and costs related to the implementation in our strategic maintenance plan for the coming years.

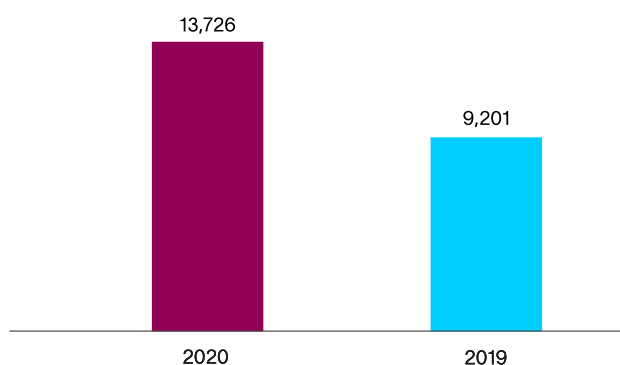
Energy consumption and GHG emissions

By selecting and focusing on the top 50 largest energy consuming assets and installing LED lighting and relocation sensors, the Fund is on track to meet our environmental targets.

In 2020, the Fund had to deal with the Covid-19 outbreak, which resulted in an increase in electricity consumption of 4.5% (2019: 5.7%) and 4.3% lower total energy consumption (2019: 2.2%), both on a like-for-like basis. GHG emissions declined by 16.7% due to the lower use of natural gas. Both the energy reductions and the lower GHG emissions are for common areas. The Fund purchases renewable electricity for common areas, while property managers are required to deliver energy-efficient alternatives for repairs and replacements based on the Total Cost of Ownership (TCO) approach.

The target for energy reduction is now 5% per year to bring the target into line with (international) climate goals (reduction of 95% in CO₂ emissions in 2050 compared with 1990).

On-site solar panels (kWp)



Renewable energy production

The Fund has increased the generation of solar power, both for new properties and existing apartments and houses. We achieved our goal for 2020 and we have included more ambitious goals in our Fund Plan for 2021-2023. The goal in 2020 was to focus on the installation of more than 12,000 kWp of solar panels by the end of 2021. Starting last year, we are fitting all existing apartment buildings and houses with solar power.

We also raised the target for renewable energy generated by solar panels to 21,000 kWp by the end of 2023.

In 2020, the Fund raised its targets for the reduction of its environmental impact in the period 2021-2023 and so far we are right on track:

- Renewable energy: increase of renewable energy by 49% to 13.7 MWp
- 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 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, we 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 we 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 contribute towards improving our client services and communications towards our clients. Our ultimate goal 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

We have made the satisfaction of our tenants a major priority for the coming years, as an integral part of our wider ambition: to be more client-centric in our approach to all our stakeholders. We want to further improve the quality and efficiency of our processes, to optimise our contacts with our tenants and to take a more proactive approach to how we provide our services.

In 2020, we devoted a great deal of attention to our customer journey, including how we engage and communicate with our tenants. Obviously, 2020 was a very difficult year for a lot of people following the Covid-19 outbreak, as this created an

enormous amount of uncertainty, as did government restrictions introduced to combat the spread of the virus. On top of this, we were faced with rising unemployment and the prospect of a prolonged economic recession.

We responded immediately, stepping up our communications with our tenants and where necessary reaching payment arrangements (rent deferrals) with the relatively small number of those tenants who found themselves in financial difficulties. We also postponed our scheduled rent increase from July to October, waiving the increase for the intervening three months. We also continued to update tenants (and clients) on the unfolding situation and our response.

As part of our continuous efforts to improve our services, last year we optimised and digitalised our rental process, making it easy and simple for potential tenants to sign up online and sign their contracts digitally. We also rolled out our 'Living with Bouwinvest' tenant portal and a client monitoring system. Tenants will be able to use this portal for the likes of repair requests, online payments, changes in personal details and the filing of complaints, whenever and wherever they see fit. This means tenants now have a single access point for all their queries and comments.

Once the client monitoring system is fully up and running, this will give us a 360-degree client view, so we know what our tenants need and how we can optimise our services. This will enable us to monitor all interactions with our tenants, including those between tenants and our property managers. This will in turn give us the information we need to measure the performance of our property managers and agree new performance targets. It will also make it easier for us to measure the impact of any improvement measures we take based on the feedback from our tenant satisfaction surveys. On another front, the new system will also make it easier to track any payment arrangement we may reach with our tenants.

The automation of our processes had an immediate positive impact in 2020, as the Covid-19 pandemic restricted physical viewings of our (newly built) vacant properties. We saw a sharp increase in the number of virtual viewings and new tenants were able to read and sign their rental contracts online. Thanks to these automated processes, the Residential Fund saw virtually all properties added to the portfolio fully let either before completion or shortly thereafter.

Our tenants are one of our most important stakeholders and in recent years we have made a good deal of progress in terms of truly engaging and getting to know them. Our target for 2020 was to improve on the overall score of 7.2 we received in the 2019 survey and score higher than the industry benchmark. And once again the tenant satisfaction survey we conducted in 2020 showed clear signs that the actions we have taken are paying off. This covered topics such as the service level of the property managers, complaints and repair procedures, the quality of the properties and the living environment.

Last year, 2,349 tenants (38.6% of those asked to participate) responded to the survey. Once again, we improved our scores across the board, which resulted in an overall score from our tenants of 7.3. This put us 0.1 points above the IVBN benchmark on all the items included in the survey.

This survey provides us with insight into how satisfied our tenants are with items such as service costs, the level of services provided by our property managers, the friendliness of our service staff and how we handle repair requests and complaints. Last year, our tenants gave higher scores for every item in the survey. For instance, satisfaction with our service costs increased sharply to 6.7, from 6.1 in 2019. Tenants gave the friendliness of the service staff who carry out repairs a score of 8.0, up from 7.8 the previous year, while the score they gave to our property managers rose to 6.8 from 6.7 in 2019. Very importantly, we once again saw an improvement in the rating of our homes, as tenants gave these a score of 6.8, up from 6.7 in 2019.

Once again, we will use the results of the survey to draw up improvement plans. Our tenants had a number of suggestions for improvements, including our telephone service, the new tenant portal and how we deal with complaints. The score for this last item did improve slightly to 4.8 in 2020 from 4.6 in 2019.

As a result of this feedback, we have launched a new client contact centre, which will help to reduce waiting times for our telephone service and improve the quality of this service by providing the right answers immediately. In general, we want to improve our accessibility and our response times. And we will be doing our utmost to make sure we - and our suppliers - keep to the agreements we reach with tenants on complaints and repair requests, as we see this as the first rule of good service.

Green rental contracts

Following the residential team's efforts to add a sustainable focus to the Fund's standard lease contract in 2020, the team continued to roll out green rental contracts across the portfolio last year. As a part of our drive to continue to improve our current sustainability levels in the long term, we believe we need to address the 'user effect'. By adding a separate appendix to the dos and don'ts for the use of our homes, we want to accelerate the realisation of our sustainability goals and ambitions. We strongly believe that engaging our tenants in our efforts to increase the sustainability of our portfolio will make us far more successful in the long run.

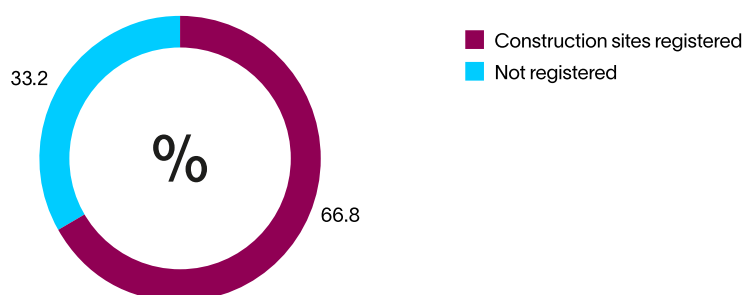
The target for 2021, is to have a sustainability clause included in 20% of all rental contracts. By the end of 2020, we were well on track, as almost 9% of all rental contract now has a sustainability clause.

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 the ULI.

Our target is to have more than 75% of the construction sites registered under the Considerate Constructors (Bewuste Bouwer) scheme by the end of 2021. At the end of 2020, we were right on track, as just over two-thirds (66.8%) of our construction sites were registered with the scheme. This ensures that contractors deal with the concerns of local residents and address safety and environmental issues during the construction phase.

% 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 AED. Our target was for all our tenants and communities to have an AED available within six minutes walking distance by the end of 2021. We had already achieved this target by the end of 2020. Bouwinvest is also planning to install AEDs at all new assets it adds to its portfolio.

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 6.8% in 2020, consisting of a 2.4% income return and 4.4% capital growth. Net rental income, administrative and finance expenses are the main drivers for the income return. Capital growth is primarily driven by the ongoing demand for homes, the shortage of homes and the high levels of investor interest in this sector.

The total fund return ended almost on target. The Fund's income return ended 0.2% above target and capital growth 0.4% below target. These results confirm that the impact of the Covid-19 outbreak on the (rental) housing market has so far been limited due to the strong fundamentals of the Dutch housing market.

Fund performance	2020		2019
	Actual	Plan	Actual
Income return	2.4%	2.2%	2.3%
Capital growth	4.4%	4.8%	9.1%
Fund performance	6.8%	7.0%	11.5%

Income return

Net rental income of € 194.6 million was € 16.6 million higher than the plan of € 178.0 million (2019: € 168.9 million). The most significant drivers of the deviation from plan were a one-off settlement of € 14.0 million, lower vacancy (+ € 1.3 million) and lower maintenance costs (+ € 1.8 million).

Administrative expenses (€ 35.0 million) were € 0.3 million higher than plan (€ 34.7 million) due to higher management fee costs, directly driven by the Fund's higher than planned average NAV. Finance expenses totalled € 4.5 million, compared with the plan of € 0.1 million. This difference of € 4.4 million was due to higher negative interest charges (€ 1.6 million) and land lease costs (€ 2.8 million). The difference in land lease costs was due to the reallocation of these costs according to IFRS 16. These deviations resulted an increase in the income return to 2.4% compared with the plan of 2.2%.

Capital growth

The Fund realised a capital growth of 4.4% compared with a plan of 4.8%. This figure confirms that the impact of the Covid-19 outbreak on the (rental) housing market has so far been limited. The adjustment of the RETT from 1 January 2021 had already been partly taken into account in the valuation of the portfolio in 2020.

