Annual report 2023

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

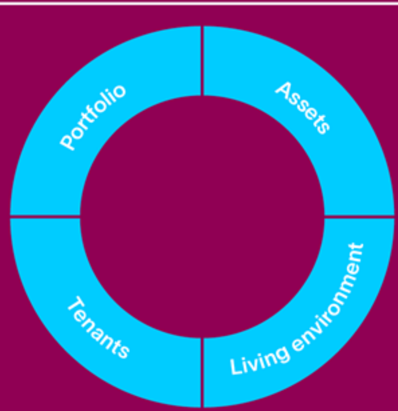
The Fund's key strategic objectives

- 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 2023

Total return	Average occupancy rate	NAV IFRS
1.1 %	99.2 %	€545 MILLION

Acquisitions	Investments	Divestments
€209 MILLION	€94 MILLION	€0 MILLION

GRESB	Paris Proof	Tenant satisfaction score Healthcare residential	Tenant satisfaction score Healthcare commercial	Stakeholder engagement
★★★★	end of 2045	SCORE 7.2	SCORE 7.9	ACTIVE ENGAGEMENT WITH OUR COMMUNITY

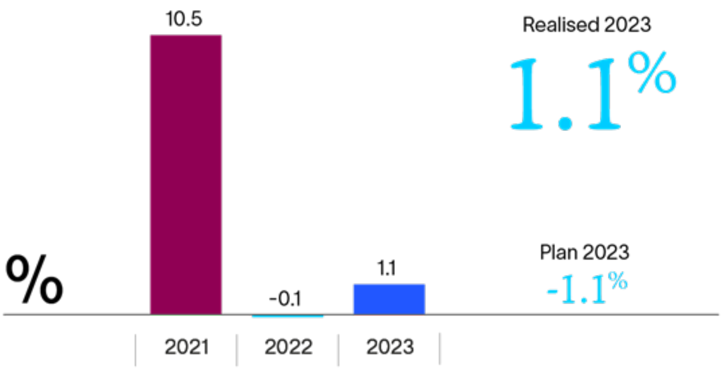
Real Value for Life

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



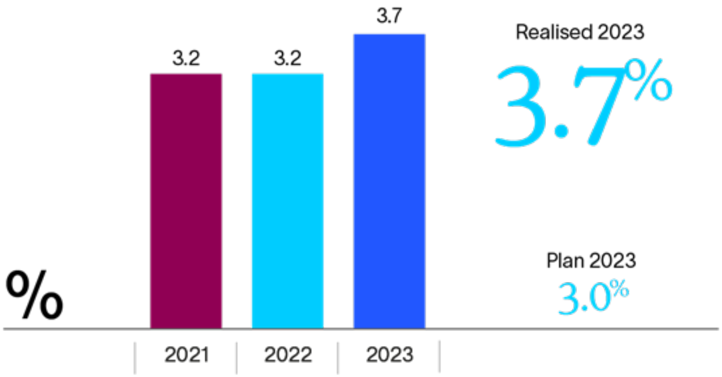
Realised 2023

1.1%

Plan 2023

-1.1%

Fund income return



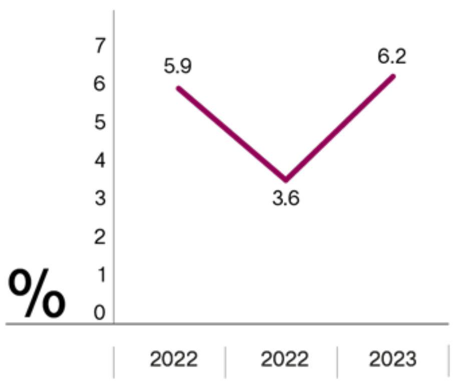
Realised 2023

3.7%

Plan 2023

3.0%

Like-for-like rental income



Realised 2023

6.2%

Plan 2023

4.3%

Acquisitions (x € MILLION)

Realised 2023

€ 209

Plan 2023

€ 100

Investments (x € MILLION)

Realised 2023

€ 94

Plan 2023

€ 80

Occupancy rate

Realised 2023

99.2%

Plan 2023

98.6%

Divestments (x € MILLION)

Realised 2023

€ 0

Plan 2023

€ 0

Core regions

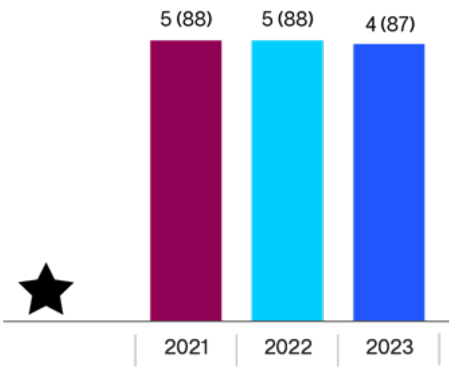
Realised 2023

90%

Plan 2023

>80%

GRESB star rating (score)

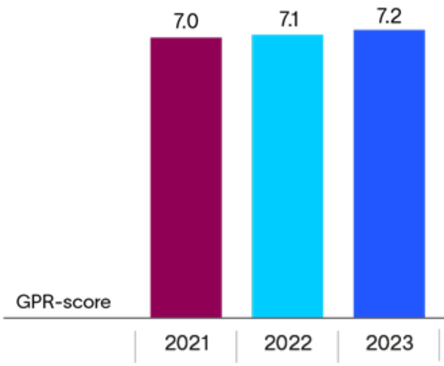


Realised 2023

4 star rating
(87 Points)

Plan 2023

GPR building label



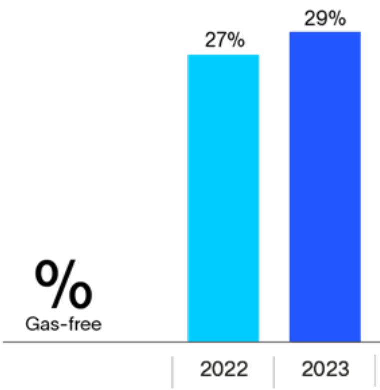
Realised 2023

7.2

Plan 2023

7.1

% Gas-free assets



Realised 2023

29%

Plan in 2045

100%

Tenant satisfaction (score)

Healthcare residential

SCORE

7.3

Plan 2023

> 7.0

Healthcare commercial

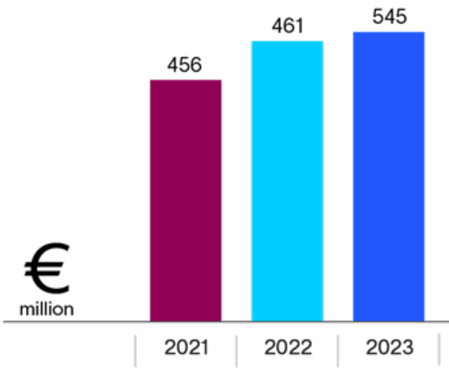
SCORE

7.9

Plan 2023

> 7.0

NAV (x € MILLION)



Realised 2023

545

Plan 2023

529

Dividend paid per share

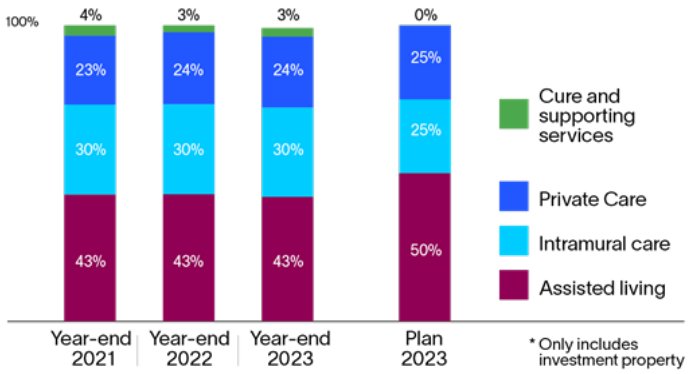
Realised 2023

€ 137.98

Plan 2023

€ 93.48

Allocation by segment*



* Only includes investment property

Issued capital (x € MILLION)

Realised 2023

€ 120

Plan 2023

€ 75

Key performance over five years

All amounts in € thousands, unless otherwise stated	**2023**	2022	2021	2020	2019
Statement of financial position					
Total assets	574,290	474,440	470,387	394,780	278,010
Total shareholders' equity	544,706	460,663	455,796	380,381	262,368
Total debt from credit institutions	-	-	-	-	-
Performance per share					
Dividends (in €)	137.98	104.30	86.63	73.66	81.48
Net earnings (in €)	(96.60)	(1.31)	320.21	104.00	206.64
Net asset value IFRS (in €, at year-end)	2,967.84	3,162.46	3,262.12	3,032.59	2,989.03
Result					
Net result	(14,807)	(188)	42,381	10,328	16,385
Total Global Expense Ratio after tax (TGER)	0.57%	0.53%	0.56%	0.56%	0.54%
Real Estate Expense Ratio (REER)	0.76%	0.71%	0.80%	0.78%	0.40%
Distributable result	17,528	15,180	12,982	7,604	6,405
Pay-out ratio	100%	100%	100%	100%	100%
Fund return					
Income return	3.7%	3.2%	3.2%	2.5%	2.8%
Capital growth	(2.5)%	(3.2)%	7.2%	1.4%	4.8%
Total Fund return*	**1.1%**	**(0.1)%**	**10.5%**	**4.0%**	**7.7%**
Portfolio figures					
Investment property	457,894	443,654	444,471	342,594	221,961
Investment property under construction	64,400	15,985	17,728	44,608	54,068
Gross initial yield	5.3%	5.1%	4.9%	5.3%	5.3%
Total number of properties	40	38	38	33	22
Average monthly rent per square metre (in €)	15	14	14	12	13
Financial occupancy rate (average)	99.2%	98.8%	97.5%	91.1%	98.7%
Property performance (all properties)					
Income return	4.4%	3.8%	3.7%	3.2%	3.6%
Capital growth*	(6.5)%	(3.2)%	7.3%	1.1%	4.7%
Total property return	**(2.4)%**	**0.5%**	**11.2%**	**4.3%**	**8.5%**
Property performance (standing investments)					
Income return	4.6%	4.0%	4.0%	3.9%	5.5%
Capital growth	(0.1)%	(3.2)%	7.7%	2.6%	5.0%
Total property return	**4.5%**	**0.7%**	**11.9%**	**6.7%**	**10.8%**

* See page 23 for the financial performance.

Message from the Manager Dutch Healthcare Investments

The Fund performed strong on its strategic pillars: growth, social return and environmental sustainability. The Fund started 10 years ago and grew to a fund of €545 million net asset value; doubling the last 4 years. Last year the Fund grew with € 84 million net asset value. Last but not least the Fund has a secured pipeline of € 280 million.

Last year was challenging year for real estate markets, due to continued geo-political, social, economic and financial turbulence, the collapse of the Dutch government. The investment volume in healthcare real estate has declined compared with 2022. With less competition and good investment opportunities the Fund could acquire good projects, doubling the planned acquisition target. Still the Fund has a strong acquisition pipeline. As a result, the Fund will probably commit the remainder of its funding position of € 161 million in the first half of 2024.

The income return of the Fund improved to 3.7% in 2023. This is partly due to the actions the Fund did to improve its occupancy rate to 99.2% in 2023. The high inflation led to a relatively high indexation of the healthcare operators rent contracts. Out of social responsibility the Fund agreed on specific indexation agreements to meet the needs of some of the healthcare operator tenants. Healthcare operators are facing continuous staff shortages, rising wage costs and higher other costs due to inflation, more complex care demands, sustainability requirements and other investments. The uncertain market conditions let to a capital growth of – 2.5%. In total the Fund delivered a relatively solid performance in 2023, recording a total return of 1.1% for the full year, which was above plan (-1.1%).

The Fund has a strong focus on social return. The specific indexation agreements are an example. Another example is the goal to house all sorts of elderly people. The Fund added 42 apartments to the portfolio in 2023. Resulting in a good diversified portfolio with 43% assisted living, 30% intramural care and 24% private care. Last year 70% of the acquisitions in assisted living were in the mid-rental segment. The portfolio consists of 73% the mid rental segment. In most of the assisted living building there is a Community Concept. Our tenants are on average very satisfied with our service. Last year's tenant satisfaction survey among our assisted living tenants resulted in an average score of 7.3 and among our healthcare operators tenants in an average score of 7.9.

The year 2023 will go down as the hottest and the wettest year since records began, once again confirming that we all have to take action. The Fund contributes by making the portfolio and the assets more sustainable. Unfortunately, in last year's GRESB benchmark survey the Healthcare Fund achieved a 4-star rating and scored 87 points, placing the Fund second in its peer group. The Fund uses GPR labels to measure the sustainability of the assets. The Fund has GPR labels for all assets and the average score grew to 7.2. The Fund is steady and slowly moving to a Paris Proof portfolio in 2045 with gas free and energy efficient assets.

