Bouwinvest Real Estate Investors

Bouwinvest Dutch Institutional Hotel Fund N.V.

Annual report 2022

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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

Quality
High-quality leisure locations and environment

Diversification
Diversified hospitality solutions

Sustainability
Sustainable and responsible investments

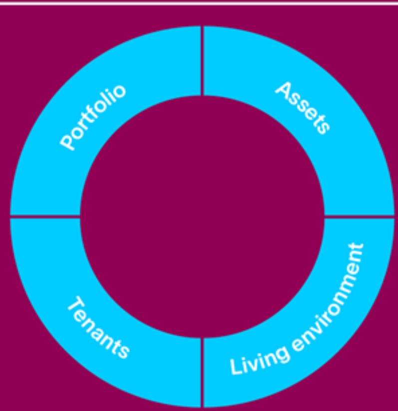
The Fund's key strategic objectives

- Clear investment strategy
- Create a stable base of fixed rental income at fund level
- Invest in core hotel properties located in our core regions

- Invest in a diverse range of hotel concepts aimed at different target groups

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

The Fund's strategic actions



The Fund's financial, social and environmental return 2022

Total return	Average occupancy rate	NAV IFRS
9.0%	100%	€373 MILLION

Transactions	Investments	Divestments	Funding
€0 MILLION	€0 MILLION	€0 MILLION	€0 MILLION

GRESB 5-star	Paris Proof	Tenant satisfaction	Stakeholder engagement
★★★★★	end of 2045 & increase climate resilience of the portfolio	SCORE 7.6	ACTIVE ENGAGEMENT WITH OUR COMMUNITY

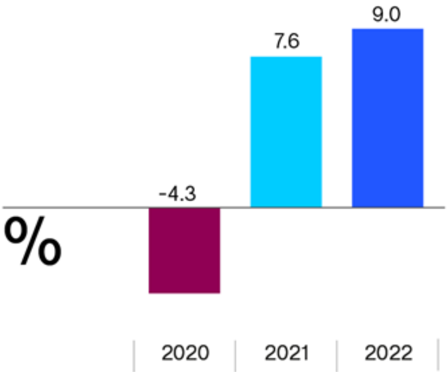
Real Value for Life

Stable long-term pension benefits with limited environmental impact

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

The Fund's contribution to Real Value for Life

Fund return



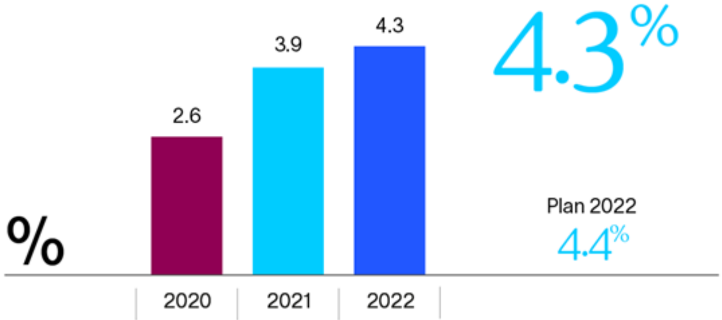
Realised 2022

9.0%

Plan 2022

8.8%

Fund income return



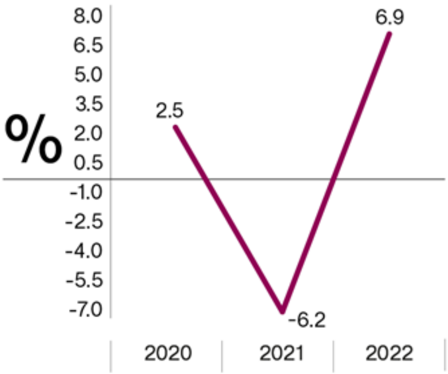
Realised 2022

4.3%

Plan 2022

4.4%

Like-for-like rental income



Realised 2022

6.9%

Plan 2022

7.9%

Acquisitions (x € MILLION)

Realised 2022

0

Plan 2022

€ 23

Investments (x € MILLION)

Realised 2022

€ 3

Plan 2022

€ 3

Occupancy rate

Realised 2022

100%

Plan 2022

100%

G10 cities

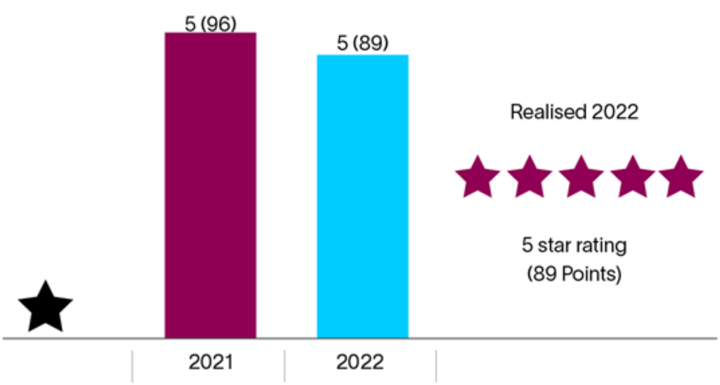
Realised 2022

100%

Plan 2022

100%

GRESB star rating (score)

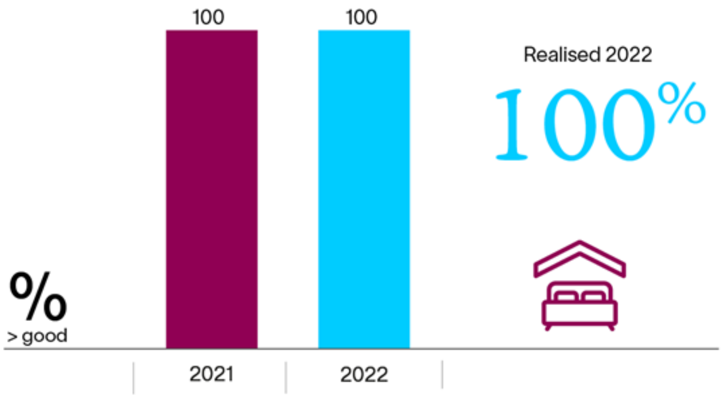


Realised 2022

★★★★★

5 star rating
(89 Points)

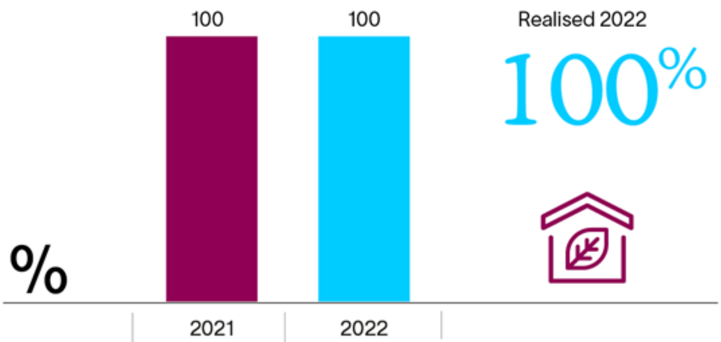
BREEAM building label



Realised 2022

100%

Energy label (A)



Realised 2022

100%

Tenant satisfaction (score)

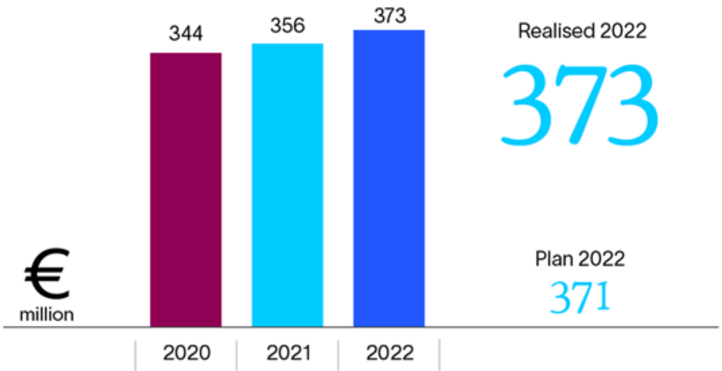
Plan 2022

7.0

Realised 2022

7.6

NAV (x € MILLION)



Realised 2022

373

Plan 2022

371

Dividend paid per share

Plan 2022

€ 386

Realised 2022

€ 399

Issued capital (x € MILLION)

Plan 2022

€ 5

Realised 2022

€ 0

Key performance over five years

All amounts in € thousands, unless otherwise stated	2022	2021	2020	2019	2018
Statement of financial position					
Total assets	401,632	383,970	366,282	353,230	261,567
Total shareholders' equity	372,774	355,647	344,320	333,192	259,111
Total debt from credit institutions	-	-	-	-	-
Performance per share					
Dividends (in €)	399.35	381.03	253.63	346.55	379.46
Net earnings (in €)	860.81	686.20	(410.05)	1,868.71	1,282.73
Net asset value IFRS (in €, at year-end)	10,043.49	9,582.04	9,276.87	9,935.93	8,456.35
Result					
Net result	31,950	25,469	(14,749)	60,256	38,351
Total Global Expense Ratio after tax (TGER)	0.53%	0.62%	0.57%	0.54%	0.54%
Real Estate Expense Ratio (REER)	0.40%	0.70%	1.65%	0.40%	0.34%
Distributable result	15,773	14,306	9,124	11,536	11,345
Pay-out ratio	100%	100%	100%	100%	100%
Fund return					
Income return	4.3%	3.9%	2.6%	4.2%	4.9%
Capital growth	4.6%	3.6%	(6.8)%	17.6%	11.7%
Total Fund return	9.0%	7.6%	(4.3)%	22.3%	17.0%
Portfolio figures					
Investment property	382,558	363,854	328,236	305,878	231,136
Investment property under construction	-	-	20,152	34,386	26,186
Gross initial yield	5.8%	5.8%	5.9%	5.5%	5.7%
Total number of properties	8	8	7	6	5
Average rent per room (in €)	11,619	10,965	12,019	11,339	10,708
Financial occupancy rate (average)	100.0%	100.0%	100.0%	100.0%	100.0%
Property performance (all properties)					
Income return	5.0%	4.4%	3.3%	4.9%	5.6%
Capital growth	4.7%	4.0%	(6.8)%	18.1%	12.1%
Total property return	9.9%	8.6%	(3.7)%	23.8%	18.3%

Message from the Director Dutch Hotel Investments

Last year was another challenging year for both for real estate markets and the wider economy. Russia's invasion of Ukraine led to a huge rise in energy prices and a surge in inflation. With no end in sight for the conflict, the outlook for 2023 is fragile, which is reflected in low consumer and business confidence, despite government aid for both consumers and the SME sector. Unemployment has remained low, but rising staff shortages in a growing number of sectors, including the hotel and hospitality trades, is putting a lot of pressure on economic growth. And while wages have risen quite sharply, they have not been able to keep pace with burgeoning inflation. The increase in construction costs, fuelled by staff shortages and related wage increases plus rising material costs, is also putting pressure on new-build projects, with many being postponed or even cancelled. On a more positive note, a post-pandemic rally in tourism led the rebound of the hotel market, as occupancy and room rates recovered to close to 2019 levels. However, clouds are gathering on the horizon, as the economy is fragile and the threat of a new Covid variant looms, especially after China reopened its borders amid a surge in infections.

Investment market

The Dutch government's regulatory changes continue to create a great deal of uncertainty on real estate markets. Investment managers are also dealing with a stream of new (EU) sustainability regulations, including the SFDR and the EU taxonomy. Moreover, the sharp rise in interest rates has had a major impact on the investment market. Due to this and the above-mentioned inflationary pressures and rising construction costs, investors are currently quite cautious on new investments in the hotel investment market.

All of these factors led to a sharp decline in the valuations of hotel assets in the fourth quarter of last year, driven by high interest rates and historically low yields. And while the first half of the year saw a recovery in investments, new investments tapered off in the later part of 2022, as investors and owners waited to see how the market would shake out. The sharp decline in stocks and bonds also triggered the so-called denominator effect, leaving investors (temporarily) overallocated to real estate and forcing some to trim their holdings. However, long-term investors, including Bouwinvest, are already looking beyond the current difficult market circumstances and see the potential for healthy long-term returns. Investors will focus on high-quality, sustainable hotels in prime hotel destinations.

Responding to uncertainties

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

Bouwinvest has responded to the demands of our client and regulators by refining our strategy and strengthening our risk management, compliance, financial and ESG reporting capabilities, while also investing in sustainability measures that will help make our portfolio fit for the future. We are a long-term investor and as we have proven in the past, this long-term view will enable us to continue to create real value for life in even the most challenging of markets.

