Annual report 2022

Bouwinvest Dutch Institutional Healthcare Fund N.V.

Bouwinvest | Real Estate Investors

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The Fund
at a glance

Real Value for Life

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

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

The Fund's strategy

Growth

Solutions for the increasing demand for suitable housing for the elderly

Social return

Healthcare solutions offering optimal social return

Sustainability

Sustainable and responsible investments

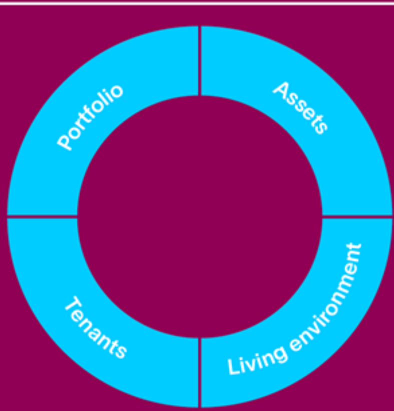
The Fund's key strategic objectives

- Growth NAV
- Acquisitions
- Focus on core regions

- Intramural and private care
- Mid-segment rental Assisted Living
- Differentiated target groups
- Community building
- Customer satisfaction

- Future-proof and sustainable portfolio
- Reducing environmental impact
- Liveable, attainable and inclusive places
- Healthy, safe and responsible operations

The Fund's strategic actions



The Fund's financial, social and environmental return 2022

Total return	Average occupancy rate	NAV IFRS
-0.1 %	98.8 %	€461 MILLION

Transactions	Investments	Divestments
€126 MILLION	€19 MILLION	€6 MILLION

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

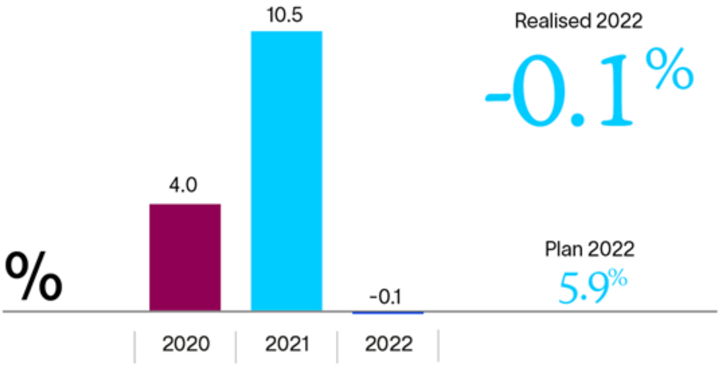
Real Value for Life

Stable long-term pension benefits with limited environmental impact

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

The Fund's contribution to Real Value for Life

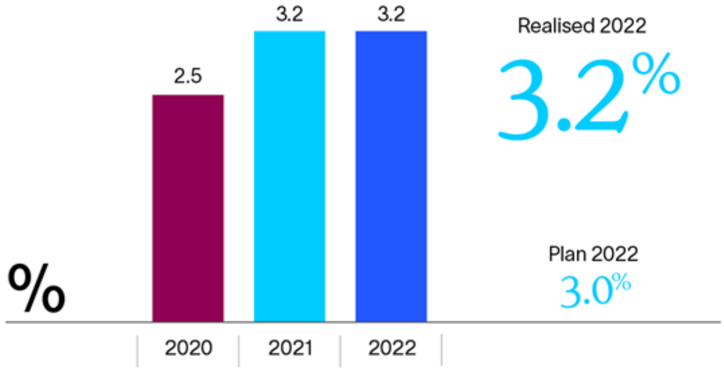
Fund return



Realised 2022
-0.1%

Plan 2022
5.9%

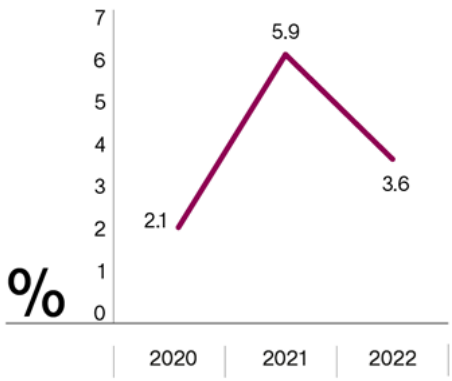
Fund income return



Realised 2022
3.2%

Plan 2022
3.0%

Like-for-like rental income



Realised 2022
3.6%

Plan 2022
1.6%

Acquisitions (x € MILLION)

Realised 2022
€ 126

Plan 2022
€ 150

Investments (x € MILLION)

Realised 2022
€ 19

Plan 2022
€ 75

Occupancy rate

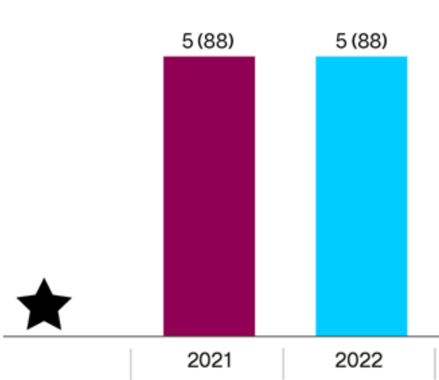
Realised 2022
98.8%

Plan 2022
99.1%

Core regions

Realised 2022
92.3%

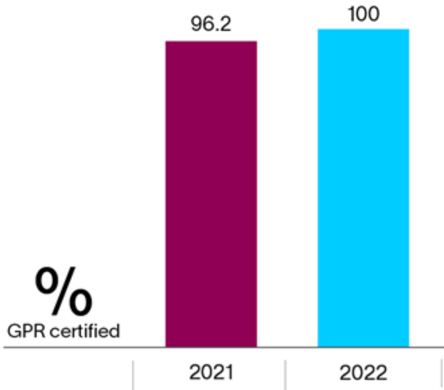
GRESB star rating (score)



Realised 2022

5 star rating
(88 Points)

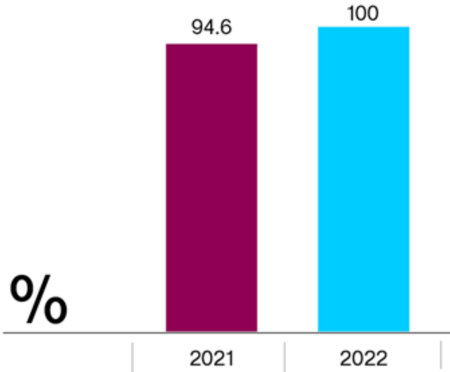
GPR building label



Realised 2022

100%

Energy label (A)



Realised 2022

100%

Tenant satisfaction (score)

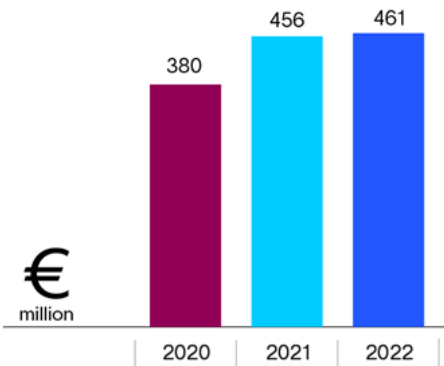
Plan 2022

>7.0

Realised 2022

7.4

NAV (x € MILLION)



Realised 2022

461

Plan 2022

534

Dividend paid per share

Plan 2022

€ 95.18

Realised 2022

€ 104.30

Issued capital (x € MILLION)

Plan 2022

€ 80

Realised 2022

€ 20

Key performance over five years

All amounts in € thousands, unless otherwise stated	**2022**	2021	2020	2019	2018
Statement of financial position					
Total assets	474,440	470,387	394,780	278,010	184,775
Total shareholders' equity	460,663	455,796	380,381	262,368	178,443
Total debt from credit institutions	-	-	-	-	-
Performance per share					
Dividends (in €)	104.30	86.63	73.66	81.48	86.28
Net earnings (in €)	-1.31	320.21	104.00	206.64	196.04
Net asset value IFRS (in €, at year-end)	3,162.46	3,262.12	3,032.59	2,989.03	2,859.02
Result					
Net result	(188)	42,381	10,328	16,385	9,781
Total Global Expense Ratio after tax (TGER)	0.53%	0.56%	0.56%	0.54%	0.64%
Real Estate Expense Ratio (REER)	0.71%	0.80%	0.78%	0.40%	0.46%
Distributable result	15,180	12,982	7,604	6,405	4,305
Pay-out ratio	100%	100%	100%	100%	100%
Fund return					
Income return	3.2%	3.2%	2.5%	2.8%	3.0%
Capital growth	(3.2)%	7.2%	1.4%	4.8%	5.0%
Total Fund return	(0.1)%	10.5%	4.0%	7.7%	8.1%
Portfolio figures					
Investment property	443,654	444,471	342,594	221,961	136,920
Investment property under construction	15,985	17,728	44,608	54,068	47,079
Gross initial yield	5.1%	4.9%	5.3%	5.3%	5.6%
Total number of properties	38	38	33	22	15
Average monthly rent per square metre (in €)	14	14	12	13	14
Financial occupancy rate (average)	98.8%	97.5%	91.1%	98.7%	99.1%
Property performance (all properties)					
Income return	3.8%	3.7%	3.2%	3.6%	3.8%
Capital growth	(3.2)%	7.3%	1.1%	4.7%	4.4%
Total property return	0.5%	11.2%	4.3%	8.5%	8.4%

Message from the Director Dutch Healthcare Investments

Last year was another challenging year for both real estate markets and the wider economy. Russia's invasion of Ukraine led to a huge rise in energy prices and a surge in inflation. With no end in sight for the conflict, the outlook for 2023 is fragile, which is reflected in low consumer and business confidence, despite government aid. Unemployment has remained low, but rising staff shortages in a growing number of sectors, including the healthcare sector, is putting a lot of pressure on economic growth. And while wages have risen quite sharply, they have not been able to keep pace with burgeoning inflation. The increase in construction costs, fuelled by staff shortages and related wage increases plus rising material costs, is also putting pressure on new-build projects, with some being postponed or even cancelled. On a more positive note, rising energy prices are increasing demand for sustainable, energy-efficient homes. Plus the healthcare real estate sector fundamentals are still strong. Given the double ageing of the population, the demand for real estate with a healthcare element will only increase in the years to come.

Investment market

The Dutch government's regulatory changes and its efforts to maintain or increase the supply of affordable homes in the Netherlands continue to create a great deal of uncertainty on the healthcare real estate market. Investment managers are also dealing with a stream of new (EU) sustainability regulations, including the SFDR and the EU taxonomy. Plus the government has capped funding for retirement home places at the current 130,000.

On top of this, the sharp rise in interest rates has had a major impact on the investment market. Due to this, together with the above-mentioned inflationary pressures and rising construction costs, the sentiment on the healthcare investment market is currently quite cautious. The sharp decline in stocks and bonds also triggered the so-called denominator effect, leaving investors (temporarily) overallocated to real estate and forcing some to trim their holdings.

All of this led to a decline in asset valuations from Q3 onwards, mainly due to increasing yields. We expect to see a growing gap in valuations between prime assets and secondary assets, as investors focus on high-quality, sustainable care homes in economically healthy areas.

Rising energy prices, plus new, stricter ESG-related regulations, has increased the premium on energy-efficient homes, for both investors and for rental tenants. This puts the Healthcare Fund at an advantage thanks to the prime locations of our homes and complexes and the measures we have taken to maximise the energy efficiency of the portfolio as part of our ambitious Paris Proof drive.

Responding to uncertainties

As a long-term investor our client is focussed on stability and predictability. bpfBOUW has set targets in terms of environmental performance environmental risk, social impact and solid governance. The Fund's challenge is to continue to meet these demands in even these uncertain market conditions.

Bouwinvest has responded to the demands of our clients and regulators by refining our strategy and strengthening our risk management, compliance, financial and ESG reporting capabilities, while also investing in sustainability measures that will help make our portfolio fit for the future.

The strong fundamentals in the Dutch healthcare market are already attracting a rising number of investors and real estate investment volumes in the healthcare real estate segment remained strong in 2022. Bouwinvest believes it is possible that institutional investment capital flows targeting the Dutch healthcare sector could be given further boost by the growth of impact investing, as institutional investors target positive social and environmental returns on their investments, alongside stable financial returns.

The Fund's strategy

Despite the above negative developments, the Fund performed well in 2022 on direct return because that has come out at expectation. While the total return for the full year came in at -0.1%, primarily driven by two quarters of negative capital growth, the Fund improved its occupancy rate to 98.8% for the whole of 2022 and made a number of excellent acquisitions. The Fund's fundamental strategy was unchanged, while the Fund did make some minor adjustments to make its portfolio more resistant to the foreseeable developments in 2023. The Fund delivered in 2022 solid performances on all three pillars (growth, social return and sustainability), as we acquired three projects totalling € 126 million, adding one complex to our portfolio and sold one for €6 million. The Fund retained its 5-star GRESB rating, maintained its high score and ended second in its peer group. On the social impact front, the Fund rolled out its Community Concept at a second complex and introduced the concept to residents at a third.

Outlook

Given the level of uncertainty in the market, it is difficult to predict what will happen in the healthcare sector in the near term. However, we do expect there to be opportunities. Less committed, less long-term investors or investors that rely heavily on leverage may withdraw from the market and we could well see high-quality assets coming to the market at discounted prices.

All that remains is for me to thank our client for their continued trust in us and our strategy. And of course I would like to thank our team for their hard work, professionalism and collaborative efforts. It is thanks to them that we emerged as strongly as we did from another dynamic year.

Helma Spuls
Director Dutch Healthcare Investments

Report of the Management Board

Market environment

Key macro developments

Following the reopening of the economy early 2022, after the last national lockdown due to Covid 19 in December 2021, the first economic indicators looked fairly positive at the beginning of the year. However after the invasion of Ukraine by Russia in February the situation started to change quite rapidly. While the pandemic became more controlled, energy and food prices were already climbing and political sanctions and additional supply-demand imbalances resulting from the Russian-Ukraine war, fuelled inflation further to double-digit figures not seen since the 1970s. This was followed by a series of increases of policy interest rate increases by central banks to temper inflationary growth and future new increases are expected.

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

- The Russian invasion of Ukraine and rapidly escalating events in late February and in March 2022 were a significant tragedy for the people and caused disruption to business and economic activity in the region and worldwide. The war is not expected to end soon and its effects will be felt into 2023.
- The Dutch economy recorded a positive growth in 2022, with year-on-year GDP growth of 4.5%. However there were significant fluctuations during the course of the year. After the reopening from the last lockdown, the economy saw a strong growth in the first half of the year with year-on-year GDP growth of respectively 6.5% in Q1 and 5.2% in Q2. However as the effects of the Russian invasion of Ukraine at the end of February became evident, quarter-on-quarter growth figures in the remaining two quarters were negative. This eventually resulted in a lower but still positive year-on-year GDP growth in 2022.
- The energy crisis that had already started to unwrap in the second half of 2021, further escalated during 2022 and resulted in record high double digit inflation rates in September and October. Energy costs stabilised from November due to the relatively warm temperatures. The overall average inflation for 2022 was 10.0%.
- As a result of the record high inflation and overall uncertainty, consumer confidence deteriorated in 2022 and reached an all-time low of -59 in September. By the end of 2022 there was a slight recovery of consumer confidence again. Producer confidence also dropped and remained just on the positive side (+3), despite challenging market characteristics.
- The ECB increased its benchmark deposit rate four times during 2022 to temper inflationary growth. The first increase was in July by 50 basis points followed by two increases of 75 basis points in September and October and finally by 50 basis points in December. The ECB rate went from -0.5% at the beginning of 2022 to 2.0% at the end of the year and further increases in 2023 are very likely to occur, whereby a 50 basis points increase in February 2023 and a 50 basis points increase in March 2023 took already place.
- As a result Dutch government bond rates increased substantially over the year, from 0.15% at the end of 2021 to 2.35 % at the end of 2022, while mortgage rates increased from 1.65% (December 2021) to 3.37% (December 2022).
- After a gradual increase during Q2 and Q3, unemployment rates declined marginally to 3.5% in December from 3.8% (December 2021). Under the current high inflation and uncertain economic circumstances, the situation on the labour market remains tight. Shortages in the labour market are visible in a growing number of sectors, hampering productivity. The number of bankruptcies continued to remain fairly stable and at a very low level, although forecasts are also increasingly dire on this front.
- The short-term economic outlook for the Netherlands is slightly positive but fragile, as the country faces a number of challenges on the road to recovery from the Covid-19 pandemic, combined with new uncertainties triggered by the geopolitical and economic effects of the war in Ukraine and rising inflation and interest rates across the world.

More detailed information can be found in Bouwinvest's Dutch Real Estate Market Outlook 2023-2025.