All that remains is for me to thank bpfBOUW for their continued trust in us and our strategy. And of course, I would like to thank the team for their hard work, professionalism and collaboration over the past year. It is thanks to their hard work that we emerged in good shape after another challenging year.

Maya Savelkoul
Fund Manager Dutch Healthcare Investments

Report of the Management Board

Market environment

Key macro developments 2023

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

- Dutch economic growth stagnated at 0.0%. High interest rates and inflation pushed consumer spending growth into negative territory and driving the overall economy into a technical recession that ended in Q4 2023. Due to the low unemployment rate the economy did not witness the negative effects of a traditional recession and remained relatively stable. In addition, the tight labour markets also enabled high average wage growth figures which were not seen since the 1970s. This restored the purchasing power of consumers substantially but did not keep up with inflation.
- Inflation rates peaked in Q4 2022 before starting to decline in 2023. Energy costs were substantially lower than in 2022, but prices of food, fashion and footwear were the major drivers of overall inflation in 2023. By the end of the year inflation rates settled at 1.2% and returned to below historically average levels.
- In an attempt to temper inflation, central banks continued to increase policy interest rates in 2023. The ECB increased the deposit interest rate by 200 basis points to 4.0%. As a result, interest rates on 10-year government bonds increased as well and were highly volatile over the year. In November and December, these rates dropped significantly by nearly 100 basis points to 2.3% on expectations that central banks will decrease policy rates in 2024 as inflation rates have returned to pre-Covid levels in Q4 2023.
- Together with declining interest rates at the end of the year, consumer confidence recovered from the all-time low levels. On the contrary, producer confidence is deteriorating over the year. Concerns about orders and business activity have a dampening effect on confidence.
- Unemployment rates remained relatively stable at around 3.5% during 2023, thereby reflecting the tight situation on the labour market. Unemployment seemed to remain unaffected by the rising number of bankruptcies, almost doubling from the year before as governmental financial support from the Covid-period ended. The tight labour market enabled a substantial increase in the average wage level by nearly 7% in Q4 2023. However, this increase is not sufficient to offset high inflation from the past years.

Information on the market outlook can be found in Bouwinvest's Dutch Real Estate Market Outlook 2024-2026.

	2023	2022
GDP	0.0%	4.4%
Consumer spending	-0.2%	6.5%
Consumer price index (CPI)*	3.8%	10.0%
Interest rate government bonds, long-term*	2.8%	1.5%
Unemployment rate*	3.5%	3.5%

**Average numbers over the year*

Source: Oxford Economics (11 January 2024)

Market 2023

Public policies

Government plans

The Dutch government increased the real estate transfer tax (RETT) from 8.0% to 10.4% as of 1 January 2023.

On 22 November 2023 new national elections were held, due to the collapse of the Dutch government. The process of forming a new government is likely to take some time. Until then, the caretaker government is not expected to make major political decisions.

Additionally, legislation prohibiting fiscal investment institutions (FIIs) to directly invest in Dutch real estate has been adopted and will become effective on 1 January 2025. For this reason, the Fund is a tax transparent so called closed fund for mutual account ('gesloten FGR' in Dutch) from 1 January 2024.

Healthcare real estate policies

Policies and measures addressing the healthcare sector, included the allocation of € 345 million to the Housing, Support and Care for the Elderly programme (WOZO) for 2024, with the aim of enabling elderly people to live at home for longer, remain self-reliant for longer and to provide them with more technical support in their daily lives. Part of the budget will be allocated to several subsidies, including a subsidy to encourage cohabitation between young and old (intergenerational living), plus a subsidy for the construction of social (clustered) housing that is suitable for care. The latter is less relevant for institutional investors as it is directed to the regulated social housing sector.

Further measures were taken to make the nursing sector more attractive and to combat staff shortages. In order to reduce the administrative burden, € 9.3 million will be available for electronic work transfer in nursing care in 2024, while new measures will allow qualified foreign nurses to start working in the Netherlands more quickly.

In June 2023, the Dutch Healthcare Authority (Nederlandse Zorgautoriteit, NZa) published the 2024 care allowances, including long-term care housing allowances (NHC), which were reduced by an average of around 1.7%, including the annual indexation of 2.5%. This was less than the previously announced reduction of around 7.2% and was realised due to a one-off inclusion of future allowances for sustainability investments in the 2024 tariffs.

Occupier market

The fundamentals of healthcare real estate were consistently strong in 2023 and are contributing to a structural high demand for healthcare real estate, whether this is for senior assisted living apartments, private care homes, traditional nursing homes or for healthcare centres.

Occupier key factors	2023	2022
Household growth	1.6%	1.1%
Household growth age 65+	2.4%	2.3%
Intramural Normative Housing Component*	€ 35	€ 35

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

On a more positive note, absenteeism in the healthcare sector continued to fall in 2023. The largest decline in absenteeism was in hospitals. The absenteeism percentage was still the highest in nursing care and home care (8.1%), but this was still slightly lower than in Q3 2022 (8.3%).

However, the uncertain economic environment in 2023 did have an impact on healthcare operators, as they faced several challenges, such as high interest rates, sharply increased personnel costs due to collective wage raises of between 10% to 15%, persistent staff shortages, and consequently the further deterioration of their already fragile financial position. This led to rethinking and reorganisation of their operations, including the ownership of their properties.

Investment market

The real estate investment market in the Netherlands and in most other countries came to a near standstill in the first half of 2023. The main reason for this was the rapid series of interest rate hikes by Central Banks to counter high inflation. As a result, initial yields increased and property values began to fall, which led to a cautious market sentiment and a widening gap in pricing between sellers and (leveraged) buyers. In the Netherlands, additional challenges, such as the increase in transfer tax and newly announced policies regarding restrictions on residential rental levels and tax measures for investors, also contributed to this cautious investment sentiment. Together with the increasingly gloomy economic outlook and geopolitical turmoil, this led to a sharp fall in total real estate investment volume to € 7.6 billion, from € 17.4 billion in the previous year. The drop was across the board, although the second half of 2023, when inflation was tempered, did see a recovery, especially in the residential and healthcare markets.

The Dutch healthcare real estate investment market saw approximately € 625 million in investments in 2023, which was a decline of 57% from 2022. Just as for other real estate sectors, this was the result of worsening investor sentiment following higher interest rates and increasing real estate initial yields during the year, combined with still high construction costs and uncertain economic and (geo)political circumstances. As a result, negotiations took longer than previously, as the pricing of real estate developers and investors did not match up. However, investment transactions clearly picked up again in the second half of 2023 and came in at € 500 million, compared with just € 126 million in the first half of the year. Price adjustments led to a rise in investment opportunities. (Non-leveraged) institutional investors dominated the buy side and their share in the total investment volume amounted to 61% in 2023 compared with 35% in 2022.

Investor interest was particularly directed at the extramural care and private care segments and less so at the primary and secondary cure segments. A major share of investments (61%) was accounted for by new-build properties. New-build properties are seen as more attractive by both institutional investors and operators due to higher sustainability scores and because they meet the latest requirements for elderly care more effectively than existing properties. Transactions in Q4 2023 indicated that prime gross initial yields for the latter two care sectors declined for the first time after four consecutive quarters of increases.

Investment market	2023	2022
Prime gross initial yield Assisted Living apartments	4.70%	4.20%
Prime gross initial yield Assisted Living homes	5.10%	4.80%
Prime gross initial yield Private Medical Specialist Spaces (PMSS) (primary and secondary care)	6.00%	5.70%
Prime gross initial yield Intramural Care	5.15%	4.70%
Investment volumes (€ bln)	€ 0.6	€ 1.3

Sources: Capital Value, Bouwinvest Research & Strategic Advisory

Performance on strategy

Performance on growth

	2023	2022
Total property value	€ 522 million	€ 460 million
No. of properties	40	38
No. of properties under construction	14 (€ 64.4 million)	4 (€ 16.0 million)
Total Fund return	1.1%	-0.1%
Fund income return	3.7%	3.2%
Occupancy rate	99.2%	98.8%

Growth through acquisitions

In 2023, the real estate market provided the Fund with numerous acquisition opportunities, as competitors were cautious due to their conditions, while listed competitors had limited investment opportunities, and there was a good supply of healthcare real estate from developers and healthcare providers. The Fund acquired assets for more than double its original forecast for the year. In its Fund Plan, the Fund forecast for acquisitions in 2023 was € 100 million, while the Fund acquired a total of 9 projects for € 209 million.

Most of the Fund's growth was achieved in its core regions. 90% of the NAV of the standing portfolio is invested in the Fund's core regions, while including the secured pipeline 94% of the standing portfolio is in the Fund's core regions. This is in line with the plan of > 80% invested in core regions.

In 2023, one new asset was delivered. The asset added € 14.2 million to the Fund's NAV. There were no divestments, as was planned.

Delivered

Julianakwartier, Apeldoorn

- **Segment:** Assisted Living
- **Number of units:** 42
- **Expected rental bandwidth:** € 900 - € 1,160
- **Delivered:** Q2 2023
- **GPR building certificate:** 8.0
- **Gas-free:** 100%

Acquisitions

Legends, Utrecht

- **Segment:** Assisted Living
- **Number of units:** 103
- **Expected rental bandwidth**: € 852 - € 1,434
- **Expected delivery:** Q3 2026
- **Expected GPR building certificate:** 7.5
- **Gas-free:** 100%

WijCK, Pijnacker

- **Segment:** Assisted Living
- **Number of units:** 98
- **Expected rental bandwidth:** € 828 - € 1,286
- **Expected delivery:** Q1 2026
- **Expected GPR building certificate:** 8.0
- **Gas-free:** 100%

Helpermaar, Groningen

- **Segment:** Private Care
- **Number of units:** 37
- **Expected rental bandwidth:** € 1,250
- **Expected delivery:** Q3 2025
- **Expected GPR building certificate:** 7.5
- **Gas-free:** 100%

Heusdenhout, Breda

- **Segment:** Private Care
- **Number of units:** 32
- **Expected rental bandwidth:** € 1,285
- **Expected delivery:** Q2 2025
- **Expected GPR building certificate:** 7.5
- **Gas-free:** 100%

Bospark, Alphen aan den Rijn

- **Segment:** Assisted Living
- **Number of units:** 120
- **Expected rental bandwidth:** € 892 - € 1,189
- **Expected delivery:** Q2 2026
- **Expected GPR building certificate:** 8.0
- **Gas-free:** 100%

Rosengaerde, Dalfsen

- **Segment:** Intramural Care
- **Number of units:** 80
- **Expected rental bandwidth:** € 942
- **Expected delivery:** Q4 2024
- **Expected GPR building certificate:** 8.0
- **Gas-free:** 100%

Vijfsluizen, Vlaardingen

- **Segment:** Private Care
- **Number of units:** 36
- **Expected rental bandwidth:** € 1,304
- **Expected delivery:** Q1 2024
- **Expected GPR building certificate:** 8.0
- **Gas-free:** 100%

Zorgvilla Abcoude

- **Segment:** Private Care
- **Number of units:** 40
- **Expected rental bandwidths:** € 1,273
- **Expected delivery:** Q1 2024
- **Expected GPR building certificate:** 8.0
- **Gas-free:** 100%

JFK, Apeldoorn

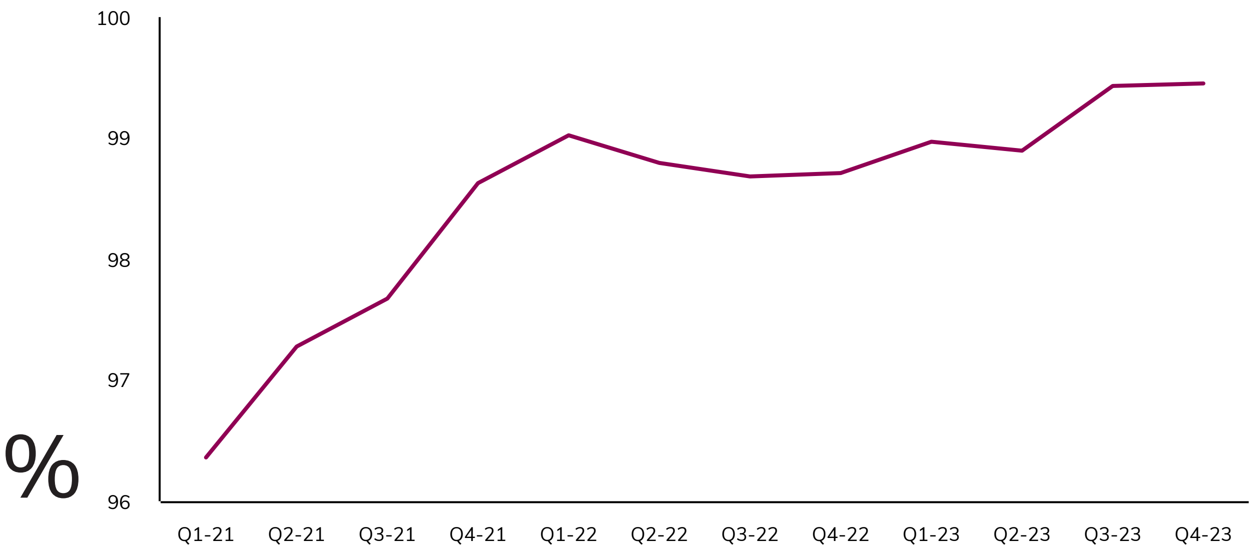
- **Segment:** Assisted Living / Private Care / Intramural Care
- **Number of units:**
  *Assisted Living: 39
  *Private Care: 41
  *Intramural Care: 20
- **Expected rental bandwidths:** € 734 - € 1,169
- **Expected delivery:** Q4 2024
- **Expected GPR building certificate:** 8.0
- **Gas-free:** 100%

Growth by invested capital and rental income

The capital growth was in 2023 -2.5%. Capital growth varied a great deal on a quarterly basis due to the uncertainties as stated in the market environment.