The Fund's strategy

Despite the above developments, the Fund performed well in 2022, recording a total fund return of 9.0% for the full year 2022, despite a dip into negative capital growth in the fourth quarter. While the fundamental strategy was unchanged, the Fund did make some adjustments to make its portfolio more resistant to the expected challenging market environment in 2023 and beyond, putting even greater focus on its main strategic pillars, quality, diversification and sustainability. The Fund delivered solid performances on all three pillars in 2022, as the Fund and its tenants continued to invest in upgrading and updating assets, including sustainability measures. The Fund retained its 5-star GRESB rating, making it number two in the global sector ranking in the (unlisted) hotel sector. We also worked hard on our Paris proof roadmaps and now have clearly defined road maps for all our assets. All of these assets now have a minimum of a BREEAM Very Good rating. The Fund also devoted a lot of attention to potential acquisitions last year but pricing challenges and the lack of quality investment product made acquisitions difficult.

Although the outlook for the hotel market remains positive, the Fund remains to focus on the optimisation of its portfolio for the foreseeable future. The future of the fund is depending on the new strategy which will be worked on by bpfBOUW and Bouwinvest in 2023. On the basis of commercial, legal and tax considerations, it should in due course be decided in which legal form to continue the Fund.

Market outlook

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

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

Bas Jochims
Director Dutch Office & Hotel Investments

Report of the Management Board

Market environment

Key macro developments

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

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

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

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

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

Market update 2022

Public policies

Cabinet plans

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

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

Hotel real estate policies

In the first months of 2022, there were still some Covid-19 restrictions in the Netherlands related to use of bars and restaurants within hotels, as well as some travel restrictions, namely the obligation to be tested or have a recovery or vaccination certificate. By the end of Q1 2022, these final restrictions were also lifted, with the only remaining measures being the use of face masks in public transport and airplanes.

Due to the scaling down of the restrictions, temporary support from the government for affected sectors also came to an end. Although hotels had a hard time during the entire Covid-19 period, the number of bankruptcies and/or forced sales has remained extremely limited.

With regard to the need for reduction of CO_2 emissions from travel, the government stated in September 2022 that it will raise the recently implemented airline ticket tax from around € 8 to over € 26 per ticket as of January 2023. With this measure, the government wants to encourage people to opt more frequently for train travel rather then planes. This should lead to a gradual shift in modality, but Bouwinvest does not expect this to have a direct impact on the hotel market: consumers may travel less far, but still need a hotel at their destination.

Occupier market

The total number of 52.6 million overnight stays in the Netherlands was second only to 2019, when Covid-19 had not yet affected the leisure market. This was primarily caused by a meagre first quarter of 2022. Each following quarter recorded numbers higher than any comparable quarter in previous years. Despite the financial uncertainties of households, travelling is booming again.

The recovery is very much driven by a substantial increase in domestic tourism, which turned out 12.1% higher than 2019. International tourism is also recovering, but is not yet at pre-Covid levels: in 2022 foreign guests accounted for 48.1% of all overnight stays, compared to the pre-pandemic 55.4% in 2019. As a result, hotels in Amsterdam and Schiphol, which are more dependent on international guests arriving by plane, were still not as busy as before the pandemic, but the deficit is getting increasingly smaller. Business travel is returning at a more moderate pace and 2022 was still lagging 2019 figures by 25.7%.

Due to the travel restrictions and lockdowns, the Revenue Per Available Room (RevPAR) remained very low last year. According to Horwath, the estimated RevPAR stood at €34 in the Netherlands in 2021, just slightly higher than in 2020 and way below the € 94 seen in 2019. For the full year 2022, Horwath is forecasting a RevPAR of € 62, while most hoteliers expected the impact of Covid-19 on the hotel market to have petered out by the end of 2022.

Occupier key factors	2023 forecast	**2022**	2021
Growth overnight stays The Netherlands y-o-y*	↑	↑	7.4%
Growth overnight stays Amsterdam y-o-y	↑	↑	-0.5%
RevPAR all hotels**	↑	€ 62	€ 34
RevPAR Amsterdam & Schiphol	↑	€ 62	€ 28

*Growth in 2021 concerns growth Q1-Q3 2020. Source: CBS

**RevPAR data 2021 is estimated. Source: Horwath HTL

Investment market

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

After two years with barely any substantial hotel investments, 2022 ended on a better note. Buyers and sellers were better able to reach common ground and the full year saw € 570 million in transactions. It should be borne in mind that this is still way behind the record-high € 1.5 billion in 2019. Still, it is a clear sign that activity in this investment sector is picking up again.

Transactions in the hotel market were predominantly in Amsterdam and included the QO Hotel, the Mercure Hotel and the Hoxton hotel in the capital, but also the Holiday Inn Express in The Hague and the NH hotel in Utrecht.

Driven by the hefty increase in interest rates and an increasingly gloomy economic outlook, 2022 saw a substantial initial yield expansion in the second half of the year. Prime gross initial yields were in the 4.5% - 5.0% bandwidth in 2022.

Investor key factors	2023 forecast	**2022**	2021
Prime gross initial yields	↑	4.5-5.0%	4.0-4.5%
Investment volumes (€ bln)	↑	0.6	0.3*

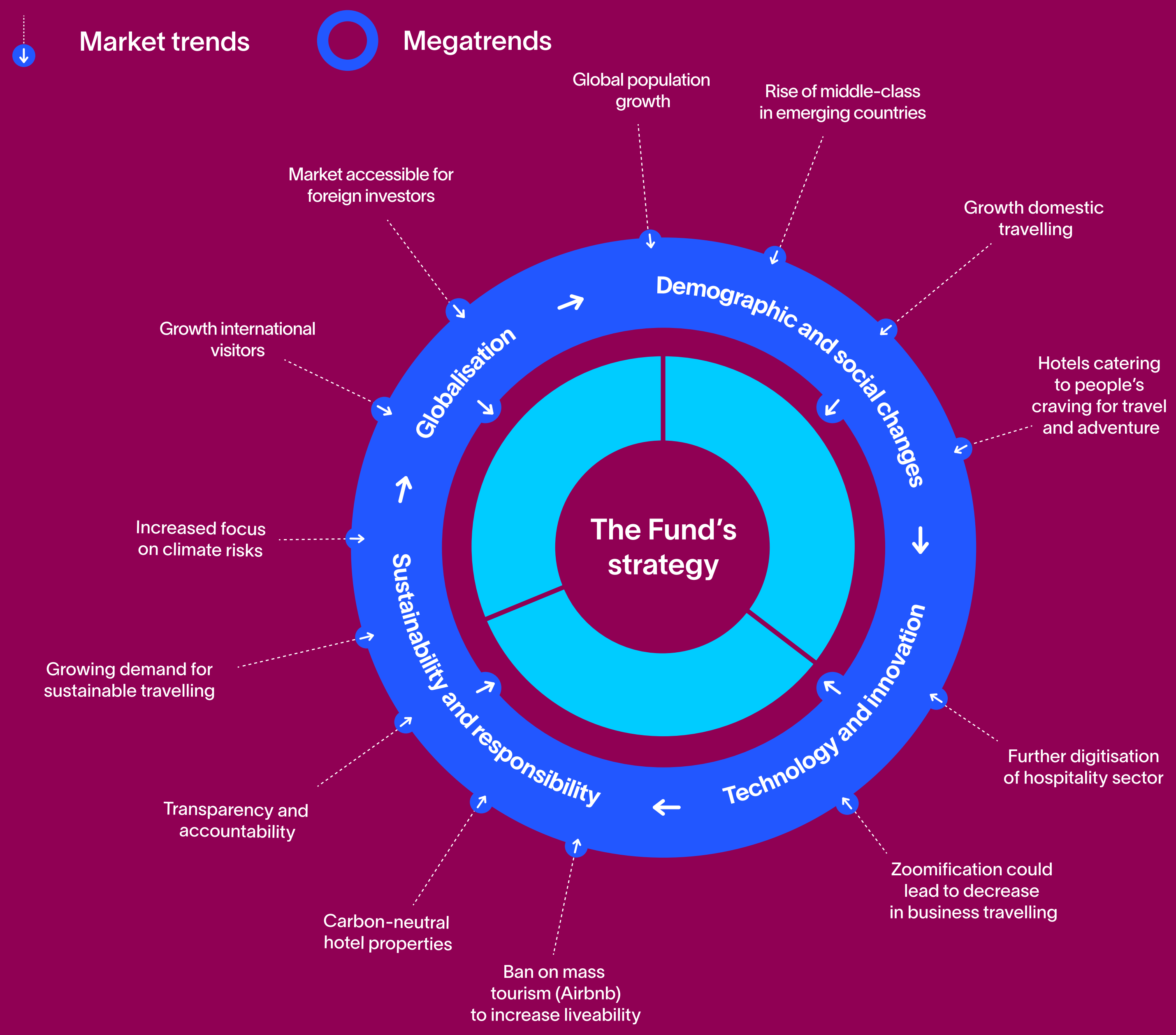
** excluding take-over of shares Eden Hotels*

Sources: JLL, Bouwinvest Research & Strategic Advisory

Market outlook 2023-2025

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

Hotel market



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

Fund strategy

Fund characteristics

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

Strategic pillars

Pillar	*Strategic objectives*	*Performance indicator*
Quality	Clear investment strategy	• Targeted acquisitions • Excellent locations • Well-maintained assets
	Create a stable base of fixed rental income flows at fund level	• Expiry dates • Allocation by risk
	Invest in core hotel properties located in our core regions	• Core regions: G10 hotel cities
Diversification	Invest in a diverse range of hotel concepts aimed at different target groups	• Brands and concepts • Tenant mix
Sustainability	Building a future-proof and sustainable portfolio	• GRESB rating and scoring • BREEAM-NL score
	Reducing environmental impact	• Free of natural gas (% m^2) • CO_2 emissions of purchased energy • Energy efficiency
	Liveable, affordable, attainable and inclusive places where people want to reside - now and in the future	• Tenant satisfaction score
	Contributing to healthy, safe and responsible operations	• Construction sites with Considerate Constructors Scheme

Active asset management

Leisure environment

- Having a keen eye for the best places to invest
- Contributing to liveable and attractive locations
- Facilitating sustainable mobility (near public transport, shared cars, bikes etc.)

Portfolio

- Making targeted acquisitions
- Conducting regular hold/sell analyses
- Continuously optimising the Fund's portfolio
- Assessing physical climate risks
- Unlocking environmental data via EMS
- Exploring opportunities to improve circularity
- Engaging with developers to promote opportunities in the construction sector through apprenticeships ans opportunities for people with a disadvantage to the labour market

Assets

- Making the Fund's assets Paris Proof
- Providing more than one use or purpose within a shared building or environment
- Performing well-timed and good maintenance
- Combining the best brands with the right place

Tenants

- Investing in long-term relationships with the Fund's tenants
- Optimising interactions between tenants and property managers
- Obtaining better insight into tenants' energy consumption
- Using a client monitoring system to optimise services
- Monitoring the business performance of the Fund's tenants

Investment objectives

5-year average Fund return

Long-term objective
5.5%-7.0%

Realised 2022

9.0%

Invest in sustainable real estate

Target
GRESB *****

Realised 2022

GRESB
5 stars

Investment restrictions and diversification guidelines

	Target	*Realised 2022*
Invested in low or medium risk categories	90%	100%
No more than 15% of the Fund's total investments may be invested in a single investment property	<15%	29%
≥50% of forecast rental income is fixed	≥ 50%	100%
<20% invested outside core regions	<20%	0%
>50% invested in strong international brands/ operators	>50%	49%
>75 rooms per hotel	>75 rooms	100%
<10% invested in non-core (non-hotel) properties	<10%	0%
No investments will have a material adverse effect on the Fund's diversification guidelines		
The value of investments to pre-finance acquisitions must never exceed 10% of the total value of the Fund's investment portfolio	<10%	0%

>70% in 2, 3 and 4-star segments

Target
>70%

Realised 2022 100%

≥50% of investments in Amsterdam/Schiphol area

Target
>50%

Realised 2022 100%

Performance on strategy

Portfolio characteristics

	2022	2021
Total property value	€ 361 million	€ 344.8 million
No. of assets	8	8
Total Fund return	9.0%	7.6%
Fund income return	4.3%	3.9%
Occupancy rate	100%	100%
Long-term leases (WALT)	16.5 years	17.5 years
% in core regions	100%	100%
GRESB rating & score	5-star (89 points)	5-star (96 points)
BREEAM-NL In-Use certified ≥Very Good	100%	100%
% green energy label	100% (100% A-label)	100% (100% A-label)

Performance on quality

Focus on quality

The Hotel Fund has a moderate growth strategy and is now targeting invested capital of € 408 million at year-end 2025. This growth is based on value development and the remaining commitment of bpfBOUW.