	2023 forecast	2022	2021
GDP	0.4%	4.2%	4.9%
Consumer spending	0.2%	6.1%	3.6%
Consumer price index (CPI)*	4.2%	10.0%	2.7%
Interest rate government bonds, long-term*	2.5%	1.5%	(0.2)%
Unemployment rate*	4.2%	3.5%	4.2%

*Average number over the year
Source: Oxford Economics (10 February 2023)

Market update 2022

Public policies

Government plans

In 2022, the Dutch government continued to face a vast number of fundamental challenges. In addition to dealing with the aftermath of the Covid-19 crisis, it had to deal with the Ukraine war, rising inflation, the nitrogen emissions crisis, as well as increased uncertainty in the housing market. In the national Budget Memorandum ('Miljoenennota') published in September, the government allocated budgets and introduced new measures to combat some of these challenges. The focus was very much on supporting the purchasing power of lower and middle-income households by introducing an energy cap, increasing the minimum wage and related social security benefits, an income-related rent increase for tenants and several additional tax and allowance interventions.

The most significant elements in the new budget plans regarding real estate in general are twofold. First, the increase in the real estate transfer tax (RETT) to 10.4% from 8.0%, putting downward pressure on property prices. Secondly, as of 1 January 2025, fiscal investment institutions (FIIs) will no longer be allowed to invest in directly held real estate. If no additional measures are taken the Fund will become subject to corporate income tax ('vennootschapsbelasting'). Bouwinvest will mitigate this risk by anticipating a restructuring of the Fund into a tax transparent legal form. Bouwinvest and bpfBOUW will investigate future scenarios in 2023. Part of this investigation will be the anticipation of the restructuring of the Fund.

Healthcare real estate policies

In 2022, the newly formed coaltion government unveiled a set of new policies, targeting the challenges in the healthcare sector and in particular the elderly care sector. The most comprehensive is the Living, Support and Care for the Elderly (*Wonen, Ondersteuning en Zorg voor Ouderen*, or WOZO) programme. This programme was launched by the Ministry of Health, Welfare and Sport (VWS) in July 2022 and includes a number of measures, initiatives and programmes to enhance the quality and transform the organisation of the elderly care sector. Its aim is to increase the self-reliance and independence of elderly people, to stimulate the elderly to stay at home for as long as possible and to boost technical innovations for more digital care (i.e. digital consultation, robots and sensors). Also it includes programmes (i.e. 'TAZ') and new legislation (i.e. 'DOS') specifically aimed at combatting absenteeism and staff shortages in the healthcare sector.

In addition, on 23 November 2022 the ministers for Housing and Spatial Planning and Long-term Care and Sport teamed up to present their plans with regard to housing for the elderly. The main objective is to accelerate the construction of 900,000 new homes by 2030, with at least 290,000 of these homes to be suitable for the elderly and for (future) care at home.

The Ministry has ruled that there will be no net expansion of the current number of nursing home places of 130,000 in the coming years, even though new projections show that an additional 40,000 nursing home places will be needed in the period to 2030. Current policies aim to meet this need by building clustered elderly apartments in which the more intensive care can still be provided at home, separating residence and care, rather than adding traditional nursing homes where residence and care are combined.

In September 2022, the Dutch Healthcare Authority (Nederlandse Zorgautoriteit - NZa) published the 2023 care allowances. Long-term care housing allowances were increased by 2.7% for the fifth consecutive year. Last year, the Dutch Healthcare Authority also conducted a periodic revaluation of the allowances and allowances for 2024 are now expected to decline by 7% to 8%. As a consequence, nursing home operators will have less to spend on their housing.

Finally, in a move relevant to the assisted living segment, in December 2022 the Ministry of Housing and Spatial Planning provided more details on its plans for the additional regulation of the liberalised residential rental segment. These plans foresee a threshold in which rents, calculated on the basis of the Dutch 'WWS' points system, up to approximately € 1,000 a month (current price level) will fall within the regulated rental segment (this threshold is currently € 763.47 a month). However, this regulation would only apply to new leases. Furthermore, the minister proposes to maximise rent increases in the non-regulated segment at wage increases in collective labour agreements (CAOs) plus 0.5%, rather than inflation. These plans are aimed at improving affordability for housing. These new policy measures will be implemented from 1 January 2024.

Occupier market

The pressure on the healthcare sector continued to grow in 2022 due to the prevailing challenges of growing waiting lists for elderly care, personnel shortages, high energy costs, higher procurement costs, higher rents and interest rates and the investments needed for the implementation of digital healthcare applications and sustainability. Personnel shortages and higher absenteeism in particular have become a structural obstacle to healthcare institutions providing the necessary amount and quality of healthcare services, while also resulting in higher personnel costs as operators are forced to hire more temporary agency workers. It is therefore not surprising that the financial returns of many operators in the healthcare sector came under pressure in 2022, which had a negative impact on (sustainability) investments, innovation and expansion. In the Q4 2022 survey by Fizi, 40% of healthcare operators forecast negative financial results for 2022.

Intramural nursing home operators will also come under additional pressure from the planned reduction of government funding of their accommodation (NHC tariffs) from 2024. The latter will reinforce the shift from intramural care in nursing homes to more extramural nursing accommodations, where living and nursing for elderly people is organised and financed separately.

A more integrated approach to (elderly) healthcare by clustering of living, care and healthcare services, combined with implementing more digital care is increasingly seen as the way forward for healthcare operators to enable them to provide the necessary healthcare. Further consolidation in de the sector is also expected. The merger of two private care operators, Domus Magnus and Valuas Care group, was one example in 2022.

Occupier key factors	2023 forecast	**2022**	2021
Household growth	↑	1.1%	0.6%
Household growth age 65+	↑	2.3%	1.5%
Intramural Normative Housing Component*	↑	€ 35	€ 34

*Daily housing tariff per patient for intramural elderly care, ZZP 5 & 7 average
Source: CBS, Bouwinvest Research & Strategic Advisory

Investment market

Investor appetite remained strong in almost all real estate sectors and the overall investment volume totalled € 17.4 billion, just short of the € 18.2 billion in the previous year. Investment volumes were strong in the first half of the year, fell back in the third quarter when the economic outlook turned more negative, and finished again with a strong final quarter, as investors wanted to close their deals before the increase in the real estate transfer tax from 1 January 2023.

Despite the gloomy economic outlook and hesitant real estate investment markets, healthcare sector investment volumes - as estimated by Capital Value - came in at around € 1.3 billion for the full year 2022. This figure included a number of large transactions, such as the portfolios of 32 private care locations operated by Dagelijks Leven. This took the total investment volume in 2022 to a higher level than the top years 2020 and 2021 and shows that investors still appreciate the strong fundamentals of the healthcare sector and its relative resilience in the face of economic turbulence, together with a still attractive yield spread. The strong investor interest was particularly directed at the extramural care and private care segments and less at the primary and secondary healthcare segments. Investors in the latter two cure segments tend to use relatively more leverage than investors in the care segments and given the current high interest rates they have less appetite to invest. As a result of higher interest rates and changed sentiment in real estate markets, prime net initial yields expanded in both the care and cure segments in Q4 2022. Prime net initial yields increased by 20 basis points to 4.20% for extramural residential homes and by 15 basis points to 4.70% for intramural care assets. Yields for private residential care increased by 25 basis points to 4.80%. Prime net yields for secondary healthcare centres increased to 5.95% from 5.70% and to 5.70% from 5.50% for primary cure real estate.

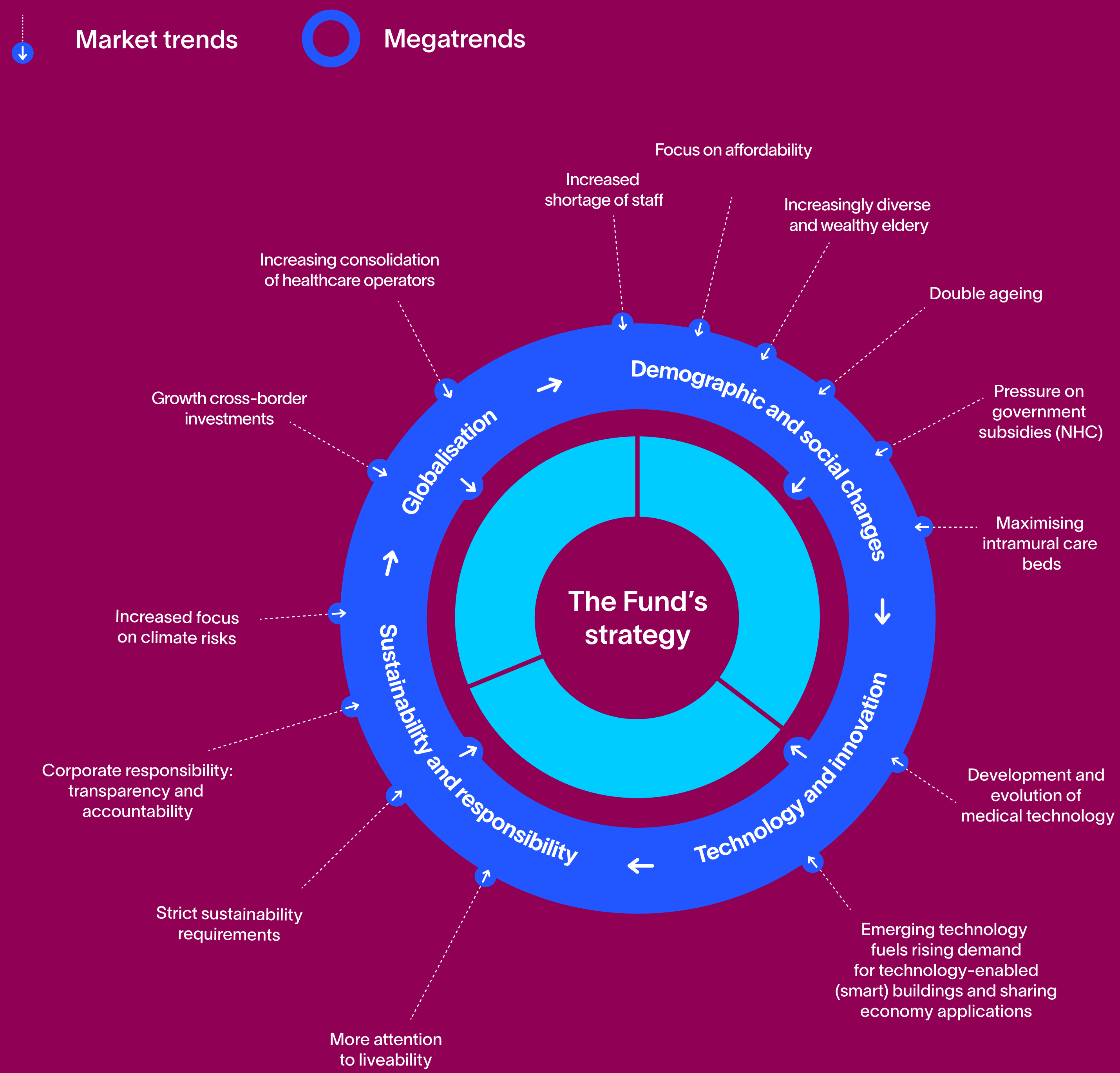
Investor key factors	2023 forecast	**2022**	2021
Prime net initial yield Assisted Living apartments	↑	4.20%	4.10%
Prime net initial yield Assisted Living homes	↑	4.80%	4.80%
Prime net initial yield Private Medical Specialist Spaces (PMSS) (primary and secondary care)	↑	4.70%	4.55%
Prime net initial yield Intramural Care	↑	5.70-5.95%	5.40-5.60%
Investment volumes (€ bln)	↑	€ 1.3	€ 1.2

Sources: JLL, Bouwinvest Research & Strategic Advisory

Market outlook 2023-2025

In November 2022, Bouwinvest published its Real Estate Market Outlook 2023 - 2025. In this document, you will find more detailed insight into macro trends, real estate market conditions and expectations for the years ahead.

Healthcare market



Bouwinvest's Real Estate Market Outlook 2023-2025 sets out the political, macro-economic and financial trends and developments impacting the Dutch real estate market in the period through to 2025. For an in-depth view on the Dutch healthcare market, including current and future opportunities and threats, please download the latest Market Outlook document from the Bouwinvest website.

Fund strategy

Fund characteristics

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

Strategic pillars

Growth

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

Social return

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

Sustainability

Strategic objectives	*Performance indicator*
Building a future-proof and sustainable portfolio	• GRESB rating and scoring • GPR coverage
Reducing environmental impact	• Free of natural gas (% m^2) • CO_2 emissions of purchased energy • Energy efficiency
Liveable, affordable, attainable and inclusive places where people want to reside - now and in the future	• Newly signed acquisitions in mid-rental segment • Tenant satisfaction score
Contributing to healthy, safe and responsible operations	• Construction sites with Considerate Constructors Scheme

Active asset management

Local environment

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

Portfolio

- Conducting regular hold/sell analyses
- Making targeted acquisitions
- Focusing on innovation and optimisation
- Keeping a close eye on the affordability of the Fund's assets
- Assessing physical climate risks
- Unlocking environmental data via EMS
- Exploring opportunities to improve circularity

Assets

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

Tenants

- Continuously improving contacts with the Fund's tenants, aiming for high tenant satisfaction
- Providing a self-service portal for tenants
- Rigorously monitor masterlease operators
- Using a client monitoring system to optimise services
- Stimulating and optimising interactions between tenants and property managers
- Obtaining better insight into tenants' energy consumption

Investment objectives

5 year average Fund return	Total Fund return 2022	Net asset value of invested capital year-end 2022
Long-term objective 5.5%-7.0%	*Target* 5.9%	*Target* € 534 M
Realised 2022 6.0%	*Realised 2022* -0.1%	*Realised 2022* € 461 M

Investment restrictions*

	Target	*Realised 2022*
No more than 15% of the Fund's total investments may be invested in a single investment property (a healthcare complex)	<15%	6.4%
No more than 20% of the Fund's total investments may be invested in non-core properties (non-healthcare investment properties)	<20%	0%
No investments will be made that will have a significant adverse effect on the Fund's Diversification Guidelines	0	0
The risk categories each have their own minimum required returns (hurdle rates) for each segment, on the basis of which assets are divested or acquired		
Potential acquisitions with a forecast return that deviates negatively by more than 10% of the applicable hurdle rate require the approval of the General Meeting of Shareholders.		

Diversification guidelines

	Target	*Realised 2022*
A minimum of 80% must be invested in the core regions	>80%	92.3%
A maximum of 15% of the total rental income can originate from one operator	<15%	10.7%
Target risk profile:		
• Core	50-70%	64.6%
• Core minus	30-40%	35.6%
• Core plus	0-10%	0%
Target segment diversification:		
• Assisted Living	40-60%	42.9%
• Intramural Care	20-30%	30.4%
• Private Care	20-30%	24.4%

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

Performance on strategy

Portfolio characteristics

	2022	2021
Total property value	€ 460 million	€ 451.3 million
No. of properties	38	38
No. of properties under construction	4 (€ 16.0 million)	3 (€ 17.7 million)
Total Fund return	-0.1%	10.5%
Fund income return	3.2%	3.2%
Occupancy rate	98.8%	97.5%
% in core regions	92.3%	92.8%
GRESB rating & score	5-star (88 points)	5-star (88 points)
GPR building certificates	100%	96.2%
% green energy label	100% (100% A-label)	100% (94.6% A-label)

Performance on growth

Focus on growth

The Healthcare Fund has a clear growth strategy, with a target NAV of € 819 million by the end of 2025. The Fund is on track to achieving this goal but the growth has been slower than expected mainly because of a disappointing capital growth. The fund has realised a NAV of € 461 million at year-end 2022 (plan: € 534 million) and approximately € 166 million in internally approved investment proposals.

To achieve this growth target, the Fund will invest approximately € 350 million in the coming plan period. The steady growth of the Fund's investments will most likely put temporary pressure on the Fund's income return, as new-build acquisitions do not immediately generate rental income. However, the Fund fully expects to meet its target Fund return of 5.5-7.0% in the long term.