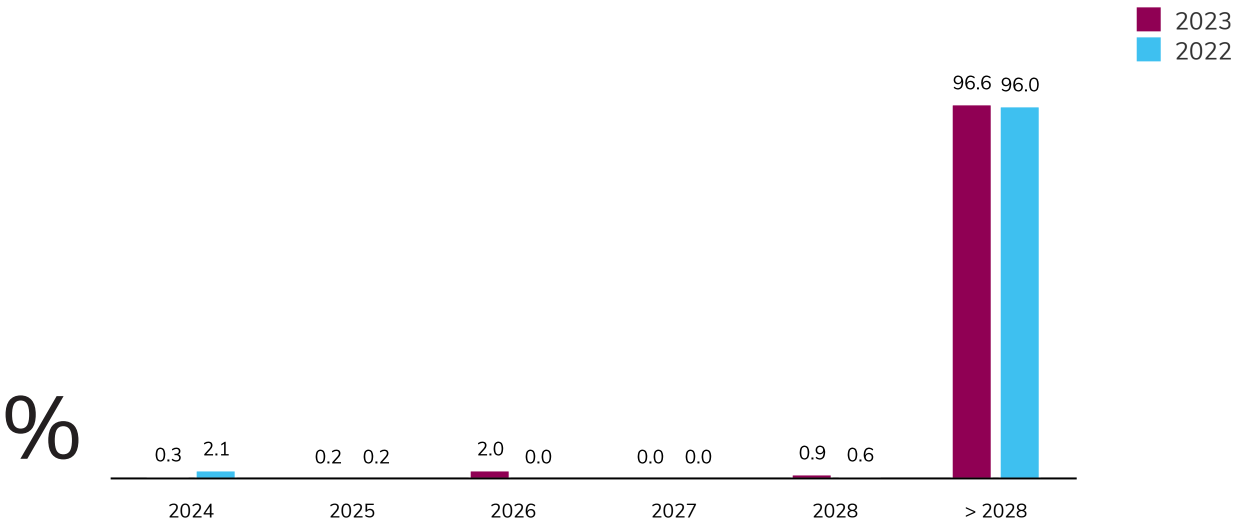
Like-for-like rental growth came in at 6.2%. In 2023, the Fund invested in increasing its occupancy rate from 98.8% to 99.2% and there was a high indexation applied to healthcare operator rent contracts. With some healthcare operator tenants the Fund came to an agreement about a lower indexation then the inflation for 2023 with the agreement that there will be an extra indexation in 2024.

Financial occupancy rate



Expiry dates

Expiry dates are not a significant issue for the Fund, as all the (long) leases were closed recently. One exception is the lease for the Ambachtsmark asset in Almere, which was expiring in 2024 and has been extended to 2026 with a rental discount. The Fund is exploring new opportunities for this asset.



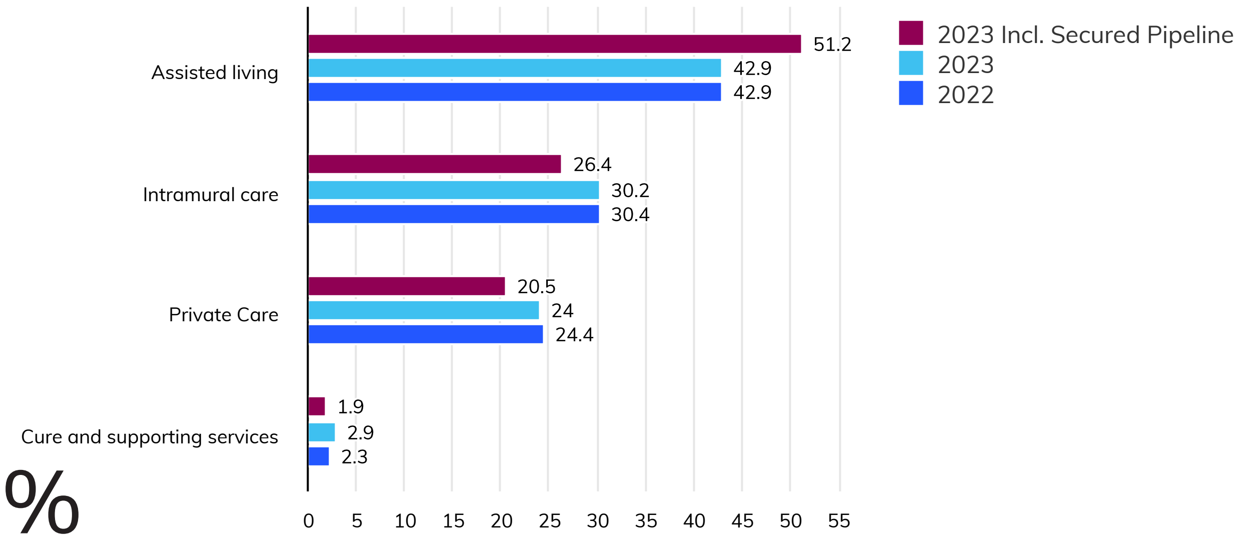
Performance on social return

Segments

The Fund recognises a number of distinct segments in the healthcare market and spreads its investments across those segments. These include assisted living, intramural care and private care. The Fund has the following bandwidths in place:

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

Composition of focus segments



At year end, the intramural care segment was slightly above the pre-established bandwidth. However, the Fund has a large secured pipeline which will change the composition of the Fund to within the bandwidths.

Community concept Assisted Living

The Fund took delivery of an assisted living asset in Apeldoorn in which the Bouwinvest Community Concept has been implemented. This brings the total number of assets with active community management to six.

The Fund works with different operators within the portfolio which offer services to tenants. In five of these assets the tenants have the possibility to use the communal space for engaging in group activities and social gatherings. These spaces have been specifically designed for multipurpose use. In one asset Bouwinvest arranged that tenants can make use of adjacent commercial space at set times. Bouwinvest also engages with (local) social enterprises that are active in the neighborhood, to open their doors for our tenants and create room for social interaction and decrease loneliness.

Customer satisfaction

In 2023, the Fund conducted a tenant satisfaction survey among individual tenants (response rate 56.3%) and healthcare operator tenants (response rate 100%). The Fund emerged with good scores. The target was at least a 7.0, while the individual tenant satisfaction score came in at an average of 7.3 and the healthcare operator tenant satisfaction score was an average of 7.9.

Investing in affordable real estate

The Fund aims to add mid-rental segment homes to its portfolio. In 2023, 70% (#added units) of the newly acquired assisted living apartments were in the mid-rental segment. This is well above the annual target to invest at least 40% in the mid-rental segment. The portfolio exists of 19% of the apartments with a rent lower than € 808 (social segment), 53% in the rental segment between € 808 and € 1,120 and 20% in the rental segment between € 1,120 and €1,350. Conclusion the mid-rental segment until € 1,350 is 92% of the portfolio.

Performance on sustainability

Highlights performance on sustainability 2023

	KPI	2023	2022
1. Building a future-proof and sustainable portfolio			
Above-average sustainable fund	Improvement annual GRESB score	87	88
	GRESB (5)-star rating	4	5
Above-average sustainable buildings	Building certificate GPR Gebouw score	7.2	7.1
2. Reducing environmental impact			
Combatting climate change: source of energy	Gas-free assets (%m^2)	29%	27%
	Scope 2 CO_2 emissions in kg CO_2 m^2 (electricity purchased by the Fund)	0 (all compensated)	0 (all compensated)
Combatting climate change: energy efficiency of buildings	Average energy intensity*	214 kWh/m2	225 kWh/m2
3. Liveable, affordable, attainable and inclusive places where people want to reside - now and in the future			
Affordability: midrental segment acquisitions	Mid-rental segment acquisitions (per year)	70%	86%
Healthcare investments per segment, including secured pipeline	Assisted living	51%	49%
	Intramural care	26%	31%
	Private care	21%	19%
Product accountability	Tenant satisfaction score (private tenants)	7.3	7.4
	Tenant satisfaction score (commercial tenants)	7.9	N/A
4. Contributing to healthy, safe and responsible operations			
Considerate constructors scheme (construction sites)	Construction sites with considerate constructors scheme (%€)	42%	100%

*Concerns BENG2 score (theoretical primary building-related energy consumption)

Promoted ecological and social characteristics

The Fund promotes ecological and social characteristics and is therefore classified as an Article 8 product according to the SFDR. In 2023, the Fund introduced its ESG Framework, which explicitly defines all ESG-related elements for the Fund. The Fund has defined four ESG objectives that reflect the environmental and social characteristics that the Fund promotes. The ESG objectives are at the heart of the Fund's strategy and support four United Nations Sustainable Development Goals (SDGs).

- Building a future-proof and sustainable portfolio;
- Reducing environmental impact;
- 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

1. Building a future-proof and sustainable portfolio

Above-average sustainable fund

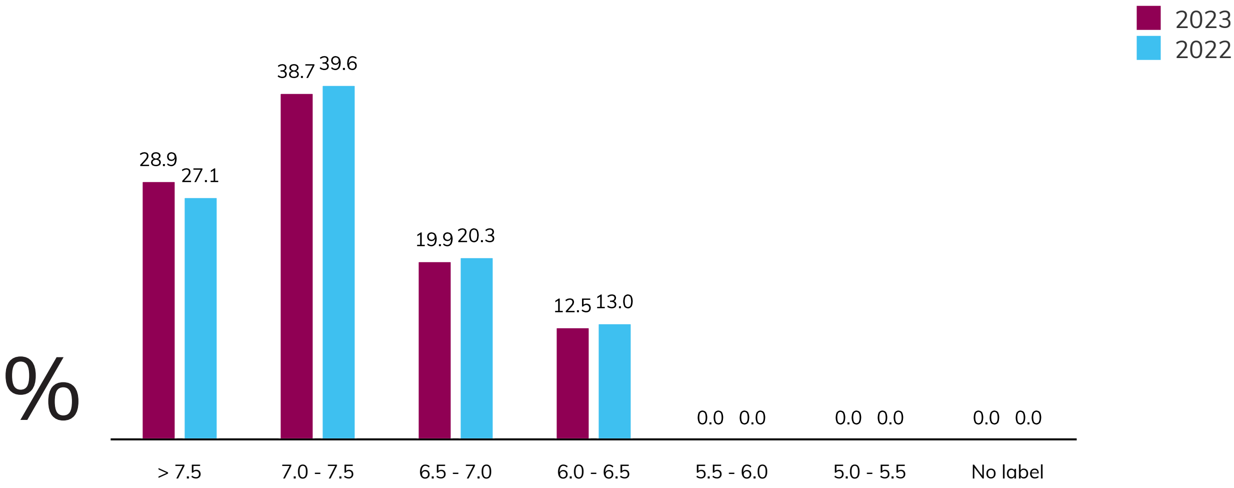
The Fund's goal for 2023 was a continued improvement of its sustainability performance and its GRESB score to obtain a 5-star rating. In 2023, the Fund's overall GRESB score fell to 87 points (from 88 in 2022) and it was awarded a GRESB 4-star rating. The slight decline of the score in 2023 was mainly due to its like-for-like environmental impact performance on energy and water. The Fund is currently investigating measures to improve its score in the coming years, with the goal of regaining its 5-star rating.