The quality of the portfolio is mainly reflected in the excellent locations selected from the 10 best hotel cities in the Netherlands. The hotels are leased on a long-term basis to operators with strong (international) brands who manage the hotels. In collaboration with the tenants, the Fund carries out maintenance in a timely manner to keep the buildings in very good condition. At the same time, the Fund consults regularly with the operators regarding potential improvements, in which sustainability often plays an important role.

Given the quality of the Fund's portfolio, its solid track record, targeted actions taken to add appropriate assets to the Fund and a potential recovery of the hotel market based on strong fundamentals, the Fund expects to meet its growth targets for the coming plan period.

Investments and divestments

The mood in the hotel market fluctuated quite a lot in 2022. As soon as measures to control Covid-19 were eased, the market showed immediate signs of recovery. All hotels in the portfolio have experienced a strong recovery. In addition to this, the leisure (tourist) market has recovered far more quickly than the business market. On the acquisition front, the Fund will focus even more clearly on new and international concepts with a focus on extended stay concepts.

Few owners have initiated sales processes for existing hotels, resulting in a lack of quality investment opportunities. Developers generally wait for a more structural recovery or choose to develop other real estate, such as residential. The acquisition of new development projects is still challenging due to the difference between the investment value and the total development costs as a result of price negotiations between developers and contractors, resulting in unfeasible projects.

Thanks to the strategic decisions made since its inception, the Fund already has a well-diversified portfolio of hotels, with a variety of concepts in a number of top hotel locations and the Fund is aiming to further improve its regional spread.

Investments 2022

The Fund did not complete any transactions in 2022 due to the tight investment market and the Fund’s strategy, acquisitions have been difficult in recent years.

Acquisition opportunities may arise that do not meet the hurdle rates, due to specific market circumstances. Such acquisitions require the approval of the General Meeting of Shareholders.

Transactions 2022

The Fund did not make any acquisitions in 2022. The Fund may complete one or two final transactions in 2023, as the Fund is looking to improve the geographical distribution of its portfolio, adding a hotel or hotels preferably outside Amsterdam. Of course, the Fund will consider opportunities in Amsterdam if these improved the quality and diversification of the portfolio.

Divestments 2022

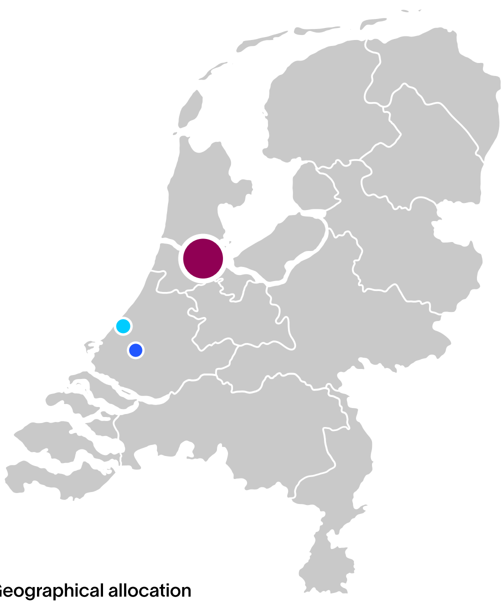
The Fund did not plan any divestments for 2022 and none were executed.

Performance on diversification

Core regions: G10 cities

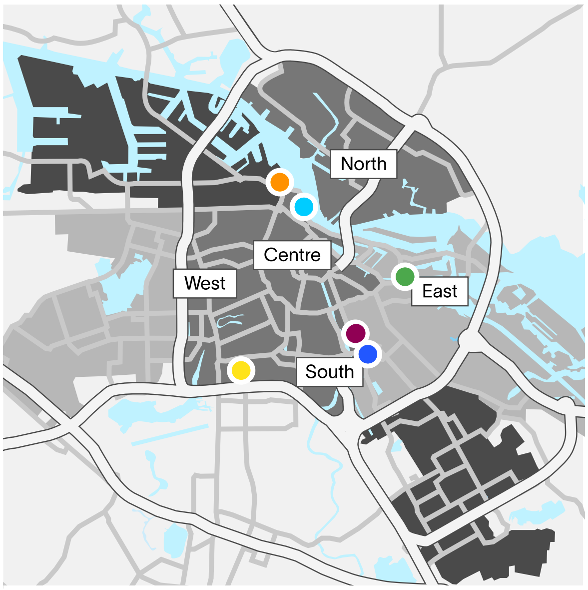
To identify the most attractive cities for hotel investments, the Fund takes into account the following indicators:

- Size of the hotel market
- Financial size of the hotel market
- Key hotel figures



Geographical allocation based on book value

Amsterdam	83.0%
The Hague	9.5%
Rotterdam	7.5%



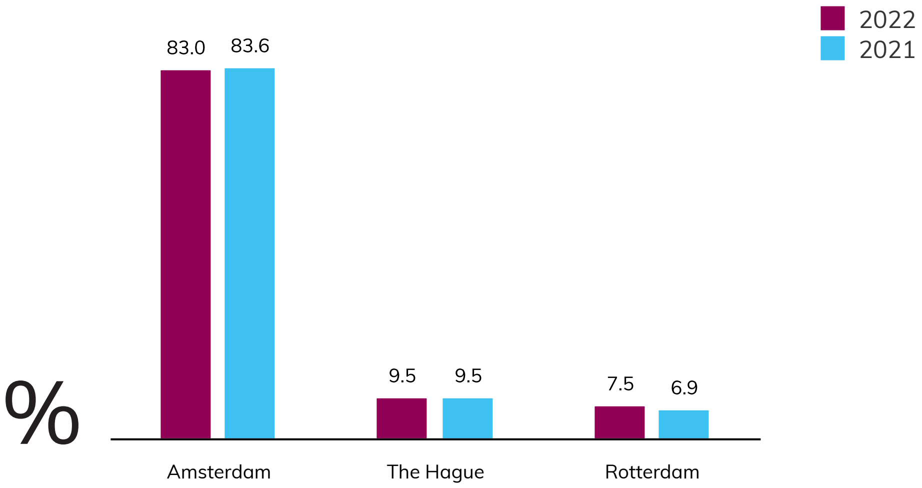
Hotels in Amsterdam

- Casa
- Aitana
- Meininger
- Stayokay
- Premier Suites Hourglass
- Boat&Co

The analysis of regions based on indicators resulted in the selection of the 10 most attractive Dutch hotel cities (Amsterdam, The Hague, Rotterdam, Utrecht, Maastricht, Eindhoven, Arnhem, Groningen, Haarlem and Leiden).

The plan is to have at least 80% of the total portfolio value invested in properties in the G10, with at least 50% in the Amsterdam/Schiphol Airport region. Currently, 100% of the total portfolio value is invested in properties in the G10 and 83% is invested in Amsterdam.

Allocation of investment property by core regions based on market value



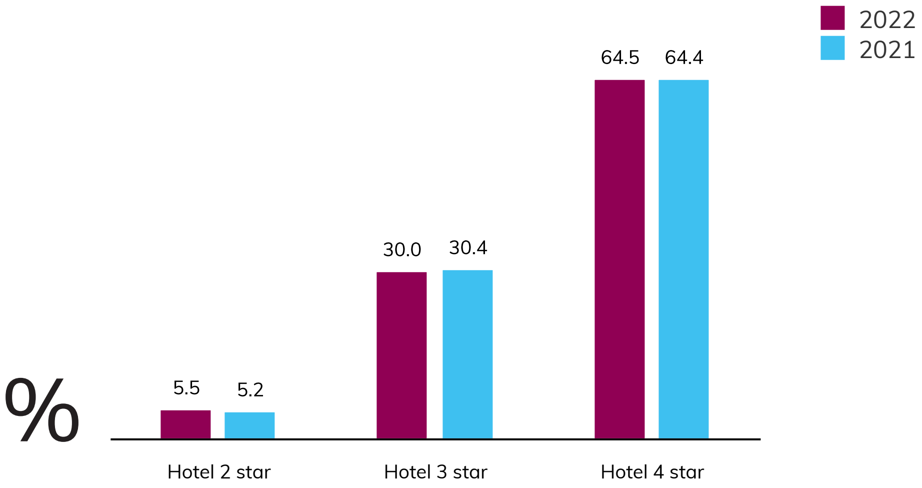
Major segments

The Fund strives for a healthy balance by spreading investments across a greater number of assets, in more geographical locations and across a more diverse range of hotel concepts and brands. The aim is to further diversify the portfolio by investing in different and distinctive concepts that focus on specific target groups. For instance, budget hotels for groups, young guests and families (Stayokay and Meininger Hotel) and extended stay hotels for (young) professionals who regularly travel for their work and stay in a city for between five nights and 12 weeks, such as Premier Suites, Hourglass (Amsterdam Zuidas) and Boat&Co (Amsterdam Houthavens).

Star ranking

The Fund aims to have at least 70% of the total portfolio value invested in 2, 3 and 4-star hotels. This currently stands at 100%.

Allocation of investment property by hotel star ranking based on market value



Number of rooms

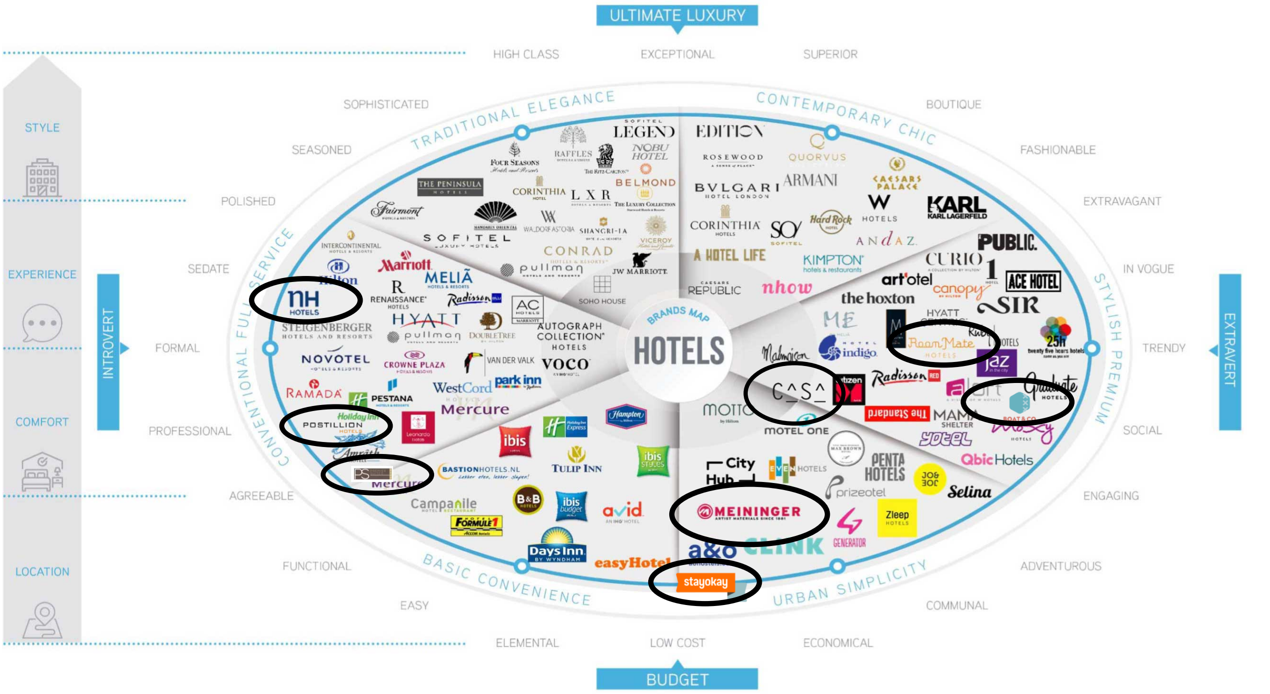
The Fund aims for an minimum size of 75 rooms per hotel.

Name	Number of rooms
NH Hotel	205
Casa	520
Aitana	285
StayOkay	112
Meininger Hotel	188
Premier Suites Hourglass	115
BOAT&CO	82
Postillion WTC Rotterdam	168

Tenant mix

The Fund prefers to invest in hotels managed by management companies operating in multiple countries/regions. The Fund's aim is for at least 50% of the total portfolio value to be invested in strong international brands/operators (hotels with management companies operating in multiple regions). This currently stands at 49%.