Property performance

The total property return for 2020 came in at 7.3%, consisting of a 2.8% income return and 4.4% capital growth. The Fund showed an underperformance of -1.0% versus the MSCI Netherlands Property Healthcare Index (all properties). The underperformance is largely driven by the capital growth which was 0.9% lower compared with the benchmark's capital growth of 5.3%. In addition, the income return was 0.1% lower compared with the benchmark's income return of 2.9%.

Property performance	2020 Actual	2020 MSCI	2019 Actual
Income return	2.8%	2.9%	2.8%
Capital growth	4.4%	5.3%	9.3%
Property performance	7.3%	8.3%	12.4%

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.

Binck Blocks Apartments

The Hague
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	264,642	236,873	27,769	12%
Operating expenses	(70,001)	(67,939)	(2,062)	3%
Net rental income	194,641	168,934	25,707	15%
Net valuation gain / (loss)	264,521	539,867	(275,346)	-51%
Result on disposal	22,858	(1,373)	24,231	1765%
Administrative expenses	(34,989)	(32,235)	(2,754)	9%
Finance expenses	(4,478)	(3,977)	(501)	13%
Income taxes	(15)	(8)	(7)	88%
Result for the year	442,538	671,208	(228,670)	-34%
Financial occupancy	98.4%	97.9%		
REER	0.92%	0.99%		
TGER	0.52%	0.53%		

In 2020, the full-year result declined to € 442.5 million from € 671.2 million in 2019 (-34%). The decline of € 228.7 million was mainly driven by the lower valuations of the investment properties as a result of continuous uncertainty due to the Covid-19 pandemic.

Revenues of € 264.6 million were € 27.8 million higher than 2019 (€ 236.9 million) driven by higher gross rental income (€ 13.4 million) due to acquisitions made in the course of the year and higher other income (€ 14.0 million) due to a one-off settlement. The occupancy rate increased by 0.5% to 98.4% compared with 2019 (97.9%).

Operating expenses of € 70.0 million were € 2.1 million higher than 2019 (€ 67.9 million). This increase was primarily driven by higher property taxes (€ 1.0 million), higher other operating expenses (€ 0.8 million) and an addition of € 0.5 million to the provision for bad debtors in response to higher uncertainty due to rent deferrals and higher overall outstanding tenant receivables. Despite the increase in operating expenses, the REER fell to 0.92% from 0.99% in 2020 as a result of the higher average NAV.

Administrative expenses, consisting primarily of the management fee, increased to € 35.0 million (2019: € 32.2 million). The increase of € 2.8 million was primarily due to a higher management fee (€ 3.0 million). The finance result increased by € 0.5 million to € 4.5 million as a result of continued negative interest rates. Despite higher administrative and finance expenses, the TGER fell to 0.52% from 0.53% in 2020 as a result of the higher average GAV.

Dividend

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

The Executive Board of Directors proposes to pay a dividend of € 157.4 million for 2020 (2019: € 135.4 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, 78% 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 financial statements in the Annual General Meeting of shareholders on 14 April 2021.

Performance per share	2020	2,019
Dividends (in €)	110.50	97.29
Net earnings (in €)	314.40	489.06
Net asset value IFRS (in €, at year-end)	4,875.16	4,671.54
Net asset value INREV (in €, at year-end)	4,879.63	4,675.53

Funding

According to the funding policy, the Fund is allowed to have an unsecured pipeline, which is capped at 5% of the Fund's NAV with a maximum of € 300 million. At the end of 2020, the unsecured pipeline stood at € 135 million.

In 2020, the Fund managed to make € 115 million in capital calls and welcomed two new investors, bringing the total number of shareholders to 20 (2019:18). One transfer of shares took place. We closed one new commitment worth € 10 million.

Shareholder	Number of shares at year-end 2020	Shareholder	Number of shares at year-end 2020
Shareholder A	1,121,824	Shareholder K	10,746
Shareholder B	53,981	Shareholder L	10,264
Shareholder C	36,783	Shareholder M	9,392
Shareholder D	26,733	Shareholder N	8,939
Shareholder E	24,922	Shareholder O	8,651
Shareholder F	20,685	Shareholder P	8,065
Shareholder G	19,598	Shareholder Q	5,866
Shareholder H	18,537	Shareholder R	2,858
Shareholder I	17,596	Shareholder S	2,319
Shareholder J	13,486	Shareholder T	510
Total			1,421,755

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 were to secure shareholders' dividend pay-out, ensure other obligations could be met and to manage the Fund's cash position.

At year-end 2020, the Fund had € 248.5 million (2019: € 80.2 million) freely available in cash and no funds in the 30-day deposit (2019: € 20 million).

In 2020, the Fund's cash position increased by € 148.3 million compared with year-end 2019, as a result of a divestment of € 132.3 million in December. In 2020, the Fund paid out € 155.5 million in dividend to its shareholders.

Interest rate and currency exposure

Interest and currency policy: As the Fund had no external loans and borrowings, nor any foreign currency exposure, the Fund had no exposure to interest rate risks or currency exposure risks. The interest rate risk related to bank balances is limited for the Residential Fund.

In 2020, the Fund's bank balances were affected by negative interest rate developments.

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 Residential 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.

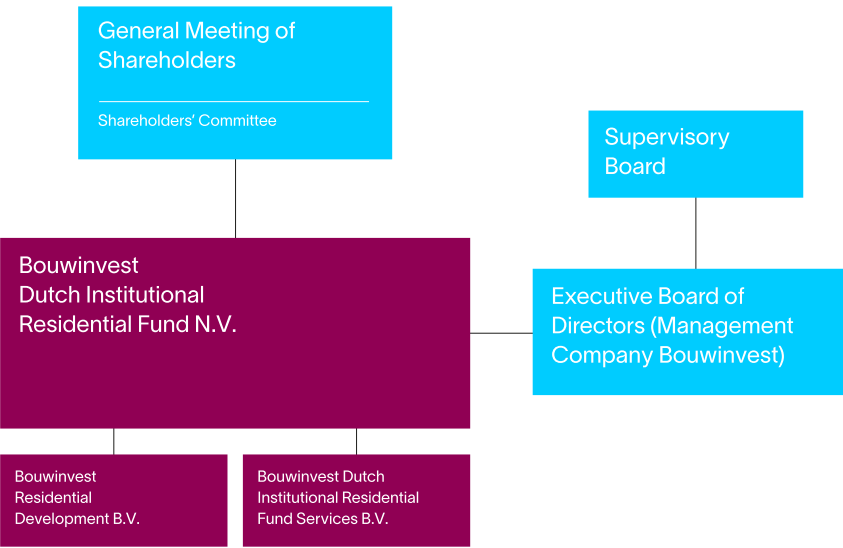
Structure of the Fund

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 Residential Fund Services B.V., which renders services that are ancillary to the Fund's renting activities, and Bouwinvest Residential 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 commitment 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 Residential 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 Residential 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

Oostenburg Apartments

Amsterdam
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 to support current cash flows; capital calls when instalments are due, taking into account investor calendars.
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 Investment restrictions apply. Focus on strong locations within core regions result in concentration to Amsterdam region, but mitigated by quality of assets, and shortages in housing market in these regions.
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. Regular disposition portfolio to keep market interest. Acquisitions with attractive (expected) yields meeting hurdle rates are scarce.
1.1.6 Occupancy rate risk	The risk of losses due to an excessively low occupancy rate in the assets under management.	Portfolio concentrated in strong locations (mostly within Holland metropole) and attractive neighbourhoods. Housing shortage with more focus on mid-rental segment act as strong mitigants.
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 sustainable assets attractive to tenants now and in the future Focus on mid-rental segment and disposal of assets not meeting this strategy.
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.	Acquisitions (often including forward funding, thus non-income producing) are bound by Fund Plan's targets. Periodic delivery of assets (with contractual due dates) and size of the portfolio act as strong mitigants.
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).	Strict creditworthiness criteria apply to new tenants. Active payment collection 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 forecasted based on contractual arrangements with some shortfall accepted at the end of the plan period.
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).	A potential funding gap up to 5% of the NAV (with a maximum of € 300 mio) of the Fund is accepted to accommodate new future commitments from investors and to anticipate uncertainties (e.g. zoning and legal) in the signed acquisitions which has delayed existing commitments. Additional mitigants are planned disposals, and strict monitoring of acquisition pipeline against any new 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 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 residential 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

The Fund has some geographical concentration in its core regions with strong positions in the Amsterdam region (e.g. Amsterdam, Hoofddorp, Haarlem, Zaanstad and Purmerend) and in the Randstad conurbation as a whole. This concentration is based on its investment strategy with a focus on areas with good economic prospects and a healthy demand for rental homes underpinning long-term rental and valuation growth. The investment pipeline shows a similar picture.

Occupancy rate risk

The Fund devotes a great deal of attention to the kind of homes it acquires, the services it provides and the tenants journey, from rental process to dealing with queries and complaints. Although the Fund has some concentrations in rental levels, with almost 35% in higher brackets (rental levels €1,250-1,500, > €1,500) partly due to rental growth in Amsterdam and other large cities, occupancy rates are high even for these rental levels, averaging 95-99%. Combined with its focus on core regions and affordable (mid-rental homes), the Fund's vacancy levels have remained very low.

Valuation risk

On Budget Day the Dutch government proposed increasing the Real Estate Transfer Tax (RETT) to 8% from 2% for residential real estate (starting 1 January 2021). In December 2020, this proposal was adopted by both chambers of parliament, as a result of which the increase passed into law as of 1 January of the current financial year. However, as various factors can have an impact on the Fund's capital growth, it is uncertain how this measure will impact the Fund's return in 2021.

Credit risk

Despite the Covid-19 pandemic, the Fund's rent in arrears remained very stable in 2020. Our policy was to be lenient toward tenants who had difficulty paying their rent. We are applying guidelines that have been established through industry associations, such as the IVBN. However, in most cases we work towards tailor-made solutions for our tenants.

Counterparty risk

The Fund has signed an agreement for the development of 350 houses in Zaandam, on the so-called Hembrugterrein, and has already acquired and paid for the land. The process for obtaining the necessary building permits has been delayed and there is some risk that no or fewer houses can be built. In that case, the Fund can return the land to the seller, plus the Fund has obtained additional guarantees and receives contractual interest payments to mitigate this risk. In the meantime, we are in talks on possible (short-term) alternatives for the development of homes at this location.