GRESB scores 2023

Above-average sustainable buildings

In 2023, the Fund had GPR labels for 100% of the standing assets in the portfolio, with an average score of 7.2 (2022: 7.1). This is in line with the Fund's plan to achieve a GPR score of 7.3 by the end of 2025 (with a coverage of 100%).

GPR scores (% of standing lettable floor space)



2. Reducing environmental impact

Bouwinvest committed itself to the Paris Proof commitment of the Dutch Green Building Council (DGBC). The Fund drew up a roadmap to achieve net-zero carbon (Paris Proof) status in 2045.

Combatting Climate Change: source of energy

As part of its Paris Proof programme, the Fund aims to have 100% gas-free units by the end of 2045. At the end of 2023, the natural gas-free percentage for the entire portfolio stood at 28.6%. When gas installations have to be replaced for technical or end of lifespan, the installation will be replaced with a gas-free installation.

The Fund has set a new target in combatting climate change, the Fund focuses on scope 2 emissions. The Fund aims to have no scope 2 emissions. During 2023, the Fund has offset all its scope 2 emissions with certificates of Dutch wind energy.

Combatting Climate Change: energy efficiency of buildings

The Fund aims at reducing average energy intensity. The average energy intensity in 2023 was 78 kWh/m2.yr, based on limited energy data. The average score of the energy labels (BENG2) reduced from 225 kWh/m2.yr in 2022 to 214 kWh/m2.yr in 2023.

For 2024, the Fund has set yearly reduction targets regarding its efforts to reduce its environmental impact.

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

The results of 'Liveable, affordable, attainable and inclusive places' are presented under Performance on social return.

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.

4. Contributing to healthy, safe and good working conditions

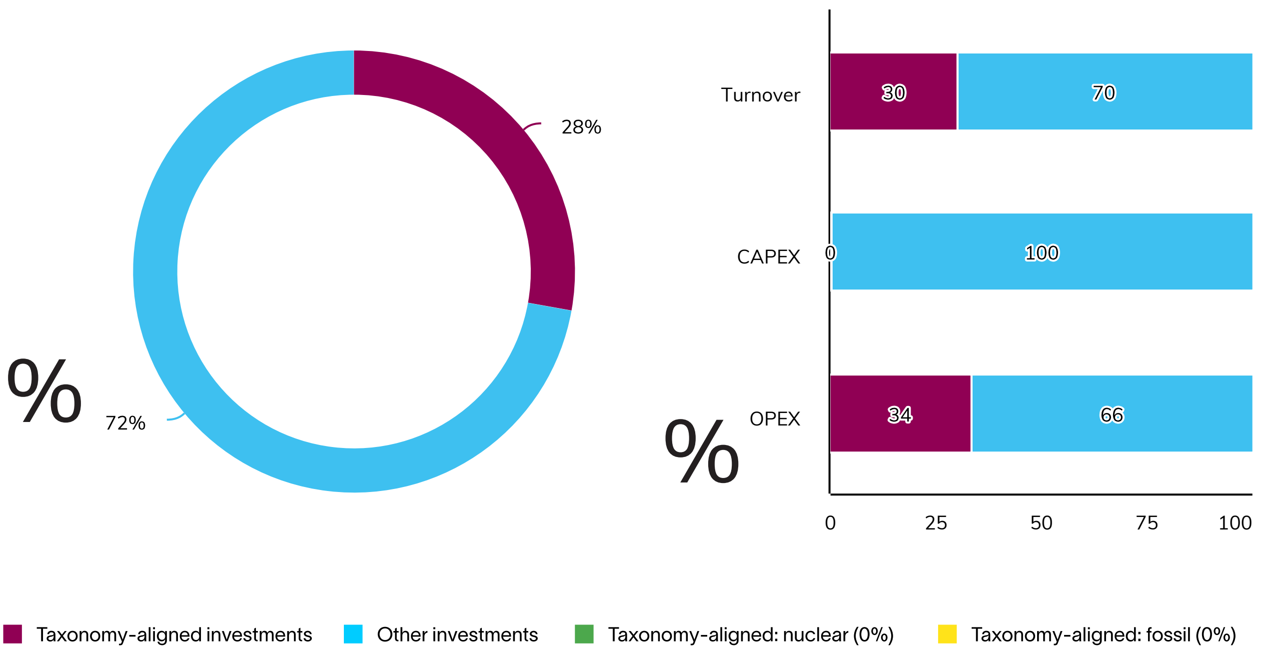
Considerate constructors scheme (construction sites)

42% of the construction sites related to the Fund's assets were registered under the Dutch Considerate Constructors Scheme ('Bewuste Bouwer') at year-end 2023. Considerate Constructors scheme certification has been agreed in the contracts for some of the Healthcare Fund's newly started investment projects, but these have not yet been issued, which explains the lower figure.

EU Taxonomy

The Fund's investments are in Taxonomy-eligible economic activity, namely the 'acquisition and ownership of buildings'. We take into account all standing assets that are the whole year in portfolio. The Fund choose for its activities to substantial contribute to the mitigation of climate change (article 10 of the Taxonomy Regulation). All assets are aligned with the definition of substantial contribution to climate change mitigation. At the same time the activities should not significantly harm other environmental objectives and are carried out in compliance with the minimum safeguards. The adaptation to climate change risk analyse, for the do not significantly harm criteria, is only done for the gross risks. A large part of the portfolio has a high gross risk for adaptation to climate change. The calculation uses asset-level data for the Green Asset Ratio (GAR). The graphs below show the results expressed in GAR, turnover, OPEX and CAPEX which are calculated on the basis of the corresponding (sustainable) assets. This results in only 28% of the assets are in line with the EU taxonomy.

Taxonomy alignment of investments



Financial performance

Fund return

The total fund return ended above target. The income return and capital growth were both higher than planned. The returns are depressed by the large secured pipeline: acquisition cost, extra NAV (€ 64 million) and no income yet.

Fund performance	2023 Actual	Plan	2022 Actual
Income return	3.7%	3.0%	3.2%
Capital growth	(2.5)%	(3.9)%	(3.2)%
Fund performance	1.1%	(1.1)%	(0.1)%

Income return

The Fund realised a 3.7% income return, well above the plan of 3.0%. The net rental income and administrative expenses and other expenses were the main drivers for the higher income return. Net rental income of € 19.5 million was € 1.9 million higher than the plan of € 17.6 million (2022: € 18.0 million). The most significant drivers of the deviation from the plan were the higher gross rental income (€ 0.6 million), higher service charge income (€ 0.2 million) and lower property operating expenses (€ 1.3 million), partly offset by higher service charge expenses (€ 0.1 million). The property operating expenses are mainly lower than plan due to lower than expected maintenance costs.

The higher gross rental income compared to plan consists of € 0.4 million more rental income from standing assets and € 0.2 million more rental income for new assets in the Fund's portfolio.

Administrative and other expenses (€ 2.6 million) were € 0.2 million higher than plan (€ 2.4 million) due to higher other administrative expenses (€ 0.2 million) and higher legal costs (€ 0.1 million) partly offset by lower management fee costs (€ 0.1 million). Higher interest rates resulted in a gain in finance income and expenses (€ 0.6 million).

Capital growth

The Fund realised capital growth of -2.5% (2022: -3.2%), compared with a plan of -3.9%. Highly changing market circumstances in 2023 caused all real estate forecasts to be less accurate. Especially the further rise of inflation and interest rates affected the yields and thus the capital values. Concerning the healthcare market, the yield increase for all subsegments and especially for private care and intramural care was less severe than in other segments due to the stronger than expected interest from institutional investors, while in the private and intramural care segments market rental growth partly counterbalanced the increase in yields.

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.

Westergoud
Assisted Living

Gouda

The Netherlands

Shareholder information

Financial management

Results

Income Statement summary (all amounts in € thousands)	2023	2022	Change	in %
Revenues	24,340	22,088	2,252	10%
Operating expenses	(4,794)	(4,081)	(713)	17%
Net rental income	**19,546**	**18,007**	**1,539**	**9%**
Net valuation gain / (loss)	(32,377)	(16,183)	(16,194)	100%
Result on disposal	-	823		
Administrative expenses	(2,591)	(2,492)	(99)	4%
Finance expenses	616	(344)	960	(279)%
Income taxes	-	-		
Result for the year	**(14,807)**	**(188)**	**(14,619)**	**7776%**
Financial occupancy	99.2%	98.8%		
REER	0.76%	0.71%		
TGER	0.57%	0.53%		

In 2023, the full-year result fell to -€ 14.8 million, from - € 0.2 million in 2022. The decline of € 14.6 million was entirely driven by the valuation loss on the Fund's investment properties.

Revenues of € 24.3 million were € 2.3 million higher than in 2022 (€ 22.1 million), primarily driven by the growth of the real estate portfolio and a higher occupancy rate.

Operating expenses of € 4.8 million were € 0.7 million higher than in 2022 (€ 4.1 million) mainly due to higher maintenance costs and service charge expenses. The maintenance costs were lower than planned in the Fund Plan. As a result of the increase in the average GAV and higher operating expenses compared to 2022, the REER rose to 0.76% in 2023, from 0.71% in 2022.

Administrative expenses, mainly consisting of management fees, increased to € 2.6 million (2022: € 2.5 million). The increase of € 0.1 million was due to higher other fund expenses (€ 0.2 million) partly offset by a lower management fee (€ 0.1 million). The finance income and expenses totalled a gain of € 0.6 million compared to a loss of € 0.3 million in 2022. As a result of an increase of 9% in vehicle expenses, partly compensated by a 1.6% higher time-weighted GAV, the TGER rose to 0.57% in 2023 from 0.53% in 2022.

Dividend

As a result of the Fund's fiscal investment institution (FII) status until 1 January 2024, Bouwinvest will distribute all of the distributable result to its shareholder through four quarterly (interim) dividend payments.

The Fund was restructured into a Fund for Mutual Account as per 1 January 2024. From that date there is no longer a Fund entity that withholds dividend tax. Without taking specific actions, the Dutch tax authorities would thus have lost their dividend withholding tax claim on the Fund's Q4 direct result. The Fund therefore agreed with the Dutch tax authorities to distribute the Fund's estimated Q4 direct result before year-end 2023, so the Fund was able to withhold dividend tax on this distribution.

The Fund's net realised return over 2023 amounted to € 17.5 million, which is € 60 thousand lower than the amount that was estimated in December 2023. This difference will be settled with the distribution of the Fund's net realised result over Q1 2024.

Funding

According to internal guidelines, the Fund is not allowed to have an unsecured pipeline. At the end of 2023, 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 five capital calls in 2023 for a total amount of € 120 million.

Leverage

In 2023, 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 2023, 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 2023, the Fund had € 51.3 million (2022: € 14.3 million) freely available in cash.

In 2023, the Fund's cash position increased by € 37.0 million compared with year-end 2022.

Interest rate and currency exposure

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

In 2023, the Fund's bank balances were positively affected by interest rate developments.

Tax

In 2023, the Fund qualified as a fiscal investment institution (FII) under Dutch law and as such was subject to corporate tax at a rate of zero percent. As an FII, the Fund was obliged to distribute its entire fiscal result annually. In 2023, 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 2023.

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, was the Fund's sole shareholder in 2023.

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, risk and internal audit functions are 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

Up until 1 January 2024, the Fund was 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. Until that date, the Fund was 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).

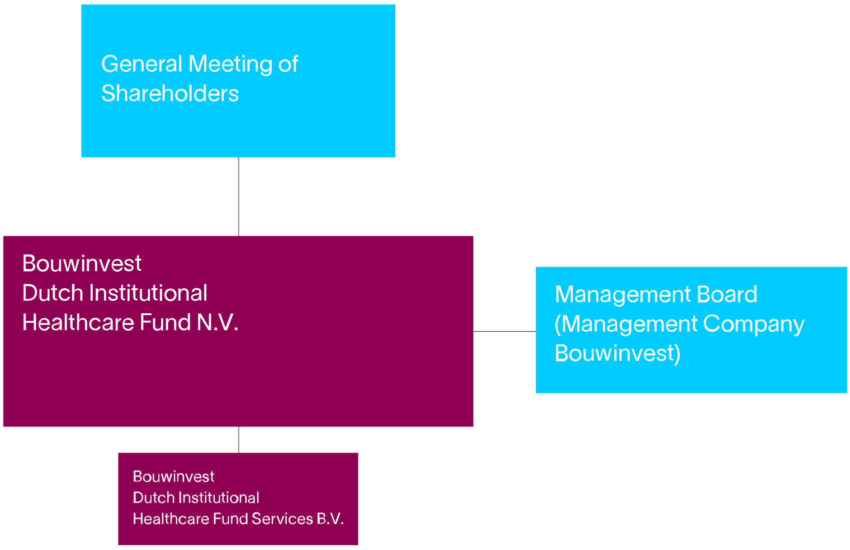
As of 1 January 2024, the Fund is structured as a Fund for Mutual Account (FMA, FGR in Dutch). An FMA is a contractual arrangement pursuant to which participants contribute capital that is invested by a management company (Bouwinvest) for the account of its participants. As the FMA has no legal personality, the investments and other assets and liabilities belonging to the FMA will be held for the risk and benefit of the participants by the Legal Owner.