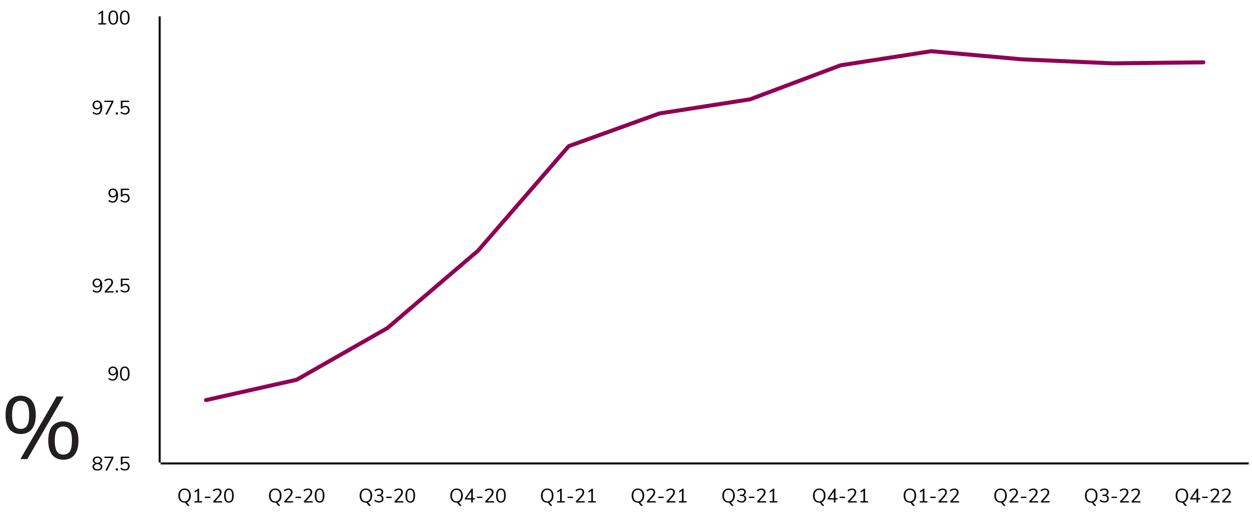
Inflation-linked rental growth

Like-for-like rental growth came in at 3.6% (plan 1.6%). This was mainly due to the high occupancy rates and the high indexation applied to triple net contracts.

Financial occupancy

In 2022, financial occupancy stood at 98.8%, compared with 97.5% in 2021. The plan was 99.1%. This below-budget occupancy was almost entirely due to the apartments in Houthaven LIFE in Amsterdam, Veenstaete in Kortenhoef and there was a little vacancy in the initial rental of Westergoud in Gouda. The Fund expects to improve the financial occupancy rate in the short term through targeted marketing actions.

Financial occupancy rate

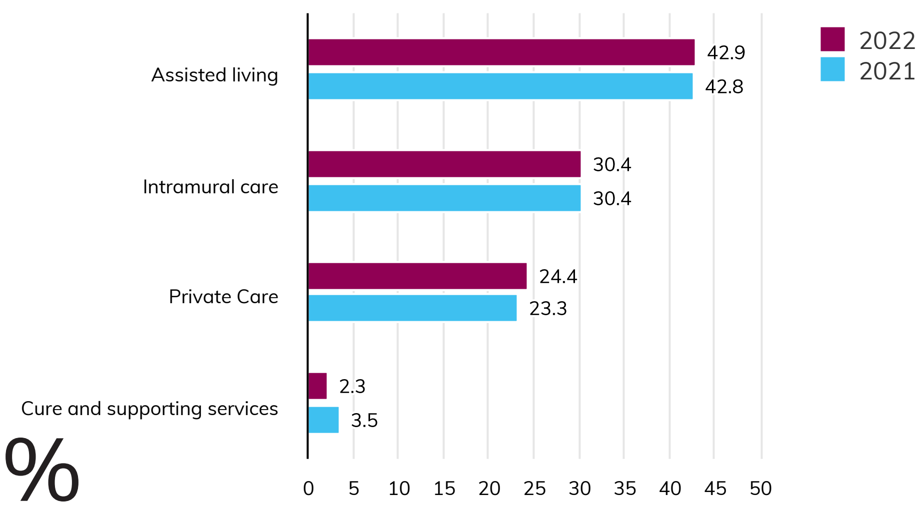


Major segments

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

- Assisted Living
- Intramural Care
- Private Care

Composition of focus segments



At year end, almost all segments were within the pre-established ranges. However, as the Fund has several intramural assets in its secured and unsecured pipelines, it does expect the Intramural segment to grow, but not by much relative to the other segments. This is due to the limited availability of intramural assets at the moment and the opportunities the Fund sees in the Assisted Living and Private Care segments. The 2023-2025 Fund plan will reflect these changes.

In the 2023-2025 Fund plan, the Fund has proposed a slightly different segmentation, which was approved by the Fund's shareholder. This new segmentation is more in line with market developments.

The Fund has the following bandwidths in place:

Segment	Bandwidth
Assisted Living	40-60%
Private Care	20-30%
Intramural Care	20-30%

Investments and divestments

Acquisitions

The Fund’s acquisition target was € 150 million for the year. The Fund realised € 126 million in new acquisitions and approximately € 166 million in internally approved proposals.

The newly acquired projects are:

Loevesteinlaan, The Hague

- **Segment:** Assisted Living & Intramural Care (100% mid segment)
- **Number of units:** 293
- **Expected rental bandwidth**: € 850 - € 1190
- **Expected delivery:** Q4 2026

Tudor Rose, Hoofddorp

- **Segment:** Private Care
- **Number of units:** 23
- **Expected rental bandwidth:** € 1130
- **Expected delivery:** Q2 2024

Houthavenkade, Zaandam

- **Segment:** Assisted Living (72% mid segment)
- **Number of units:** 108
- **Expected rental bandwidth:** € 890 - € 1460
- **Expected delivery:** Q3 2026

Investments

In 2022, the Fund added the following asset to its portfolio:

Westergoud, Gouda

- **Segment:** Assisted Living
- **Number of units:** 59
- **Expected rental bandwidth:** € 795 - € 1340
- **Delivery:** 30 September 2022

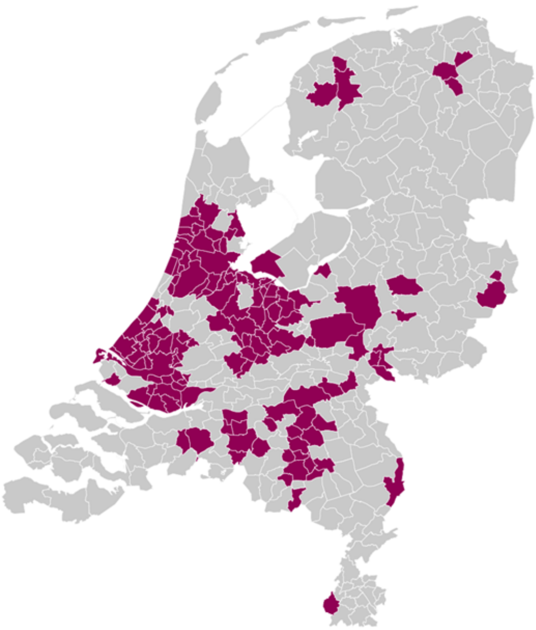
Divestments

In Q4 , the Fund sold and delivered The Dousberg in Maastricht for € 6.0 million, which was 7.4% above the Q3 2022 valuation.

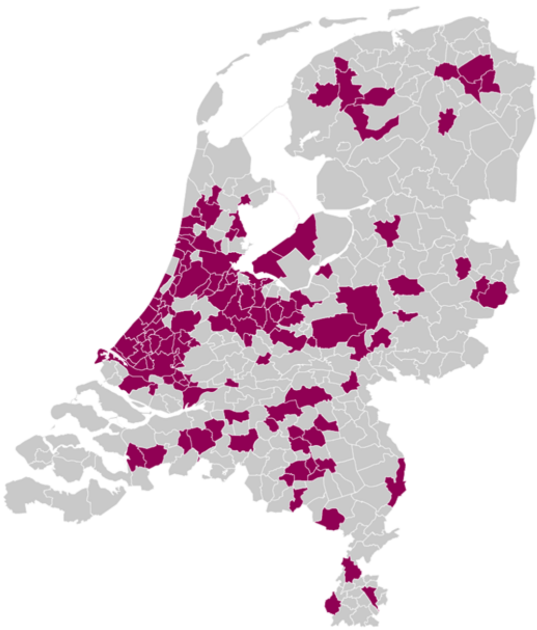
Core regions

The Fund's strategy focuses on the best locations for senior living and healthcare investments in the Netherlands. The Fund's primary concern is always the quality of the asset and its location, rather than a primary focus on cash flow, for instance. This geographical focus is mainly determined by demographics, the economy and the healthcare real estate market, for both the elderly and for mentally disabled people. As the different healthcare focus segments have different characteristics, the Fund has selected different regions for the segments Intramural and Assisted Living and care for the disabled. In the Assisted Living and Intramural Care segment, the Fund puts stronger emphasis on demographic developments (growth of the elderly population and the number of people with dementia).

Core regions Healthcare - Extramural



Core regions Healthcare - Intramural



To summarise, the relevant criteria for the regions are:
- Size and growth of elderly or disabled population
- Growth in the number of people with dementia
- Employment rate and economic growth
- Vacant values and rental levels
- Supply and demand of homes for elderly people suffering from dementia

Performance on social return

Focus on social return

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

Community building: Assisted Living hostesses

Five acquisitions (Assisted Living facilities) will offer hostesses in different formats in the future, including the Bouwinvest approach to close co-operation with care operators. This will be in Apeldoorn, Rijswijk, Hillegom, The Hague and Zaandam. The Bouwinvest Community Concept has already been implemented in five assets in portfolio (Amsterdam, Kortenhoef, Oudekerk aan de Amstel, Ede and Gouda).

Customer satisfaction

In 2022, the Fund conducted a tenant satisfaction survey among its individual tenants, and received again a score of 7.4 (out of 10) for tenant satisfaction (target: 7.0). The survey covered topics such as the service level of the property managers, complaints and repair procedures, the quality of the properties and the living environment. This year, 430 tenants were invited to participate in the survey and 48.7% of these cooperated. This high response rate shows how engaged the Fund's tenants are.

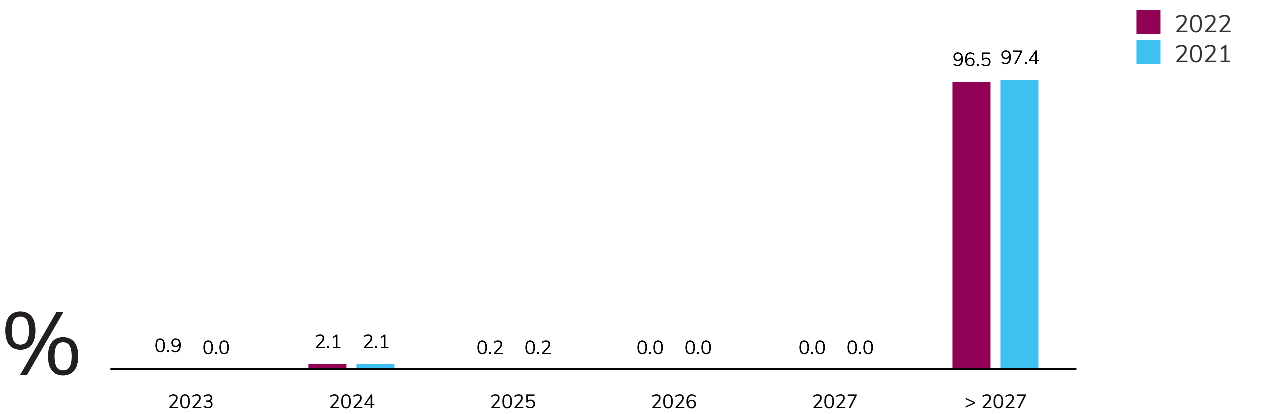
Investing in affordable real estate

In 2022, the Fund acquired three projects, two of which are mostly in the affordable segment. In addition, the acquisitions are in three segments: Assisted Living, Private Care and Intramural. The Fund met the set criteria for the segments in 2022, but given the current limited availability of intramural assets and the opportunities the Fund sees in the Assisted Living and Private Care segments, the 2023-2025 Fund plan will reflect these changes.

Expiry dates

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

Expiry dates as a percentage of rental income

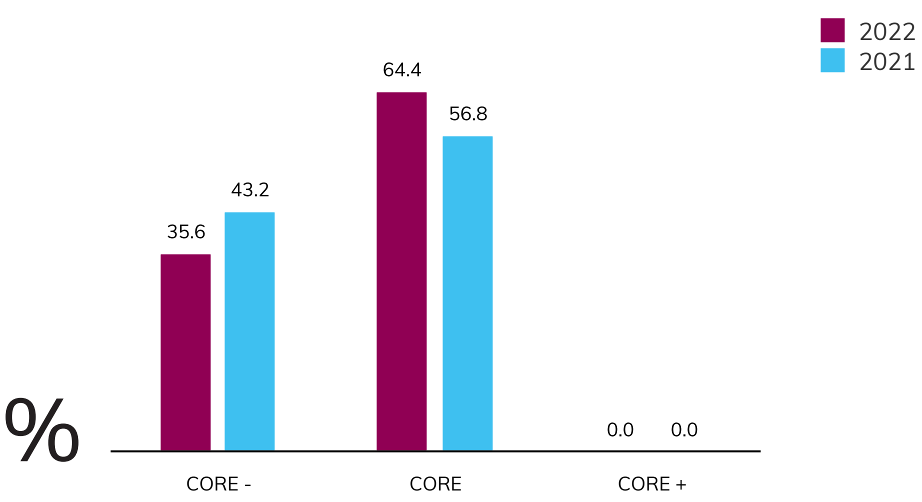


Allocation by risk

In terms of risk diversification, the plan risk profile for 2023 is 60% core, 35% core minus and 5% core plus. The actual risk allocation as at year-end 2022 is shown in the figure below, and over-weighted in core (64.4%) and core minus (35,6%) and under-weighted in core plus (0%). Core plus propositions remain difficult to acquire, as the returns are lower than the Fund’s core plus hurdles. The Fund will re-examine the bandwidths in this year's Fund plan.

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

Allocation of investment property by risk category based on market value



Performance on sustainability

Highlights performance on sustainability 2022

	2022	2021
GRESB rating	5 stars	5 stars
GRESB score	88 points	88 points
Investments with GPR building certificate	100%	96.2%
Average GPR score	7.1	7.0
Green label (A/B/C)	100% (100% A-label)	100% (94.6% A-label)
Average Net-Zero Energy Building (NZEB2) score	225	233
Solar power installed	1,218 kWp	1,124 kWp
Rental contracts with sustainability clause	41%	24%
Construction sites registered under Considerate Constructors scheme	100%	65.3%
Investments in mid-rental segment (incl secured pipeline)	€ 615 million	€ 506 million
Coverage AEDs within six minutes walking distance	100%	100%

Promoted ecological and social characteristics

Last year, the Fund developed the ESG Framework, which explicitly defines all ESG-related elements for the Fund. The driver for the development of the ESG Framework was to improve the structure of the Fund’s ESG efforts, enabling the Fund to integrate ESG in decision making and to structurally manage and monitor all efforts, enabling the Fund to report in a transparent way. The framework also provides the basis for the disclosures required under the new Sustainable Finance Disclosure Regulation (SFDR). Part of the SFDR requirements is the periodic disclosure in which the Fund reports on its promoted environmental and/or social characteristics. The periodic disclosure can be found in the enclosures.

The Fund has defined four ESG objectives, which reflect the environmental and social characteristics that the Fund promotes. The ESG objectives are at the heart of the Funds’ strategy and support four United Nations Sustainable Development Goals (SDGs).

- Building a future-proof and sustainable portfolio;
- Reducing environmental impact;
- Liveable, affordable, attainable & inclusive places where people want to reside – now and in the future;
- Contributing to healthy, safe and responsible operations

Sustainable development goals

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

In addition to the ESG objectives the Fund wants to contribute to, the ESG Framework takes into account ESG risks that are relevant for the Fund to minimise the negative impact the Fund's portfolio has on society and the environment.

1. Building a future-proof and sustainable portfolio

Above-average sustainable fund

The Fund's goal for 2022 was a continued improvement of its sustainability performance and its GRESB score to obtain a 5-star rating. In 2022, the Fund retained its overall GRESB score of 88 points and was awarded a GRESB 5-star rating for the second year in a row.

The Fund is currently investigating measures to improve its score in the coming years, with the goal of retaining its 5-star rating. The retaining of the score in 2022 was mainly due to progress in its data collection and like-for-like environmental impact reductions.

GRESB scores 2022

In the latest UN PRI benchmark of 2021, the Fund scored 95 points (5 stars) on Direct – Real estate. The results have been published during 2022.