The Fund's hotel brands



Source: Brand map by Colliers

Expiry dates

All hotels have long-term leases with expiry dates beyond 2030. The first expiry date is for NH The Hague in 2030, while the expiry date for Boat&Co in Amsterdam is 2044.

Allocation by risk

In terms of risk diversification, at least 90% of the investments must be low or medium risk. All properties are assessed separately on an annual basis. At year-end 2022, the Fund was classified as 100% low risk and as such was consistent with the framework of the Fund conditions.

Performance on sustainability

Highlights performance on sustainability 2022

	2022	2021
GRESB rating	5 stars	5 stars
GRESB score	89 points	96 points
BREEAM-NL In-Use certified ≥Very Good	100%	100%
BREEAM-NL In-Use certified Excellent	58%	60%
Green label (A/B/C)	100% (100% A-label)	100% (100% A-label)
Average Net-Zero Energy Building (NZEB2) score	169	169
Solar power installed	175 kWp	175 kWp
Rental contracts with sustainability clause	4 (44%)	3 (38%)
Increase in energy consumption (like-for-like)	1.9%	-5.4%
Coverage AEDs within six minutes walking distance	100%	100%

Promoted ecological and social characteristics

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

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

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

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

Sustainable development goals

7 Affordable and clean energy	8 Decent work and economic growth	11 Sustainable cities and communities	13 Climate action
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 2022 was to continue to improve its GRESB score and retain its 5-star rating. Last year, the Fund's overall GRESB benchmark score fell by seven points, taking it to 89 from the previous 96 points. However, the Fund did retain its GRESB 5-star rating. The Fund's target for 2023 is to improve its score and retain its 5-star rating.

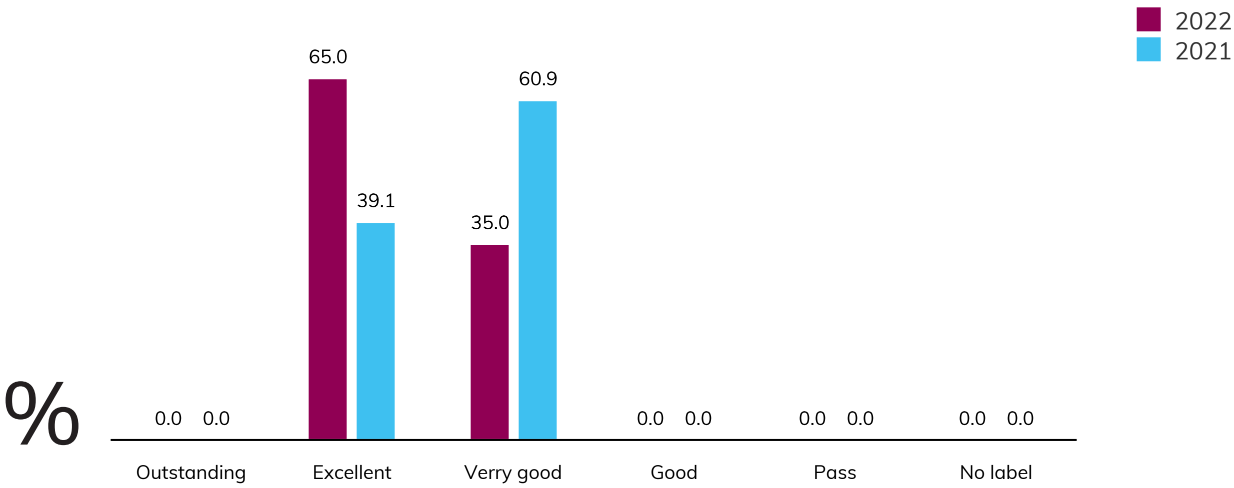
The lower GRESB score was primarily the result of lower scores in performance indicators. To retain its GRESB 5-star rating and to increase its points next year, the Fund will continue to increase its focus on performance indicators and maintain its focus on Policy & Disclosure, Stakeholder Engagement, Monitoring & EMS.

GRESB score 2022

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

Above-average sustainable buildings

In 2022, the Fund carried out a number of targeted actions to improve certification at Asset Performance and Building Management level for the assets in its portfolio. The Fund also initiated a BREEAM portfolio strategy. It will be carrying out targeted actions to gain BREEAM-NL In-Use minimum Very Good certification on Building Management for every asset in the portfolio and to maintain its score on Asset Performance.



The Fund aims for continuous improvement, which is why BREEAM targets are included in its ESG Steering framework and also included in the 2023-2025 Fund Plan in such a way that it retains its 100% BREEAM-NL-In-Use Very Good or better labels at asset performance and building management level as from the end of 2022. In Q4 2022, all assets were recertified and all the hotels retained their labels, even Boat & Co and Postillion WTC Rotterdam, which were assessed according to the latest, and stricter, guidelines of the Dutch Green Building Council (BREEAM-NL In Use V6.0).

2. Reducing environmental impact

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

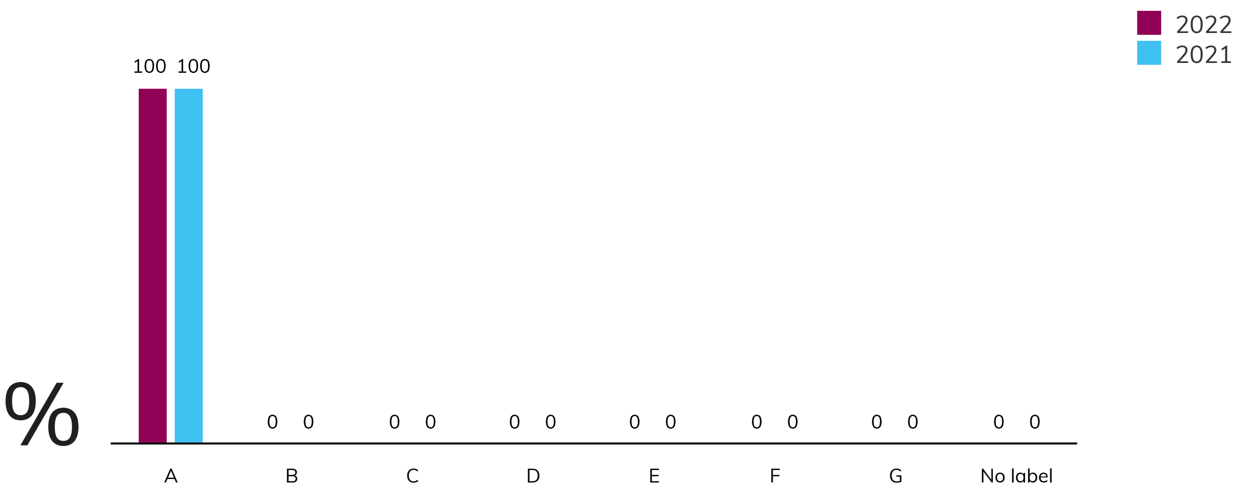
Combatting Climate Change: source of energy

In 2022, the Fund recorded an increase in energy consumption of 1.9% on a like-for-like basis and an increase in GHG emissions of 1.7%. The increase is maninly related to a post COVID-19 year in which the hotels were fully operating.

Renewable energy production

In 2022, the Fund's target for renewable energy generated on-site via solar panels was 300 kWp by the end of 2022. In 2022, the Fund installed no solar panels. The existing solar panels currently generate 175 kWp of energy.

On-site solar panels (kWp)

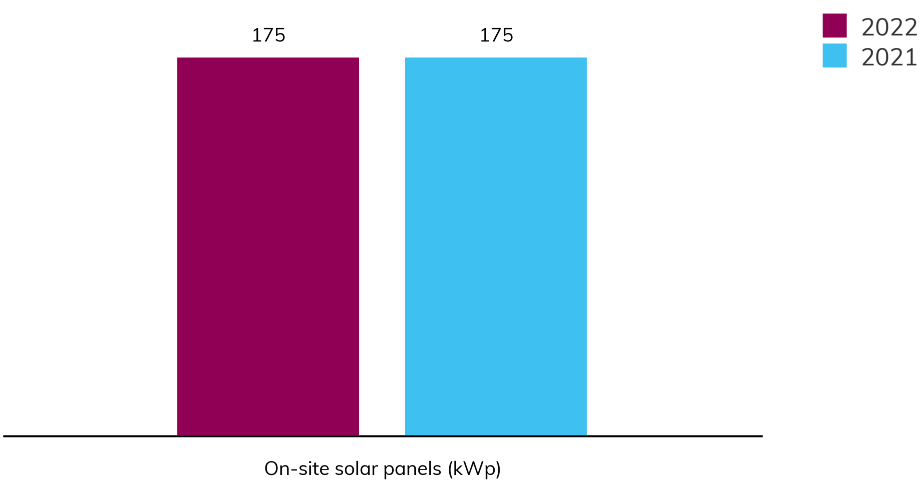


Combatting Climate Change: energy efficiency of buildings

The Fund is constantly looking for the best ways to reduce its environmental impact or to have a positive commercial or social impact both effectively and cost-efficiently. For instance, the target for its portfolio is to have 100% A energy labels by the end of 2022. Last year, the Fund improved the energy labels of Casa and Aitana to A and the Fund currently has 100% A energy labels.

Another sustainability related target at asset level was to achieve a 100% green portfolio (EPC label A, B or C) in 2022. All of the Fund's assets have now been awarded a green energy label. The distribution of energy labels in the portfolio is shown below.

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



In 2022, the Fund set new targets related to the reduction of its environmental impact. The Fund set the following targets in its Fund plan, based on its ESG Steering framework:

- Free of natural gas (% m2): 100% by 2045
- CO_2 emissions in kg CO_2 m2 of purchased energy (scope 2): Annually no scope 2 emissions (electricity)
- Average energy intensity (kwh/m2/yr): ≤110 kwh/m2/yr in 2045

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

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

Client services and communications

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

Stakeholder engagement

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

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

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

Product accountability: Tenant satisfaction

Compared with other real estate sectors, tenants/lessees play a much larger role in real estate management in the hotel sector. The building itself – aside from the service – is the most important part of the business. This means the tenant has a vested interest in keeping the building in optimum condition. This high level of involvement is seen as an advantage.

In Q4 2022, the Fund conducted its annual tenant satisfaction survey. All tenants responded to the survey and the overall score declined to 7.6 from 7.7 in 2021 (target: 7.0). The underlying scores for landlord, hotel and property management were

8.1, 7.7 and 6.9 respectively (2021: 8.4, 7.5, 7.3). The results were presented to the Asset Management team and the Fund's property managers as input for improvements.

Green rental contracts

As mentioned above, the Fund devotes specific attention to the quality of tenants' ESG policies and making their procurement more sustainable. The Fund started implementing green leases with tenants in 2019 and continued with the implementation in 2020. These leases incorporate the Fund’s and a tenant’s sustainability targets. At the end of 2022, four out of nine rental contracts include a sustainability clause, covering 52.7% of the total floorspace.

Sustainable stewardship

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

AED

Bouwinvest was one of the first real estate companies in the Dutch real estate investment sector to contribute to the establishment of a national AED (automatic external defibrillator) network, which it is estimated could save up to 2,500 lives every year in the Netherlands. The use of an AED offers the highest probability of survival within the first six minutes after a heart attack. In 2022, the Fund reiterated the target that 100% of the Fund's tenants and communities would have an AED available within six minutes walking distance. The Fund had met this target at the end of 2022.

Targets

In its 2023-2025 Fund Plan, the Fund has set new targets related to liveable, affordable, attainable & inclusive places where people want to reside - now and in the future based on its ESG steering framework. The Fund has set the following targets:
- Tenant satisfaction score: >7

4. Contributing to healthy, safe and good working conditions

Considerate constructors scheme (construction sites)

All the construction sites related to assets in the Hotel Fund are registered under the Dutch Considerate Constructors (‘Bewuste Bouwers’) sheme. This ensures the contractor deals with the concerns of local residents and addresses safety and environmental issues during the construction phase. The target was to have more than 75% of the Fund's construction sites registered under the Considerate Constructors scheme by the end of 2022. However, at the end of 2022 the Fund has no construction sites.