The issues around nitrogen emissions and PFAS levels have not resulted in financial difficulties for builders of other projects in the Fund's pipeline.

Funding risk

The overshooting of the acquisition target (part of the Fund's growth ambition) has resulted in a potential funding gap situation, despite commitments from new or existing shareholders. The Fund has monitored its funding and liquidity situation carefully and has ample projected liquidity up to 2022. In light of the still high levels of uncalled commitments and its planned divestment strategy, the Fund has continued its strategy of selectively prioritising future new-build assets over currently available commitments, anticipating continuing investor demand and or sufficient market liquidity for divestments.

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 is investigating the possibility of restructuring 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.

In the course of 2021 Bouwinvest will decide whether to propose a restructuring of the Fund to the Shareholders' Meeting and, if so, by which date such restructuring must be effected. Bouwinvest will take into account all uncertainties, including the future of the FII-regime and the impact on all investors, when taking such a decision.

Another significant risk has required further attention, one that cannot be mapped one-to-one with the above-mentioned 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 risks related to the adaptation of our real estate to future climate changes (an environment in which greenhouse gases should be minimised to limit future temperature rises to 2°C or less).

Core elements of the recommended disclosures include the organisation's governance related to climate risks, the strategy, the risk management and resulting metrics and targets. Within Bouwinvest, the Sustainability & Innovation department is dedicated to advising the Board to prepare 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 an impact analysis (including financials and returns) 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.

Moving from social rental homes to the mid-rental segment

Real Value for Life

'One of Bouwinvest's main priorities is offering affordable mid-rental segment homes – with rents of between € 752 and € 1,000 per month – in the longer term', says Maurice Tulkens, Asset Manager at Bouwinvest. Bouwinvest has added a second target to that ambition in Utrecht: give households living in social rental homes the priority opportunity to live in affordable mid-rental private sector rentals. 'As a side-effect of this, we can also relieve the pressure on the social rental sector'.

In close cooperation with Utrecht city council, Bouwinvest has developed a roadmap for a pilot project with 53 mid-rental segment homes in the Rachmaninoff project. Policy officer Trudy Maas from the Utrecht city council explains: 'The pilot is the result of the Mid-rental Action Plan that the city council adopted in late 2017, the City Housing Accord signed in 2019 and the 2019 housing regulation. In its City Housing Accord, the city council, housing corporations and market players defined how they want to work together to create more mobility in the city's housing market. We included a priority rule in the housing regulation, allowing us to give priority to people moving from the social rental sector to mid-rental sector homes. Bouwinvest recognises the urgency of the situation and we launched this pilot

together – it's all very practical. Everyone involved was keen to find a quick solution to this problem'.



'We were pleased that Bouwinvest wanted to work with us on this pilot. We are planning to use the practical working methods that emerged from the pilot in other mid-rental segment projects'.

Trudy Maas, Utrecht City Council

Members of Utrecht's Woningnet social rental platform were given priority in the allocation of the mid-rental homes in the Rachmaninoff complex, and 20% of these were indeed allocated to the occupants of social rental homes. Maas: 'We are pleased with the result. Other market players are now also taking this approach. On top of adding new-build mid-rental sector homes to our housing stock, which is going pretty well in the Utrecht, this is also a way to improve the distribution of homes across households that really want to live in Utrecht'.

Mobility in the rental sector is part of the lifeblood of any city. After all, it frees up affordable homes for people who really need them. Bouwinvest is adding affordable mid-rental segment homes in locations where there is high demand for such housing. And in Utrecht, we are experimenting with the allocation of our mid-rental homes to tenants of government-regulated social rental homes.

Rachmaninoff: from offices to homes

The Rachmaninoff project, which was delivered in April 2020, is a welcome addition to the Utrecht housing market. Following the transformation of this former municipal office, Utrecht now has 132 rental apartments in a wide range of types and sizes. The apartments vary in size from 42 m² to 103 m².



Outlook

Residential occupier market

The residential sector seems largely immune to the Covid-19 crisis and resulting economic recession. We expect house prices to continue to rise in 2021, albeit modestly, mainly due to low interest rates and the persistent housing shortage in the Netherlands. The demand in the mid-rental segment will continue to outstrip supply. Demand from international students and expats will continue to see a temporary decline, the latter affecting mainly the higher-end residential rental segment in the larger cities.

We expect consumers to attach a higher premium to more space or an extra room (i.e. for working from home) and sufficient outdoor space. It is likely that we will see an acceleration in the trend of families leaving the centres of larger cities for surrounding municipalities in search of more (affordable) space. Even prior to the Covid-19 outbreak, an increasing number of families were moving out of the larger cities. However, we expect urban areas such as those in the Holland Metropole to remain attractive to many target groups in the long term. Moreover, there is an increased awareness and demand for healthy living concepts (e.g. focus on more 'green', circular materials, climate adaptation, healthy lifestyle).

Residential investor market

The residential sector will remain attractive for investors due to the strong demand and lagging supply. Affordable homes in urban areas are particularly attractive as an investment opportunity. We expect continued strong performance for the residential sector, as long-term fundamentals and expectations are favourable, especially for the affordable, mid-market segment. On the other hand, further government regulation may have a negative impact on the short-term investment climate and investment opportunities may well be scarce.

Residential Fund plan

The Residential Fund has a clearly defined strategy of controlled growth and optimisation based on the three pillars of quality, sustainability and affordability. We firmly believe that the residential sector will continue to offer good long-term investment opportunities in core regions with strong economic and demographic fundamentals. The Fund's plan is to increase its invested capital to € 7.8 billion by year-end 2023. The Fund will achieve this through positive revaluations, targeted acquisitions of high-quality assets, investments to keep our assets up-to-date and fit-for-purpose and the divestment of assets that no longer meet our strategic requirements. The optimisation of the Fund's portfolio covers a whole range of aspects, from improving the overall quality of the assets, making them more sustainable, increasing the number of affordable homes, maintaining our high occupancy rate, improving tenant satisfaction and introducing innovations in our homes and in the services we provide.

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 Residential Fund wants to invest in thriving urban and suburban areas that are attractive now and will continue to be so in the future. Liveable cities are inclusive places, where people can live, work, recreate and spend their time. We want our portfolio to reflect that inclusiveness, which is why we are looking to increase the number of affordable, mid-rental segment homes in our portfolio. 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 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. With its long-term investment scope, the Fund focuses on adding value for our investors, tenants and stakeholders by continuing to invest in attractive living 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 Investments

Financial statements

Consolidated statement of comprehensive income

All amounts in € thousands, unless otherwise stated

	Note	2020	2019
Gross rental income	6	243,307	229,908
Service charge income	6	6,706	6,323
Other income		14,629	642
Revenues		264,642	236,873
Service charge expenses		(6,988)	(6,657)
Property operating expenses	7	(63,013)	(61,282)
		(70,001)	(67,939)
Net rental income		194,641	168,934
Result on disposal of investment property		22,858	(1,373)
Positive fair value adjustments completed investment property	12	237,707	498,898
Negative fair value adjustments completed investment property	12	(8,126)	(24,743)
Fair value adjustments on investment property under construction	13	34,940	65,712
Net valuation gain (loss)		264,521	539,867
Administrative expenses	8	(34,989)	(32,235)
Result before finance result		447,031	675,193
Finance expenses	9	(4,478)	(3,977)
Net finance result		(4,478)	(3,977)
Result before tax		442,553	671,216
Income taxes	10	(15)	(8)
Result for the year		442,538	671,208
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		442,538	671,208
Net result attributable to shareholders		442,538	671,208
Total comprehensive income attributable to shareholders		442,538	671,208
Distributable result	20	157,361	135,413
Pay-out ratio	20	100%	100%
Earnings per share (€)			
From continuing operations			
Basic	19	314	489
Diluted	19	314	489

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	6,369,668	6,209,139
Investment property under construction	13	453,085	388,303
Total non-current assets		6,822,753	6,597,442
Current assets			
Trade and other current receivables	14	9,726	2,031
Cash and cash equivalents	15	248,479	100,188
Total current assets		258,205	102,219
Total assets		7,080,958	6,699,661
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		1,421,755	1,397,674
Share premium		2,541,988	2,451,069
Revaluation reserve		2,613,110	2,439,856
Retained earnings		(88,104)	(430,519)
Net result for the year		442,538	671,208
Total equity	16	6,931,287	6,529,288
Liabilities			
Non-current lease liabilities	17	117,190	114,355
Current trade and other payables	18	32,481	56,018
Total liabilities		149,671	170,373
Total equity and liabilities		7,080,958	6,699,661

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	1,397,674	2,451,069	2,439,856	(430,519)	671,208	6,529,288
Comprehensive income						
Net result	-	-	-	-	442,538	442,538
Total comprehensive income	-	-	-	-	442,538	442,538
Other movements						
Issued shares	24,081	90,919	-	-	-	115,000
Appropriation of result	-	-	-	671,208	(671,208)	-
Dividends paid	-	-	-	(155,540)	-	(155,540)
Movement revaluation reserve	-	-	173,254	(173,254)	-	-
Total other movements	24,081	90,919	173,254	342,414	(671,208)	(40,540)
Balance at 31 December 2020	1,421,755	2,541,988	2,613,110	(88,104)	442,538	6,931,287

* 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	1,345,913	2,272,987	1,931,943	(667,095)	878,013	5,761,761
Comprehensive income						
Net result	-	-	-	-	671,208	671,208
Total comprehensive income	-	-	-	-	671,208	671,208
Other movements						
Issued shares	51,761	178,082	-	-	-	229,843
Appropriation of result	-	-	-	878,013	(878,013)	-
Dividends paid	-	-	-	(133,524)	-	(133,524)
Movement revaluation reserve	-	-	507,913	(507,913)	-	-
Total other movements	51,761	178,082	507,913	236,576	(878,013)	96,319
Balance at 31 December 2019	1,397,674	2,451,069	2,439,856	(430,519)	671,208	6,529,288

* See explanation dividend restrictions in Note 16.