Above-average sustainable buildings

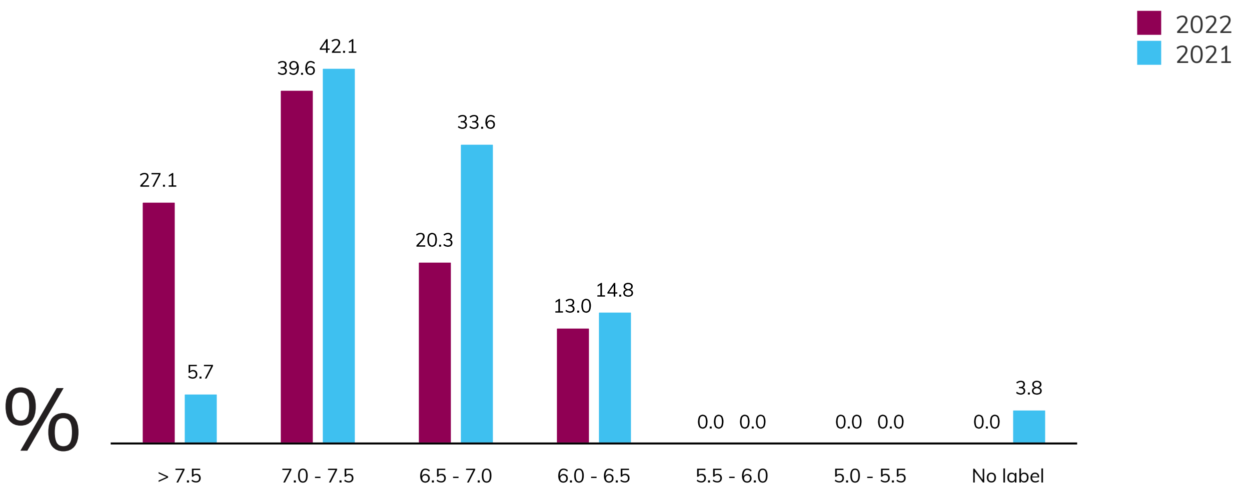
Sustainable building certificates enable the Fund to show where the Fund is in terms of sustainability at asset level and how far it still has to go. The Fund uses internationally accepted sustainability certificates to measure and assess the overall sustainability of its assets. Certificates such as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

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

In 2022, the Fund's plan was to achieve an average GPR score higher than 7.0 (with a coverage of 100%) by the end of 2022. In 2022, the Fund had GPR labels for 100% of the standing assets in the portfolio, with an average score of 7.1.

For the coming years, the Fund will focus on improving the five GPR performance indicators to gain a higher average GPR label score. The Fund's goal is to retain its coverage of 100% with an average GPR score higher than 7.3 by the end of 2025.

GPR scores (% of standing lettable floor space)



2. Reducing environmental impact

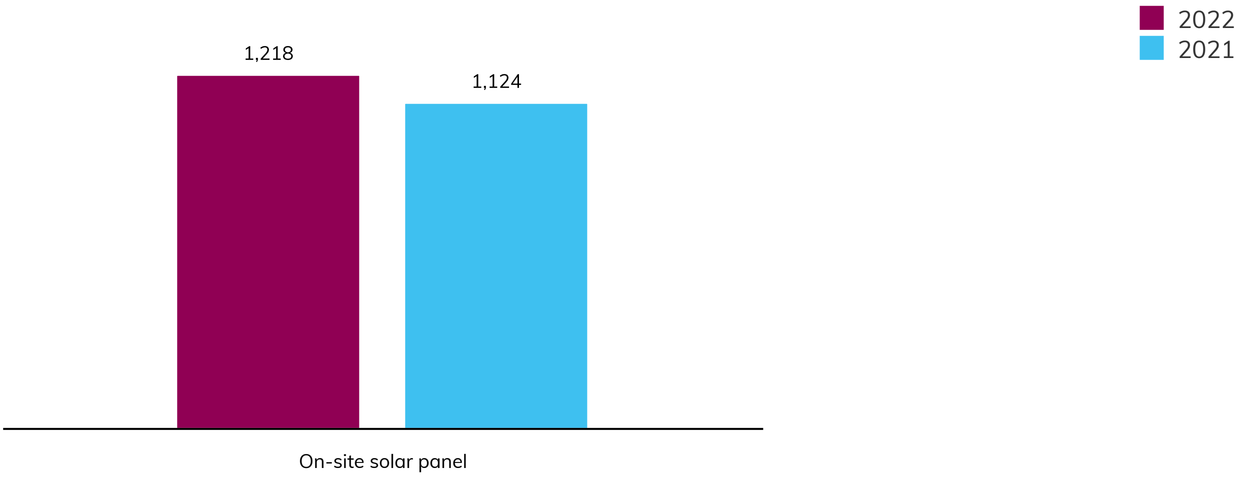
Bouwinvest committed itself to the Paris Proof commitment of the DGBC. To become net-zero carbon (Paris Proof) before 2045, the company drew up a roadmap for the Fund. In 2022, the Fund incorporated the technologies, measures and costs in its strategic maintenance plan for the coming years.

Combatting Climate Change: source of energy

In 2022, the Fund's energy consumption increased by 6.1% (2021: -21.1%) on a like-for-like basis. The GHG emissions increased by 7.4% (2021: 0%).

The Fund increased the generation of solar power to 1,218 kWp in 2022. This meant the Fund achieved its target of 1,100 kWp for 2022.

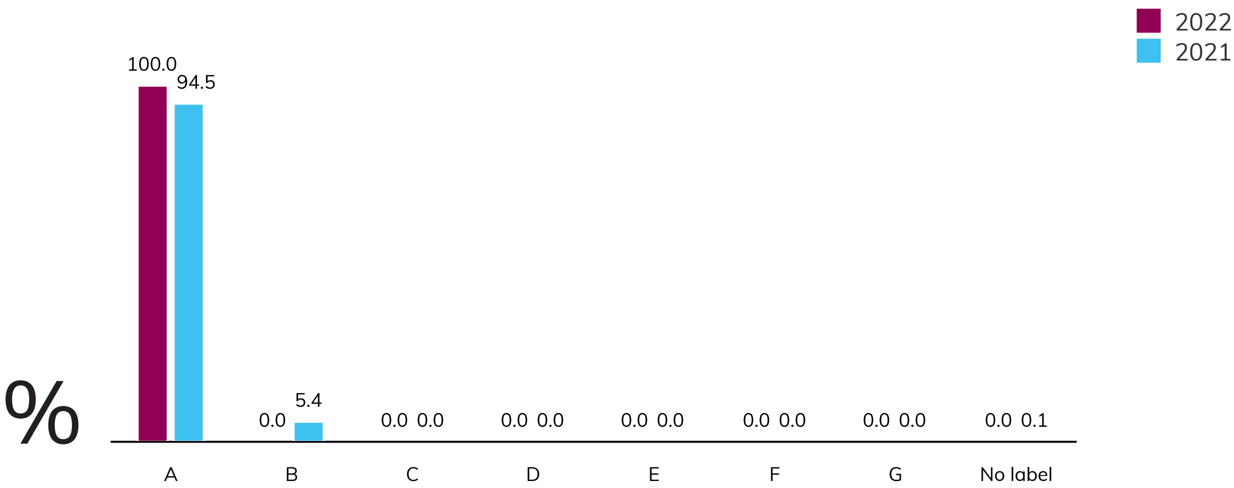
On-site solar panels (kWp)



Combatting Climate Change: Energy efficiency of buildings

Another 2022 target related to the sustainability at asset level was to have portfolio that is more than 95% green (EPC label A, B or C). The Fund achieved this target and has a 100% green portfolio, as all assets had an energy label A at year-end 2022. The distribution of energy labels in the portfolio is shown below. 100% of the Fund's assets have an A label.
Investment properties under construction are excluded from this overview.

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



In 2022, the Fund set new targets related to the reduction of its environmental impact and set the following targets in its 2023-2025 Fund Plan:

- Free of natural gas (% m^2): 100% by 2045
- CO_2 emissions in kg CO_2 m^2 of purchased energy (scope 2): Annually no scope 2 emissions (electricity)
- Average energy intensity (kwh/m^2/yr): $\leq$80 kwh/m^2/yr in 2045

3. Liveable, affordable, attainable & inclusive places where people want to reside - now and in the future

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

Client services and communications

Bouwinvest actively invests in improving its reputation because this generates more trust and loyalty among clients, chain partners, tenants and employees. As a financial service provider, Bouwinvest benefits from a strong reputation because this has a positive impact in terms of attracting investors, making new real estate investments and the recruitment of new employees. Bouwinvest conducts a reputation survey every two years to determine how its various stakeholders perceive the company. This includes issues such as satisfaction with services and products, as well as leadership shown and performance measured in financial and social returns.

For its most recent survey, Bouwinvest consulted a number of stakeholder groups. The survey consisted of two parts, a quantitative survey among employees and tenants and a qualitative survey among stakeholders such as clients, prospective clients, commercial tenants, developers and property managers. The qualitative survey used interviews to retrieve steering information on things that Bouwinvest does well and where there is room for improvement. Stakeholders also give an overall reputation rating.

The survey was conducted in 2022, and the results were processed in the first quarter of 2023. The average figures from the qualitative and quantitative survey cannot be combined, as they use different survey methodologies. The average score in the qualitative survey was a 7.8.

Product accountability: Tenant satisfaction

As part of continuous efforts to improve its services, the Fund rolled out its first 'Living with Bouwinvest' tenant portal for Westergoud (Gouda), with an adoption rate of 91%. Providing a self-service portal for these tenants will make it easy for the tenants to manage their rental matters and ask questions, submit repair requests, use the services of affiliated companies, register for events and share messages with co-tenants. Tenants can also use the portal to find information about the building, their apartment, the installations and much more.

The Bouwinvest client monitoring system (KVS) is now also fully up and running, and provides a full 360-degree client view, so the Fund knows what its tenants need and how it can optimise its services. This will enable the Fund to monitor all interactions with its tenants, including those between tenants and property managers. This will in turn give the Fund the information it needs to measure the performance of its property managers and agree new performance targets. It will also make it easier for the Fund to measure the impact of any improvement measures it takes based on the feedback from its tenant satisfaction surveys.

Green rental contracts
In 2022, the Fund continued to devote attention to making its rental contracts 'green', making its procurement more sustainable and investing in affordable (mid-rental segment) healthcare real estate. Every new rental contract the Fund closes includes a clause in which tenants commit to providing us with information related to energy and water use and waste disposal.

By the end of 2022, 41% of all rental contracts included a sustainability clause.

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

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 2022, the Fund continued to focus on the installation of AEDs. The target for the end of 2022 was to make sure that all tenants and communities have an AED available within six minutes walking distance. At the end of 2022, 100% of the Fund's tenants and communities had an AED available within this distance.

Targets
In its 2023-2025 Fund Plan, the Fund has set new targets related to liveable, affordable, attainable & inclusive places where people want to reside - now and in the future based on its ESG steering framework. The Fund has set the following targets:
- Newly signed acquisitions in the mid-rental segment (222 units with monthly rent between € 764 and € 1,060): Annually >40%
- Invested capital in (bandwidth % of total invested capital):
  - Assisted Living: 20-50%
  - Private Care: 20-40%
  - Intramural Care: 30%
- Tenant satisfaction score: >7

4. Contributing to healthy, safe and good working conditions

Considerate constructors scheme (construction sites)
All (100%) of the construction sites related to the Fund's assets were registered under the Dutch Considerate Constructors ('Bewuste Bouwer') scheme at year-end 2022. This certification ensures that the contractor deals with the concerns of local residents and addresses safety and environmental issues during the construction phase. Although most construction firms the Fund works with embrace the scheme, there has been too little emphasis on actually registering specific sites, which is necessary to actually qualify as a 'Considerate Constructors' site. The Fund will focus more sharply on the certification of building sites in the coming period.

In 2022, the Fund has retained its target related to healthy, safe and good working conditions. The Fund set the following targets in its Fund plan, based on its ESG Steering framework:
- Construction sites with considerate constructors scheme (based on purchase price): >75% of total construction sites

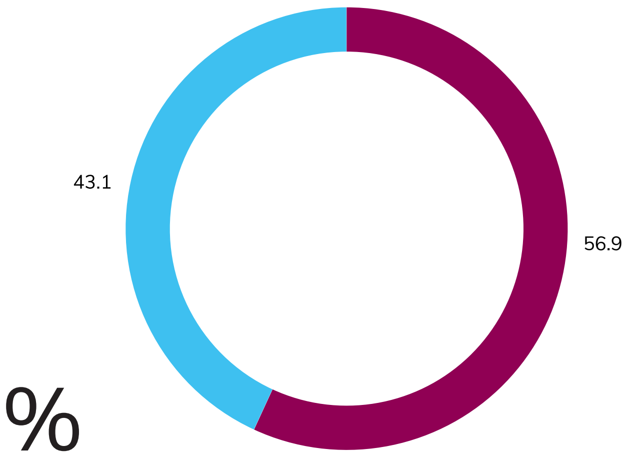
EU Taxonomy

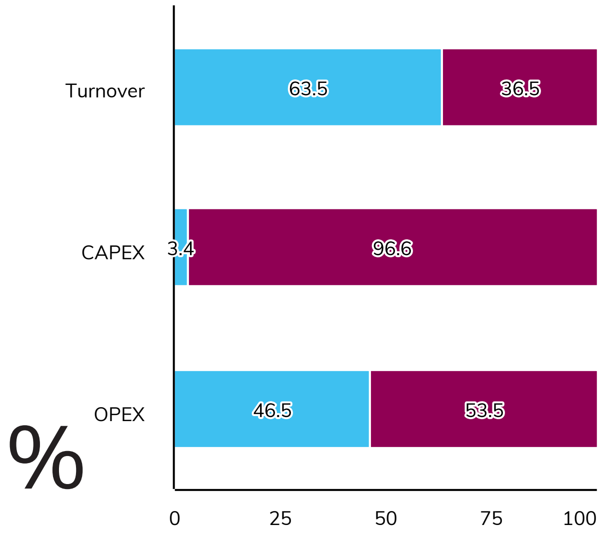
The Fund contributes to two environmental objectives as included in Article 9 of the Taxonomy Regulation (TR), these being 'climate change mitigation' and 'climate change adaptation'. The Fund's investments are in Taxonomy-eligible economic activities, namely the 'acquisition and ownership of buildings' and the 'construction of new buildings', which qualify as environmentally sustainable under Article 3 of the TR for the following reasons:

- The Fund's underlying investments significantly contribute to these objectives following the qualifications laid out in articles 10 and 11 of the TR.
- At the same time, the economic activities do not significantly harm any other environmental objectives.
- Furthermore, the economic activities are carried out in compliance with the minimum safeguards laid down in Article 18 of the TR.

The economic activities have been assessed based on the technical screening criteria established by the European Commission. The calculation uses asset level data for the Green Asset Ratio (GAR). Turnover, OPEX and CAPEX are calculated on the basis on the corresponding (sustainable) assets. The reference date for the sustainability data is set at 1 January 2022 and financial data at year-end 2022. Assets sold during the year are not taken into account. Buildings under construction with a building permit after 31 December 2020 and new acquisitions have not yet been assessed for Taxonomy alignment. Until net risk is available, physical climate risk is assessed on the basis of gross risk (surrounding risk).

Taxonomy aligment of investments





Taxonomy-aligned investments   Other investments   Taxonomy-aligned: nuclear (0%)   Taxonomy-aligned: fossil (0%)

The current NAV of the portfolio amounts to € 461 million, 57% (GAR) of which is EU Taxonomy-aligned. Split into to different objectives, the results are:

- 57% of the Fund's underlying investments are aligned with the technical screening criteria related to a substantial contribution to 'climate change mitigation', as the number of A or better energy labels and the economic activities do not significantly harm any other environmental objectives due to the limited physical climate risks.

- 0% of the Fund's underlying investments that are not aligned with 'climate change mitigation' do contribute substantially to 'climate change adaptation' due to the limited physical climate risks and the fact that the economic activities do not significantly harm any other environmental objectives due to the number of B or C energy labels.
- 43% of the Fund's underlying investments are not Taxonomy-aligned. A selection of the investments within this segment complies partially with the technical screening criteria and further assessment will be needed to determine Taxonomy alignment, as is the case for new buildings with a building permit later than 31 December 2020. On the basis of this new information, the Fund will establish whether some of these investments are in fact aligned with the EU Taxonomy.

Financial performance

Fund return

The Fund realised a total return of -0.1% in 2022, consisting of 3.2% income return and -3.2% in capital growth. Net rental income and administrative expenses were the main drivers for the income return. The decline in capital growth was primarily driven by uncertainties triggered by the geopolitical and economic effects of the war in Ukraine, high interest rates, high inflation and energy prices.

The total fund return ended significantly below target. The Fund's income return ended just above target (0.2% points) and capital growth 6.0% points below target as a result of the uncertainties in the market.

Fund performance	2022 Actual	Plan	2021 Actual
Income return	3.2%	3.0%	3.2%
Capital growth	-3.2%	2.8%	7.2%
Fund performance	-0.1%	5.9%	10.5%

Income return

Net rental income of € 18.0 million was € 0.5 million higher than the plan of € 17.5 million (2021: € 15.6 million). The most significant driver of the deviation from the plan were the higher gross rental income (€ 0.6 million), higher service charge income (€ 0.4 million) and lower property operating expenses (€ 0.1 million), partly offset by the increase in service charge expenses (€ 0.6 million).

The higher gross rental income consists of € 0.3 million rental income for new assets in the Fund's portfolio and € 0.3 million more rental income from standing assets.

Administrative expenses (€ 2.5 million) and Finance expenses (€ 0.3 million) came in on plan.

The higher net rental income and on-plan administrative expenses resulted in an income return of 3.2%, just above the plan of 3.0%.