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

EU Taxonomy

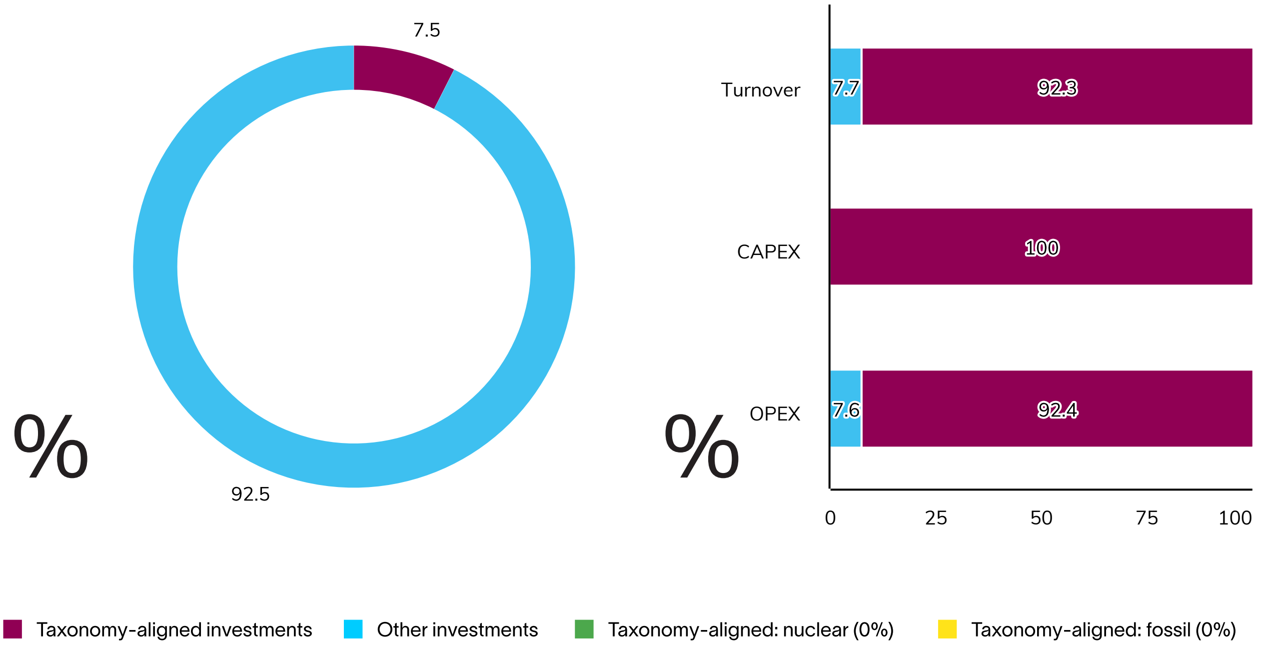
The Fund contributes to two environmental objectives as included in Article 9 of the Taxonomy Regulation (TR), these being ‘climate change mitigation’ and ‘climate change adaptation’. The Fund’s investments are in Taxonomy-eligible economic activities, namely the ‘acquisition and ownership of buildings’ and the ‘construction of new buildings’, which qualify as environmentally sustainable under Article 3 of the TR for the following reasons:
- The Fund’s underlying investments significantly contribute to these objectives in line with the qualifications laid out in articles 10 and 11 of the TR.

- At the same time, the economic activities do not significantly harm any other environmental objectives.
- Furthermore, the economic activities are carried out in compliance with the minimum safeguards laid down in Article 18 of the TR.

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

The outcome of the assessment at asset level based on the GAR is as follows:

Taxonomy aligment of investments



The current NAV of the portfolio amounts to € 373 million, 7% (GAR) of which is EU Taxonomy-aligned. Split into to different objectives, the results are:
- 7% of the Fund's underlying investments are aligned with the technical screening criteria relating to substantial contribution to 'climate change mitigation' due to of 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 limited physical climate risks.
- 0% of the Fund's underlying investments, which are not aligned with 'climate change mitigation', do contribute substantially to 'climate change adaptation' due to the limited physical climate risks and the fact that the economic activities do not significantly harm any other environmental objectives due to the number of B or C energy labels.
- 93% of the Fund's underlying investments are not Taxonomy-aligned. A selection of the investments within this segment complies partially with the technical screening criteria and further assessment will be needed to determine Taxonomy alignment, as is the case for new buildings with a building permit later than 31 December 2020. On the basis of this new information, the Fund will establish whether part of these investments is in fact aligned with the EU Taxonomy.

Financial performance

Return of the Fund

The Fund realised a total return of 9.0% in 2022, consisting of 4.3% income return and 4.6% capital growth. Net rental income, administrative and finance expenses are the main drivers for the income return. The results for 2022 were above plan. Due to the recovery in the hotel market in the first three quarters, capital growth was higher than expected. The income return was on plan.

Fund performance	2022 Actual	Plan	2021 Actual
Income return	4.3%	4.4%	3.9%
Capital growth	4.6%	4.3%	3.6%
Fund performance	9.0%	8.8%	7.6%

Income return

Net rental income of € 18.1 million was € 0.5 million higher than the plan of € 17.6 million (2021: € 15.6 million). The most significant driver of the deviation from plan were the property operating expenses of € 1.7 million, which were € 0.6 lower then plan (€ 2.3 million).

Administrative and finance expenses were € 0.1 million higher than plan.

The income return came in at 4.3%, compared with the plan of 4.4%.

Capital growth

The Fund realised capital growth of 4.6% (2021: 3.6%), compared with a plan of 3.6%. The capital growth was realised due to relatively stable yields in combination with the recovery in the hotel market in Q1, Q2 and Q3.

Property performance

The Fund's property return came in at 9.9%, compared with 8.6% in 2021. The increase was a direct result of the recovery in the hotel market in Q1 until Q3, which resulted in positive capital growth. In Q4 there was a negative capital growth. The fund also reported a higher income return due to lower costs related to bad debts and payment arrangements.

Property performance	2022 Actual	2021 Actual
Income return	5.0%	4.4%
Capital growth	4.7%	4.0%
Property performance	9.9%	8.6%

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.

CASA Hotel
& student housing

Amsterdam
The Netherlands

Shareholder information

Introduction

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

Financial management

Results

Income Statement summary (all amounts in € thousands)	**2022**	2021	change	in %
Revenues	20,692	18,832	1,860	10%
Operating expenses	(2,551)	(3,233)	682	-21%
Net rental income	**18,141**	**15,599**	**2,542**	**16%**
Net valuation gain / (loss)	16,373	12,643	3,730	30%
Result on disposal	0	0	0	0%
Administrative expenses	(1,953)	(1,843)	(110)	6%
Finance expenses	(611)	(642)	31	-5%
Income taxes	0	(288)	288	-100%
Result for the year	**31,950**	**25,469**	**6,481**	**25%**
Financial occupancy	100.0%	100.0%		
REER	0.40%	0.70%		
TGER	0.53%	0.62%		

The full-year 2022 result came in at € 32.0 million from € 25.5 million in 2021 (+25.5 %). The increase of € 6.5 million was mainly driven by higher valuations of the investment properties and higher rental income.

Revenues of € 20.7 million were € 1.9 million higher than in 2021 (€ 18.8 million), driven by higher rental income, mainly due to the delivery of Postillion WTC Rotterdam in 2021. As in 2021, the Fund realised the maximum occupancy rate of 100.0%.

Operating expenses of € 2.5 million were € 0.7 million lower than in 2021 (€ 3.2 million). This decline was mainly driven by lower costs for doubtful debtors. As a result of the drop in operational expenses, the REER declined to 0.40 %, from 0.70% in 2021.

Administrative expenses were slightly higer then in 2021. Income taxes were higher in 2021, due to the taxable development activities in the subsidiary company of the WTC hotel in Rotterdam. Because of higher administrative expenses, combined with the higher GAV, the TGER fell down to 0.53% from 0.62% in 2021.

Dividend

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

The Management Board proposes to pay a dividend of € 15.8 million for 2022 (2021: € 14.3 million), which corresponds to a pay-out ratio of 100%. It is proposed that the dividend will be paid in cash, within the constraints imposed by the company's fiscal investment institution (FII) status. Of this total dividend € 11.5 million or 72.8% was paid out in the course of 2022. The fourth instalment was paid on 15 February 2023. The rest of the distribution over 2022 will be paid in one final instalment following the adoption of the annual report by the Annual General Meeting of shareholders on 19 April 2023.

Funding

According to internal guidelines, the Fund is not allowed to have an unsecured pipeline. At the end of 2022, the funding for the acquisition pipeline was completely secured.

In 2022, the Fund received no additional commitments from its investor. Last year, the Fund made no capital calls.

Leverage

In 2022, the Fund was financed solely with equity and did not use any loan capital for liquidity management purposes.

Treasury management

Treasury policy: For treasury management purposes, the Fund acted in accordance with Bouwinvest's treasury policy in 2022, to manage the Fund's liquidity and financial risks. The main objectives of the treasury management activities are to secure shareholders' dividend pay-out, ensure other obligations can be met and to manage the Fund's cash position.

At year-end 2022, the Fund had € 14.0 million freely available in cash, an increase of € 1.1 million compared with year-end 2021 (€ 12.9 million).

Interest rate and currency exposure

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

In 2022, the Fund's bank balances were affected by negative interest rate developments.

Tax

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

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

Fund governance

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

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

- The compliance function is independent;
- Conflicts of interests are avoided and managed through compliance with Bouwinvest's conflicts of interest policy;

- Robust checks and balances through established framework with three lines model;
- Focus on process management: ISAE 3402 type II certified.

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

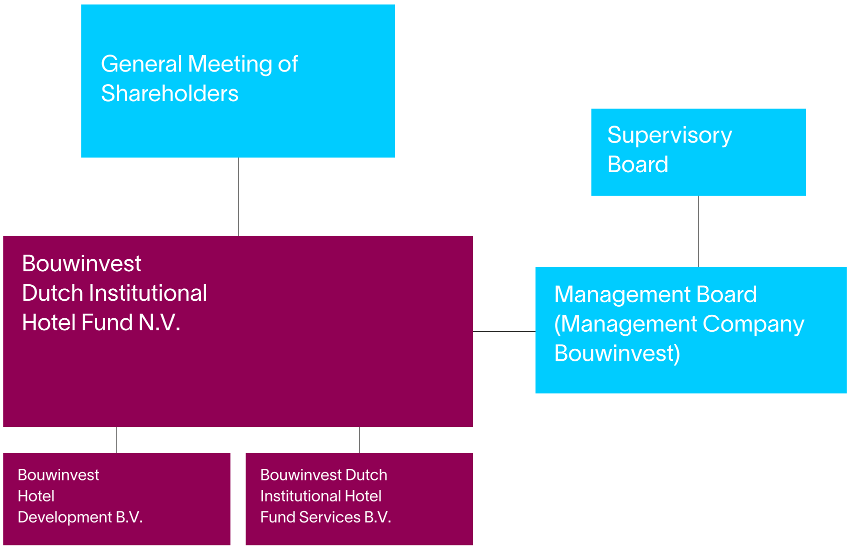
Structure of the Fund

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

Subsidiaries

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

Fund governance bodies



General Meeting of Shareholders

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

Manager of the Fund

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

Management Board

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

Supervisory Board

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

Policies, rules and regulations

Corporate Governance Code

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

Code of Conduct

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

Conflicts of Interest policy
Bouwinvest has a Conflicts of Interest policy. The purpose of this policy is to ensure that no material conflicts of interest occur that are damaging for investors in the Fund, the Fund or Bouwinvest. The policy also describes how Bouwinvest should act with respect to the allocation of different investment opportunities over the respective funds and clients. The policy is intended to supplement but not replace any applicable Dutch laws governing conflicts of interest. In 2022, there were no conflicts of interest as referred to in the Bouwinvest Conflicts of Interest Policy, either between the members of the Management Board, the management company, the Fund and/or other funds managed by the management company.

Funds managed by Bouwinvest
Bouwinvest manages the following alternative investment funds:
- Bouwinvest Dutch Institutional Residential Fund N.V.
- Bouwinvest Dutch Institutional Retail Fund N.V.
- Bouwinvest Dutch Institutional Office Fund N.V.