Consolidated statement of cash flows

All amounts in € thousands

	Note	2020	2019
Operating activities			
Net result		442,538	671,208
Adjustments for:			
Valuation movements		(264,521)	(539,867)
Result on disposal of investment property		(22,858)	1,373
Net finance result		4,478	3,977
Movements in working capital		(31,232)	26,146
Cash flow generated from operating activities		128,405	162,837
Interest paid		(2,270)	(1,243)
Cash flow from operating activities		126,135	161,594
Investment activities			
Proceeds from disposal of investment property		282,270	81,338
Payments of investment property	12	(13,623)	(45,351)
Payments of investment property under construction		(205,951)	(238,688)
Cash flow from investment activities		62,696	(202,701)
Finance activities			
Proceeds from the issue of share capital		115,000	229,843
Dividends paid		(155,540)	(133,524)
Cash flow from finance activities		(40,540)	96,319
Net increase/(decrease) in cash and cash equivalents		148,291	55,212
Cash and cash equivalents at beginning of year		100,188	44,976
Cash and cash equivalents at end of year	15	248,479	100,188

Notes to the consolidated financial statements

All amounts in € thousands, unless otherwise stated

1 General information

The Residential Fund (Chamber of Commerce number 34366452) 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 residential real estate in the Netherlands.

The Fund owns two taxable subsidiaries, Bouwinvest Residential Development B.V. (Chamber of Commerce number 70315809) and Bouwinvest Dutch Institutional Residential Fund Services B.V. (Chamber of Commerce number 67492711). 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 Fiscal Investment Institution-regime. Bouwinvest Residential Development B.V. (Residential Development) performs development activities for the investment portfolio of the Fund while Bouwinvest Dutch Institutional Residential Fund Services B.V. (Residential Fund Services) renders services that are ancillary to the renting activities of the Fund.

The Fund's active portfolio management is supported by the supply of (re)developed properties by Residential 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 Residential Development B.V. (100%), established 15 December 2017
- Bouwinvest Dutch Institutional Residential 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'.

Net result on the sale of investment property

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

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 Residential Fund but via external parties or within Bouwinvest Development B.V. or Bouwinvest Residential 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.

The Amsterdam municipality offers the possibility of converting continuous residential land lease contracts to perpetual contracts. In 2020, the Fund decided to make use of this option and has re-assessed the expected future cash flows accordingly.

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 € 2.7 million in 2020 (2019: € 2.0 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. The Fund has invested in the following core regions: Randstad (Amsterdam, Utrecht, Rotterdam and The Hague), Mid East (Apeldoorn, Arnhem, Nijmegen and Zwolle) and Brabantstad (Breda, Eindhoven, Den Bosch and Tilburg).

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		
Randstad	5,556,914	5,342,274
Mid East	401,455	385,409
Brabantstad	389,479	433,875
Non-core regions	21,820	47,581
Total	6,369,668	6,209,139

6 Gross rental income and service charge income

	2020	2019
Theoretical rent	247,945	235,529
Incentives	(689)	(687)
Vacancies	(3,949)	(4,934)
Total gross rental income	243,307	229,908

The Fund leases its property investments in the form of non-cancellable operating leases. The nature of the theoretical rent has an indefinite duration because there are no fixed contract periods. Service charge income amounted to € 6.7 million (2019: € 6.3 million) receivable from tenants for the services utilities, caretakers, etc. when the Fund acts as a principal.

7 Property operating expenses

	2020	2019
Taxes	9,317	8,361
Insurance	554	479
Maintenance	28,526	29,096
Valuation fees	510	630
Property management fees	4,586	4,088
Promotion and marketing	247	383
Letting and lease renewal fees	5,851	6,209
Addition to provision for bad debts	966	419
Owners associations	3,021	2,287
Non reclaimable VAT	8,848	8,464
Other operating expenses	587	866
Total property operating expenses	63,013	61,282

In 2020, € 0.2 million (2019: € 0.2 million) of the maintenance expenses related to unlet properties.

The Other operating expenses consist mainly of exploitation costs of real estate managers and also include costs for tenant due diligence.

8 Administrative expenses

	2020	2019
Management fee Bouwinvest	33,239	30,253
Audit fees	48	39
Marketing fees	251	325
Other administrative expenses	1,297	1,408
Legal fees	154	210
Total administrative expenses	34,989	32,235

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.

The Other administrative expenses consist of regulators' costs and costs for sustainability development.

9 Finance expenses

	2020	2019
Finance expenses on bank balances	1,677	609
Interest on lease liabilities	2,801	3,368
Total finance expenses	4,478	3,977

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 Residential Fund has no employees.

12 Investment property

	2020	2019
At the beginning of the year	6,209,139	5,185,923
First time adoption IFRS16	-	82,007
Investments	12,634	45,351
Transfers to investment property under construction	(19,167)	-
Transfers from investment property under construction	196,327	504,447
Total transfers to/from investment property under construction	177,160	504,447
Disposals	(259,412)	(82,711)
Net gain (loss) from fair value adjustments on investment property (like-for-like)	200,124	340,232
Net gain (loss) from fair value adjustments on investment property	29,457	133,923
In profit or loss	229,581	474,155
In other comprehensive income	-	-
Transfers out of level 3	-	-
Movement of right of use ground leases	566	(33)
Total investment property (level 3) at the end of the year	6,369,668	6,209,139

The Fund's investment properties are valued by independent external appraisers on a quarterly basis. On 31 December 2020, these properties were revalued by independent professionally qualified valuation experts with experience in the locations and categories of the investment properties valued (level 3). The carrying values of investment property as at 31 December 2020, and 1 January 2020, are in line with the valuations reported by the external valuation experts. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There was no change to the valuation technique during the year and there were no transfers between levels 2 and 3 during the year.

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 investment property value.

	2020	2019
Investment Property	6,369,668	6,209,139
Less: lease liabilities	(94,789)	(89,804)
Valuation as per valuation report	6,274,879	6,119,335

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

	2020	2019
Investments		
Randstad	12,314	20,772
Mid East	248	3,907
Brabantstad	64	20,200
Non-core regions	8	472
Total investments and transfer from investment property under construction	12,634	45,351

Disposals	2020	2019
Randstad	(139,664)	-
Mid East	(11,672)	(22,700)
Brabantstad	(81,145)	-
Non-core regions	(26,931)	(60,011)
Total disposals	(259,412)	(82,711)

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

2020

	Randstad	Mid East	Brabantstad	Non-core regions	Total
Current average rent (€/unit)	1,166	965	971	827	1,130
Market rent (€/unit)	1,237	991	1,010	891	1,195
Gross initial yield	3.8%	4.5%	4.2%	5.5%	3.9%
Net initial yield	2.8%	3.4%	3.3%	4.2%	2.9%
Current vacancy rate (no rental units)	1.4%	0.8%	0.4%	0.0%	1.2%
Current financial vacancy rate	1.8%	1.0%	0.6%	0.2%	1.6%
Long-term growth rental rate	2.3%	2.3%	2.1%	2.5%	2.3%
Risk free (NRVT)					0.1%

2019

	Randstad	Mid East	Brabantstad	Non-core regions	Total
Current average rent (€/unit)	1,146	939	939	834	1,104
Market rent (€/unit)	1,215	967	968	877	1,166
Gross initial yield	3.8%	4.4%	4.3%	5.1%	3.9%
Net initial yield	2.7%	3.2%	3.0%	2.9%	2.8%
Current vacancy rate (no rental units)	1.3%	2.5%	0.1%	1.2%	1.3%
Current financial vacancy rate	2.3%	1.3%	0.6%	1.4%	2.1%
Long-term growth rental rate	2.4%	2.3%	2.2%	2.2%	2.4%
Risk free (NRVT)					0.4%

The valuation of the investment properties took into account a vacancy period ranging from one (1) to three (3) months. There are no significant rental incentives.

The net valuation gain (loss) for the year included a positive fair value adjustment of € 237.7 million (2019: € 561.8 million) relating to investment properties that were measured at fair value at the end of the reporting period.

Sensitivity analysis

The appraisal of the portfolio implies a net initial yield of 2.9% (2019: 2.8%). 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 26.0% lower (2019: 28.3% lower). In this situation, the Fund's shareholders' equity would have been € 1,623 million lower (2019 € 1,765 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	(312,711)	312,711	(305,967)	305,967

	2020		2019	
Change net initial yield	- 25 bps	+ 25 bps	- 25 bps	+ 25 bps
Value of the investment property change	600,641	(503,862)	552,405	(541,323)

13 Investment property under construction

	2020	2019
At the beginning of the year	388,303	558,704
First time adoption IFRS16	-	30,272
Investments	206,940	238,688
Transfers to investment property	(196,327)	(504,447)
Transfers from investment property	19,167	-
Total transfers to/from investment property	(177,160)	(504,447)
Net gain (loss) from fair value adjustments on investment property under construction	34,940	65,712
In profit or loss	34,940	65,712
In other comprehensive income	-	-
Transfers out of level 3	-	-
Movement of right of use ground leases	62	(626)
At the end of the year	453,085	388,303

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 investment property value.

	2020	2019
Investment Property	453,085	388,303
Less: lease liabilities	(22,401)	(24,551)
Valuation as per internal valuation	430,684	363,752

The investment property under construction relates to acquisitions and is being developed by third parties. For a list of the investment properties under construction and investment commitments, see Note 21.

The net valuation gain (loss) for the year included a positive fair value adjustment of € 49.8 million (2019: € 80.7 million) relating to investment properties under construction that are measured at fair value at the end of the reporting period.

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

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

Investments	2020	2019
Randstad	169,029	186,204
Mid East	24,044	27,726
Brabantstad	13,867	24,758
Non-core regions	-	-
Total investments	206,940	238,688

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

2020	Randstad	Mid East	Brabantstad	Total
Gross initial yield	4.1%	4.2%	3.9%	4.1%
Net initial yield	3.5%	3.6%	3.3%	3.5%
Long-term growth rental rate	2.2%	2.5%	2.5%	2.3%
Average 10-year inflation rate (NRVT)	0.1%	0.1%	0.1%	0.1%
Estimated average development profit on completion	10.4%	9.4%	2.6%	9.4%
Estimated average percentage of completion	58.0%	87.0%	61.5%	60.5%
Current average rent per unit (in €)				
Construction costs (€/m²)	4,919	2,665	4,147	4,537

2019	Randstad	Mid East	Brabantstad	Total
Gross initial yield	4.2%	4.7%	4.1%	4.2%
Net initial yield	3.6%	3.9%	3.5%	3.6%
Long-term growth rental rate	1.7%	1.5%	2.3%	1.7%
Average 10-year inflation rate (NRVT)	0.4%	0.4%	0.4%	0.4%
Estimated average development profit on completion	3.1%	0.2%	12.4%	3.9%
Estimated average percentage of completion	50.3%	56.1%	55.6%	51.0%
Current average rent per unit (in €)	1,158	1,042	1,046	1,140
Construction costs (€/m²)	4,298	3,032	3,219	4,089

14 Trade and other current receivables

	2020	2019
Trade receivables	1,293	1,160
VAT Receivables	1,227	440
Other receivables	7,206	431
Balance as at 31 December	9,726	2,031

The other receivables contain half (€ 7.0 million) of a one-off settlement. The Fund received ample guarantees from the counterparty.