The conversion to FMA was executed by way of a notarial deed of conversion and amendment of the articles of association, executed by (a substitute for) a civil-law notary from De Brauw Blackstone Westbroek N.V. The conversion became effective on 1 January 2024.

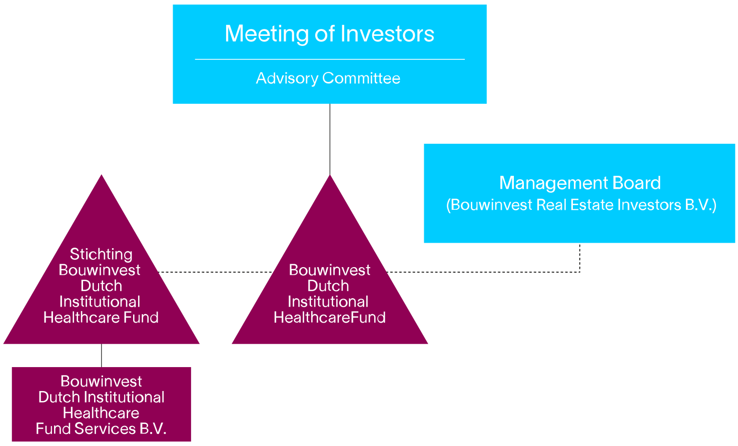
Subsidiaries

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 until 31 December 2023



Fund governance structure from 1 January 2024



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 2023, 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 and Partnerships managed by Bouwinvest

Bouwinvest manages the following alternative investment funds and partnerships:

- Bouwinvest Dutch Institutional Residential Fund N.V.
- Bouwinvest Dutch Institutional Retail Fund N.V.
- Bouwinvest Dutch Institutional Office Fund
- Bouwinvest Dutch Institutional Healthcare Fund
- Dutch Social Impact Real Estate Partnership C.V.

Bouwinvest has separate mandates from bpfBOUW for the management of international real estate investments in Europe, North America and the Asia-Pacific region and hotel properties through Bouwinvest Dutch Institutional Hotel Fund N.V. The Healthcare Fund will be opened for new investors as per 1 January 2024.

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.

Investors' calendar 2024

17 April 2024	General Meeting of Investors
22 May 2024	Payment interim dividend first quarter 2024
15 August 2024	Payment interim dividend second quarter 2024
17 November 2024	Payment interim dividend third quarter 2024
4 December 2024	General Meeting of Investors
18 February 2025	Payment interim dividend fourth quarter 2024

De Hildebrand
Private Care

Haarlem
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.

Risk governance

As manager of the Fund, Bouwinvest is responsible for the management of the risks in the Fund. Bouwinvest has a risk governance and decision-making system based on the Three Lines Model (derived from the IIA model). This creates a clear structure for everyone, which helps raise awareness of everyone's role and responsibility on the risk management front. The Management Board of Bouwinvest is ultimately responsible for risk management and provides the organisation with guidance on how to remain within the established risk appetite at strategic, tactical and operational levels.

Risk profile

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

Risk taxonomy

The risk taxonomy is a list of the material risks which the funds is or may be exposed to, and which arise from its business activities. The risk taxonomy ensures that the fund has insight into the relevant material risks and can manage these risks properly.

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

The main risks the manager recognises are market risk, credit risk, liquidity risk, business risk, operational risk, ESG risk and compliance risk. These main risks are subdivided into sub-risks and Bouwinvest has defined risk indicators and (early warning) limits for these.

Risk appetite

The fund's risk appetite determines the level of risk it is willing to take at an aggregate level to achieve its objectives. The manager constantly monitors its risk appetite using a risk indicator framework based on quantitative and qualitative variables.

The risk indicator framework consists of statements for each material risk as included in the risk taxonomy. Each risk indicator has a limit that is used within the current risk profile. In addition, Bouwinvest has early warning limits in place so it can intervene in a timely fashion to prevent itself from exceeding its defined risk appetite.

Each quarter, the manager briefs its investors about compliance with the risk appetite for the fund via the quarterly reports.

As manager of the fund, Bouwinvest determines the risk appetite for the fund annually in the shareholders'/investors' meeting and records this in the relevant fund documentation.

Risks in the portfolio are monitored closely and the following events and risks were noteworthy in 2023.

Market risk

Market risk overall

Due to the sudden growth in inflation 2022 was marked by sharp policy rate increases by central banks. This led to valuation corrections in real estate from Q4 2022 onwards. Policy rates were further increased in 2023, albeit in a more moderate way as central banks were slowly regaining control of inflation. The present political instability in the Middle East will also increase geopolitical instability, with already direct effects visible in supply chain related risks. Although the economic consequences are yet unknown, a reignition of inflation is lurking.

Bouwinvest monitors and evaluates these market circumstances on a continuous basis, and they are taken into account in both the daily management of the Fund and in investment and divestment decision processes.

In the political landscape of the Netherlands, but also in an international context, we are seeing a shift to the political 'right' and further polarisation. Furthermore, following last year's elections, the Netherlands is currently governed by the outgoing administration. This leads to ambiguity on its overall vision on the real estate market and more specifically on (new) regulations.

Credit risk

Within the area of credit risk, no material risks occurred in 2023.

Liquidity risk

Within the area of liquidity risk, no material risks occurred in 2023.

Business risk

Business environment risk

Rental market regulation changes

On 7 July, the Dutch government collapsed due to a disagreement between coalition parties over asylum policies. New elections were held on 22 November. Until the new cabinet is formed and installed, no decisions will be made on sensitive subjects, as these will be up to the next cabinet.

In the meantime, the Affordable Rent Act has not been declared controversial and has been discussed by the Council of State. The Council of State issued its advice on 20 November and this included several alterations to be made in the act. The caretaker cabinet expects the act to become law as per 1 July 2024.

Provision rental contract annulled

The Bouwinvest Residential Fund filed a court case against a tenant in Amstelveen, in which the Residential Fund tried to recover rent in arrears. Although the tenant did not specifically protest against earlier rent increases, during the proceedings the judge conducted an 'ex officio' review based on European consumer law. The court found that, based on the rent increase clause in the lease agreement, it was unclear to the tenant which circumstances were taken in consideration for the determination of the annual rent increase. Therefore, this clause was annulled, and the court ruled that the Residential Fund should not have passed on any rent increase from the start of the lease, in this case 1 July 2015.

This decision can have a material impact on all the other lease agreements related to residential units. The Residential Fund has therefore appealed against this judgement. The Residential Fund has filed its first procedural documents (the so-called memorie van grieven, or statement of appeal) on 9 January 2024.

Several other landlords (including (most) IVBN-members) are dealing with the same issue, since most of the landlords work with contracts based on the ROZ standard model, and therefore have similar clauses. On 5 October 2023, in a court case involving another landlord, a judge announced that they would ask the Dutch Supreme Court for clarification on the matter by asking preliminary questions. Following these questions, IVBN members decided to jointly register as stakeholders with the Supreme Court, rather than individually. Many residential investors in the IVBN, including Bouwinvest, have provided input for the argumentation as to why we believe the rent indexing clause is not unlawful. The Supreme Court's answers are expected in autumn 2024.

The Healthcare Fund works also with contracts based on the ROZ standard model for tenants in Assisted Living. Bouwinvest monitors the cases closely.

FMA project
In December 2023, the Dutch Senate approved the bill prohibiting fiscal investment institutions (FIIs) from investing in directly held Dutch real estate. The law will come into effect on 1 January 2025. For this reason the Fund was restructured into a fund for mutual account (FMA) on 1 January 2024. As of this date, due to its fiscal transparency, the Fund is not subject to corporate income tax.

Operational risk

Within the area of operational risk, no material risks occurred in 2023.

Tax Risk

Legislation prohibiting fiscal investment institutions (FIIs) to directly invest in Dutch real estate has been adopted and will become effective on 1 January 2025. Anticipating this legislation the Fund has been restructured into a tax transparent so called fund for mutual account ('gesloten FGR' in Dutch) on 1 January 2024. A closed fund for mutual account is not subject to income tax.

ESG risk

Within the area of ESG risk, no material risks occurred in 2023.

Compliance risk

Within the area of compliance risk, no material risks occurred in 2023.

There were twenty-eight data breaches with respect to the processing of personal information. Five of these were reported to the regulator, the Dutch Data Protection Agency. Some of the data breaches occurred at processors, such as property managers. All data breaches were investigated and, where necessary, additional control measures were taken. Bouwinvest has informed the data subjects.

Outlook for the Fund 2024-2026

The Healthcare Fund has in 10 years grown to a full grown, stable and impactful real estate sector fund. With the restructuring to a Fund for Mutual Account and the opening of the Fund for new investors on 1 January 2024 the Fund will continue to grow.

The upcoming period is still expected to be uncertain and, like all real estate investors, the Fund expects to face multiple challenges. One of the main advantages the Fund has in this challenging environment is the sheer quality of its portfolio and the fact that the fundamentals of the healthcare real estate sector are strong. The double ageing of the population will only increase the demand for healthcare-related real estate going forward and the current situation continues to increase the need for different housing concepts, based on the idea of prevention, where people can live more or less independently but with care available.

In the coming three years, the Fund expects to provide investors with total annual net returns of between 0.5% and 5.2%. The performance and portfolio forecasts set out in this Fund Plan reflect the so-called base scenario. Given the many uncertainties in the market, the Fund has also drawn up additional upside, downside and stress scenarios.

Amsterdam, 2 April 2024

Bouwinvest Real Estate Investors B.V.
Mark Siezen, Chief Executive Officer and Statutory Director
Henk-Dirk de Haan, 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	2023		2022	
Gross rental income	5	23,525		21,491	
Service charge income	5	823		571	
Other income		(7)		28	
Revenues			**24,341**		**22,090**
Service charge expenses		(927)		(666)	
Property operating expenses	6	(3,868)		(3,415)	
			(4,795)		**(4,081)**
Net rental income			**19,546**		**18,009**
Result on disposal of investment property			**-**		**823**
Positive fair value adjustment investment property	11	13,054		8,248	
Negative fair value adjustment investment property	11	(13,783)		(23,647)	
Net valuation gain (loss) on investment property under construction	12	(31,649)		(785)	
Net valuation gain (loss)			**(32,378)**		**(16,184)**
Administrative expenses	7		(2,591)		(2,492)
Result before finance result			**(15,423)**		**156**
Finance expenses	8	616		(344)	
Net finance result			**616**		**(344)**
Result before tax			(14,807)		(188)
Income taxes	10		-		-
Result for the year			**(14,807)**		**(188)**
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			**(14,807)**		**(188)**
Net profit attributable to shareholders			(14,807)		(188)
Total comprehensive income (loss) attributable to shareholders			**(14,807)**		**(188)**
Earnings per share (€)					
From continuing operations					
Basic	18		(97)		(1)
Diluted	18		(97)		(1)

Statement of financial position

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2023	2022
Assets			
Non-current assets			
Investment property	11	457,894	443,654
Investment property under construction	12	64,400	15,985
Financial assets		27	3
Total non-current assets		**522,321**	**459,642**
Current assets			
Trade and other current receivables	13	705	516
Cash and cash equivalents	14	51,264	14,282
Total current assets		**51,969**	**14,798**
Total assets		**574,290**	**474,440**
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		183,536	145,666
Share premium		349,760	267,630
Revaluation reserve		47,443	51,446
Retained earnings		(21,226)	(3,891)
Net profit for the year		(14,807)	(188)
Total equity	15	**544,706**	**460,663**
Liabilities			
Non-current lease liabilities	16	11,451	10,869
Current trade and other payables	17	18,133	2,908
Total liabilities		**29,584**	**13,777**
Total equity and liabilities		**574,290**	**474,440**

Statement of changes in equity

For 2023, 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 2023	**145,666**	**267,630**	**51,446**	**(3,891)**	**(188)**	**460,663**
Comprehensive income						
Net profit	-	-	-	-	(14,807)	(14,807)
Total comprehensive income	**-**	**-**	**-**	**-**	**(14,807)**	**(14,807)**
Other movements						
Issued shares	37,870	82,130	-	-	-	120,000
Appropriation of result	-	-	-	(188)	188	-
Dividends paid	-	-	-	(21,150)	-	(21,150)
Movement revaluation reserve	-	-	(4,002)	4,002	-	-
Total other movements	**37,870**	**82,130**	**(4,002)**	**(17,335)**	**188**	**98,850**
Balance at 31 December 2023	**183,536**	**349,760**	**47,443**	**(21,226)**	**(14,807)**	**544,706**

* See explanation dividend restrictions Note 15.