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

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

Shareholders' calendar

15 February 2023	Payment interim dividend fourth quarter 2022
19 April 2023	General Meeting of Shareholders
8 May 2023	Payment of final dividend 2022
25 May 2023	Payment interim dividend first quarter 2023
18 August 2023	Payment interim dividend second quarter 2023
17 November 2023	Payment interim dividend third quarter 2023
6 December 2023	General Meeting of Shareholders
15 February 2024	Payment interim dividend fourth quarter 2023

BOAT&CO

Apartment hotel

Amsterdam
The Netherlands

Risk management

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

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

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

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

Market risk

Market risk overall

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

Credit risk

At the end of 2022, no tenants had rent in arrears. Furthermore, the existing payment arrangements (as a result of the Covid-19 pandemic) have all been complied with. This resulted in a reduction of outstanding receivables to 42.4% by year-end (fully related to deferred payments). The Fund has taken into account the outcome of final agreements in the provision and forecast for loss of rent, consistent with year-end 2021. One tenant has indicated it wants to discuss an additional rent discount, based on the Supreme Court ruling, for the period in which Covid-19 restrictions applied. These discussions will take place in Q1 2023 and the conditions of the arrangements still need to be negotiated, hence no no additional provision is accounted for in 2022.

Liquidity risk

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

Business risk

Business environment risk

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

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

ESG risk

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

Operational risk

The Fund has devoted special attention to the asset Hourglass after a small section of the façade fell down in September 2021. Several temporary safety measures were taken at that time. In the fourth quarter of 2022, all security measures were removed, as the experts declared the façade to be safe for now. Experts have recommended prevention measures. As the construction firm has not yet carried out these measures, the façade will be checked again after the winter period for safety reasons. Further research and tests will be carried out to discover the cause and to realise a structural solution.

Furthermore, not all aftercare points have been resolved since commissioning, the most important of which relate to leakages, pollution due to algae formation and the sewage system.

For the façade issue and follow-up of the aftercare points, the Fund has served both the construction company and developer with a notice of default. In the meantime, a damage expert from the building insurance company is looking into reimbursing the costs incurred for investigations and security.'

Compliance risk

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

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

Outlook

The Hotel Fund has currently a moderate growth strategy with € 38 million funding available and is now targeting invested capital of € 408 million at year-end 2025. Given the quality of the Fund's portfolio, its solid track record and opportunities that may arise form distressed sales and a potential recovery of the hotel market based on strong fundamentals, the Fund expects to meet its growth target for the coming plan period (2023-2025). The future of the fund is depending on the new strategy which will be worked on by bpfBOUW and Bouwinvest in 2023.

To achieve growth and to diversify the portfolio, the Hotel Fund is targeting investments across a greater number of assets in more geographical locations and across a more diverse range of hotel concepts and brands. The Fund will continue to target investments in the G-10 hotel cities with a strong economic and demographic outlook and a healthy outlook on the hotel and tourism fronts.

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

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

The Hotel Fund is working with hotel operators to create the most sustainable portfolio of hotels in the Netherlands, with a range of hotel concepts to meet the evolving needs of a wide range of guests. In addition, the Fund aims to reduce the environmental impact of its portfolio, striving for a net-zero carbon, nearly energy-neutral and climate-resilient Paris Proof portfolio before 2045. While the pandemic has left its mark on real estate markets, Bouwinvest is convinced that the hotel market will recover fully. As seen in 2022, once Covid-19 measures were lifted tourist number and overnight stays receovered remarkably quickly. With its long-term investment scope, the Fund focuses on adding value for its investors, tenants and stakeholders by continuing to invest in attractive living, leisure and working environments.

Amsterdam, 27 March 2023

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

Financial statements

Consolidated statement of comprehensive income

All amounts in € thousands, unless otherwise stated

	Note	2022		2021	
Gross rental income	5	19,757		18,015	
Service charge income	5	883		756	
Other income		52		61	
Revenues			**20,692**		**18,832**
Service charge expenses		(883)		(756)	
Property operating expenses	6	(1,668)		(2,477)	
			(2,551)		**(3,233)**
Net rental income			**18,141**		**15,599**
Result on disposal of investment property			**-**		**-**
Positive fair value adjustment investment property	11	18,730		12,057	
Negative fair value adjustment investment property	11	(2,357)		(148)	
Net valuation gain (loss) on investment property under construction	12	-		734	
Net valuation gain (loss)			**16,373**		**12,643**
Administrative expenses	7		(1,953)		(1,843)
Result before finance result			**32,561**		**26,399**
Finance expenses	8	(611)		(642)	
Net finance result			**(611)**		**(642)**
Result before tax			31,950		25,757
Income taxes	9		-		(288)
Result for the year			**31,950**		**25,469**
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			**31,950**		**25,469**
Net result attributable to shareholders			31,950		25,469
Total comprehensive income (loss) attributable to shareholders			**31,950**		**25,469**
Earnings per share (€)					
From continuing operations					
Basic	18		861		686
Diluted	18		861		686

Consolidated statement of financial position

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2022	2021
Assets			
Non-current assets			
Investment property	11	382,558	363,854
Investment property under construction	12	-	-
Total non-current assets		**382,558**	**363,854**
Current assets			
Trade and other current receivables	13	5,101	7,210
Cash and cash equivalents	14	13,973	12,906
Total current assets		**19,074**	**20,116**
Total assets		**401,632**	**383,970**
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		37,116	37,116
Share premium		223,535	223,535
Revaluation reserve		110,375	94,159
Retained earnings		(30,202)	(24,632)
Net result for the year		31,950	25,469
Total equity	15	**372,774**	**355,647**
Liabilities			
Non-current lease liabilities	16	21,488	19,029
Current trade and other payables	17	7,370	9,294
Total liabilities		**28,858**	**28,323**
Total equity and liabilities		**401,632**	**383,970**

Consolidated statement of changes in equity

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

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2022	**37,116**	**223,535**	**94,159**	**(24,632)**	**25,469**	**355,647**
Comprehensive income						
Net result	-	-	-	-	31,950	31,950
Total comprehensive income	**-**	**-**	**-**	**-**	**31,950**	**31,950**
Other movements						
Issued shares	-	-	-	-	-	-
Appropriation of result	-	-	-	25,469	(25,469)	-
Dividends paid	-	-	-	(14,823)	-	(14,823)
Movement revaluation reserve	-	-	16,216	(16,216)	-	-
Total other movements	**-**	**-**	**16,216**	**(5,570)**	**(25,469)**	**(14,823)**
Balance at 31 December 2022	**37,116**	**223,535**	**110,375**	**(30,202)**	**31,950**	**372,774**

* See explanation dividend restrictions Note 15.

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

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2021	**37,116**	**223,535**	**81,244**	**17,174**	**(14,749)**	**344,320**
Comprehensive income						
Net result	-	-	-	-	25,469	25,469
Total comprehensive income	**-**	**-**	**-**	**-**	**25,469**	**25,469**
Other movements						
Issued shares	-	-	-	-	-	-
Appropriation of result	-	-	-	(14,749)	14,749	-
Dividends paid	-	-	-	(14,142)	-	(14,142)
Movement revaluation reserve	-	-	12,915	(12,915)	-	-
Total other movements	**-**	**0**	**12,915**	**(41,806)**	**14,749**	**(14,142)**
Balance at 31 December 2021	**37,116**	**223,535**	**94,159**	**(24,632)**	**25,469**	**355,647**

* See explanation dividend restrictions Note 15.

Consolidated statement of cash flows

All amounts in € thousands

	Note	2022	2021
Operating activities			
Net result		31,950	25,469
Adjustments for:			
Valuation movements		(16,373)	(12,643)
Result on disposal of investment property		-	-
Net finance result		610	641
Movements in working capital		184	3,070
Cash flow generated from operating activities		**16,371**	**16,537**
Interest paid		(425)	(463)
Cash flow from operating activities		**15,946**	**16,074**
Investment activities			
Proceeds from sale of investment property		-	-
Payments of investment property		(57)	(1,199)
Payments of investment property under construction		-	(1,460)
Cash flows from investment activities		**(57)**	**(2,659)**
Finance activities			
Proceeds from issue of share capital		-	-
Dividends paid		(14,822)	(14,142)
Cash flows from finance activities		**(14,822)**	**(14,142)**
Net increase/(decrease) in cash and cash equivalents		1,067	(727)
Cash and cash equivalents at beginning of year		12,906	13,633
Cash and cash equivalents at end of year	14	**13,973**	**12,906**

Notes to the consolidated financial statements

All amounts in € thousands, unless otherwise stated

1 General information

The Hotel Fund (Chamber of Commerce number 34366460) 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 Hotel real estate in the Netherlands.

The Fund owns two taxable subsidiaries, Bouwinvest Hotel Development B.V. (Chamber of Commerce number 67492673) and Bouwinvest Dutch Institutional Hotel Fund Services B.V. (Chamber of Commerce number 67492703). These subsidiaries can perform activities that might go beyond mere 'investing'. By having these activities performed by these subsidiaries the Fund remains compliant with the investment criterion of the FII regime.

Bouwinvest Hotel Development B.V. (Hotel Development) performs development activities for the investment portfolio of the Fund, while Bouwinvest Dutch Institutional Hotel Fund Services B.V. (Hotel Fund Services) renders services that are ancillary to the renting activities of the Fund.

Bouwinvest is the manager and Statutory Director of the Hotel Fund. The Statutory Director will present the annual report to the Annual General Meeting of Shareholders on 19 April 2023, and will request the approval of the financial statements.

2 Summary of significant accounting policies

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

The Fund's functional and presentation currency is the euro. All amounts are in thousands of euros, unless otherwise stated. The financial year 2022 was a normal calendar year from 1 January to 31 December 2022.

2.1 Basis of preparation

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

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

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

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

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

In 2022, the Fund adopted the new IFRS standards, amendments to IFRS and the interpretations that are mandatory for accounting periods that begin on or after 1 January 2022. The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022)

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

New and amended standards and interpretations 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:

- IFRS 17 Insurance Contracts: measurement of insurance contracts (applicable for annual periods beginning on or after 1 January 2023)
- Amendments to IFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9 (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9 (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)

The Fund is monitoring these regulatory changes.

Preparation of the financial statements

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

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

2.2 Basis of consolidation

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

The following entities are included in the consolidated financial statements:

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

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

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

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

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

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

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

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

2.3 Investment property

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

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

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

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

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

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

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

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

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

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

Net result on the sale of investment property

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

2.4 Investment property under construction

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

In line with the valuation procedure, valuations are performed as of the financial position date by external professional valuation experts using the special assumption 'as-if completed'. This assumes that on the valuation date the project has been developed, delivered and leased. The 'as-if completed' valuation from the external appraiser serves as an input value to arrive at the valuation for investment property under construction. The external valuation 'as-if completed' is subsequently discounted from the expected completion date to the valuation date. This is also done for the remaining development costs to complete the project.

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 2.5 Leases.

2.5 Leases

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

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

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

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

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

2.6 Financial instruments

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

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

Financial assets

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

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

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

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

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

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

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

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

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

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

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

2.7 Prepayments

Prepayments are stated at cost less any accumulated impairment losses.

2.8 Cash and cash equivalents

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

2.9 Issued capital

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

2.10 Redeemed shares

The Fund has two classes of issued shares, issued shares (to shareholders) and redeemed shares. The redeemed shares are held by the Fund with a nominal value of € 1,000 and don't have any rights for voting, dividends or other shareholder rights. Redeemed shares are shares bought by the Fund if a redemption request is granted. After the redemption has been executed, the shares are classified as redeemed shares until the shares are either issued again or cancelled. Redeemed shares will be issued again in case of capital calls within the same financial year. All redeemed shares that are not issued again before year end will be cancelled within 2 months after year end. This will take place after GM approval.

The acquisition price (including transaction costs) of the redeemed shares is initially fully deducted from the other reserves. The withdrawal of the redeemed shares is incorporated in the issued capital and other reserves after the withdrawal is finalised.

Shares are redeemed at the Fund's net asset value per share as per the most recent valuation date prior to the applicable redemption date. The amount to be paid to the redeeming shareholder is decreased by the redemption costs.

2.11 Non-current lease liabilities

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

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

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

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

2.12 Current trade and other payables

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

Tenant deposits

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

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

2.13 Dividend distribution

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

2.14 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.

2.15 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.

2.16 Other income

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

2.17 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.

2.18 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.

2.19 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.

2.20 Income taxes

Based on its status as an FII, the Fund is subject to Dutch corporate income tax at a rate of 0%. See Note 10. The subsidiaries of the fund are subject to Dutch corporate income tax at a rate of 15% - 25.8%.

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 11.