15 Cash and cash equivalents

	2020	2019
Bank deposits	-	20,000
Bank balances	248,479	80,188
Balance as at 31 December	248,479	100,188

The bank balances of € 248.5 million are freely available to the Fund as at 31 December 2020.

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

For 2020, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2020	1,397,674	2,451,069	2,439,856	(430,519)	671,208	6,529,288
Comprehensive income						
Net result	-	-	-	-	442,538	442,538
Total comprehensive income	-	-	-	-	442,538	442,538
Other movements						
Issued shares	24,081	90,919	-	-	-	115,000
Appropriation of result	-	-	-	671,208	(671,208)	-
Dividends paid	-	-	-	(155,540)	-	(155,540)
Movement revaluation reserve	-	-	173,254	(173,254)	-	-
Total other movements	24,081	90,919	173,254	342,414	(671,208)	(40,540)
Balance at 31 December 2020	1,421,755	2,541,988	2,613,110	(88,104)	442,538	6,931,287

* See explanation dividend restrictions in this Note.

For 2019, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2019	1,345,913	2,272,987	1,931,943	(667,095)	878,013	5,761,761
Comprehensive income						
Net result	-	-	-	-	671,208	671,208
Total comprehensive income	-	-	-	-	671,208	671,208
Other movements						
Issued shares	51,761	178,082	-	-	-	229,843
Appropriation of result	-	-	-	878,013	(878,013)	-
Dividends paid	-	-	-	(133,524)	-	(133,524)
Movement revaluation reserve	-	-	507,913	(507,913)	-	-
Total other movements	51,761	178,082	507,913	236,576	(878,013)	96,319
Balance at 31 December 2019	1,397,674	2,451,069	2,439,856	(430,519)	671,208	6,529,288

* See explanation dividend restrictions in this Note.

Dividend restrictions

The Residential 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 Fund's FII status, the distributable dividends are made from retained earnings insofar as the retained earnings – being the total amount of retained earnings and result for the year – are not negative. The remaining amount of legally required distributable dividends is subsequently made from the 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	1,397,674	1,397,674	2,451,069	3,848,743
Dividends paid	-	-	-	-
Issued shares	24,081	24,081	90,919	115,000
Balance at 31 December 2020	1,421,755	1,421,755	2,541,988	3,963,743

Opening balance at 1 January 2019	1,345,913	1,345,913	2,272,987	3,618,900
Dividends paid	-	-	-	-
Issued shares	51,761	51,761	178,082	229,843
Balance at 31 December 2019	1,397,674	1,397,674	2,451,069	3,848,743

Issued capital

The authorised capital consists of five (5) million shares each with a nominal value of € 1,000. As at 31 December 2020, a total of 1,421,755 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 1 January 2020	114,355	-
First time adoption IFRS16	-	112,279
Interest	2,207	2,734
Other movements	628	(658)
Balance at 31 December 2020	117,190	114,355

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

The value of the lease liability assumes the estimated redemption amount for the transition to perpetual leasehold in 2021. The final determination of the redemption amount is currently under discussion with the city of Amsterdam and is expected to be finalised in 2021.

Land lease obligations	2020	2019
Year 1	114,954	111,591
Year 2	-	-
Year 3-5	-	-
Year > 5	27,910	37,212
Total Land lease obligations	142,864	148,803

18 Current trade and other payables

	2020	2019
Trade payables	3,750	26,623
Rent invoiced in advance	2,642	2,507
Tenant deposits	14,654	15,009
VAT payable	-	-
Other payables	11,435	11,879
Balance as at 31 December	32,481	56,018

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

19 Earnings per share

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

	2020	2019
Net result attributable to shareholders	442,538	671,208
Weighted average number of ordinary shares	1,407,574	1,372,444
Basic earnings (€ per share)	314.40	489.06

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

20 Dividends per share

In 2020, the Fund paid out a dividend of € 110.50 per share (2019: € 97.29) which amounts to a total of € 155.5 million (2019: € 133.6 million). A total dividend of € 157.4 million (2019: € 135.4 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's total future commitments amounted to € 707 million (2019: € 784 million). These commitments are made up as follows:

Investment commitments (in € million)	2021	2022	2023+
Hembrug	0	20	87
Bethelpark	60	28	16
Houthavenkade	52	20	9
Binck Blocks	29	14	21
Sluishuis	34	17	0
Elements Amerikagebouw	24	16	8
De Meester van Haarlem	28	20	0
TT Vasum	39	4	0
Oostenburg Kavel 3	16	13	0
Strijp S veld T - NEXT	13	3	12
De Willem	14	4	0
Kop van West Veld F	15	0	0
Elements Surinamegebouw	6	4	2
De Lodewijk	9	2	0
Buitenpoort	5	3	2
Licht & Lucht Kerckebos	8	2	0
Other < 10	24	2	2
	376	172	159

With regard to the sold properties, which were sold 'as is', in the event that the Fund is found liable for a financial loss related to one of the sold properties which loss had its origin before the delivery of the properties to the buyer, the Fund's exposure to a claim will end one year after delivery of the properties and is limited to ten percent of the sales value of the property concerned.

As at 31 December 2020, the Fund had unprovisioned contractual obligations for future repairs and maintenance of € 1.2 million (2019: € 3.1 million).

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 (NAV). The notice period is two years.

22 Related parties

The Fund's subsidiaries and members of the Supervisory Board and Executive Board of Directors of Bouwinvest and the other entities under management by Bouwinvest, qualify as related parties of the Residential Fund. The Fund paid Bouwinvest a fee of € 33.2 million in 2020 (2019: € 30.3 million).

Bouwinvest Development B.V., 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.

23 Management fee

Bouwinvest is the manager and the Statutory Director of the Fund. The management fee paid for the year 2020 amounted to € 33.2 million (2019: € 30.3 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 subject to the 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 AIFMD, is disclosed in the 2020 annual report 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 Residential Fund.

	2020	2019
Audit of the financial statements	40	39
Other audit engagements	8	-
Tax advisory services	-	-
Other non-audit services	-	-
Total fees	48	39

25 Subsequent events

In March 2021, one Dutch pension fund committed for a total of € 23.5 million.

In January 2021 shares were issued for a total of € 34 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		6,369,668	6,209,139
Investment property under construction		453,085	388,303
Financial assets	3	327	321
Total non-current assets		6,823,080	6,597,763
Current assets			
Trade and other current receivables		9,609	1,965
Cash and cash equivalents		248,240	99,933
Total current assets		257,849	101,898
Total assets		7,080,929	6,699,661
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		1,421,755	1,397,674
Share premium		2,541,988	2,451,069
Revaluation reserve		2,613,110	2,439,856
Retained earnings		(88,104)	(430,519)
Net result for the year		442,538	671,208
Total equity	4	6,931,287	6,529,288
Liabilities			
Non-current lease liabilities		117,190	114,355
Current trade and other payables		32,452	56,018
Total liabilities		149,642	170,373
Total equity and liabilities		7,080,929	6,699,661

Company profit and loss account

All amounts in € thousands

	2020	2019
Profit of participation interests after taxes	54	35
Other income and expenses after taxes	442,484	671,173
Result for the year	442,538	671,208

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 Residential Fund N.V. (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 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 amounts in the Company financial statements are not directly traceable to the notes to the consolidated financial statements, 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 Fund's Company profit and loss account.

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	321	285
Acquisitions and capital contributions	-	-
Dividends received	(48)	-
Net result for the year	54	36
As per 31 December	327	321

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

For 2020, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2020	1,397,674	2,451,069	2,439,856	(430,519)	671,208	6,529,288
Comprehensive income						
Net result	-	-	-	-	442,538	442,538
Total comprehensive income	-	-	-	-	442,538	442,538
Other movements						
Issued shares	24,081	90,919	-	-	-	115,000
Appropriation of result	-	-	-	671,208	(671,208)	-
Dividends paid	-	-	-	(155,540)	-	(155,540)
Movement revaluation reserve	-	-	173,254	(173,254)	-	-
Total other movements	24,081	90,919	173,254	342,414	(671,208)	(40,540)
Balance at 31 December 2020	1,421,755	2,541,988	2,613,110	(88,104)	442,538	6,931,287

For 2019, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2019	1,345,913	2,272,987	1,931,943	(667,095)	878,013	5,761,761
Comprehensive income						
Net result	-	-	-	-	671,208	671,208
Total comprehensive income	-	-	-	-	671,208	671,208
Other movements						
Issued shares	51,761	178,082	-	-	-	229,843
Appropriation of result	-	-	-	878,013	(878,013)	-
Dividends paid	-	-	-	(133,524)	-	(133,524)
Movement revaluation reserve	-	-	507,913	(507,913)	-	-
Total other movements	51,761	178,082	507,913	236,576	(878,013)	96,319
Balance at 31 December 2019	1,397,674	2,451,069	2,439,856	(430,519)	671,208	6,529,288

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

Issued capital

The authorised capital comprises five (5) million shares each with a nominal value of € 1,000. As at 31 December 2020, a total of 1,421,755 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 Residential Fund. A dividend of € 135.4 million (in cash) is paid. Of the profit for 2019 amounting to € 671.2 million, € 671.2 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 € 157.4 million (in cash) is to be paid. Of the profit for 2020 amounting to € 442.5 million, € 442.5 million will be incorporated in the retained earnings.

5 Employee benefits expense

The Residential 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 Residential 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 Residential 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 Residential 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 Residential 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 Residential 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 € 68 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	€ 68 million
Basis for materiality level	1% of total investment property
Threshold for reporting misstatements	€ 3,400 thousand

We agreed with the Executive Board of Directors that misstatements in excess of € 3,400 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 Residential 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 Residential 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.	Our audit procedures included, among others, the following:
As at December 31, 2020 the Company held a portfolio of investment property with a fair value of € 6.4 billion (December 31, 2019: € 6.2 billion) and investment property under construction of € 453 million (December 31, 2019: € 388 million).	We have gained understanding of the valuation process and tested design and implementation of the Company's relevant controls with respect to the data used in the valuation of the property portfolio.
The portfolio consist of € 6.8 billion residential properties.	We evaluated the competence of the Company's external appraiser, which included consideration of their qualifications and expertise.
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.	In relation to the significant assumptions in the valuation of investment property we have: <ul style="list-style-type: none">• 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.
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.	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 Residential Fund N.V.