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.

Statement of cash flows

All amounts in € thousands

	Note	2023	2022
Operating activities			
Net result		(14,807)	(188)
Adjustments for:			
Valuation movements		32,378	16,184
Result on disposal of investment property		-	(823)
Net finance result		(616)	344
Movements in working capital		15,037	(867)
Cash flow generated from operating activities		**31,992**	**14,650**
Interest paid		(344)	(337)
Interest received		942	-
Cash flow from operating activities		**32,590**	**14,313**
Investment activities			
Proceeds from sale of investment property		-	5,985
Payments of investment property	11	231	(76)
Payments of investment property under construction	12	(94,807)	(18,481)
Cash flows from investment activities		**(94,576)**	**(12,572)**
Finance activities			
Proceeds from the issue of share capital		120,000	20,000
Dividends paid		(21,150)	(14,945)
Cash flows from finance activities		**98,850**	**5,055**
Net increase (decrease) in cash and cash equivalents		36,982	6,552
Cash and cash equivalents at beginning of year		14,282	7,730
Cash and cash equivalents at end of year	**14**	**51,264**	**14,282**

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 17 April 2024, and will request the approval of the financial statements.

2 Summary of material 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 2023 was a normal calendar year from 1 January to 31 December 2023.

2.1 Basis of preparation

Basis of preparation

Going concern
On 1 January 2024 the Fund Bouwinvest Dutch Institutional Healthcare Fund N.V. (the Company) is converted into a stichting (foundation) under Dutch law, Stichting Bouwinvest Dutch Institutional Healthcare Fund (the Legal Owner), that acts as the holder of the legal title of the assets and liabilities of the fund for joint account Bouwinvest Dutch Institutional Healthcare Fund (fonds voor gemene rekening, the FGR of the 'closed' FMA). A 'closed' FMA is a contractual arrangement pursuant to which participants contribute capital that is invested by a management company (Bouwinvest) for the account of its participants. As the 'closed' FMA has no legal personality, the investments and other assets and liabilities belonging to the 'closed' FMA will be held for the risk and benefit of the participants by the Legal Owner. The Legal Owner holds all assets and liabilities previously held by the Company for the risk and benefit of the participants in the 'closed' FMA. The legal title to these assets and liabilities did not transfer and the Company continued to exist as a legal person upon the Conversion and solely changes its legal form to the Legal Owner. Hence the activities of the Company will be continued as ordinary course of business. The manager of the Fund considered whether the 'closed' FMA represent a reporting entity. Although no legal parent company exists, The manager of the Fund believes that it meets the definition of a reporting entity under IFRS, taking into account the discussions held by IFRIC (IFRS Interpretation Committee) and the IASB (International Accounting Standards Board) in previous years and the Exposure Draft (ED) Conceptual Framework for Financial Reporting as issued by the IASB in March 2018. The ED states that if a reporting entity is not a legal entity, the boundaries of the reporting entity needs to be set in such a way that the financial statements: (a) provide the relevant financial information needed by existing and potential investors, lenders and other creditors who rely on the financial statements; and (b) faithfully represent the economic activities of the entity.

The Fund represent a defined area of economic activities whose financial information provides relevant information to users of financial statements. Furthermore, the economic activities can be objectively distinguished from those of other entities and from the economic environment in which the Fund operate.

As a result, the manager of the Fund believes that after the conversion this basis of preparation still results in a true and fair presentation of the Funds' financial position, financial performance and cash flows, and that the consolidated financial statements comply in all material aspects with International Financial Reporting Standards as endorsed by the European Union and Part 9 of Book 2 of the Dutch Civil Code and the Financial Supervision Act. Therefore these 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 2023, 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 2023, 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 2023. 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 2023
In 2023, 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 2023. The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (applicable for annual periods beginning on or after 1 January 2023)
- 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)
- 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)
- 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)
- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (effective immediately– disclosures are required for annual periods beginning on or after 1 January 2023)

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 IFRS 16 Leases: Lease Liability in a Sale and Leaseback (applicable for annual periods beginning on or after 1 January 2024).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Noncurrent Liabilities with Covenants (applicable for annual periods beginning on or after 1 January 2024, but not yet endorsed in the EU)
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (applicable for annual periods beginning on or after 1 January 2024, 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. 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.

As from 1 January 2024 there is no fiscal obligation upon the Fund to distribute it distributable profit within eight (8) months after the end of the year as the Fund is structures as a closed FMA as from this date.

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 19% - 25.5%.

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, rental obligations and received guarantees). 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 material credit risk concentrations.

The credit risk relating to the receivables is maximised to € 0.7 million in 2023 (2022: € 0.5 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.

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 2023.

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 material 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 material 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 2023, 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

	2023	2022
Theoretical rent	23,862	22,054
Incentives	(144)	(299)
Vacancies	(193)	(264)
Total gross rental income	**23,525**	**21,491**

Service charge income amounted to € 0.8 million (2022: € 0.6 million) 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 2023, until the end of the contract (accounted for on the basis of the minimum rent) can be analysed as follows:

	2023	2022
First year	17,349	17,297
Second year	16,650	16,304
Third year	16,356	16,160
Fourth year	16,256	16,134
Fifth year	16,176	16,134
More than five years	133,173	149,138

6 Property operating expenses

	2023	2022
Taxes	626	788
Insurance	258	195
Maintenance	1,342	1,101
Valuation fees	206	72
Property management fees	302	249
Letting and lease renewal fees	161	245
Owners associations	200	232
Non reclaimable VAT	547	390
Addition to provision for bad debts	47	-
Other operating expenses	178	143
Total property operating expenses	**3,867**	**3,415**

In 2023 € 20 thousand (2022: € 41 thousand) of the maintenance expenses related to unlet properties.

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

7 Administrative expenses

	2023	2022
Management fee Bouwinvest	2,110	2,290
Audit fees	49	28
Other Fund expenses	430	174
Total administrative expenses	**2,589**	**2,492**

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 income and expenses

	2023	2022
Finance income and expenses	(942)	18
Interest on lease liabilities	326	326
Total finance income and expenses	**(616)**	**344**

The Fund had no external loans and borrowings during 2023. The Fund was subject to the positive 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

Like in previous years in 2023 the Fund has opted for the status of Fiscal Investment Institution (FII). On 1 January 2024 the Fund has been converted into the legal form of a 'closed' FMA. Given its fiscal transparency, the 'closed' FMA prevents (double) taxation for investors and as such is the most appropriate alternative for an FII. The FII requirements therefore apply to the Fund up until and including the entire fiscal year 2023 and not any longer to the years beyond.

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 (2023: 19% - 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 2023. The effective tax rate was 0% (2022: 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

		2023		2022
At the beginning of the year		**441,518**		**442,578**
Investments	-		-	
Subsequent capital expenditure	(231)		76	
Additions		**(231)**		**76**
Transfers to investment property under construction	-		-	
Transfers from investment property under construction	14,743		19,440	
Total transfers to/from investment property under construction		**14,743**		**19,440**
Disposals		**-**		**(5,162)**
Net gain (loss) from fair value adjustments on investment properties (like for like)	1,973		(13,847)	
Net gain (loss) from fair value adjustments on investment properties	(2,701)		(1,552)	
In profit or loss		**(728)**		**(15,399)**
In other comprehensive income		**-**		**-**
Transfers out of level 3		**-**		**-**
Movement of right of use ground leases		**599**		**(15)**
Total investment property (level 3)		**455,901**		**441,518**
Lease incentives		**1,993**		**2,136**
At the end of the year		**457,894**		**443,654**

The Fund's investment properties are valued by independent external appraisers on a quarterly basis. On 31 December 2023, 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 2023 and 31 December 2022, 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 no disposal this year.

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

Investments	2023	2022
Intramural Care	2	4
Private Medical Specialist Spaces	-	-
Assisted Living	(233)	72
Total investments	**(231)**	**76**

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 2023 the amount of lease incentives is € 2.0 million (2022: € 2.1 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.

	2023	2022
Investment property	457,894	443,654
Less: lease liabilities	(11,451)	(10,869)
Valuation as per valuation report	**446,443**	**432,785**

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

	2023	2022
Current average rent (€/m^2)	15.24	14.40
Gross initial yield	5.3%	5.1%
Net initial yield	4.4%	4.1%
Current vacancy rate	0.8%	1.2%
Long-term growth rental rate	2.6%	2.3%
Risk free (NRVT)	2.92%	0.03%

The net valuation gain (loss) for the year included a positive fair value adjustment of € 13.1 million (2022: € 8.2 million) and a negative fair value adjustment of € 13.8 million (2022: € 23.6 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 (2022: nil).

Sensitivity analysis

The appraisal of the portfolio implies a net initial yield of 4.4% (2022: 4.1%). If the yields used for the appraisals of investment properties on 31 December 2023 had been 25 basis points higher (2022: 25 basis points higher) than was the case at that time, the value of the investments would have been 3.9% lower (2022: 5.7% lower).

	2023		2022	
Change rental rates	-5%	5%	-5%	5%
Value of the investment property change	**(15,381)**	**29,993**	**(21,639)**	**21,639**

	2023		2022	
Change net initial yield	– 25 bps	+ 25 bps	– 25 bps	+ 25 bps
Value of the investment property change	**34,847**	**(17,254)**	**28,075**	**(24,851)**

12 Investment property under construction

		2023		2022
At the beginning of the year		**15,985**		**17,728**
Investments		**94,807**		**18,481**
Transfers to investment property	(14,743)		(19,439)	
Transfers from investment property	-		-	
Total transfers to/from investment property		**(14,743)**		**(19,439)**
Net gain (loss) from fair value adjustments on investment property under construction	(31,649)		(785)	
In profit or loss		**(31,649)**		**(785)**
In other comprehensive income		**-**		**-**
Transfers out of level 3		**-**		**-**
Movement of right of use ground leases		**-**		**-**
At the end of the year		**64,400**		**15,985**

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.

	2023	2022
Investment property	64,400	15,985
Less: lease liabilities	-	-
Valuation as per internal valuation	**64,400**	**15,985**

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

Investments	2023	2022
Intramural Care	13,970	267
Private Medical Specialist Spaces	2,896	55
Assisted Living	77,941	18,159
Total investments	**94,807**	**18,481**

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 € 31.8 million (2022: negative fair value adjustment € 0.8 million) relating to investment properties under construction that are measured at fair value at the end of the reporting period.

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

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

	2023	2022
Gross initial yield	5.1%	4.6%
Net initial yield	3.9%	3.6%
Long-term growth rental rate	2.8%	2.5%
Average 10-year inflation rate (NRVT)	2.9%	-0.2%
Estimated average development profit on completion	-9.7%	-1.5%
Estimated average percentage of completion	39.2%	36.7%
Construction costs (€/m^2)	4,741	4,640

13 Trade and other current receivables

	2023	2022
Trade receivables	411	466
VAT receivables	-	46
Other receivables	294	4
Balance as at 31 December	**705**	**516**

The increase in other receivables is due to service charge receivables and dividend receivable due to the restructuring of the Fund into a Fund of Mutual Account.

14 Cash and cash equivalents

	2023	2022
Bank balances	51,264	14,282
Balance as at 31 December	**51,264**	**14,282**

The bank balances of € 51.3 million are freely available to the Fund as at 31 December 2023.

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

For 2023, before appropriation of result

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2023	**145,666**	**267,630**	**51,446**	**(3,891)**	**(188)**	**460,663**
Comprehensive income						
Net profit	-	-	-	-	(14,807)	(14,807)
Total comprehensive income	**-**	**-**	**-**	**-**	**(14,807)**	**(14,807)**
Other movements						
Issued shares	37,870	82,130	-	-	-	120,000
Appropriation of result	-	-	-	(188)	188	-
Dividends paid	-	-	-	(21,150)	-	(21,150)
Movement revaluation reserve	-	-	(4,002)	4,002	-	-
Total other movements	**37,870**	**82,130**	**(4,002)**	**(17,335)**	**188**	**98,850**
Balance at 31 December 2023	**183,536**	**349,760**	**47,443**	**(21,226)**	**(14,807)**	**544,706**

* See explanation dividend restrictions in this Note.