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

At the end of 2022, no tenants had rent in arrears. Furthermore, the existing payment arrangements (as a result of the Covid-19 pandemic) have all been complied with. This resulted in a reduction of outstanding receivables to 42.4% by year-end (fully related to deferred payments). The Fund has taken into account the outcome of final agreements in the provision and forecast for loss of rent, consistent with year-end 2021. One tenant has indicated it wants to discuss an additional rent discount, based on the Supreme Court ruling, for the period in which Covid-19 restrictions applied. These discussions will take place in Q1 2023 and the conditions of the arrangements still need to be negotiated, hence no additional provision is accounted for in 2022.

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

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

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

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

3.2 Fair value estimation

For financial purposes fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:
- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

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

3.3 Capital management

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

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

4 Critical accounting estimates and judgements

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

4.1 Critical accounting estimates and assumptions

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

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

Current economic developments and uncertainties including rising interest rates, high inflation and high energy prices influence the valuation of our investment properties. The methods and significant assumptions applied in determining the fair value of our investment properties are mainly due to (i) active market prices, (ii) the influence of so-called rent-free periods and vacancy rates, (iii) the discount rates and (iv) assumed trends in rents. Economical and geopolitical uncertainties are triggering discussions about the development of the real estate investment and user markets. Although capital is still available in the market for investments, investors often wait for a more stable and predictable situation. Going forward, this might lead to fewer comparable transactions for appraisers to determine the market value and drive fluctuations in values during the coming quarters. In 2022, no material uncertainty clauses were included in the appraisal reports.

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

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

The Fund’s investment properties are valued by external valuation experts on a quarterly basis.
Due to the unprecedented set of circumstances caused by Covid-19 and an absence of relevant/sufficient market evidence to base their judgement, the external valuation experts reported the valuations of the investment properties as being subject to material valuation uncertainty as set out in VPS 3 and VPGA 10 of the RICS Valuation-Global Standards. Consequently, in respect of these valuations less certainty and a higher degree of caution should be attached to the external valuation experts’ valuations, that are the basis for the value of the investment properties of the Fund, than would normally be the case.

5 Gross rental income and service charge income

	2022	2021
Theoretical rent	20,490	19,312
Incentives	(733)	(1,297)
Vacancies	-	-
Total gross rental income	**19,757**	**18,015**

Service charge income represents € 0.9 million (2021: € 0.8 million) income receivable from tenants for the services of utilities, caretakers, etc. when the Fund acts as principal.

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

	2022	2021
First year	21,713	20,128
Second year	21,713	20,151
Third year	21,713	20,151
Fourth year	21,713	20,151
Fifth year	21,713	20,151
More than five years	247,682	251,969

6 Property operating expenses

	2022	2021
Taxes	441	410
Insurance	88	75
Maintenance	520	358
Valuation fees	107	20
Property management fees	205	232
Addition to provision for doubtful debtors	80	1,261
Other operating expenses	227	121
Total property operating expenses	**1,668**	**2,477**

Maintenance costs relate to planned maintenance on serveral assets. Other operating expenses consist of costs for owners association and operational consultancy. The addition to the provision for doubtfull debtors was lower in 2022 because rent discounts to support the Fund's tenants in managing the impact of Covid-19, were accounted for in 2021.

7 Administrative expenses

	2022	2021
Management fee Bouwinvest	1,812	1,717
Audit fees	43	42
Other administrative expenses	48	35
Other Fund expenses	50	49
Total administrative expenses	**1,953**	**1,843**

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 administrative expenses consist mainly of legal fees and advice. Other Fund expenses relate to external communication and research for new transactions.

8 Finance expenses

	2022	2021
Finance expenses on bank balances	40	81
Interest on leaseliabilities	571	561
Total finance expenses	**611**	**642**

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

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

9 Employee benefits expense

The Hotel Fund has no employees.

10 Income taxes

FII Status

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

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

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

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

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

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

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

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

Dividend withholding tax

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

11 Investment property

	2022	2022	2021	2021
At the beginning of the year		**361,721**		**326,988**
Investments		**29**		**314**
Transfers to investment property under construction	-		-	
Transfer from investment property under construction	-		22,346	
Total transfer to/from investment property under construction		**-**		**22,346**
Disposals		**-**		**-**
Net gain (loss) from fair value adjustments on investment properties (like for like)	13,137		11,008	
Net gain (loss) from fair value adjustments on investment properties	3,236		901	
In profit or loss		**16,373**		**11,909**
In other comprehensive income		**-**		**-**
Transfers out of level 3		**-**		**-**
Movement of right of use ground leases		**2,274**		**164**
Total investment property (level 3)		**380,397**		**361,721**
Lease incentives		**2,161**		**2,133**
At the end of the year		**382,558**		**363,854**

The Fund's investment properties are valued by external valuation experts on a quarterly basis.

As at 31 December 2022, these properties were revalued by independent professionally qualified valuation experts who hold a recognised relevant professional qualification and had recent experience in the locations and categories of the investment properties valued. The carrying values of investment property as at 31 December 2022, and 31 December 2021, are based on the valuations reported by the external valuation experts.

Further disclosure with respect to the assumptions used by the external valuation experts is made in note 4.1 (Critical accounting estimates and assumptions).

The lease incentives granted are included in the total fair value of investment properties. For the year 2022 the amount of lease incentives is € 2.2 million (2021: € 2.1 million).

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

	2022	2021
Investment property	382,558	363,854
Less: lease liabilities	(21,488)	(19,029)
Valuation as per valuation report	**361,070**	**344,825**

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

Investments	2022	2021
Amsterdam	4	-
Rotterdam	25	314
Total investments	**29**	**314**

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

	2022	2021
Current average rent (€/per room)	11,619	10,965
Market rent (€/per room)	11,366	10,535
Gross initial yield	5.8%	5.8%
Net initial yield	5.0%	4.6%
Current vacancy rate	0.0%	0.0%
Long-term growth rental rate	0.8%	0.0%
Risk free (NRVT)	2.0%	-0.2%

The net valuation gain (loss) for the year included a positive fair value adjustment of € 18.7 million (2021: € 12.1 million) and a negative fair value adjustment of € 2,357 (2021: 148) relating to investment properties that are measured at fair value at the end of the reporting period.

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

Sensitivity analysis

The appraisal of the portfolio implies a net initial yield of 5.0% (2021: 4.6%). If the yields used for the appraisals of investment properties on 31 December 2022 had been 25 basis points higher (2021: 25 basis points higher) than was the case at that time, the value of the investments would have been 4.7% lower (2021: 5.2% lower).

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

		2022		2021
Change rental rates	-5%	5%	-5%	5%
Value of the investment property change	(18,054)	18,054	(34,483)	34,482

		2022		2021
Change net initial yield	– 25 bps	+ 25 bps	– 25 bps	+ 25 bps
Value of the investment property change	18,865	(17,080)	42,719	(34,236)

12 Investment property under construction

		2022		2021
At the beginning of the year		-		**20,152**
Investments		-		**1,460**
Transfer to investment property	-		(22,346)	
Transfer from investment property	-		-	
Total transfer to/from investment property		-		**(22,346)**
Net gain (loss) from fair value adjustments on investment property under construction	-		734	
In profit or loss		-		**734**
In other comprehensive income		-		-
Transfers out of level 3		-		-
Movement of right of use ground leases		-		-
At the end of the year		-		-

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

The net valuation gain (loss) for the year included a positive fair value adjustment of € 0.0 million (2021: € 0.7 million negative) relating to investment property 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 external valuation experts.

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

Investments	2022	2021
Amsterdam	-	-
Rotterdam	-	1,460
Total investments	**-**	**1,460**

The investments in the investment property under construction in 2021 relate to Hotel WTC in Rotterdam.

13 Trade and other current receivables

	2022	2021
Trade receivables	5,101	7,007
VAT receivables	-	-
Other receivables	-	203
Balance as at 31 December	**5,101**	**7,210**

	2022	2021
Trade receivables	**8,132**	**10,224**
Provision for doubtful debtors	(3,031)	(3,217)
Balance as at 31 December	**5,101**	**7,007**

Age of trade receivables (days past due)	2022	2021
1 - 30	5,005	6,913
31 - 60	-	94
61 - 90	-	-
> 90	96	-
Carrying amount	**5,101**	**7,007**

Movement in provision for doubtful debtors

	2022	2021
At the beginning of the year	**(3,217)**	**(4,201)**
Additions to the provision	(80)	(1,261)
Receivables written off during the financial year	266	2,245
At the end of the year	**(3,031)**	**(3,217)**

The provision for doubtful debtors is based on expected credit losses. The addition to the provision for doubtful debtors mainly relates to expected rent discounts to support the Fund's tenants in managing the impact of Covid-19.

In 2022, the Fund finalised numerous Covid-19 arrangements. As a result of these agreements the provision fell to € 3.0 million (excl. VAT) (2021: € 3.2 million). At 31 December 2022 the Fund is still in discussion with one tenant to finalise Covid-19 arrangements, wich will be followed up in the first quarter of 2023.

14 Cash and cash equivalents

	2022	2021
Bank balances	13,973	12,906
Balance as at 31 December	**13,973**	**12,906**

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

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

For 2022, before appropriation of result

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2022	**37,116**	**223,535**	**94,159**	**(24,632)**	**25,469**	**355,647**
Comprehensive income						
Net result	-	-	-	-	31,950	31,950
Total comprehensive income	**-**	**-**	**-**	**-**	**31,950**	**31,950**
Other movements						
Issued shares	-	-	-	-	-	-
Appropriation of result	-	-	-	25,469	(25,469)	-
Dividends paid	-	-	-	(14,823)	-	(14,823)
Movement revaluation reserve	-	-	16,216	(16,216)	-	-
Total other movements	**-**	**-**	**16,216**	**(5,570)**	**(25,469)**	**(14,823)**
Balance at 31 December 2022	**37,116**	**223,535**	**110,375**	**(30,202)**	**31,950**	**372,774**

* See explanation dividend restrictions in this Note.

For 2021, before appropriation of result

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2021	**37,116**	**223,535**	**81,244**	**17,174**	**(14,749)**	**344,320**
Comprehensive income						
Net result	-	-	-	-	25,469	25,469
Total comprehensive income	**-**	**-**	**-**	**-**	**25,469**	**25,469**
Other movements						
Issued shares	-	-	-	-	-	-
Appropriation of result	-	-	-	(14,749)	14,749	-
Dividends paid	-	-	-	(14,142)	-	(14,142)
Movement revaluation reserve	-	-	12,915	(12,915)	-	-
Total other movements	**-**	**0**	**12,915**	**(41,806)**	**14,749**	**(14,142)**
Balance at 31 December 2021	**37,116**	**223,535**	**94,159**	**(24,632)**	**25,469**	**355,647**

* See explanation dividend restrictions in this Note.

Dividend restrictions

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

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

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

	Number of shares in fully paid up equivalents	Paid-up share capital	Share premium	Total share capital and share premium
Opening balance at 1 January 2022	**37,116**	**37,116**	**223,535**	**260,651**
Issued shares	-	-	-	-
Dividends paid	-	-	-	-
Balance at 31 December 2022	**37,116**	**37,116**	**223,535**	**260,651**

	Number of shares in fully paid up equivalents	Paid-up share capital	Share premium	Total share capital and share premium
Opening balance at 1 January 2021	**37,116**	**37,116**	**223,535**	**260,651**
Issued shares	-	-	-	-
Dividends paid	-	-	-	-
Balance at 31 December 2021	**37,116**	**37,116**	**223,535**	**260,651**

Issued capital

The authorised capital comprises 1,000,000 shares each with a nominal value of € 1,000. As at 31 December 2022, in total 37,116 shares had been issued and fully paid up.

Share premium

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

Revaluation reserve

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

16 Non-current lease liabilities

	2022	2021
Balance as at 1 January	**19,029**	**18,686**
Interest	571	561
Lease payments	(386)	(382)
Other movements	2,274	164
Balance as at 31 December	**21,488**	**19,029**

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

The other movements mainly relate to the remeasurement of one lease liability, due to a change in future payments for one asset.

Land lease obligations undiscounted	2022	2021
Year 1	386	383
Year 2	386	383
Year 3-5	1,158	1,149
Year > 5	36,907	31,134
Total land lease obligations	**38,837**	**33,049**

17 Current trade and other payables

	2022	2021
Trade payables	283	885
Rent invoiced in advance	637	755
Tenant deposits	3,446	3,445
VAT payable	721	308
Other payables	2,284	3,901
Balance as at 31 December	**7,371**	**9,294**

The other payables relate to transfer tax (€ 0.7 million) and accrued expenses for service charges and maintenance of and investments in the portfolio (€ 1.5 million). For one tenant the bank guarantee has been claimed and converted into a tenant deposit (€ 3.4 million).