Capital growth

The Fund realised a capital growth of -3.2% compared with the plan of 2.8%. This figure confirms that the impact of geopolitical uncertainties, high inflation and high energy prices had a significant impact on the valuation of (rental) healthcare market real estate.

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.

Juliana
Intramural Care

Shareholder information

Introduction

This section covers the financial management policies, activities and performance of the Fund over 2022, followed by the Fund's overall governance and structure. This section concludes with more details about the fund manager.

Financial management

Results

Income Statement summary (all amounts in € thousands)	2022	2021	Change	in %
Revenues	22,088	19,671	2,417	12%
Operating expenses	(4,081)	(4,083)	2	0%
Net rental income	**18,007**	**15,588**	**2,419**	**16%**
Net valuation gain / (loss)	(16,183)	29,402	(45,585)	-155%
Result on disposal	823	-		
Administrative expenses	(2,492)	(2,222)	(270)	12%
Finance expenses	(344)	(387)	43	-11%
Income taxes	-	-		
Result for the year	**(188)**	**42,381**	**(42,569)**	**-100%**
Financial occupancy	98.8%	97.5%		
REER	0.71%	0.80%		
TGER	0.53%	0.56%		

In 2022, the full-year result fell to - € 0.1 million, from € 42.4 million in 2021. The decline of € 42.6 million was mainly driven by the valuation loss on the Fund's investment properties.

Revenues of € 22.1 million were € 2.4 million higher than in 2021 (€ 19.7 million), primarily driven by the growth of the real estate portfolio.

Operating expenses of € 4.1 million were the same as in 2021. As a result of the increase in the average GAV and operating expenses unchanged from 2021, the REER fell to 0.71% in 2022, from 0.80% in 2021.

Administrative expenses, mainly consisting of management fees, increased to € 2.5 million (2021: € 2.2 million). The increase of € 0.3 million was due to the higher management fee as a direct result of the higher average NAV. The finance expenses totaled € 0.3 million, almost the same as in 2021 (€ 0.4 million). As a result of the increase of the administrative expenses and the higher time-weighted GAV, the TGER fell to 0.53% in 2022 from 0.56% in 2021.

Dividend

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

The Management Board proposes to pay a dividend of € 15.1 million for 2022 (2021: € 13.0 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, € 14.9 million or 98% was paid out in the course of 2022. The fourth instalment was paid on 15 February 2023. The rest of the distribution over 2022 will be paid in one final instalment following the adoption of the annual report by the Annual General Meeting of shareholders on 19 April 2023.

Funding

According to internal guidelines, the Fund is not allowed to have an unsecured pipeline. At the end of 2022, the funding for the acquisition pipeline was completely secured. As of 1 January 2022, the Fund received € 360 million additional commitments from its investor and made two capital calls in 2022 for a total amount of € 20 million.

Leverage

In 2022, 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 2022, to manage the Fund's liquidity and financial risks. The main objectives of the treasury management activities are to secure the shareholder's dividend pay-out, ensure other obligations can be met and to manage the Fund's cash position.

At year-end 2022, the Fund had € 14.3 million freely available in cash. In 2022, the Fund's cash position increased by € 6.5 million compared with year-end 2021.

Interest rate and currency exposure

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

Tax

FII regime: The Fund qualifies as a fiscal investment institution (FII) under Dutch law and as such is subject to corporate tax at a rate of zero percent. Being an FII, the Fund is obliged to distribute its entire fiscal result annually. In 2022, the Fund complied with FII requirements.

Furthermore, the Fund met its obligations related to value added tax, transfer tax and other applicable taxes in their entirety in 2022.

Fund governance

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

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

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

Rules and principles governing day-to-day business:

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

Structure of the Fund

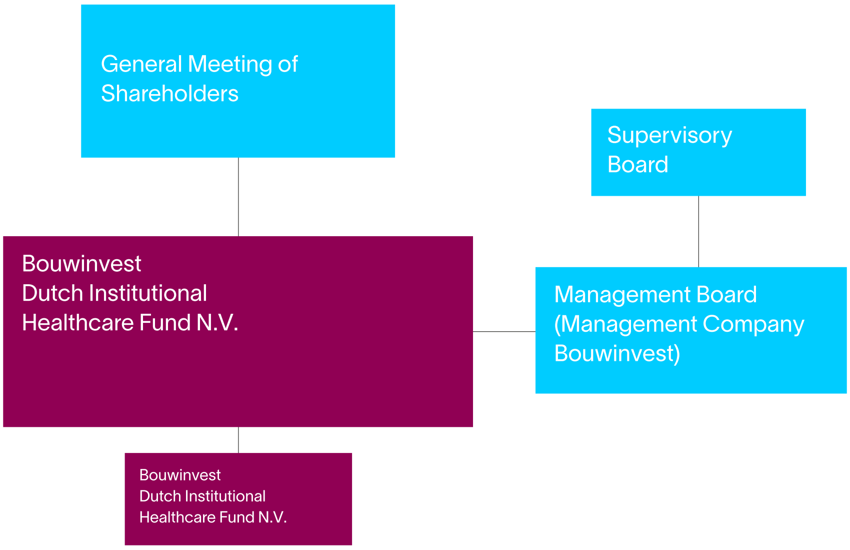
The Fund is structured as an investment company with variable capital, as defined in article 2:76a of the Dutch Civil Code, with its corporate seat in Amsterdam, the Netherlands. It is a fiscal investment institution (FII) within the meaning of Article 28 of the Dutch Corporate Income Tax Act 1969. Bouwinvest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

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

Subsidiaries

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

Fund governance structure



General Meeting of Shareholders

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

Manager of the Fund

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

Management Board

Bouwinvest's Management Board consists of the Chief Executive Officer, also Statutory Director, the Chief Financial & Risk Officer, also Statutory Director, the Chief Client Officer, the Chief Investment Officer Dutch Investments and the Chief Client Investment Officer International Investments. The Statutory Directors are appointed by the Bouwinvest General Meeting of Shareholders following nomination by Bouwinvest's Supervisory Board. The Management Board 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 Management Board 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 Management Board 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 Management Board 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 2022, there were no conflicts of interest as referred to in the Bouwinvest Conflicts of Interest Policy, either between the members of the Management Board, 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 Advisory Board 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 2023	Payment interim dividend fourth quarter 2022
19 April 2023	General Meeting of Shareholders
8 May 2023	Payment of final dividend 2022
25 May 2023	Payment interim dividend first quarter 2023
18 August 2023	Payment interim dividend second quarter 2023
17 November 2023	Payment interim dividend third quarter 2023
6 December 2023	General Meeting of Shareholders
15 February 2024	Payment interim dividend fourth quarter 2023

LIFE
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The Netherlands

Risk management

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

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

As manager of the Fund, Bouwinvest Real Estate Investors is responsible for the management of the risks in the Fund. Details regarding the risk management system applied to the Fund are elaborated on in the Bouwinvest Real Estate Investors' 2022 annual report.

Risks in the portfolio are monitored closely and the following events and risks were noteworthy in 2022.

Market risk

Market risk overall

From a market perspective, last year was marked by significant geo-political, economic, financial, social and environmental turbulence. As we emerged from the worst of the Covid-19 pandemic, and economies were showing clear signs of recovery, we were faced with Russia's invasion of Ukraine. In addition to the human tragedy and economic uncertainty this created, it also ignited high inflation. The response of the US Federal Reserve, the ECB and other central banks was a series of rapid and significant interest rate rises, pushing the world's economies towards recession. Consumer and investor confidence deteriorated rapidly, and so, consequently, did asset pricing. The Fund assessses these changed market circumstances on a continuous basis and takes them into account, both in the daily management of the Fund and in the investment and divestment decision processes.

Credit risk

Within the area of credit risk, no material risks occurred in 2022.

Liquidity risk

Within the area of liquidity risk, no material risks occurred in 2022.

Business risk

Business environment risk

Rental market regulation changes
On 9 December of last year, the Minister of Housing and Spatial Planning published a parliamentary letter on the proposed regulation of the mid-rental segment and the modernisation of the housing valuation system (WWS). The minister aims to introduce the regulation by 1 January 2024.
The proposed measures in the minister's plan are primarily related to an extension of the current housing valuation system (WWS) up to 187 points (equivalent to a rental level of approximately € 1,025 per month), inflation-indexed rental levels for new mid-rental segment leases and the allocation of additional points for properties with A energy labels or better.

For the Healthcare Fund, these rental market regulations will only affect the 'assisted living' part of the portfolio. Given the average turnover rate, the Fund expects a reduction of 0.08% in gross rental income for the total portfolio in the first year. However, the definitive measures are still uncertain as parliament still has to decide on these.
The maximum rent increase in 2023 for the liberalised segment will be CLA (Collective Labour Agreement) plus 1%. This will be 4.1%.

Nitrogen emissions

The negative ruling on 2 November 2022 by the Ccouncil of State (Raad van State) related to a nitrogen emissions exemption could lead to a reduction of new real estate developments in the market. Furthermore, developments for which a final building permit is yet to be received could be delayed, or in a worst-case scenario be at risk of not starting at all.

FMA project

The Dutch government announced that as of 1 January 2025 Fiscal Investment Institutions (FIIs) may no longer invest in directly held real estate, the so called real estate measure. The timing of this announcement came as a surprise since it was not in line with the conclusions of the evaluation of the FII regime by the Dutch Economic Research Foundation (SEO) earlier in 2022. At the same time, Bouwinvest has been anticipating and prerparing such a change of law for a number of years.
The measure implies that FIIs holding real estate directly will become subject to corporate income tax at the ordinary rate (25.8% in 2023). Therefore, the Fund might be structured into a tax transparent Fund, avoiding double taxation for bpfBOUW and potentially other investors. The (ultimately) most appropriate legal form will depend on bpfBOUW's plans for the Fund and will be considered from a commercial, legal and tax perspective in the course of 2023.

Increase in rate real estate transfer tax (RETT)

As per 1 January 2023, the RETT rate for investors increased to 10.4% from the previous 8%. It is not yet clear what impact this will have on real estate markets.

ESG risk

Within the area of ESG risk, no material risks occurred in 2022.

Operational risk

Within the area of operational risk, no material risks occurred in 2022.

Compliance risk

Within the area of compliance risk, no material risks occurred in 2022.

There were 21 data breaches with respect to the processing of personal information. Four of these were reported to the regulator, the Dutch Data Protection Agency. Some of the data breaches occurred at processors, such as property managers. The data breaches were caused by, amongst others, incorrectly sent e-mails. All data breaches were investigated and, where necessary, additional control measures were taken. In cases where this was necessary, Bouwinvest has informed the data subjects.

Outlook

The Healthcare Fund has a growth strategy, with a clear focus on maximising the sustainability and social return of its portfolio. The Fund is targeting € 819 million in invested capital by the end of 2025. It is targeting acquisitions of € 345 million in the period 2023-2025, from the level at the end of 2022. Taking into account bpfBOUW's commitment, the Fund is fully funded and given the quality of the Fund's portfolio, its solid track record and opportunities, the Fund expects to meet its growth target for the coming plan period (2023-2025).

Given the level of uncertainty in the market, it is difficult to predict what will happen in the healthcare sector in the near term. However, we do expect there to be opportunities. Less committed, less long-term investors or investors that rely heavily on leverage may withdraw from the market and we could well see, as a result of the dominater effect, high-quality assets coming to the market at discounted prices. Provided it has the funding, the Fund will seize those opportunities to increase, optimise and diversify the Fund's portfolio.

Bouwinvest believes that it can only generate long-term stable financial returns for its investors if it takes the societal impact into account in every decision it takes. The Fund's focus is on the liveable areas of the future and it aims to create real value for life by investing for the long term in a responsible manner.

The Healthcare Fund contributes to sustainable, liveable and inclusive metropolitan areas. The Fund does this in part by accepting responsibility and ownership for important aspects of senior housing. Firstly and obviously by providing it, but secondly by adding another level of care, such as hostesses and communication apps to combat the growing issue of loneliness for the elderly. In addition, the Fund aims to reduce the environmental impact of its portfolio, striving for a net-zero carbon, nearly energy-neutral and climate-resilient Paris Proof portfolio before 2045.

Amsterdam, 27 March 2023

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

Financial statements

Statement of comprehensive income

All amounts in € thousands, unless otherwise stated

	Note		2022		2021
Gross rental income	5	21,491		19,034	
Service charge income	5	571		583	
Other income		28		54	
Revenues			**22,090**		**19,671**
Service charge expenses		(666)		(691)	
Property operating expenses	6	(3,415)		(3,392)	
			(4,081)		**(4,083)**
Net rental income			**18,009**		**15,588**
Result on disposal of investment property			**823**		**-**
Positive fair value adjustment investment property	11	8,248		27,925	
Negative fair value adjustment investment property	11	(23,647)		(649)	
Net valuation gain (loss) on investment property under construction	12	(785)		2,126	
Net valuation gain (loss)			**(16,184)**		**29,402**
Administrative expenses	7		(2,492)		(2,222)
Result before finance result			**156**		**42,768**
Finance expenses	8	(344)		(387)	
Net finance result			**(344)**		**(387)**
Result before tax			(188)		42,381
Income taxes	10		-		-
Result for the year			**(188)**		**42,381**
Items that will not be reclassified subsequently to comprehensive income			-		-
Items that may be reclassified subsequently to comprehensive income			-		-
Total comprehensive income (loss) for the year, net of tax			**(188)**		**42,381**
Net profit attributable to shareholders			(188)		42,381
Total comprehensive income (loss) attributable to shareholders			**(188)**		**42,381**
Earnings per share (€)					
From continuing operations					
Basic	18		(1)		320
Diluted	18		(1)		320

Statement of financial position

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2022	2021
Assets			
Non-current assets			
Investment property	11	443,654	444,471
Investment property under construction	12	15,985	17,728
Financial assets		3	4
Total non-current assets		**459,642**	**462,203**
Current assets			
Trade and other current receivables	13	516	454
Cash and cash equivalents	14	14,282	7,730
Total current assets		**14,798**	**8,184**
Total assets		**474,440**	**470,387**
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		145,666	139,724
Share premium		267,630	253,572
Revaluation reserve		51,446	55,763
Retained earnings		(3,891)	(35,644)
Net profit for the year		(188)	42,381
Total equity	15	**460,663**	**455,796**
Liabilities			
Non-current lease liabilities	16	10,869	10,878
Current trade and other payables	17	2,908	3,713
Total liabilities		**13,777**	**14,591**
Total equity and liabilities		**474,440**	**470,387**

Statement of changes in equity

For 2022, before appropriation of result, all amounts in € thousands

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2022	**139,724**	**253,572**	**55,763**	**(35,644)**	**42,381**	**455,796**
Comprehensive income						
Net profit	-	-	-	-	(188)	(188)
Total comprehensive income	**-**	**-**	**-**	**-**	**(188)**	**(188)**
Other movements						
Issued shares	5,942	14,058	-	-	-	20,000
Appropriation of result	-	-	-	42,381	(42,381)	-
Dividends paid	-	-	-	(14,945)	-	(14,945)
Movement revaluation reserve	-	-	(4,317)	4,317	-	-
Total other movements	**5,942**	**14,058**	**(4,317)**	**31,753**	**(42,381)**	**5,055**
Balance at 31 December 2022	**145,666**	**267,630**	**51,446**	**(3,891)**	**(188)**	**460,663**

* See explanation dividend restrictions Note 15.

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

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2021	**125,431**	**223,365**	**31,585**	**(10,328)**	**10,328**	**380,381**
Comprehensive income						
Net profit	-	-	-	-	42,381	42,381
Total comprehensive income	**-**	**-**	**-**	**-**	**42,381**	**42,381**
Other movements						
Issued shares	14,293	30,207	-	-	-	44,500
Appropriation of result	-	-	-	10,328	(10,328)	-
Dividends paid	-	0	-	(11,466)	-	(11,466)
Movement revaluation reserve	-	-	24,178	(24,178)	-	-
Total other movements	**14,293**	**30,207**	**24,178**	**(25,316)**	**(10,328)**	**33,034**
Balance at 31 December 2021	**139,724**	**253,572**	**55,763**	**(35,644)**	**42,381**	**455,796**

* See explanation dividend restrictions Note 15.