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.

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 2023	145,666	145,666	267,630	413,296
Issued shares	37,870	37,870	82,130	120,000
Dividends paid	-	-	-	-
Balance at 31 December 2023	**183,536**	**183,536**	**349,760**	**533,296**

	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 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**

Issued capital

The authorised capital comprises 1,000,000 shares each with a nominal value of € 1,000. As at 31 December 2023, in total 183,536 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 2023 was determined at the individual property level.

Appropriation of profit 2022

The Annual General Meeting of shareholders on 19 April 2023 adopted and approved the 2022 financial statements of the Healthcare Fund. A dividend of € 15.2 million (in cash) has been paid. The loss for 2022, amounting to € 0.2 million, has been deducted from the retained earnings.

Proposal for profit appropriation 2023

The management of the Fund proposes to the General Meeting of shareholders that a dividend of € 17.5 million (in cash) is to be paid for 2023. Of the net result for 2023 amounting to a loss of € 14.8 million, € 14.8 million will be deducted from the retained earnings.

16 Non-current lease liabilities

	2023	2022
Opening balance at 1 January 2023	10,869	10,878
Interest	326	328
lease payments	(343)	(322)
Other movements	599	(15)
Balance at 31 December 2023	**11,451**	**10,869**

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 2024.

Land lease obligations undiscounted	**2023**	2022
Year 1	9,411	8,865
Year 2	65	62
Year 3-5	194	186
Year > 5	2,157	2,066
Total land lease obligations	**11,827**	**11,179**

17 Current trade and other payables

	2023	2022
Trade payables	305	820
Tenant deposits	1,449	1,345
Other payables	16,379	743
Balance as at 31 December	**18,133**	**2,908**

The other payables increased significantly due to invoices to be received for investment property under construction projects.

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.

	2023	2022
Net profit attributable to shareholders	(14,807)	(188)
Weighted average number of ordinary shares	153,288	143,287
Basic earnings per share (€ per share)	(96.60)	(1.31)

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 2023 the Fund paid out a dividend of € 137.98 per share (2022: € 104.30) which amounts to a total of € 21.2 million (2022: € 14.9 million). A total dividend of € 17.5 million (2022: € 15.2 million), is to be proposed at the Annual General Meeting of Shareholders on 17 April 2024. These financial statements reflect this final 2023 payment.

The dividend proposal for 2023 has been accounted for in the financial statements. The dividend for 2023 is paid in cash.

20 Contingent liabilities and assets

As at 31 December 2023, the Fund's total future investment liabilities amounted to € 280 million (2022: € 166 million).

Investment commitments (in € million)	2024	2025	>2026
Loevesteinlaan (WON)	15	7	27
Bospark	20	11	7
Houthavenkade HEA (WON)	10	14	7
Loevesteinlaan (WOZO)	9	12	8
Legends (WON)	7	14	4
Centrumlijn Noord (WON)	8	10	2
Elzenhof	10	5	1
Rosengaerde	11	-	-
JFK (WON)	7	3	-
Other < 10	34	10	7
	131	**88**	**62**

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.

As at 31 December 2023, the Fund had unprovisioned contractual obligations for future repairs and maintenance of € nil million (2022: € nil million).

Provision rental contract annulled

The Bouwinvest Residential Fund filed a court case against a tenant in Amstelveen, in which the Residential Fund tried to recover rent in arrears. Although the tenant did not specifically protest against earlier rent increases, during the proceedings the judge conducted an 'ex officio' review based on European consumer law. The court found that, based on the rent increase clause in the lease agreement, it was unclear to the tenant which circumstances were taken in consideration for the determination of the annual rent increase. Therefore, this clause was annulled, and the court ruled that the Residential Fund should not have passed on any rent increase from the start of the lease, in this case 1 July 2015.

This decision can have a material impact on all the other lease agreements related to residential units. The Residential Fund has therefore appealed against this judgement. The Residential Fund has filed its first procedural documents (the so-called memorie van grieven, or statement of appeal) on 9 January 2024.

Several other landlords (including (most) IVBN-members) are dealing with the same issue, since most of the landlords work with contracts based on the ROZ standard model, and therefore have similar clauses. On 5 October 2023, in a court case involving another landlord, a judge announced that they would ask the Dutch Supreme Court for clarification on the matter by asking preliminary questions. Following these questions, IVBN members decided to jointly register as stakeholders with the Supreme Court, rather than individually. Many residential investors in the IVBN, including Bouwinvest, have provided input for the argumentation as to why we believe the rent indexing clause is not unlawful. The Supreme Court's answers are expected in autumn 2024.

The Healthcare Fund works also with contracts based on the ROZ standard model for tenants in Assisted Living. Bouwinvest monitors the cases closely.

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 € 2.1 million (2022: € 2.3 million) was paid to Bouwinvest in 2023.

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 2023.

22 Management fee

Bouwinvest is the manager and the Statutory Director of the Fund. The management fee paid for the year 2023 amounted to € 2.1 million (2022: € 2.3 million).

In consideration of the management activities with respect to the Fund, Bouwinvest receives an annual management fee equal to 0.45% (exclusive of VAT) (2022: 0.48%) of the Fund's invested capital in accordance with the valuation methods of the Fund. The management fee is payable quarterly in advance.

During the reporting period, the manager, Bouwinvest, is responsible for five funds of which the Residential Fund, Office Fund and Retail Fund are subject to the supervision of the Dutch Financial Markets Authority (AFM). Bouwinvest also has a separate mandate from bpfBOUW for the management of international real estate investments and manages Bouwinvest Development B.V. and Dutch Social Impact Real Estate Partnership. Bouwinvest Real Estate Investors B.V. charges a management fee to compensate its personnel expenses and other costs (e.g., office costs, IT costs). As Bouwinvest Real Estate Investors B.V. provides key management personnel services as well as other services (e.g. office, IT) for several funds, the management fee cannot objectively be allocated to the various components of services provided to the Fund by Bouwinvest Real Estate

Investors B.V. The remuneration, in line with Article 22 of the AIFMD, is disclosed in the 2023 annual report of Bouwinvest Real Estate Investors B.V.

23 Audit fees

The table below shows the fees charged over the year 2023 by Deloitte Accountants B.V. and the Deloitte Network in respect of activities for the Healthcare Fund.

	2023	2022
Audit of the financial statements	43	23
Other audit engagements	6	5
Tax advisory services	-	-
Other non-audit services		
Total fees	**49**	**28**

24 Subsequent events

As of 1 January 2024, the Fund converted to a fund for mutual account (FGR in Dutch).

Signing of the Financial Statements

Amsterdam, 2 April 2024

Bouwinvest Real Estate Investors B.V.
Mark Siezen, *Chief Executive Officer and Statutory Director*
Henk-Dirk de Haan, *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.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements 2023 of Bouwinvest Dutch Institutional Healthcare Fund N.V., based in Amsterdam.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Bouwinvest Dutch Institutional Healthcare Fund N.V. as at December 31, 2023, and of its result and its cash flows for 2023 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 financial statements comprise:

1. The statement of financial position 2023.

2. The following statements for 2023: the income statement, the statements of comprehensive income, changes in equity and cash flows.

3. The notes comprising material accounting policy information 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 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.

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Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 5.2 million. The materiality is based on 1% of 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.

We agreed with the Supervisory Board that misstatements in excess of EUR 260,000, 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.

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. 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. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present. We did not identify a presumed fraud risk on revenue recognition, as it relates to gross rental income, as we assessed this risk to be remote due to the absence of significant pressure on management and limited opportunity for fraud. 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. Given the occupancy rate, we were able to complete an 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 2023 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 and 11 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. Reference is made to the section "Our key audit matter".
Valuation of investment property In relation to valuation of investment properties a potential fraud risk is identified to revaluations and other deviations from the normal valuation process, management's adjustment of external valuations, optimistic estimation of gross initial yield, market rent, and/or other assumptions including combinations of estimates that result in a relatively high value.	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.

	Management insights, estimates and assumptions related to valuation of investment property have a major impact on the financial statements and are disclosed in note 4 and note 11 of the financial statements. Further reference is made to the section "Our key audit matter" for audit procedures performed.
Risk of incorrect recognition of acquisitions and disposals of investment property The accurate and complete recognition of these transactions is an important area of emphasis in our audit. We pay special attention to fraud risks associated with selling and acquiring properties, such as ABC transactions.	In 2023, the Fund acquired multiple properties. We have tested the design and controls related to property investment sales and acquisitions, which includes ensuring proper authorization and conducting background checks of buyers and sellers. We carried out procedures on the transactions of property investments. We have reconciled the recognized transactions with the relevant supporting documentation and confirmed the accurate and complete recognition of transactions results in the fiscal year. We verified that the property sold was not immediately sold to a third party at a significantly higher transaction value. We verified that the property acquired was not immediately acquired via a third party at a significant higher transaction value. In addition, we have analyzed the sales price of property transactions in relation to the most recent valuation as determined by the external appraiser. If applicable, we have assessed the reasonableness of considerations paid to intermediaries.

This did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the entity through discussion with management, reading minutes and reports of internal audit.

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: (corporate) tax law, 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 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 entity 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 the entity's business and the complexity of these other laws and regulations, 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 the entity's ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of operating licenses and permits or compliance with environmental regulations) 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 management, the Supervisory Board, the Executive Board and others within the entity as to whether the entity 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 EUR 280 million due in the upcoming years. These off-balance sheet items will be financed via, (a) the available cash position as per December 31, 2023, (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 Supervisory 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 note 11 to the consolidated financial statements. As at December 31, 2023, Bouwinvest Dutch Institutional Healthcare Fund N.V. held a portfolio of investment property with a fair value of EUR 522 million (December 31, 2022: EUR 460 million) The portfolio mainly consists of Healthcare properties. At the end of each reporting period, the Management Board 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 gross initial yield and market rent levels.	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 gross initial yield and market rent levels) 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.

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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.

- 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 the annual report

The annual report contain 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 is responsible for the preparation of the other information, including the Management Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

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

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

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

Our responsibilities for the audit of the financial statements

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

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

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

We have exercised professional judgement and have maintained professional scepticism 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.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Amsterdam, April 2, 2024

Deloitte Accountants B.V.

Signed on the original: V.S. Borreman

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LIMITED ASSURANCE REPORT OF THE INDEPENDENT AUDITOR ON THE SUSTAINABILITY INFORMATION BOUWINVEST DUTCH INSTITUTIONAL HEALTHCARE FUND N.V.

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

Our conclusion

We have performed a limited assurance engagement on the sustainability information in the annual report for 2023 of Bouwinvest Dutch Institutional Healthcare Fund N.V. at Amsterdam.

Based on our procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the sustainability information in the accompanying annual report does not present fairly, in all material respects:

- The policy with regard to corporate social responsibility, as included in the 'Performance on sustainability' chapter of the 2023 annual report;

- The business operations, events and achievements in that area in 2023,

in accordance with the applicable criteria as included in the 'Criteria' section of our report.

The sustainability information is included in section 'Performance on sustainability' part of chapter 'Performance on strategy' on page 19-22 of the annual report, excluding the EU Taxonomy section on page 22.

Basis for our conclusion

We have performed our limited assurance engagement on the sustainability information in accordance with Dutch law, including Dutch Standard 3000A 'Assurance engagements other than audits or reviews of historical financial information'. This engagement is aimed to obtain limited assurance. Our responsibilities under this standard are further described in the 'Our responsibilities for the assurance engagement on 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).This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics for Professional Accountants).

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

Criteria

The reporting criteria applied for the preparation of the sustainability information are the reporting criteria as included in the section 'Reporting of performance indicators' within the 2023 Annual Report.

The comparability of sustainability information between entities and over time may be affected by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques.

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

Materiality

Based on our professional judgement we determined materiality levels for each relevant sustainability matter. When evaluating our materiality levels, we considered quantitative and qualitative aspects as well as the relevance of information for both stakeholders and Bouwinvest Dutch Institutional Healthcare Fund N.V..

Limitations to the scope of our assurance engagement

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations, and estimates and risk assessments. Prospective information relates to events and actions that have not yet occurred and may never occur. We do not provide any assurance on the assumptions and achievability of this prospective information.