Our conclusion

We have reviewed the sustainability information in the accompanying annual report for the year 2020 of Bouwinvest Dutch Institutional Residential 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 pages 31-38 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 Residential 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 Residential 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 pages 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 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

Zijdebalen Apartments

Utrecht
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				
Reclassification of certain IFRS liabilities as components of equity	X	X	Yes	Yes
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	6,931,287	4,875.16	6,529,288	4,671.54
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	6,931,287	4,875.16	6,529,288	4,671.54
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	6,351	4.5	5,580	4.0
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	6,937,638	4,879.63	6,534,868	4,675.53
Number of shares issued	1,421,755		1,397,674	
Number of shares issued taking dilution effect into account	1,421,755		1,369,674	
Weighted average INREV NAV	6,749,430		6,152,333	
Weighted average INREV GAV	6,795,446		6,187,357	
Total Global Expense Ratio (NAV)	0.53%		0.53%	
Total Global Expense Ratio (GAV)	0.52%		0.53%	
Real Estate Expense Ratio (GAV)	0.92%		0.99%	

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 2020, 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 is supposed to be paid separately. The valuation methodology is the net valuation after deduction of acquisition costs for a potential buyer. At initial recognition and during the payment of instalments, a part of the revaluation result will include the effect of the difference of the purchase price and the net valuation after deduction of acquisition costs for a potential buyer. This difference is taken into account in the INREV NAV as a separate item in the INREV adjustment with respect to acquisition costs.

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 Residential Fund N.V.

Report on the INREV adjustments

Our Opinion

We have audited the accompanying INREV adjustments 2020 of Bouwinvest Dutch Institutional Residential 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 105 up to and including page 108.

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 Residential 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.

Description of responsibilities for the INREV adjustments

Responsibilities of management 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 pages 105-108.

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

Enclosure

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 Residential Investments

M.B. (Michiel) de Bruine (1966, Dutch)

Michiel de Bruine has been Director Dutch Residential Investments since 2006. He is responsible for the Bouwinvest Dutch Institutional Residential Fund. He has over twenty years' experience in real estate asset management. Michiel gained his residential real estate experience with several companies, including Dynamis ABC Residential, where he worked as an account manager and as regional manager for Amsterdam and Utrecht. Michiel studied Law at the Vrije Universiteit in Amsterdam. Michiel is member of the Supervisory Board of Hello Zuidas and member of the Executive Committee of the ULI Netherlands.

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	4	1	Annual improvement of overall GRESB score
	GRESB	Overall score (GRI-CRESS: CRE8)	# [1-100]	88	84	4	

Investing in sustainable real estate

Impact area	Indicator	Measure	Units of measure	2020	2019	change	Plan 2020-2022
Asset sustainability certificate	GPR-Building	Green Building Certificates floor space (BREEAM or GPR) (GRI-CRESS: CRE8)	%	100%	100%	+ 40.8 pp	All standing investments GPR labelled and by end of 2022 an average score of 6.7
		Average score (GRI-CRESS: CRE8)	#	6.5	6.4	+ 1.6%	
	GPR-Building (new acquisitions)	Labelled floor space (GRI-CRESS: CRE8)	%	100.0%	n.a.	n.a.	Minimum GPR of 7.5
		Average score (GRI-CRESS: CRE8)	#	7.8	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	100% green portfolio (A, B, C energy labels) and 65%% energy label A or better by end 2021
		Green labelled floor space (A, B or C label)	%	100%	100%	0 pp	
		A labelled floor space	%	52.5%	43.0%	+ 7.5 pp	
		Average energy index	#	1.08	1.17	- 7.6%	
Renewable energy	Solar panels	Installed kWp of solar panels	kWp	13,726	9,201	49.2%	Add renewable energy on location, installing 12.000kWp of solar panels before end of 2021
	Near energy neutral	BENG proof	%	100.0%	77.0%	+ 23.0 pp	In the period 2019-2021, 70% of newly signed acquisitions (€) are near 'energy neutral' projects ('BENG'-proof)

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	8,313	7,432	4.5%	Annual reduction of environmental impact to increase:
	Gas	Total gas consumption (GRI: 302-1)		4,106	4,901	-16.7%	
	District heating and cooling	Total district heating and cooling (GRI: 302-2)		-	-	0.0%	
	Total	Total energy consumption from all sources (GRI: 302-2)		12,418	12,333	-4.3%	from -2% in 2019 to -5% in 2021
	Energy intensity	Building energy intensity (GRI-CRESS: CRE1)	kWh/m ² /year	13	14	-4.3%	
		Energy and associated GHG disclosure coverage		130 of 287	120 of 281		
GHG emissions	Direct	Scope 1 (GRI: 305-1)	tonnes	792	945	-16.7%	
	Indirect	Scope 2 (GRI: 305-2)	CO ₂ e	4,622	4,132	4.5%	
	Total	Total GHG emissions (GRI: 305-2) Scope 1 and 2		5,414	5,077	0.3%	from -2% in 2019 to -5% in 2021
		Total GHG emissions after compensation		792	945	-16.7%	
	GHG emissions intensity	GHG intensity from building energy (GRI-CRESS: CRE3)	kg CO ₂ e/m ² /year	5.7	5.6	0.3%	
Water	Total	Total water consumption (GRI:303-1)	m ³	N/A	N/A	N/A	from -2% in 2019 to -5% in 2021
	Water intensity	Building water intensity (GRI-CRESS: CRE2)	m ³ /m ² /year	N/A	N/A	N/A	
Waste	Total	Total waste collected (GRI: 306-1)	tonnes	N/A	N/A	N/A	from -2% in 2019 to -5% in 2021
		Recycling rate	%	N/A	N/A	N/A	

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)	%	38.6%	39.5%	- 0.9 pp	Tenants give the Fund a score higher than 7
		Average total score (GRI: 102-43)	#	7.3	7.2	+ 1.4%	
	Leases	Number of new leases	#	2,921	4,095	- 28.7%	By end 2020, 20% of all rental contracts
		Number of green leases	#	1,576 of 17,289	237 of 18,522	7.8%	
	Client satisfaction	Response rate (GRI: 102-43)	%	n/a		n/a	Clients give the Fund a score higher than 7
		Average total score (GRI: 102-43)	#	n/a	7.8	n/a	
Sustainable stewardship	Considerate constructors scheme	Registered construction projects	#	21 of 32	16 of 43	+ 28.4 pp	In 2020, 75% of construction sites (€) registered under Considerate Constructors Scheme ('Bewuste Bouwer')
		Participation rate (by acquisition price)	%	66.8%	38.1%	+ 28.7 pp	
	Board seats and committee memberships industry organisations, related to the Dutch residential sector	Number	#	4	4	0.0%	Gain board seats and committee memberships industry organisations: have at least one active board/committee memberships within industry organisations in the Dutch residential sector
	Make areas heart safe	Availability for tenants	%	100.0%	n/a	0.0%	our tenants and communities have an AED available within six minutes walking distance
		Availability for communities	%	100.0%	n/a	0.0%	

Being a responsible organisation

Affordable real estate	mid-rental properties (€737-1000)	Newly signed acquisitions	#	766	610	- 74.4 pp	Period 2019-2021, newly signed acquisitions will include 1,500 mid-rental (€ 711-1,000) properties
			%	28.5%	51.2%	+ 25.6 pp	
	Fair rental prices	Indexation above cpi	%	0.7%	0.1%	0.6%	
Responsible business operation	Digital tenant portal	Usage of tenants	%	32.7%	0.0%	+ 32.7 pp	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	No. of residential units	No. of parking units	Year of construction	Land ownership	Core region
Aerdenhout	Landgoed Alverna	36	36	2016	Freehold	Amsterdam region
Alphen aan den Rijn	Kerk en Zanen	77	12	1990	Freehold	The Hague region
Amersfoort	Vathorst I	39	-	2010	Freehold	Utrecht region
Amersfoort	Vathorst II	55	-	2012	Freehold	Utrecht region
Amstelveen	Middenhoven	52	-	1985	Freehold	Amsterdam region
Amstelveen	Westwijk I	68	30	1990	Freehold	Amsterdam region
Amstelveen	Westwijk III	54	-	1990	Freehold	Amsterdam region
Amstelveen	Westwijk VI	36	36	1990	Freehold	Amsterdam region
Amstelveen	Westwijk VII	28	-	1990	Freehold	Amsterdam region
Amstelveen	Westwijk VIII	75	-	1991	Freehold	Amsterdam region
Amstelveen	Westwijk IX	40	7	1993	Freehold	Amsterdam region
Amsterdam	Buitenveldert I	150	12	1986	Leasehold	Amsterdam region
Amsterdam	Buitenveldert II	127	-	1986	Leasehold	Amsterdam region
Amsterdam	Buitenveldert III	84	-	1986	Leasehold	Amsterdam region
Amsterdam	Sloten I	91	-	1991	Leasehold	Amsterdam region
Amsterdam	Kon. Wilhelminaplein I	96	102	1991	Leasehold	Amsterdam region
Amsterdam	Kon. Wilhelminaplein II	123	93	1991	Leasehold	Amsterdam region
Amsterdam	Sloten II	64	-	1991	Leasehold	Amsterdam region
Amsterdam	Sloten III	16	-	1991	Leasehold	Amsterdam region
Amsterdam	Sloten IV	180	112	1991	Leasehold	Amsterdam region
Amsterdam	Sloten V	24	24	1991	Leasehold	Amsterdam region
Amsterdam	Sloten VI	6	-	1992	Leasehold	Amsterdam region
Amsterdam	Sloten VII	96	-	1992	Leasehold	Amsterdam region
Amsterdam	Sloten VIII	148	-	1993	Leasehold	Amsterdam region
Amsterdam	Sloten IX	4	-	1993	Leasehold	Amsterdam region
Amsterdam	Sloten X	215	-	1993	Leasehold	Amsterdam region
Amsterdam	Sloten XI	16	-	1993	Leasehold	Amsterdam region
Amsterdam	Sloten XII	113	-	1993	Leasehold	Amsterdam region
Amsterdam	Sloten XIII	24	-	1993	Leasehold	Amsterdam region
Amsterdam	Sloten XIV	30	-	1993	Leasehold	Amsterdam region
Amsterdam	Sloten XV	50	51	1993	Leasehold	Amsterdam region
Amsterdam	Map I	17	-	1994	Leasehold	Amsterdam region
Amsterdam	Map II	72	-	1994	Leasehold	Amsterdam region
Amsterdam	Map III	49	49	1994	Leasehold	Amsterdam region
Amsterdam	Java Eiland I	155	108	1996	Leasehold	Amsterdam region
Amsterdam	Java Eiland II	155	94	1996	Leasehold	Amsterdam region
Amsterdam	Java Eiland III	118	73	1997	Leasehold	Amsterdam region
Amsterdam	Java Eiland IV	37	29	1997	Leasehold	Amsterdam region
Amsterdam	Java Eiland V	91	81	1997	Leasehold	Amsterdam region
Amsterdam	Java Eiland VI	70	67	1997	Leasehold	Amsterdam region
Amsterdam	Java Eiland VII	48	-	1997	Leasehold	Amsterdam region
Amsterdam	Java Eiland VIII	32	-	1996	Leasehold	Amsterdam region
Amsterdam	Geinwijk I	66	-	1997	Leasehold	Amsterdam region
Amsterdam	Geinwijk II	36	-	1997	Leasehold	Amsterdam region
Amsterdam	Borneo Eiland I	173	-	1998	Leasehold	Amsterdam region
Amsterdam	Borneo Eiland II	207	164	1998	Leasehold	Amsterdam region
Amsterdam	Koploper	176	87	2004	Leasehold	Amsterdam region
Amsterdam	Koploper, offices	5	-	2004	Leasehold	Amsterdam region
Amsterdam	Vaandeldrager	110	93	2004	Leasehold	Amsterdam region
Amsterdam	Vaandeldrager, offices	-	-	2004	Leasehold	Amsterdam region
Amsterdam	Winnaar	129	105	2004	Leasehold	Amsterdam region
Amsterdam	Winnaar, offices	-	-	2004	Leasehold	Amsterdam region