Statement of cash flows

All amounts in € thousands

	Note	2022	2021
Operating activities			
Net result		(188)	42,381
Adjustments for:			
Valuation movements		16,184	(29,402)
Result on disposal of investment property		(823)	-
Net finance result		344	387
Movements in working capital		(867)	672
Cash flow generated from operating activities		**14,650**	**14,038**
Interest paid		(337)	(387)
Cash flow from operating activities		**14,313**	**13,651**
Investment activities			
Proceeds from sale of investment property		5,985	-
Payments of investment property	11	(76)	(10,065)
Payments of investment property under construction	12	(18,481)	(35,595)
Contribution to participation		1	0
Cash flows from investment activities		**(12,571)**	**(45,660)**
Finance activities			
Proceeds from the issue of share capital		20,000	44,500
Dividends paid		(14,945)	(11,466)
Cash flows from finance activities		**5,055**	**33,034**
Net increase (decrease) in cash and cash equivalents		6,552	1,025
Cash and cash equivalents at beginning of year		7,730	6,705
Cash and cash equivalents at end of year	14	**14,282**	**7,730**

Notes to the financial statements

All amounts in € thousands, unless otherwise stated

1 General information

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

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

Bouwinvest is the manager and Statutory Director of the Healthcare Fund. The Statutory Director will present the annual report to the Annual General Meeting of Shareholders on 19 April 2023, 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 2022 was a normal calendar year from 1 January to 31 December 2022.

2.1 Basis of preparation

Basis of preparation

Going concern
The financial statements are prepared using the going concern basis of accounting.

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

In 2016, the Fund established a taxable subsidiary, Bouwinvest Dutch Institutional Healthcare Fund Services B.V. (Healthcare Fund Services). For the year 2022, this subsidiary is not consolidated due to the fact that the revenues, costs and assets, equity and liabilities are negligible.

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

Application of new and revised International Financial Reporting Standards (IFRS)

In 2022, 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 2022. The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards and interpretations applicable for the annual period beginning on or after 1 January 2022

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

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

New and revised IFRS Standards in issue but not yet effective

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

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

The Fund is monitoring these regulatory changes.

Preparation of the financial statements

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

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

2.2 Investment property

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

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

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

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

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

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

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

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

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

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

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

2.3 Investment property under construction

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

Investment property is not developed within the Healthcare Fund but via external parties or within Bouwinvest Development B.V. or Bouwinvest Healhcare 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.

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

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

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

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

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

2.4 Leases

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

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

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

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

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

2.5 Financial instruments

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

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

Financial assets

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

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

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

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

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

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

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

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

Financial liabilities

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

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

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

2.6 Prepayments

Prepayments are stated at cost less any accumulated impairment losses.

2.7 Cash and cash equivalents

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

2.8 Issued capital

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

2.9 Non-current lease liabilities

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

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

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

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

2.10 Current trade and other payables

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

Tenant deposits

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

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

2.11 Dividend distribution

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

2.12 Rental income

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

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

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

2.13 Service charges, property operating expenses and administrative expenses

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

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

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

2.14 Other income

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

2.15 Finance income and expenses

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

2.16 Cash flow statement

Cash flows are stated according to the indirect method.

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

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

2.17 Earnings per share

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

2.18 Income taxes

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

3 Financial risk management

3.1 Financial risk factors

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

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

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

The credit risk relating to the receivables is maximised to € 0.5 million in 2022 (2021: € 0.7 million) and the receivables are closely monitored.

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

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

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

Liquidity risk

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

3.2 Fair value estimation

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

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

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

3.3 Capital management

The Fund's objectives when managing capital are to safeguard the Fund's ability to maintain its going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Funding is secured by its shareholders through capital calls for which estimations are made each year. No external funding is obtained in 2022.

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

4 Critical accounting estimates and judgements

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

4.1 Critical accounting estimates and assumptions

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

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

Current economic developments and uncertainties including rising interest rates, high inflation and high energy prices 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. Economical and geopolitical uncertainties are triggering discussions about the development of the real estate investment and user markets. Although capital is still available in the market for investments, investors often wait for a more stable and predictable situation. Going forward, this might lead to fewer comparable transactions for appraisers to determine the market value and drive fluctuations in values during the coming quarters. In 2022, no material uncertainty clauses were included in the appraisal reports.

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

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

5 Gross rental income and service charge income

	2022	2021
Theoretical rent	22,054	19,662
Incentives	(299)	(142)
Vacancies	(264)	(486)
Total gross rental income	**21,491**	**19,034**

Service charge income amounted to € 571 thousand (2021: € 583 thousand) receivable from tenants for the services of utilities, caretakers, etc. when the Fund acts as principal.

The future contractual rent from leases in existence on 31 December 2022, until the end of the contract (accounted for on the basis of the minimum rent) can be analysed as follows:

	2022	2021
First year	17,297	16,189
Second year	16,304	15,617
Third year	16,160	15,301
Fourth year	16,134	15,165
Fifth year	16,134	15,142
More than five years	149,138	153,780

6 Property operating expenses

	2022	2021
Taxes	788	649
Insurance	195	163
Maintenance	1,101	971
Valuation fees	72	118
Property management fees	249	227
Letting and lease renewal fees	245	306
Owners associations	232	174
Non reclaimable VAT	390	405
Addition to provision for bad debts	-	125
Other operating expenses	143	254
Total property operating expenses	**3,415**	**3,392**

In 2022 € 41 thousand (2021: € 30 thousand) of the maintenance expenses related to unlet properties.

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

7 Administrative expenses

	2022	2021
Management fee Bouwinvest	2,290	2,012
Audit fees	28	26
Other Fund expenses	174	184
Total administrative expenses	**2,492**	**2,222**

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

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

8 Finance expenses

	2022	2021
Finance expenses on bank balances	18	59
Interest on lease liabilities	326	328
Total finance expenses	**344**	**387**

The Fund had no external loans and borrowings during 2022. The Fund was subject to the negative interest rates for its bank balances.

Costs for land lease are classified as finance expenses under IFRS16.

9 Employee benefits expense

The Healthcare Fund has no employees.

10 Income taxes

FII Status

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

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

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

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

Real estate development is not regarded as a ‘passive’ investment activity. However, development activities for the FII’s own portfolio are specifically permitted. These activities should be carried out by a subsidiary which is subject to tax at the common corporate tax rate (2022: 15% - 25.8%). Improvements to existing properties do not qualify as development activities provided that the capital expenditure is less than 30% of the value of the property as determined by the Dutch Valuation of Immovable Property Act (‘Wet Waardering onroerende zaken’) prior to the improvements.

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

Leverage restrictions

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

The Fund met the requirements of an FII in 2022. The effective tax rate was 0% (2021: 0%).

Dividend withholding tax

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

11 Investment property

		2022		2021
At the beginning of the year		**442,578**		**341,084**
Investments	-		9,407	
Subsequent capital expenditure	76		276	
Additions		**76**		**9,683**
Transfers to investment property under construction	-		-	
Transfers from investment property under construction	19,440		64,601	
Total transfers to/from investment property under construction		**19,440**		**64,601**
Disposals		**-5,162**		**-**
Net gain (loss) from fair value adjustments on investment properties (like for like)	-13,847		16,802	
Net gain (loss) from fair value adjustments on investment properties	-1,552		10,474	
In profit or loss		**(15,399)**		**27,276**
In other comprehensive income		**-**		**-**
Transfers out of level 3		**-**		**-**
Movement of right of use ground leases		**(15)**		**(66)**
Total investment property (level 3)		**441,518**		**442,578**
Lease incentives		**2,136**		**1,893**
At the end of the year		**443,654**		**444,471**

The Fund's investment properties are valued by independent external appraisers on a quarterly basis. On 31 December 2022, 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 2022 and 31 December 2021, are based on the valuations reported by the external valuation experts. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year and there were no transfers between levels 2 and 3 during the year.

There was one disposal in the last quarter of this year. This investment property was sold with a positive result of 823K.

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

Investments	2022	2021
Intramural Care	4	9,327
Private Medical Specialist Spaces	-	(25)
Assisted Living	72	381
Total investments	**76**	**9,683**

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

The lease incentives granted are included in the total fair value of investment properties. For the year 2022 the amount of lease incentives is € 2.1 million (2021: € 1.9 million).

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

	2022	2021
Investment property	443,654	444,471
Less: lease liabilities	(10,869)	(10,878)
Valuation as per valuation report	**432,785**	**433,593**

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

	2022	2021
Current average rent (€/m^2)	14.40	13.55
Gross initial yield	5.1%	4.9%
Net initial yield	4.1%	3.6%
Current vacancy rate	1.2%	2.5%
Long-term growth rental rate	2.3%	2.2%
Risk free (NRVT)	0.03%	-0.2%

The net valuation gain (loss) for the year included a positive fair value adjustment of € 8.3 million (2021: € 27.9 million) relating to investment properties that are measured at fair value at the end of the reporting period.

Investment property includes no buildings held under finance leases. The carrying amount is nil (2021: nil).

Sensitivity analysis

The appraisal of the portfolio implies a net initial yield of 4.1% (2021: 3.6%). If the yields used for the appraisals of investment properties on 31 December 2022 had been 25 basis points higher (2021: 25 basis points higher) than was the case at that time, the value of the investments would have been 5.7% lower (2021: 6.5% lower).

	2022		2021	
Change rental rates	-5%	5%	-5%	5%
Value of the investment property change	**(21,639)**	**21,639**	**(21,680)**	**21,680**

	2022		2021	
Change net initial yield	– 25 bps	+ 25 bps	– 25 bps	+ 25 bps
Value of the investment property change	**28,075**	**(24,851)**	**32,241**	**(28,067)**

12 Investment property under construction

	2022	2022	2021	2021
At the beginning of the year		**17,728**		**44,608**
First time adoption IFRS16		**-**		**-**
Investments		**18,481**		**35,595**
Transfers to investment property	(19,439)		(64,601)	
Transfers from investment property	-		-	
Total transfers to/from investment property		**(19,439)**		**(64,601)**
Net gain (loss) from fair value adjustments on investment property under construction	(785)		2,126	
In profit or loss		**(785)**		**2,126**
In other comprehensive income		**-**		**-**
Transfers out of level 3		**-**		**-**
Movement of right of use ground leases		**-**		**-**
At the end of the year		**15,985**		**17,728**

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

	2022	2021
Investment property	15,985	17,728
Less: lease liabilities	-	-
Valuation as per internal valuation	**15,985**	**17,728**

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

Investments	2022	2021
Intramural Care	267	8,794
Private Medical Specialist Spaces	55	-
Assisted Living	18,159	26,801
Total investments	**18,481**	**35,595**

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

The net valuation gain (loss) for the year included a negative fair value adjustment of € 0.8 million (2021: positive fair value adjustment € 2.1 million) relating to investment properties under construction that are measured at fair value at the end of the reporting period.

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

13 Trade and other current receivables

	2022	2021
Trade receivables	466	411
VAT receivables	46	37
Other receivables	4	6
Balance as at 31 December	**516**	**454**

14 Cash and cash equivalents

	2022	2021
Bank balances	14,282	7,730
Balance as at 31 December	**14,282**	**7,730**

The cash and cash equivalents (balance and deposits) were freely available to the Fund as at 31 December 2022.

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

For 2022, before appropriation of result

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2022	**139,724**	**253,572**	**55,763**	**(35,644)**	**42,381**	**455,796**
Comprehensive income						
Net profit	-	-	-	-	(188)	(188)
Total comprehensive income	**-**	**-**	**-**	**-**	**(188)**	**(188)**
Other movements						
Issued shares	5,942	14,058	-	-	-	20,000
Appropriation of result	-	-	-	42,381	(42,381)	-
Dividends paid	-	-	-	(14,945)	-	(14,945)
Movement revaluation reserve	-	-	(4,317)	4,317	-	-
Total other movements	**5,942**	**14,058**	**(4,317)**	**31,753**	**(42,381)**	**5,055**
Balance at 31 December 2022	**145,666**	**267,630**	**51,446**	**(3,891)**	**(188)**	**460,663**

* See explanation dividend restrictions in this Note.

For 2021, before appropriation of result

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2021	**125,431**	**223,365**	**31,585**	**(10,328)**	**10,328**	**380,381**
Comprehensive income						
Net profit	-	-	-	-	42,381	42,381
Total comprehensive income	**-**	**-**	**-**	**-**	**42,381**	**42,381**
Other movements						
Issued shares	14,293	30,207	-	-	-	44,500
Appropriation of result	-	-	-	10,328	(10,328)	-
Dividends paid	-	0	-	(11,466)	-	(11,466)
Movement revaluation reserve	-	-	24,178	(24,178)	-	-
Total other movements	**14,293**	**30,207**	**24,178**	**(25,316)**	**(10,328)**	**33,034**
Balance at 31 December 2021	**139,724**	**253,572**	**55,763**	**(35,644)**	**42,381**	**455,796**

* See explanation dividend restrictions in this Note.

Dividend restrictions

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

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

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

	Number of shares in fully paid up equivalents	**Paid-up share capital**	**Share premium**	**Total share capital and share premium**
Opening balance at 1 January 2022	139,724	139,724	253,572	393,296
Issued shares	5,942	5,942	14,058	20,000
Dividends paid	-	-	-	-
Balance at 31 December 2022	**145,666**	**145,666**	**267,630**	**413,296**

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

Issued capital

The authorised capital comprises 1,000,000 shares each with a nominal value of € 1,000. As at 31 December 2022, in total 145,666 shares had been issued and fully paid up.

Share premium

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

Revaluation reserve

The revaluation reserve relates to the revaluation of the property investments. The (unrealised) positive or negative difference between the cumulative increase or decrease in the fair value of the investment property owned at the end of the year has been included in the revaluation reserve. The revaluation reserve as at year-end 2022 was determined at the individual property level.

Appropriation of profit 2021

The Annual General Meeting of shareholders on 13 April 2022 adopted and approved the 2021 financial statements of the Healthcare Fund. A dividend of € 13.0 million (in cash) has been paid. The profit for 2021, amounting to € 42.4 million, has been incorporated in the retained earnings.

Proposal for profit appropriation 2022

The management of the Fund proposes to the General Meeting of shareholders that a dividend of € 15.2 million (in cash) is to be paid for 2022. Of the net result for 2022 amounting to a loss of € 0.2 million, € 0.2 million will be deducted from the retained earnings.

16 Non-current lease liabilities

	2022	2021
Opening balance at 1 January 2022	10,878	10,943
Interest	328	328
lease payments	(322)	(327)
Other movements	(15)	(66)
Balance at 31 December 2022	**10,869**	**10,878**

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. The final determination of the redemption amount is still under discussion with the city of Amsterdam and is expected to be finalised during 2023.

Land lease obligations undiscounted	**2022**	2021
Year 1	8,865	8,951
Year 2	62	61
Year 3-5	186	183
Year > 5	2,066	2,037
Total land lease obligations	**11,179**	**11,232**

17 Current trade and other payables

	2022	2021
Trade payables	820	1,242
Tenant deposits	1,345	1,292
Other payables	743	1,179
Balance as at 31 December	**2,908**	**3,713**

The other payables declined towards last year mainly because the invoices yet to be received for maintenance of and investments are lower this year.

18 Earnings per share

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

	2022	2021
Net profit attributable to shareholders	(188)	42,381
Weighted average number of ordinary shares	143,287	132,355
Basic earnings per share (€ per share)	(1.31)	320.21

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

19 Dividends per share

In 2022 the Fund paid out a dividend of € 104.30 per share (2021: € 86.63) which amounts to a total of € 14.9 million (2021: € 11.5 million). A total dividend of € 15.2 million (2021: € 13.0 million), is to be proposed at the Annual General Meeting of Shareholders on 19 April 2023. These financial statements do not reflect this final 2022 payment.

The dividend proposal for 2022 has not been accounted for in the financial statements. The dividend for 2022 will be paid in cash.

20 Contingent liabilities and assets

As at 31 December 2022, the Fund's total future investment liabilities amounted to € 166 million (2021: € 54 million).

	2023	2024	>2025
Investment commitments (in € million)			
Loevesteinlaan (WON)	12	5	32
Houthavenkade HEA (WON)	2	15	18
Loevesteinlaan (WOZO)	7	6	14
Elzenhof	15	7	-
Buitenpoort (WON) HEA	5	5	1
Buitenpoort (Intramuraal)	5	4	1
Other < 10	6	2	1
	53	**44**	**69**

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

21 Related parties

The Fund's subsidiaries and members of the Supervisory Board and the Management Board of Bouwinvest and the other entities under management by Bouwinvest, qualify as related parties of the Fund. A fee of € 2.3 million (2021: € 2.0 million) was paid to Bouwinvest in 2022.

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

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

The members of the Supervisory Board and the Management Board of Bouwinvest held no personal interest in the Fund's investments in 2022.

22 Management fee

Bouwinvest is the manager and the Statutory Director of the Fund. The management fee paid for the year 2022 amounted to € 2.3 million (2021: € 2.0 million).

In consideration of the management activities with respect to the Fund, Bouwinvest receives an annual management fee equal to 0.48% (exclusive of VAT) of the Fund's invested capital in accordance with the valuation methods of the Fund. The management fee is payable quarterly in advance.

23 Audit fees

The table below shows the fees charged over the year 2022 by Deloitte Accountants B.V. and the Deloitte Network in respect of activities for the Healthcare Fund.

	2022	2021
Audit of the financial statements	23	22
Other audit engagements	5	4
Tax advisory services	-	-
Other non-audit services		
Total fees	28	26

24 Subsequent events

No subsequent events occured after the end of the reporting period.