The references to external sources or websites in the sustainability information are not part of the sustainability information as included in the scope of our assurance engagement. 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 and fair presentation of the sustainability information in accordance with the criteria as included in the 'Criteria' section, including the identification of stakeholders and the definition of material matters. The Management Board is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of stakeholders, considering 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 summarised in the chapter 'Reporting of performance indicators' of the annual report.

Furthermore, the Management Board is responsible for such internal control as 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 assurance engagement on the sustainability information

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

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

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

Our limited assurance engagement included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, and the characteristics of Bouwinvest Dutch Institutional Healthcare Fund N.V.

- Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures in the sustainability information. This includes the evaluation of Bouwinvest Dutch Institutional Healthcare Fund N.V.’s materiality assessment and the reasonableness of estimates made by the Management Board.

- Obtaining through inquiries a general understanding of the internal control environment, the reporting processes, the information systems and the entity’s risk assessment process relevant to the preparation of the sustainability information, without testing the operating effectiveness of controls.

- Identifying areas of the sustainability information where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted among others of:
    - obtaining inquiries from management and relevant staff at corporate level responsible for the sustainability strategy, policy and results;
    - obtaining inquiries from relevant staff responsible for providing the information for, carrying out internal procedures on, and consolidating the data in the sustainability information;
    - obtaining assurance evidence that the sustainability information reconciles with underlying records of Bouwinvest Dutch Institutional Healthcare Fund N.V.;
    - reviewing, on a limited test basis, relevant internal and external documentation;
    - considering the data and trends.

- Reconciling the relevant financial information with the financial statements.

- Reading the information in the annual report which is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the sustainability information.

- Considering the overall presentation and balanced content of the sustainability information.

- Considering whether the sustainability information as a whole, including the sustainability matters and disclosures, is clearly and adequately disclosed in accordance with applicable criteria.

Amsterdam, April 2, 2024

Deloitte Accountants B.V.

Signed on the original: V.S. Borreman

Martha Flora
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

Henk-Dirk de Haan

Henk-Dirk de Haan joined Bouwinvest as Chief Financial & Risk Officer (CFRO) on 1 October 2023. Prior to joining Bouwinvest, Henk-Dirk had been CFRO at real estate investment manager a.s.r. real estate since 2012. In this position, he was a statutory director and headed the Accounting, Reporting & Business Control, Fund Control, Tax and Risk Management departments. At Bouwinvest, Henk-Dirk's focus is on the continued expansion of the organisation in these areas, as well as on the Compliance and Business Technology fronts. Henk-Dirk has worked in various finance & control positions since 1992, including at SNS Property Finance, Bouwfonds Property Finance and Hollandsche Beton Groep. Henk-Dirk studied Business Economics at Erasmus University Rotterdam, where he also completed the postgraduate course to become a Chartered Accountant.

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 . Marleen holds a Masters degree in Real Estate from the Eindhoven University of Technology. She completed a postgraduate Master of Science course at the University of Amsterdam and is a registered investment analyst (Vrije Universiteit Amsterdam).

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 was a 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.

Manager Dutch Healthcare Investments

Maya Savelkoul

Maya Savelkoul is the Dutch Healthcare and Impact Investments Fund Manager at Bouwinvest. In this position, she manages the Bouwinvest Healthcare Fund and the Dutch Social Impact Real Estate Partnership. In her professional career, Maya has combined real estate expertise with a strong commitment to social issues. For example, she was previously the manager of Bouwinvest's Paris Proof programme and a strategic sustainability advisor and canvasser at the Central Agency for the Reception of Asylum Seekers. Prior to that, Maya worked as a real estate development and energy transition consultant. Maya studied architecture at Delft University of Technology.

Responsible investment performance indicators

Building a future-proof and sustainable portfolio

Promoted ESG characteristic	Indicator	Measure	Units of measure	2023	2022	Change	Plan 2023-2025
Fund: above-average sustainable fund	GRESB	Star rating	# stars	4	5	-1	Maintain 5-star rating
	GRESB	Overall score	# [1-100]	87	88	-1	Annually maintain or improve the total score
Building: above-average sustainable buildings	Green Building Certificates (GPR)	Average score	#	7.2	7.1	+ 0.4%	Achieve an average GPR score of >7.3 by year-end 2025

Reducing environmental impact

Promoted ESG characteristic	Indicator	Measure	Units of measure	2023	2022	% change	Plan 2023-2025
Combatting climate change: source of energy (phase out fossil fuels)	Free of natural gas (%m2)	Gas-free assets (%m^2)*	%	28.6%	26.6%	+ 2 pp	100% gas-free in 2045
	CO emissions in kg CO m of purchased energy (scope 2)	Emissions in kg CO2 m^2 (electricity purchased by the Fund)	kg	0 (all emissions compensated)	0 (all emissions compensated)	+0	Annually no scope 2 emissions (electricity)
Combatting climate change: energy-efficient buildings	Average energy intensity	(kwh/ m /yr)	#	214 kwh/m2 (excl. tenant consumption)	225 kwh/m2 (excl. tenant consumption)	-4.9%	≤80 kwh/m /yr in 2045

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

Promoted ESG characteristic	Indicator	Measure	Units of measure	2023	2022	% change	Plan 2023-2025
Affordability: midrental segment acquisitions	Mid-rental segment acquisitions per year	Newly signed acquisitions in the mid-rental segment	#	251	222	+ 13.1%	Annually >40%
			%	69.7%	86.4%	-16.7 pp	
Healthcare investments per segment including secured pipeline	Assisted living	Percentage invested per segment	%	51.2%	48.5%	+ 2.7 pp	40-60%
	Intramural care			26.4%	30.7%	-4.3 pp	20-30%
	Private care			20.5%	18.5%	+ 2 pp	20-30%
Product accountability: tenant satisfaction	Tenant satisfaction score	Healthcare (private tenants)	#	7.3	7.4	-4.9%	Tenants give the Fund a score higher than 7
		Healthcare (commercial tenants)	#	7.9	N/A	N/A	Tenants give the Fund a score higher than 7

Contributing to healthy, safe and responsible operations

Promoted ESG characteristic	Indicator	Measure	Units of measure	2023	2022	% change	Plan 2023-2025
Considerate constructors scheme (construction sites)	Construction sites working under the considerate constructors scheme (based on purchase price)	Participation rate (by acquisition price)	%	41.5%	100.0%	-58.5 pp	≥75% of total construction sites

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.

Energy related 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 reported GHG emissions (scope 2) 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 its gas-free assets and indirect energy sources (electricity, district heating and district cooling).

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	95.8%
Amsterdam	Houthaven LIFE, Dagbesteding	120	3	2019	Leasehold	Randstad	89.5%
Amsterdam	Houthaven LIFE, Gezondheidscentrum	595	4	2019	Leasehold	Randstad	100.0%
Amsterdam	Houthaven LIFE, Woningen + 37 PP	4,637	37	2019	Leasehold	Randstad	98.0%
Apeldoorn	Juliana	7,213	0	2020	Freehold	Mid East	100.0%
Apeldoorn	Rosorum Koningschool	5,075	0	2021	Freehold	Mid East	100.0%
Apeldoorn	Vlaanderen + Rodbard Zorgappartementen	2,755	13	2023	Freehold	Mid East	95.4%
Apeldoorn	Rodbard_COG	788	0	2022	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	92.3%
Eindhoven	Warande	4,439	43	2010	Freehold	Brabantstad	100.0%
Eindhoven	Leilinde	8,887	96	2010	Freehold	Brabantstad	98.1%
Gouda	Westergoud	4,320	0	2022	Freehold	Randstad	99.8%
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	Non-core regions	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	97.7%
Kortenhoef	Veenstaete Intramuraal	706	0	2011	Freehold	Randstad	100.0%
Kortenhoef	Veenstaete Appartementen	7,600	100	2011	Freehold	Randstad	96.9%
Kortenhoef	Veenstaete COG units	1,024	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	98.6%
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	96.2%
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%
		131,492	**428**				

Periodic disclosure under SFDR

SFDR periodic disclosure

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 28% 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**

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, 2023 to December 31, 2023, 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. Fund: above-average sustainable fund
	Ib. Building: above-average sustainable buildings
II. Reducing environmental impact	IIa. Combatting climate change: source of energy (phase out fossil fuels)
	IIb. Combatting climate change: energy-efficient buildings
III. Livable, affordable, attainable & inclusive places where people want to reside - now and in the future	IIIa. Affordability: midrental segment acquisitions IIIb. Healthcare investments per segment including secured pipeline IIIc. Product accountability: tenant satisfaction
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 had updated its sustainability indicators to have a better fit with the objectives of the Fund. The table below shows the indicators per promoted environmental and social characteristic over the applicable time-period for the past three years. The indicators market with an asterisk (*) are applicable as per 2023 and therefore not measured in 2021 and 2020. The other indicators concern current indicators.

E/S char.	Indicator	2023	2022	2021	2020
Ia.	GRESB score	87	88	88	83 points
	GRESB star rating	4-star rating	5-star rating	5-star rating	4-star rating
Ib.	Improve GPR label score of standing investments	7.2 (100% coverage)	7.1 (100% coverage)	7.0 (96% coverage)	7.0 (100% coverage)
IIa.	Free of natural gas (% m)*	29%	27%	N/A	N/A
	CO emissions in kg CO m of purchased energy (scope 2)	0 (all emissions compensated)	0 (all emissions compensated)	0 (all emissions compensated)	0 (all emissions compensated)
IIb.	Average energy intensity (kwh/m/yr)*	214 kWh/m2	225 kWh/m2	N/A	N/A

2

IIIa.	Newly signed acquisitions in the midrental segment	70%	87%	28%	3%
IIIb.	Invested capital in (% of total invested capital)*:				
	• Assisted living	51%	49%	N/A	N/A
	• Intramural care	26%	31%	N/A	N/A
	• Private care	21%	19%	N/A	N/A
IIIc.	Tenant satisfaction score				
	• Residential	7.2	7.4	7.4	7.7
	• COG*	7.9	N/A	N/A	N/A
IV.	Considerate construction scheme (construction sites)	42%	100%	65%	23%

The performance on most sustainability indicators was in line with or above plan 2023.

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.

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.

3

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

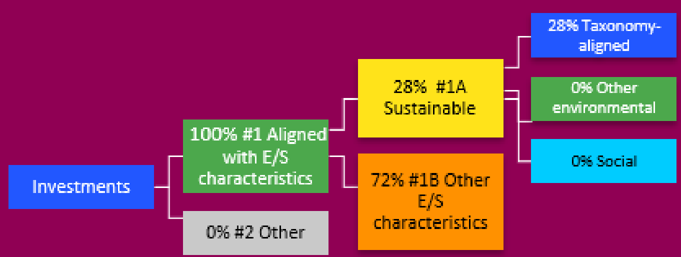
What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
Leilinde	Real estate - Healthcare	5%	Netherlands
Veenstaete Appartementen	Real estate - Healthcare	5%	Netherlands
Houthaven LIFE, Woningen + 37 PP	Real estate - Healthcare	5%	Netherlands
Oranjewoud	Real estate - Healthcare	5%	Netherlands
Rosorum Koningschool	Real estate - Healthcare	3%	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 € 545 million, 28% of which (GAR) is EU Taxonomy aligned. Split into two different objectives, the results are:

28% 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]?

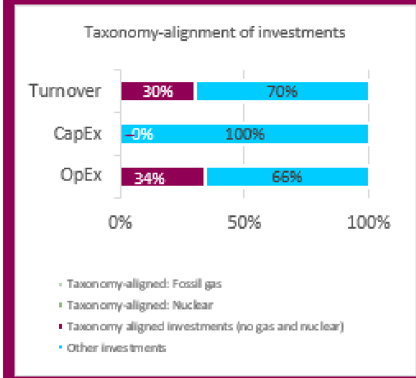
No

[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?

- By improving the general performance on data and reductions related to energy consumption, GHG emissions, water and waste, the Fund strived to improve the GRESB score and retained its five-star GRESB rating. However, those action were not sufficient to do so last year..
- The Fund incorporated the technologies, measures and costs in the Fund's strategic maintenance plan for the coming years to reduce energy consumption. The Fund continued to focus on gas-free assets by following its Paris proof roadmaps. By doing so, the Fund also strives to lower its average energy intensity. In 2023, the Fund realized a decrease in energy intensity. The Fund also improved the quality of several leased spaces to improve energy efficiency..
- Around 42% of the construction sites related to the Fund's assets were registered under the Dutch Considerate Constructors ('Bewuste Bouwer') scheme at year-end 2023. 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?***

Glossary

Acquisitions

Acquisitions 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.

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 € 808 and € 1,120 per month (price level 2023) 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.

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