Amsterdam	De Heelmeesters I	98	114	2013	Leasehold	Amsterdam region
Amsterdam	De Heelmeesters II	81	66	2013	Leasehold	Amsterdam region
Amsterdam	De Heelmeesters, offices	-	-	2013	Leasehold	Amsterdam region
Amsterdam	Halve Maen	86	86	2014	Leasehold	Amsterdam region
Amsterdam	Feniks Studenten	342	-	2014	Leasehold	Amsterdam region
Amsterdam	Het Baken Starters	130	65	2014	Leasehold	Amsterdam region
Amsterdam	Rivers I	25	-	2016	Leasehold	Amsterdam region
Amsterdam	Rivers II	50	51	2016	Leasehold	Amsterdam region
Amsterdam	Summertime 11	94	76	2016	Leasehold	Amsterdam region
Amsterdam	Summertime 12	103	74	2016	Leasehold	Amsterdam region
Amsterdam	Summertime, offices	-	-	2016	Leasehold	Amsterdam region
Amsterdam	Stadionplein	100	86	2016	Leasehold	Amsterdam region
Amsterdam	Jeruzalem	24	13	2016	Leasehold	Amsterdam region
Amsterdam	Statendam	108	114	2016	Leasehold	Amsterdam region
Amsterdam	Pontsteiger	252	165	2018	Leasehold	Amsterdam region
Amsterdam	Bloemfontein (De Werf B)	28	-	2018	Leasehold	Amsterdam region
Amsterdam	Ceuta (De Werf C)	180	-	2018	Leasehold	Amsterdam region
Amsterdam	Doha (De Werf D)	62	-	2018	Leasehold	Amsterdam region
Amsterdam	Parking (De Werf H)	-	210	2018	Leasehold	Amsterdam region
Amsterdam	Bloemfontein (De Werf B) COG	-	-	2018	Leasehold	Amsterdam region
Amsterdam	Ceuta (De Werf C) COG	-	-	2018	Leasehold	Amsterdam region
Amsterdam	Frixos (De Werf F)	36	-	2019	Leasehold	Amsterdam region
Amsterdam	Glenlyon (De Werf G)	168	-	2019	Leasehold	Amsterdam region
Amsterdam	Frixos (De Werf F) COG	-	-	2018	Leasehold	Amsterdam region
Amsterdam	Glenlyon (De Werf G) COG	-	-	2018	Leasehold	Amsterdam region
Amsterdam	State I (Kop Weespertrekvaart)	160	103	2019	Leasehold	Amsterdam region
Amsterdam	State II (Kop Weespertrekvaart)	102	-	2018	Leasehold	Amsterdam region
Amsterdam	Nautique Living (De Werf A)	403	-	2017	Leasehold	Amsterdam region
Amsterdam	Explorer (De Werf E)	69	-	2018	Leasehold	Amsterdam region
Amsterdam	Explorer (De Werf E) COG	-	-	2018	Leasehold	Amsterdam region
Amsterdam	Ivens Studios (IJburg 1B)	70	-	2018	Leasehold	Amsterdam region
Amsterdam	Jeruzalem Blok G	40	-	2020	Leasehold	Amsterdam region
Amsterdam	Jeruzalem Blok G COG	-	-	2020	Leasehold	Amsterdam region
Apeldoorn	De Maten I	144	-	1982	Freehold	East region
Apeldoorn	t Fort-Vlieger	20	-	2001	Freehold	East region
Apeldoorn	t Fort-Hof	44	-	2001	Freehold	East region
Apeldoorn	t Fort-Hof, parking	-	77	2001	Freehold	East region
Apeldoorn	t Fort-Donjon	24	-	2001	Freehold	East region
Apeldoorn	t Fort-Ruit	13	-	2001	Freehold	East region
Apeldoorn	Loolaan	39	39	2017	Freehold	East region
Apeldoorn	Welgelegen Park MGW	31	-	2019	Freehold	East region
Apeldoorn	Welgelegen Park EGW	20	-	2019	Freehold	East region
Apeldoorn	Zonneweide	41	-	2019	Freehold	East region
Arnhem	Molenbeke	37	51	2014	Freehold	East region
Arnhem	Malburgen Nieuwe A	48	-	2017	Freehold	East region
Arnhem	Velperparc	36	-	2019	Freehold	East region
Berkel en Rodenrijs	Parkwijk-Oost	72	72	2012	Freehold	Rotterdam region
Breda	BREDA	1	-	1965	Freehold	Eindhoven region
Culemborg	Bellefleur	23	-	2017	Freehold	Utrecht region
Deventer	T&D kwartier EGW	30	15	2016	Freehold	East region
Deventer	T&D kwartier MGW	11	-	2016	Freehold	East region
Diemen	Noord VII	29	8	1989	Freehold	Amsterdam region
Diemen	Noord I	20	20	1990	Freehold	Amsterdam region
Diemen	Noord II	54	54	1990	Freehold	Amsterdam region
Diemen	Noord VIII	54	-	1990	Freehold	Amsterdam region
Diemen	Noord X	108	14	1991	Freehold	Amsterdam region

Diemen	Noord XI	22	-	1991	Freehold	Amsterdam region
Diemen	West I	24	3	1992	Freehold	Amsterdam region
Diemen	West II	45	6	1992	Freehold	Amsterdam region
Diemen	West III	106	8	1993	Freehold	Amsterdam region
Diemen	West IV	109	71	1993	Freehold	Amsterdam region
Diemen	Noord XIII	36	4	1994	Freehold	Amsterdam region
Diemen	Noord XV	44	-	1994	Freehold	Amsterdam region
Diemen	Noord XIV I	24	24	1994	Freehold	Amsterdam region
Diemen	Noord XIV II	10	10	1994	Freehold	Amsterdam region
Ede	Kraatsweg I	51	-	1980	Freehold	East region
Ede	De Laren	30	40	2014	Freehold	East region
Ede	Elias Beeckman Kazerne	64	-	2018	Freehold	East region
Eindhoven	Gijzenrooi	55	40	1989	Freehold	Eindhoven region
Eindhoven	Picusgebouw	77	77	2020	Freehold	Eindhoven region
Eindhoven	Picuskadeblok	36	36	2019	Freehold	Eindhoven region
Eindhoven	Blok61 (Strijp S)	96	58	2017	Freehold	Eindhoven region
Eindhoven	Meerijlaan	24	43	2019	Freehold	Eindhoven region
Gouda	Groenhovenpark	220	-	1981	Freehold	Rotterdam region
Groningen	Hoornse Meer III	104	44	1991	Freehold	East region
Groningen	Hoornse Park	34	-	1992	Freehold	East region
Groningen	Ebbinge 9A	32	-	2020	Freehold	East region
Groningen	Ebbinge 9A COG	-	-	2020	Freehold	East region
Haarlem	Zuiderpolder I	72	4	1987	Freehold	Amsterdam region
Haarlem	Zuiderpolder II	48	-	1990	Freehold	Amsterdam region
Haarlem	Mauve I	24	24	2013	Freehold	Amsterdam region
Haarlem	Mauve II	50	57	2013	Freehold	Amsterdam region
Haarlem	Rosorum Residentie	-	23	2014	Freehold	Amsterdam region
Helmond	Brandevoort	60	-	2013	Freehold	Eindhoven region
Helmond	Parc Valere	75	76	2018	Freehold	Eindhoven region
Helmond	Liverdonk	26	-	2018	Freehold	Eindhoven region
Hilversum	Villa Industria, Gashouder I	32	32	2016	Freehold	Amsterdam region
Hilversum	Villa Industria, Gashouder II	48	43	2016	Freehold	Amsterdam region
Hilversum	Villa Industria - Pakhuizen	10	20	2016	Freehold	Amsterdam region
Hilversum	Villa Industria - Entreegebouw	16	17	2016	Freehold	Amsterdam region
Hoofddorp	Hof van Pampus	74	125	2019	Freehold	Amsterdam region
Hoofddorp	Tudorpark EGW	98	-	2019	Freehold	Amsterdam region
Hoofddorp	Tudorpark MGW	36	-	2019	Freehold	Amsterdam region
Hoofddorp	De Monarch	97	141	2020	Freehold	Amsterdam region
Hoofddorp	Tudorpark 2de fase	62	8	2020	Freehold	Amsterdam region
Hoogland	De Ham	58	18	1989	Freehold	Utrecht region
Katwijk	't Duyfrak I	54	-	2010	Freehold	The Hague region
Katwijk	't Duyfrak II	42	42	2011	Freehold	The Hague region
Koog aan de Zaan	Westerkoog	151	-	1983	Freehold	Amsterdam region
Leidschendam	Heuvelzijde I	87	24	1997	Freehold	The Hague region
Leidschendam	Heuvelzijde II	92	-	1997	Freehold	The Hague region
Leidschendam	Heuvelzijde III	76	15	1998	Freehold	The Hague region
Lelystad	De Tjalk	121	13	1984	Freehold	Non-core region
Lent	Laauwik	22	-	2012	Freehold	East region
Lent	Park Lentseveld	26	-	2014	Freehold	East region
Maastricht	Eyldergaard	63	63	1986	Freehold	Eindhoven region
Maastricht	Boschstraat Oost	196	-	1987	Freehold	Eindhoven region
Maastricht	Belvedere Haven	57	66	2008	Freehold	Eindhoven region
Maastricht	Belvedere Haven, retail	-	-	2008	Freehold	Eindhoven region
Maastricht	Cour Renoir I	73	111	2009	Freehold	Eindhoven region
Maastricht	Cour Renoir II	14	14	2010	Freehold	Eindhoven region
Nieuwegein	Fokkesteeg	78	-	1981	Freehold	Utrecht region