Signing of the Financial Statements

Amsterdam, 27 March 2023

Bouwinvest Real Estate Investors B.V.
Mark Siezen, *Chief Executive Officer and Statutory Director*
Rianne Vedder, *Chief Financial & Risk Officer and Statutory Director*
Marleen Bosma, *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 Management Board may also resolve to distribute one or more interim dividends.

20.4

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

20.5

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

20.6

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

Independent auditor's report

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

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 of Bouwinvest Dutch Institutional Healthcare Fund N.V, based in Amsterdam. The financial statements comprise 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 Healthcare Fund N.V as at December 31, 2022, and of its result and its cash flows for 2022 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 Healthcare Fund N.V as at December 31, 2022, and of its result for 2022 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 December 31, 2022.
2. The following statements for 2022: the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of 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 December 31, 2022.
2. The company profit and loss account for 2022.
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 Healthcare Fund N.V in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in The Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality
Based on our professional judgement we determined the materiality for the financial statements as a whole at € 4.5 million. The materiality is based on 1% of total investment property. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Materiality overview	
Materiality level	€ 4.5 million
Basis for materiality level	1% of total investment property
Threshold for reporting misstatements	€ 225 thousand

We agreed with Management Board that misstatements in excess of € 225 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 Healthcare 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 Healthcare Fund N.V.

Our group audit mainly focused on significant group entities.

We have performed audit procedures ourselves at 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 on the consolidated financial statements.

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

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption and from time to time in co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We did not identify fraud risk factors with respect to revenue recognition. We have assessed the accuracy of gross rental income based on a test of detail and analytical procedures on the tenancy schedule and linked the completeness to the property portfolio. We have performed an integral assessment of the recorded gross rental income based on the substantive analytical procedures performed using the tenancy schedules and property portfolio

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

Fraud risk	How the fraud risk was addressed in the audit
Management override of controls	
We presume a risk of material misstatement due to fraud related to management override of controls. Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	Our audit procedures included, among others, the following: We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or noncompliance. We considered available information and made inquiries of relevant persons during the year and at year end (including management, general counsel, internal auditor, compliance officer and risk management). Additionally we requested confirmation from the depositary on the ownership of assets and any irregularities. We have performed a review of available minutes for the relevant organizational bodies and have obtained and reviewed the ISAE 3402 type 2 reports over 2022 of Bouwinvest Real Estate Investors B.V. having made appropriate links to our risk assessment and relevant controls.We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. We evaluated whether the selection and application of accounting policies, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting. We evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in note 4, 11, and 12 of the financial statements. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements. Valuation of investment property is a significant area to our audit as the valuation is inherently judgmental in nature, due to the use of assumptions that are highly sensitive, any change in assumptions may have a significant effect on the outcome given the relative size of the investment property balance. Reference is made to the section "Our key audit matter". For significant transactions, we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets. As part of our audit procedures, we verified whether the significant transactions should be considered related-party transactions. This did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach fraud risks compliance with laws and regulations

We assessed the laws and regulations applicable to the company via our inquiries with management and other personnel, and our assessment of relevant correspondence.

As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could considerably vary, we considered the following laws and regulations: adherence to the Dutch Financial Supervision Act, the Money Laundering and Terrorist Financing (Prevention) Act, the requirements for fiscal investment institutions in the Corporation Tax Act 1969, the Alternative Investment Fund Managers Directive (AIFMD), and the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the related financial statements.

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

Apart from these, the Bouwinvest Dutch Institutional Healthcare Fund N.V. is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation.

Given the nature of Bouwinvest Dutch Institutional Healthcare Fund N.V.’s business and the complexity of the regulatory environment, there is a risk of non-compliance with the requirements of such laws and regulations.

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to Bouwinvest Dutch Institutional Healthcare Fund N.V.’s ability to continue its business, or to avoid material penalties and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of the Management Board and others within Bouwinvest Dutch Institutional Healthcare Fund N.V. as to whether the Bouwinvest Dutch Institutional Healthcare Fund N.V. is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern

The Financial Statements of Bouwinvest Dutch Institutional Healthcare Fund N.V. have been prepared on the basis of the going concern assumption. As indicated in the responsibilities of the Management Board below, the Management Board is responsible for assessing the Bouwinvest Dutch Institutional Healthcare Fund N.V.’s ability to continue as a going concern.

We have evaluated the Management Board assessment of the Bouwinvest Dutch Institutional Healthcare Fund N.V.'s ability to continue as a going concern and inquired the Management Board regarding any knowledge of events or conditions beyond the period of the Management Board assessment. On the basis of our audit procedures, we have not identified any indication that would give rise to uncertainty on the Bouwinvest Dutch Institutional Healthcare Fund N.V.'s ability to continue as a going concern. Bouwinvest Dutch Institutional Healthcare Fund N.V. has total off-balance sheet items for a total of € 166 million due in the upcoming years. These off-balance sheet items will be financed via, (a) the available cash position as per 31 December 2022, (b) the cashflow from the operational result, (c) current and new commitments and capital calls, noting sufficient headroom in the current market circumstances. Furthermore we noted that there is no indication that cash positions and cash flows will be insufficient to meet future obligations. The tenant mix does not lead to concern over dependency on a single tenant or group of tenants in respect to the rental income and respective cash flows.

Bouwinvest Dutch Institutional Healthcare Fund N.V. has a best effort requirement for redemption request (i.e. evaluate if the request can be acknowledged without negatively impacting the Fund) and no obligation to acknowledge the request immediately.

This did not lead to indications of the Bouwinvest Dutch Institutional Healthcare Fund N.V. not being able to continue as a going concern.

Our key audit matters

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

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

Key audit matter	How the key audit matter was addressed in the audit
Valuation of investment property	
Refer to notes 11 and 12 to the consolidated financial statements. As at December 31, 2022, Bouwinvest Dutch Institutional Healthcare Fund N.V. held a portfolio of investment property with a fair value of EUR 444 million (December 31, 2021: EUR 444 million) and investment property under construction of EUR 16 million (December 31, 2021: EUR 18 million). The portfolio mainly consists of Healthcare properties. At the end of each reporting period, the Board of the Manager determines the fair value of its investment property portfolio in accordance with the requirements of IAS 40 and IFRS 13. Bouwinvest Dutch Institutional Healthcare Fund N.V. uses external valuation reports issued by external independent professionally qualified valuers to determine the fair value of its investment property. As the valuation of investment property is inherently judgmental in nature, due to the use of assumptions that are highly sensitive, any change in assumptions may have a significant effect on the outcome given the relative size of the investment property balance. The most significant assumptions and parameters involved, given the sensitivity and impact on the outcome, are the capitalization rate and market rent levels. IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. The hierarchy categorizes the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. (Unobservable) inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date. Fair value measurements categorized within Level 3 have the lowest priority as the valuation is predominately based on unobservable inputs and those measurements have a greater degree of uncertainty and subjectivity. This means that a valuation at Level 3 has a fairly large measure of estimation uncertainty and as a result a fairly large bandwidth of valuation uncertainty in which a valuation can been seen reasonable in the light of IFRS 13. In addition, and as the external appraiser has recommended in its assessment of the fair value of the property portfolio, caution is needed in analyzing the values due to the unknown future impacts on economy and real estate markets.	Our audit procedures included, among others, the following: We have gained understanding of the valuation process and tested design and implementation of Bouwinvest Dutch Institutional Healthcare Fund's relevant controls with respect to the data used in the valuation of the property portfolio. We noted that management involved established parties to assist with the valuation of the investment properties. We evaluated the competence of Bouwinvest Dutch Institutional Healthcare Fund N.V.'s external appraiser, which included consideration of their qualifications and expertise. In relation to the significant assumptions in the valuation of investment property we have: • Determined that the valuation methods as applied by the Management Board, as included in the valuation reports, are appropriate and consistent with prior year. • Challenged the significant assumptions (such as capitalization rate, market rental income, market-derived discount rate) against relevant market data. We have involved our internal real estate valuation experts in these assessments. • Assessed the sensitivity analysis on the key input data and assumptions to understand the impact of reasonable changes in assumptions on the valuation; • Assessed the appropriateness of the disclosures relating to the assumptions used in the valuations and sensitivity analysis in the notes to the consolidated financial statements. **Observation** We found that, with the (significant) assumptions used in the valuation reports, the valuation of the investment property is valued within a reasonable range in the light of the valuation uncertainty for level 3 valuations.

Report on the other information included in annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of:
- Management Board's Report.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.
- Other included 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 all the information regarding the management report and the other 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 Boardis responsible for the preparation of the other information, including Report of the 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 Board for the financial statements

Management Board 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 Board is responsible for such internal control as Management Board 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 Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, Management Board should prepare the financial statements using the going concern basis of accounting unless Management Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management Board 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 among others:

- 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 Board.
- Concluding on the appropriateness of the Management Board 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 Management Board, 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 27, 2023

Deloitte Accountants B.V.

Signed on the original: V.S. Borreman

Assurance report of the independent auditor

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

Our conclusion

We have reviewed the sustainability information in the 2022 annual report of Bouwinvest Dutch Institutional Healthcare Fund N.V., based in Amsterdam. A review is aimed at obtaining a limited level of assurance.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the sustainability information of Bouwinvest Dutch Institutional Healthcare Fund N.V. does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to corporate social responsibility, as included in the 'Performance on sustainability' chapter of the 2022 annual report; and
- the thereto related events and achievements for the year 2022 as included in the section 'Performance on sustainability' as disclosed in the 2022 annual report, in accordance with the reporting criteria as included in the section 'Reporting of performance indicators'.

The sustainability information consists of performance information in the section 'Performance on sustainability' part of chapter 'Performance on strategy' on page 25-32 of the 2022 Annual Report excluding the section EU Taxonomy on page 31-32.

Basis for our conclusion

We have conducted our review in accordance with Dutch law, including Dutch Standard 3000A 'Assurance engagements other than audits or reviews of historical financial information (attestation engagements)'. This engagement is aimed to obtain limited assurance. Our responsibilities in this regard are further described in the 'Our responsibilities for the review of the sustainability information' section of our report.

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

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

Reporting criteria

The reporting criteria used for the preparation of the sustainability information are the reporting criteria as included in the section 'reporting of performance indicators' within the 2022 Annual Report.

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

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

Consequently, the sustainability information needs to be read and understood together with the reporting criteria used.

Materiality

Based on our professional judgement we determined materiality levels for each relevant part of the sustainability information and for the sustainability information as a whole. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and Bouwinvest Dutch Institutional Healthcare Fund N.V.

Limitations to the scope of our review

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

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

Responsibilities of the Management Board for the sustainability information

The Management Board is responsible for the preparation of the sustainability information in accordance with the applicable criteria. The Management Board is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, taking into account applicable law and regulations related to reporting. The choices made by the Management Board regarding the scope of the sustainability information and the reporting policy are summarized in the chapter 'Performance on sustainability' of the 2022 annual report.

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

Our responsibilities for the review of the sustainability information

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

The procedures performed in this context differ in nature and timing and are less extent as compared to reasonable assurance engagements. The level of assurance obtained in a limited assurance engagement is therefore substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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

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

Our review included among others:
- Performing an analysis and obtaining insight into relevant environmental and social themes, issues and the characteristics of Bouwinvest Dutch Institutional Healthcare Fund N.V.;
- Evaluating the appropriateness of the reporting policy and its consistent application, including the evaluation of the results of the stakeholders' dialogue and the reasonableness of management's estimates;
- Evaluating the design of the reporting systems and processes related to the sustainability information;
- Reviewing internal and external documentation to determine whether the information as included in the KPIs, including the presentation and assertions made in the sustainability information, is adequately supported;
- Interviewing relevant staff responsible for providing the sustainability information, carrying out internal control procedures on the data and consolidating the data in the annual report;
- An analytical review of the data and trends submitted for consolidation at corporate level.

We communicate with the Management Board regarding, among other matters, the planned scope, timing and outcome of the review and significant findings that we identified during our review.

Amsterdam, March 27, 2023

Deloitte Accountants B.V.

Signed on the original: V.S. Borreman

De Hildebrand
Private Care

Haarlem
The Netherlands

Enclosures

Composition of the Management Board

Chief Executive Officer and Statutory Director

Mark Siezen

Mark Siezen was appointed Chief Executive Officer and chair of the Management Board on 1 September 2022. Mark previously worked as Chief Client Officer at Bouwinvest. Prior to that, he was Executive Director and member of the board at CBRE and held various positions at Multi Corporation, NSI and COFRA Holding (including Redevco and C&A). Mark has been a member of the Supervisory Board of Northwest Clinics (Noordwest Ziekenhuis Groep) since December 2021.

Chief Financial & Risk Officer and Statutory Director

Rianne Vedder

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

Marleen Bosma

Marleen Bosma-Verhaegh was appointed Chief Client Officer on 1 November 2022. Marleen has worked at Bouwinvest since 2016. She was Head of Research & Strategic Advisory until early 2022, when she was made responsible for business development within the Client Management department. Before joining Bouwinvest, Marleen was jointly responsible for international listed and real estate investments at Blue Sky Group. Prior to that, she worked in various positions at Syntrus Achmea Real Estate & Finance, Philips Pension Fund and FGH Bank.

Chief Investment Officer Dutch Investments

Allard van Spaandonk

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

Chief Investment Officer International Investments

Stephen Tross

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 chair of the management board of ANREV.

Director Dutch Healthcare Investments

Helma Spuls

Helma Spuls is Director Dutch Healthcare Investments since October 2022. She is responsible for the performance of the assets of the Bouwinvest Dutch Institutional Healthcare Fund. Helma joined Bouwinvest in March 2007 as Asset Manager Bouwinvest Dutch Residential Investments and was Manager Asset Management Bouwinvest Dutch Residential Investments since 2017. She was responsible for the performance and asset management of the residential assets in the Netherlands. Helma has over twenty-eight years' experience in real estate asset management and gained her real estate experience with several companies including Dynamis ABC Residential where she worked as an Account Manager for several years. Helma studied Communication Sciences at the University of Amsterdam.

Responsible investment performance indicators

Continued improvement of the Fund's sustainability performance

Impact area	Indicator	Measure	Units of measure	2022	2021	Change	Plan 2022-2024
Fund sustainability benchmark	GRESB	Star rating	# stars	5	5	+0	Improve score and obtain GRESB 5 star rating
	GRESB	Overall score (GRI-CRESS: CRE8)	# [1-100]	88	88	+0	Annual improvement of overall GRESB score

Investing in sustainable real estate

Impact area	Indicator	Measure	Units of measure	2022	2021	% change	Plan 2022-2024
Asset sustainability certificate	Green Building Certificates (GPR)	Labelled floor space (GRI-CRESS: CRE8)	%	100.0%	96.2%	+ 3.8 pp	> 95% of all standing investments GPR labelled and by end of 2023 an average minimum score of 7.2
		Average score (GRI-CRESS: CRE8)	#	7.1	7.0	+ 1.4%	
	Green Building Certificates (GPR) - new acquisitions	Labelled floor space (GRI-CRESS: CRE8)	%	100.0%	100.0%	0 pp	Acquisitions, major renovations and new developments have a minimum GPR of 7.5
		Average score (GRI-CRESS: CRE8)	#	7.5	7.6	-1.3%	

Reducing environmental impact

Impact area	Indicator	Measure	Units of measure	2022	2021	% change	Plan 2022-2024
Energy performance certificate	EPC	Labelled floor space (GRI-CRESS: CRE8)	%	100.0%	100.0%	0 pp	100% green portfolio (A, B, C energy labels) and 95% energy label A or better by end 2022
		Green labelled floor space (A, B or C label)	%	100.0%	100.0%	0 pp	
		A labelled floor space	%	100%	94.6%	+ 3,3 pp	95% of the portfolio to have energy label A or better (EP2 <237) by end 2023
		Average EP2	#	225.4	232.8	-3.2%	
Renewable energy	Solar panels	Installed kWp of solar panels	kWp	1,218	1,124	+ 8.4%	Add renewable energy on location, installing 1.100kWp of solar panels before end of 2023
Renewable energy	Natural gas	New acquisitions free of natural gas	%	100.0%	88.8%	+ 11.2 pp	All new acquisitions will be free of natural gas