Nieuwegein	Batau Noord I	176	16	1981	Freehold	Utrecht region
Nieuwegein	Batau Noord II	64	32	1981	Freehold	Utrecht region
Nieuwegein	Batau Noord III	40	-	1987	Freehold	Utrecht region
Nieuwegein	Galecop I	36	-	1995	Freehold	Utrecht region
Nieuwegein	Galecop II	36	-	1996	Freehold	Utrecht region
Nijmegen	Onder Onnes EGW	35	-	2016	Freehold	East region
Nijmegen	Onder Onnes MGW	11	-	2016	Freehold	East region
Nijmegen	Nieuw Nachtegaalplein I	29	-	2016	Freehold	East region
Nijmegen	Nieuw Nachtegaalplein II	38	-	2018	Freehold	East region
Nuenen	't Oog	25	25	2017	Freehold	Eindhoven region
Oisterwijk	KVL	60	-	2019	Freehold	Eindhoven region
Oosterhout	De Kreek	30	-	2018	Freehold	Eindhoven region
Pijnacker	MarquantPlus	78	78	2015	Freehold	The Hague region
Pijnacker	Boszoom	57	-	2015	Freehold	The Hague region
Purmerend	Kop van West	74	85	2019	Freehold	Amsterdam region
Rijswijk	De Strijp	30	-	1996	Freehold	The Hague region
Rijswijk	RijswijkBuiten 'de Tuinen van Sion'	43	-	2016	Freehold	The Hague region
Rijswijk	Rijswijk Buiten-Sion MGW	59	-	2019	Freehold	The Hague region
Rijswijk	Rijswijk Buiten-Sion EGW	38	38	2020	Freehold	The Hague region
Rosmalen	De Vlondertuinen	25	-	2015	Freehold	Eindhoven region
Rotterdam	Oosterflank	102	-	1985	Leasehold	Rotterdam region
Rotterdam	Zevenkamp IV	126	-	1985	Leasehold	Rotterdam region
Rotterdam	Noordelijk Niertje	112	68	1988	Leasehold	Rotterdam region
Rotterdam	Prinsenland I	138	-	1991	Leasehold	Rotterdam region
Rotterdam	Prinsenland II	99	-	1990	Leasehold	Rotterdam region
Rotterdam	Oostplein	69	44	1991	Freehold	Rotterdam region
Rotterdam	Oostplein, retail	-	-	1991	Freehold	Rotterdam region
Rotterdam	Grindweg	38	38	1992	Leasehold	Rotterdam region
Rotterdam	Prinsenland III	70	68	1994	Leasehold	Rotterdam region
Rotterdam	Prinsenland IV	18	18	2010	Leasehold	Rotterdam region
Rotterdam	Kop van Zuid I	19	19	1995	Leasehold	Rotterdam region
Rotterdam	Kop van Zuid II	311	175	1995	Leasehold	Rotterdam region
Rotterdam	Prinsenvakbuurt	60	8	1995	Leasehold	Rotterdam region
Rotterdam	Up Town	150	90	2019	Freehold	Rotterdam region
'S-Hertogenbosch	Paleiskwartier	224	196	2017	Freehold	Eindhoven region
The Hague	Bomenbuurt	42	-	1990	Leasehold	The Hague region
The Hague	CentreCourt	122	-	2002	Freehold	The Hague region
The Hague	Riethof I	56	-	2003	Leasehold	The Hague region
The Hague	Riethof II	60	60	2003	Leasehold	The Hague region
The Hague	Prinsenhof	203	-	2006	Leasehold	The Hague region
The Hague	Landouwen I	29	29	2006	Freehold	The Hague region
The Hague	Landouwen II	29	29	2006	Freehold	The Hague region
The Hague	Landouwen III	29	29	2006	Freehold	The Hague region
The Hague	Landouwen IV	29	29	2006	Freehold	The Hague region
The Hague	Landouwen V	29	29	2006	Freehold	The Hague region
The Hague	Oostduinlaan	146	146	2019	Freehold	The Hague region
The Hague	Oostduinlaan, Short Stay	-	-	2019	Freehold	The Hague region
The Hague	Cityprince	50	45	2015	Leasehold	The Hague region
The Hague	Cityprince COG	-	-	2015	Leasehold	The Hague region
The Hague	De Wateringen	30	30	2020	Freehold	The Hague region
Tilburg	De Noorderstreek	76	76	2017	Freehold	Eindhoven region
Utrecht	3 FNV	3	-	1940	Freehold	Utrecht region
Utrecht	Langerak I	10	-	1999	Leasehold	Utrecht region
Utrecht	Langerak II	20	-	1999	Leasehold	Utrecht region
Utrecht	Parkwijk Noord	89	61	2002	Leasehold	Utrecht region
Utrecht	Parkwijk Zuid veld 22	91	88	2003	Leasehold	Utrecht region

Utrecht	Parkwijk Zuid veld 25	70	70	2003	Leasehold	Utrecht region
Utrecht	Terwijde 14/15 I	38	38	2004	Leasehold	Utrecht region
Utrecht	Terwijde 14/15 II	67	67	2004	Leasehold	Utrecht region
Utrecht	Langerak III	80	80	2005	Leasehold	Utrecht region
Utrecht	Dichterswijk	124	123	2005	Leasehold	Utrecht region
Utrecht	Parkwijk Het Zand	98	98	2005	Leasehold	Utrecht region
Utrecht	Tuinpark I	74	71	2006	Leasehold	Utrecht region
Utrecht	Tuinpark II	187	197	2006	Leasehold	Utrecht region
Utrecht	Boemerang, offices	-	18	2006	Leasehold	Utrecht region
Utrecht	De Bongerd I	33	33	2009	Leasehold	Utrecht region
Utrecht	De Bongerd II	38	38	2010	Leasehold	Utrecht region
Utrecht	Terweijde Zuid	100	106	2010	Leasehold	Utrecht region
Utrecht	Meyster's Buiten I	25	25	2015	Leasehold	Utrecht region
Utrecht	Meyster's Buiten II	24	24	2015	Leasehold	Utrecht region
Utrecht	Veemarkt I	45	45	2015	Leasehold	Utrecht region
Utrecht	Veemarkt Portiek	47	47	2016	Leasehold	Utrecht region
Utrecht	Veemarkt City	65	50	2016	Freehold	Utrecht region
Utrecht	Zijdebalen I	104	94	2017	Freehold	Utrecht region
Utrecht	Zijdebalen II	73	44	2017	Freehold	Utrecht region
Utrecht	Zijdebalen III	73	75	2018	Freehold	Utrecht region
Utrecht	Zijdebalen IV	52	34	2019	Freehold	Utrecht region
Utrecht	Vredenburgplein	60	-	2017	Freehold	Utrecht region
Utrecht	Van der Marckhof	46	46	2018	Freehold	Utrecht region
Utrecht	Haarzicht	126	93	2019	Freehold	Utrecht region
Utrecht	Rachmaninoffhuis	132	21	2020	Freehold	Utrecht region
Veldhoven	Heikant Oost III	58	6	1987	Freehold	Eindhoven region
Veldhoven	Zandven	22	-	2020	Freehold	Eindhoven region
Veldhoven	Huysackers	17	17	2020	Freehold	Eindhoven region
Velserbroek	B3	46	4	1989	Freehold	Amsterdam region
Velserbroek	Bastion	110	-	1992	Freehold	Amsterdam region
Vlijmen	De Grassen I	23	-	2018	Freehold	Eindhoven region
Zaandam	Westerwatering IV	24	24	1990	Leasehold	Amsterdam region
Zoetermeer	Buytenwegh de Leyens I	81	-	1984	Freehold	The Hague region
Zoetermeer	Buytenwegh de Leyens II	50	-	1985	Freehold	The Hague region
Zoetermeer	Stadscentrum	71	-	1987	Freehold	The Hague region
Zoetermeer	Stadscentrum, retail	-	-	1987	Freehold	The Hague region
Zoetermeer	Rokkeveen	91	9	1988	Freehold	The Hague region
Zoetermeer	Rokkeveen Rad	244	-	1988	Freehold	The Hague region
Zwolle	Stadshagen I	33	-	1998	Freehold	East region
Zwolle	Stadshagen II	138	-	1998	Freehold	East region
Zwolle	Stadshagen III	64	-	1999	Freehold	East region
Zwolle	Stadshagen IV	12	-	2000	Freehold	East region
Zwolle	Stadshagen V	21	-	2000	Freehold	East region
Zwolle	Stadshagen Haven	37	-	2002	Freehold	East region
Zwolle	Bewegingshuis	93	95	2005	Freehold	East region
Zwolle	Schoolwoningen	24	30	2005	Freehold	East region
Zwolle	Havezate	57	-	2013	Freehold	East region
Zwolle	Vrij Werkeren	46	-	2018	Freehold	East region
		17,760	7,809			

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 m³ 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 m² 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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