Impact area	Indicator	Measure	Units of measure	**2022 (abs)**	2021 (abs)	% change (LfL)	Plan 2022-2024
Energy	Electricity	Total landlord-obtained electricity (GRI: 302-2)	MWh	669	699	-7.0%	
	Gas	Total gas consumption (GRI: 302-1)		1182	1353	7.4%	
	District heating and cooling	Total district heating and cooling (GRI: 302-2)		0	0	0.0%	
	Total	Total energy consumption from all sources (GRI: 302-2)		1,851	2,052	6.1%	on average -3% / year
	Energy intensity	Building energy intensity (GRI-CRESS: CRE1)	kWh/m²/year	39	47	-3.5%	
		Energy and associated GHG disclosure coverage		10 of 39	9 of 38		
GHG emissions	Direct	Scope 1 (GRI: 305-1)	tonnes CO2e	280	320	7.4%	
	Indirect	Scope 2 (GRI: 305-2)		225	236	-7.0%	
	Total	Total GHG emissions (GRI: 305-2) Scope 1 and 2		505	555	5.6%	on average -3% / year
		Total GHG emissions after compensation		280	320	7.4%	
Water	Total	Total water consumption (GRI:303-1)	m³	N/A	N/A	N/A	-5% in 2022
	Water intensity	Building water intensity (GRI-CRESS: CRE2)	m³/m²/year	N/A	N/A	N/A	
Waste	Total	Total waste collected (GRI: 306-1)	tonnes	N/A	N/A	N/A	-5% in 2022
		Recycling rate	%	N/A	N/A	N/A	

Stakeholder engagement performance

Impact area	Indicator	Measure	Units of measure	2022	2021	% change	Plan 2022-2024
Engage with stakeholders	Tenant satisfaction	Response rate (GRI: 102-43)	%	48.7%	42%	+ 6,7 pp	Tenants give the Fund a score higher than 7
		Average total score (GRI: 102-43)	#	7.4	7.4	-0.5%	
	Leases	Number of new leases	#	132	150	-12%	By the end of 2022 20% of the rental contracts include a sustainability clause
		Number of green leases	#	246 of 602	132 of 542	16.5%	
	Client satisfaction	Response rate (GRI: 102-43)	%	n/a	n/a	n/a	Clients give the Fund a score higher than 7,5
		Average total score (GRI: 102-43)	#	n/a	7.1	n/a	
Sustainable stewardship	Considerate constructors scheme	Registered construction projects	#	2 of 2	4 of 6	33.3%	In 2022, targetting 75% of construction sites (€) to be registered under Considerate Constructors Scheme ('Bewuste Bouwer')
		Participation rate (by acquisition price)	%	100.0%	65.3%	+ 34,7 pp	
	Board seats and committee memberships industry organisations, related to the Dutch healthcare sector	Number	#	1	1	no change	Bouwinvest's employees have several active positions on boards or working groups of the networking and industry organisations like: IVBN, INREV, ULI, DGBC, Holland Metropole and NEPROM. One position is explicitly related to the healthcare sector.
	Make areas heart safe	Number	%	100.0%	100.0%	0 pp	By the end of 2022, 100% of our tenants have an AED available within six minutes walking distance

Affordable real estate	Mid-rental properties (€ 764-1,060)	Newly signed acquisitions	#	222	115	+ 93%	In 2022, 40% of the newly signed acquisitions will be mid-rental (€ 764-1,060) properties
			%	86.4%	27.8%	+ 58.6 pp	
Responsible business operation	Digital tenant portal	Usage of tenants	%	10.0%	0.0%	+ 10 pp	In 2022 50% our tenants can use our tenant portal incl. sustainability performance

Impact area	Indicator	Measure	Units of measure	2022	2021	% change	Target
Invest		Invested amount including secured pipeline	EUR	615	506	+ 21.5%	Invest € 600 million in healthcare property (including secured pipeline) in 2022 with a focus on mid-price
Fair rental prices	Rent indexation	Index above CPI	%	-3.1%	1.3%	-4.4 pp	Have fair rental prices: evaluate our rent indexation policy with regard to social needs on affordable housing

Reporting of performance indicators

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

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

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

For the managed portfolio (scope 1 and 2), Bouwinvest reports on total energy consumption including all direct energy sources (gas, fuel oil) and indirect energy sources (electricity, district heating and district cooling). To calculate Greenhouse Gas (GHG) emissions, country and energy source-specific emission factors have been applied. Emission factors change over time. For this annual report most recently available factors for 2022 are used (source: www.co2emissiefactoren.nl).

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

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

Properties overview

Municipality	Street/Property name	Floor space (in m^2)	No. of parking units	Year of construction/ renovation	Land ownership	Core region	Financial occupancy rate (average)
'S-Hertogenbosch	De Boschstede	4,961	0	2018	Freehold	Brabantstad	100.0%
Alkmaar	De Palatijn Intramuraal	2,711	0	2004	Freehold	Randstad	100.0%
Almere	Ambachtsmark	2,158	0	2014	Freehold	Randstad	100.0%
Amersfoort	Rosorum	1,547	0	2020	Freehold	Randstad	100.0%
Amsterdam	Van 't Hofflaan	3,157	0	2015	Leasehold	Randstad	100.0%
Amsterdam	Ritzema Bos	3,532	0	2018	Leasehold	Randstad	100.0%
Amsterdam	Houthaven LIFE, Intramuraal (Cordaan)	3,159	5	2019	Leasehold	Randstad	100.0%
Amsterdam	Houthaven LIFE, COG	206	2	2020	Leasehold	Randstad	99.6%
Amsterdam	Houthaven LIFE, Dagbesteding	120	3	2019	Leasehold	Randstad	77.4%
Amsterdam	Houthaven LIFE, Gezondheidscentrum	595	4	2019	Leasehold	Randstad	100.0%
Amsterdam	Houthaven LIFE, Woningen + 37 PP	4,637	37	2019	Leasehold	Randstad	94.7%
Apeldoorn	Juliana	7,213	0	2020	Freehold	Mid East	100.0%
Apeldoorn	Rosorum Koningschool	5,075	0	2021	Freehold	Mid East	100.0%
Ede	Nieuw Cavaljé Intramuraal	1,323	0	2020	Freehold	Mid East	100.0%
Ede	Nieuw Cavaljé Verzorgd Wonen	2,657	27	2020	Freehold	Mid East	99.6%
Eindhoven	Warande	4,439	43	2010	Freehold	Brabantstad	100.0%
Eindhoven	Leilinde	8,887	96	2010	Freehold	Brabantstad	98.3%
Gouda	Westergoud	4,320	0	2022	Freehold	Randstad	86.9%
Haarlem	Hildebrand	1,980	0	2015	Freehold	Randstad	100.0%
Haarlem	Martha Flora	2,745	10	2016	Freehold	Randstad	100.0%
Harderwijk	Villa Verde Intramuraal	3,061	0	2021	Freehold	Mid East	100.0%
Heerenveen	Oranjewoud	8,787	0	2021	Freehold	Non-core regions	100.0%
Heiloo	Zorgvilla Craenenbroeck	2,607	0	2014	Freehold	Randstad	100.0%
Hilversum	Villa Overbosch	2,320	0	2002	Freehold	Randstad	100.0%
Katwijk	Parledam	5,064	50	2016	Freehold	Randstad	96.6%
Kortenhoef	Veenstaete Intramuraal	899	0	2011	Freehold	Randstad	100.0%
Kortenhoef	Veenstaete Appartementen	7,600	0	2011	Freehold	Randstad	92.9%
Kortenhoef	Veenstaete COG units	868	0	2011	Freehold	Randstad	100.0%
Leidschendam	Nieuw Mariënpark	4,737	0	2019	Freehold	Randstad	100.0%
Mijdrecht	Zonnehuis Majella	2,389	0	2019	Freehold	Randstad	100.0%
Mijdrecht	De Proosdij	1,935	12	2019	Freehold	Randstad	98.5%
Nieuwegein	Kuifmees	3,973	0	2021	Freehold	Randstad	100.0%
Ouderkerk aan de Amstel	Zonnehuis Theresia	2,748	0	2018	Freehold	Randstad	100.0%
Ouderkerk aan de Amstel	De Gijsbrecht	4,388	26	2018	Freehold	Randstad	94.5%
Utrecht	De Lindenborg	2,253	0	2020	Freehold	Randstad	100.0%
Wageningen	De Lawet	2,150	0	2020	Freehold	Non-core regions	100.0%
Zeist	Aliantus Oud Seyst	3,433	0	2017	Freehold	Randstad	100.0%
Zoetermeer	Floriadehof/Zenobiagang Intramuraal	3,355	0	2020	Freehold	Randstad	100.0%
		127,986	**315**				

Periodic disclosure under SFDR

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Bouwinvest Healthcare Fund

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

☐ **Yes**	☒ **No**
☐ It made **sustainable investments with an environmental objective:** ___%	☒ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 57% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

1

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

- ***How did the sustainability indicators perform?***
- ***…and compared to previous periods?***

During the reporting period from January 1, 2022 to December 31, 2022, this financial product promoted the following environmental and/or social characteristics as part of the four ESG objectives:

ESG objective	Promoted environmental and social characteristics
I. Building a future proof and sustainable portfolio	Ia. Above average sustainable fund
	Ib. Above average sustainable buildings
II. Reducing environmental impact	IIa. Combatting Climate Change: Source of energy
	IIb. Combatting Climate Change: Energy efficiency of buildings
III. Livable, affordable, attainable & inclusive places where people want to reside - now and in the future	III. Product accountability
IV. Contributing to healthy, safe and responsible operations	IV. Considerate constructors scheme (construction sites)

The Fund has used one or more sustainability indicators to measure the attainment of each E/S characteristic promoted. During the reference period the Fund improved its sustainability indicators to have a better fit with the objectives of the Fund. The table below shows the indicators per promote over the applicable time-period for the past three years. The indicators market with an asterisk (*) are applicable until and including 2022 and will be replaced by other indicators as of 2023. The other indicators concern current indicators.

E/S char.	Indicator	2022	2021	2020
Ia.	UN PRI score (Strategy & Governance / Property / Listed)*	95 points (5 stars) of direct real estate	N/A	A+ / A+ / B
	GRESB score	88	88	83 points
	GRESB star rating	5-star rating	5-star rating	4-star rating
Ib.	Building certificate GPR-Gebouw score	7.1 (100% coverage)	7.0 (96% coverage)	7.0 (100% coverage)
IIa.	LFL energy consumption*	6%	-21%	-8%
	LFL GHG emissions*	7%	0%	-10%
	Renewable energy (PV panels)*	1.218	1.124	795
IIb.	Energy labels*	100% A-label	95% A-label	93% A-label
	Green leases*	41%	25%	8
III.	Tenant satisfaction	7.4	7.4	7.7
	AED availability to tenants*	100%	100%	92%
IV.	Considerate construction scheme (construction sites)	100%	65%	23%

The performance on all sustainability indicators was in line with or above plan 2022.

2

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

Some investments of the Fund contribute to environmental objective 'cliamte change minigation' as included in Article 9 of the Taxonomy Regulation (TR).

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

How were the indicators for adverse impacts on sustainability factors taken into account?

The Sustainable investments have been assessed based on the technical screening criteria established by the European Commission.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The Sustainable investments are carried out in compliance with the minimum safeguards laid down in Article 18 of the TR.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the Union criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the Union criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

How did this financial product consider principal adverse impacts on sustainability factors?

The Principal Adverse Impact indicators for real estate are for one part integrated in our ESG performance indicators and adverse impacts in general is integrated in our ESG risk methodology. That way the Fund ensures sufficient attention for those indicators.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is the top 5 AuM

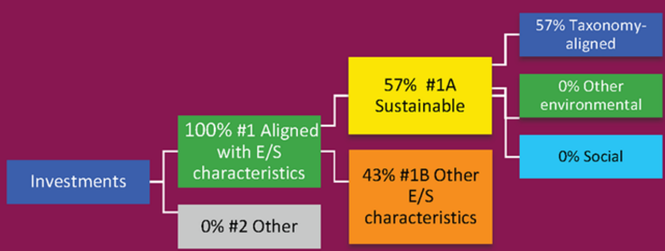
What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
Houthaven LIFE, Woningen + 37 PP	Real estate - Healthcare	6%	Netherlands
Veenstaete Appartementen	Real estate - Healthcare	6%	Netherlands
Leilinde	Real estate - Healthcare	6%	Netherlands
Oranjewoud	Real estate - Healthcare	5%	Netherlands
Rosorum Koningschool	Real estate - Healthcare	4%	Netherlands

Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

What was the asset allocation?



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?

The Fund's asset allocation is 100% towards direct real estate assets.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

The current NAV of the portfolio stands at € 460 million, 57% of which (GAR) is EU Taxonomy aligned. Split into two different objectives, the results are:

57% of the Fund's underlying investments are aligned with the technical screening criteria related to a substantial contribution to 'climate change mitigation' due to the number of A or better energy labels and the fact that the economic activities do not significantly harm any other environmental objectives due to the limited physical climate risks.

0% of the Fund's underlying investments that are not aligned with 'climate change mitigation' do contribute substantially to 'climate change adaptation', due to the limited physical climate risks and the fact that the economic activities do not significantly harm any other environmental objectives die to the number of B or C energy labels.

- **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[1]?**

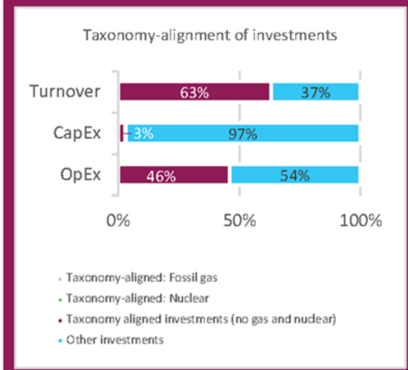
  No

[1] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds only one graph is shown.



What was the share of investments made in transitional and enabling activities?

Not applicable for the Fund.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

There was no previous reference period.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy

There is too limited market practice available to determine which investments can be tagged as environmental sustainable investments under the SFDR and not aligned with the EU Taxonomy.

What was the share of socially sustainable investments?

There is too limited market practice available to determine which investments can be tagged as social sustainable investments under the SFDR and not aligned with the EU Taxonomy.

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?

Not applicable. The Fund has no "other" investments in its portfolio.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

- To retaining the GRESB score and rating in 2022, the Fund had more focus in data collection and like-for-like environmental impact reductions.
- In 2022, the Fund incorporated the technologies, measures and costs in its strategic maintenance plan for the coming years to reduce energy consumption and greenhouse gas emissions.
- The Fund added 94kWp on-site solar panels to its portfolio and increased the generation of solar power to 1,218 kWp in 2022.
- In 2022, the Fund continued to devote attention to making its rental contracts 'green', making its procurement more sustainable and investing in affordable (mid-rental segment) healthcare real estate. Every new rental contract the Fund closes includes a clause in which tenants commit to providing the Fund with information related to energy and water use and waste disposal.
- As part of continuous efforts to improve its tenant services, the Fund rolled out its first 'Living with Bouwinvest' tenant portal for Westergoud (Gouda). The Bouwinvest client monitoring system (KVS) is now also fully up and running, and provides a full 360-degree client view, so the Fund knows what its tenants need and how it can optimise its services. This will enable the Fund to monitor all interactions with its tenants, including those between tenants and property managers. It will make it easier for the Fund to measure the impact of any improvement measures it takes based on the feedback from its tenant satisfaction surveys.
- The Fund continued to focus on the installation of AEDs and at the end of 2022 100% of the Fund's tenants and communities had an AED available within 6 minutes distance.
- Around 82% of the construction sites related to the Fund's assets were registered under the Dutch Considerate Constructors ('Bewuste Bouwer') scheme at year-end 2022. Although most construction firms the Fund works with embrace the scheme, there has been too little emphasis on actually registering specific sites, which is necessary to actually qualify as a 'Considerate Constructors' site. The Fund will focus more sharply on the certification of building sites in the coming period.

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

How did this financial product perform compared to the reference benchmark?

There is no reference benchmark available in the market for this financial product.

- ***How does the reference benchmark differ from a broad market index?***
- ***How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the environmental or social characteristics promoted?***
- ***How did this financial product perform compared with the reference benchmark?***
- ***How did this financial product perform compared with the broad market index?***

8

Glossary

Considerate constructors scheme

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

Direct property return

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

Distributable result

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

Energy index of the portfolio

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

Estimated rental value

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

Financial occupancy rate

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

Fund capital growth (INREV)

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

Fund income return (INREV)

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

Fund total return (INREV)

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

Green portfolio

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

GRESB score

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

GRESB star rating

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

Gross Asset Value (GAV)

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

Gross initial yield (passing)

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

Gross initial yield (market)

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

Gross rental income

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

Indirect property return

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

INREV NAV

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

Investment property

Property that is fully operational on the reporting date

Investment property under construction

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

Lease incentive

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

Like-for-like gross rental income

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

Membership of industry associations

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

MSCI Property Index

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

Net asset value (NAV)

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

Net initial yield

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

Net rental income

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

On-site solar power

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

Passing rent

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

Pay-out ratio of distributable earnings

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

Property value

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

Real Estate Expense Ratio (REER)

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

Reduction of energy consumption

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

Residential units in mid-rental segment

The total number of acquired units with rental prices between € 764 and € 1,060 per month (price level 2022) in the reporting period.

Sustainably certified portfolio

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

Theoretical rent

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

Total Global Expense Ratio (TGER)

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

Transactions

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

Zero-energy projects

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

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