18 Earnings per share

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

	2022	2021
Net result attributable to shareholders	31,950	25,469
Weighted average number of ordinary shares	37,116	37,116
Basic earnings per share (€ per share)	860.81	686.20

19 Dividends per share

In 2022, the Fund paid out a dividend of € 399.35 per share (2021: € 381.03) which amounts to a total of € 14.1 million (2021: € 14.1 million). A total dividend of € 14.8 million (2021: € 14.3 million) is to be proposed at the Annual General Meeting of shareholders on 19 April 2023. These financial statements do not reflect this final 2022 payment.

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

20 Contingent liabilities and assets

As at 31 December 2022 the Fund has no future investment liabilities (2021: nil).

As at 31 December 2022, the Fund had unprovisioned contractual obligations for future repairs and maintenance of nil (2021: € 90 thousand).

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

21 Related parties

The Fund's subsidiaries and members of the Supervisory Board and the Management Board (Bouwinvest) and the other entities under management by Bouwinvest, qualify as related parties of the Fund. A fee of € 1.8 million (2021: € 1.7 million) was paid to Bouwinvest in 2022.

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

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

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

22 Management fee

Bouwinvest is the manager and the Statutory Director of the Fund. The management fee paid for the year 2022 amounted to € 1.8 million (2021: € 1.7 million).

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

23 Audit fees

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

	2022	2021
Audit of the financial statements	38	38
Other audit engagements	5	4
Tax advisory services	-	-
Other non-audit services	-	-
Total fees	**43**	**42**

24 Subsequent events

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

Company balance sheet

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2022	2021
Assets			
Non-current assets			
Investment property		382,558	363,854
Investment property under construction		-	-
Financial assets	3	389	400
Total non-current assets		**382,947**	**364,254**
Current assets			
Trade and other current receivables		5,056	7,059
Cash and cash equivalents		13,241	11,637
Total current assets		**18,297**	**18,696**
Total assets		**401,244**	**382,950**
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		37,116	37,116
Share premium		223,535	223,535
Revaluation reserve		108,557	92,719
Retained earnings		(28,384)	(23,192)
Net result for the year		31,950	25,469
Total equity	4	**372,774**	**355,647**
Liabilities			
Non-current lease liabilities		21,488	19,029
Current trade and other payables		6,982	8,274
Total liabilities		**28,470**	**27,303**
Total equity and liabilities		**401,244**	**382,950**

Company profit and loss account

All amounts in € thousands	2022	2021
Result of participation interests after taxes	(11)	960
Other income and expenses after taxes	31,961	24,509
Result for the year	**31,950**	**25,469**

Notes to the company financial statements

All amounts in € thousands, unless otherwise stated

1 Summary of significant accounting policies

1.1 General

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

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

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

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

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

1.2 Financial assets

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

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

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

2 Financial risk management

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

3 Financial assets

	2022	2021
As per 1 January	400	440
Dividend	-	-1,000
Net result for the year	-11	960
As per 31 December	**389**	**400**

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

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

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

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

For 2022, before appropriation of result

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2022	**37,116**	**223,535**	**92,719**	**(23,192)**	**25,469**	**355,647**
Comprehensive income						
Net result	-	-	-	-	31,950	31,950
Total comprehensive income	**-**	**-**	**-**	**-**	**31,950**	**31,950**
Other movements						
Issued shares	-	-	-	-	-	-
Appropriation of result	-	-	-	25,469	(25,469)	-
Dividends paid	-	-	-	(14,823)	-	(14,823)
Movement revaluation reserve	-	-	15,838	(15,838)	-	-
Total other movements	**-**	**-**	**15,838**	**(5,192)**	**(25,469)**	**(14,823)**
Balance at 31 December 2022	**37,116**	**223,535**	**108,557**	**(28,384)**	**31,950**	**372,774**

* See explanation dividend restrictions in Note 15 of the consolidated financial statements.

For 2021, before appropriation of result

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2021	**37,116**	**223,535**	**81,244**	**17,174**	**(14,749)**	**344,320**
Comprehensive income						
Net result	-	-	-	-	25,469	25,469
Total comprehensive income	**-**	**-**	**-**	**-**	**25,469**	**25,469**
Other movements						
Issued shares	-	-	-	-	-	-
Appropriation of result	-	-	-	(14,749)	14,749	-
Dividends paid	-	-	-	(14,142)	-	(14,142)
Movement revaluation reserve	-	-	11,475	(11,475)	-	-
Total other movements	**-**	**-**	**11,475**	**(40,366)**	**14,749**	**(14,142)**
Balance at 31 December 2021	**37,116**	**223,535**	**92,719**	**(23,192)**	**25,469**	**355,647**

* See explanation dividend restrictions in Note 15 of the consolidated financial statements.

Issued capital

The authorised capital comprises 1 million shares each with a nominal value of € 1,000. As at 31 December 2022, in total 37,116 shares had been issued and fully paid up.

Share premium

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

Revaluation reserve

The revaluation reserve relates to the revaluation of the property investments. The (unrealised) positive or negative difference between the cumulative increase or decrease in the fair value of the investment property owned at the end of the year has been included in the revaluation reserve. The revaluation reserve as at year-end 2022 was determined at the individual property level. From a fiscal perspective a margin on development activities has been realised in the development entity. On a consolidated level this margin (positive) has been eliminated. As a result the cost price on company only level is higher than on consolidated level and the revaluation reserve on company only level is lower than on consolidated level.

Appropriation of profit 2021

The Annual General Meeting of shareholders on 13 April 2022 adopted and approved the 2021 financial statements of the Hotel Fund. A dividend of € 14.3 million (in cash) has been paid. Of the positive result for 2021 amounting to € 25.5 million, € 25.5 million was incorporated in the retained earnings.

Proposal for profit appropriation 2022

The management of the Fund proposes to the General Meeting of shareholders that a dividend of € 15.8 million (in cash) be paid. Of the result for 2022 amounting to € 32.0 million, € 32.0 million will be incorporated in the retained earnings.

5 Employee benefits expense

The Hotel Fund has no employees.

6 Remuneration

Reference is made to Note 22 of the consolidated financial statements.

Signing of the Financial Statements

Amsterdam, 27 March 2023

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

Other information

Articles of Association related to the appropriation of profit

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

20.1

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

20.2

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

20.3

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

20.4

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

20.5

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

20.6

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

Independent auditor’s report

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

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

Our opinion

We have audited the financial statements 2022 of Bouwinvest Dutch Institutional Hotel Fund N.V, based in Amsterdam. The financial statements comprise the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Bouwinvest Dutch Institutional Hotel Fund N.V as at December 31, 2022, and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Bouwinvest Dutch Institutional Hotel Fund N.V as at December 31, 2022, and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at December 31, 2022.
2. The following statements for 2022: the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company balance sheet as at December 31, 2022.
2. The company profit and loss account for 2022.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of Bouwinvest Dutch Institutional Hotel 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.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 3.8 million. The materiality is based on 1% of total investment property. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Materiality overview	
Materiality level	€ 3.8 million
Basis for materiality level	1% of total investment property
Threshold for reporting misstatements	€ 190 thousand

We agreed with Management Board that misstatements in excess of € 190 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

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

Our group audit mainly focused on significant group entities.

We have performed audit procedures ourselves at group entities.

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

Audit approach fraud risks

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

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

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

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

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

Fraud risk	How the fraud risk was addressed in the audit
Management override of controls	
We presume a risk of material misstatement due to fraud related to management override of controls. Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	Our audit procedures included, among others, the following: We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or noncompliance. We considered available information and made inquiries of relevant persons during the year and at year end (including management, general counsel, internal auditor, compliance officer and risk management). Additionally we requested confirmation from the depositary on the ownership of assets and any irregularities. We have performed a review of available minutes for the relevant organizational bodies and have obtained and reviewed the ISAE 3402 type 2 reports over 2022 of Bouwinvest Real Estate Investors B.V. having made appropriate links to our risk assessment and relevant controls.We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. We evaluated whether the selection and application of accounting policies, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting. We evaluated whether the judgments and decisions made by management in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. Management insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in note 4, 12, and 13 of the financial statements. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements. Valuation of investment property is a significant area to our audit as the valuation is inherently judgmental in nature, due to the use of assumptions that are highly sensitive, any change in assumptions may have a significant effect on the outcome given the relative size of the investment property balance. Reference is made to the section "Our key audit matter". For significant transactions, we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets. As part of our audit procedures, we verified whether the significant transactions should be considered related-party transactions. This did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach fraud risks compliance with laws and regulations

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

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

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

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

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

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

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

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

Audit approach going concern

The Financial Statements of Bouwinvest Dutch Institutional Hotel 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 Hotel Fund N.V.’s ability to continue as a going concern.

We have evaluated the Management Board assessment of the Bouwinvest Dutch Institutional Hotel 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 Hotel Fund N.V.'s ability to continue as a going concern. Bouwinvest Dutch Institutional Hotel Fund N.V. has no off-balance sheet items. 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 Hotel 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 Hotel Fund N.V. not being able to continue as a going concern.

Our key audit matters

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

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

Key audit matter	How the key audit matter was addressed in the audit
Valuation of investment property	
Refer to notes 11 and 12 to the consolidated financial statements. As at December 31, 2022, Bouwinvest Dutch Institutional Hotel Fund N.V. held a portfolio of investment property with a fair value of EUR 383 million (December 31, 2021: EUR 364 million). The portfolio mainly consists of hotel properties. At the end of each reporting period, the Board of the Manager determines the fair value of its investment property portfolio in accordance with the requirements of IAS 40 and IFRS 13. Bouwinvest Dutch Institutional Hotel Fund N.V. uses external valuation reports issued by external independent professionally qualified valuers to determine the fair value of its investment property. As the valuation of investment property is inherently judgmental in nature, due to the use of assumptions that are highly sensitive, any change in assumptions may have a significant effect on the outcome given the relative size of the investment property balance. The most significant assumptions and parameters involved, given the sensitivity and impact on the outcome, are the capitalization rate and market rent levels. IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. The hierarchy categorizes the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. (Unobservable) inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date. Fair value measurements categorized within Level 3 have the lowest priority as the valuation is predominately based on unobservable inputs and those measurements have a greater degree of uncertainty and subjectivity. This means that a valuation at Level 3 has a fairly large measure of estimation uncertainty and as a result a fairly large bandwidth of valuation uncertainty in which a valuation can been seen reasonable in the light of IFRS 13. In addition, and as the external appraiser has recommended in its assessment of the fair value of the property portfolio, caution is needed in analyzing the values due to the unknown future impacts on economy and real estate markets.	Our audit procedures included, among others, the following: We have gained understanding of the valuation process and tested design and implementation of Bouwinvest Dutch Institutional Hotel 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 Hotel Fund N.V.'s external appraiser, which included consideration of their qualifications and expertise. In relation to the significant assumptions in the valuation of investment property we have: • Determined that the valuation methods as applied by the Management Board, as included in the valuation reports, are appropriate and consistent with prior year. • Challenged the significant assumptions (such as capitalization rate, market rental income, market-derived discount rate) against relevant market data. We have involved our internal real estate valuation experts in these assessments. • Assessed the sensitivity analysis on the key input data and assumptions to understand the impact of reasonable changes in assumptions on the valuation; • Assessed the appropriateness of the disclosures relating to the assumptions used in the valuations and sensitivity analysis in the notes to the consolidated financial statements. **Observation** We found that, with the (significant) assumptions used in the valuation reports, the valuation of the investment property is valued within a reasonable range in the light of the valuation uncertainty for level 3 valuations.

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

Description of responsibilities regarding the financial statements

Responsibilities of Management Board for the financial statements

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

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

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

Our responsibilities for the audit of the financial statements

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

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

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

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

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

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Board.
- Concluding on the appropriateness of Management Board use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Amsterdam, March 27, 2023

Deloitte Accountants B.V.

Signed on the original: V.S. Borreman

Assurance report of the independent auditor

Our conclusion

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

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

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

The sustainability information consists of performance information in the section 'Performance on sustainability' part of chapter 'Performance on strategy' on page 23-29 of the 2022 Annual Report excluding the section EU Taxonomy on page 28-29.

Basis for our conclusion

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

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

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

Reporting criteria

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

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

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

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

Materiality

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

Limitations to the scope of our review

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

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

Responsibilities of the Management Board for the sustainability information

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

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

Our responsibilities for the review of the sustainability information

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

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

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

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

Our review included among others:
- Performing an analysis and obtaining insight into relevant environmental and social themes, issues and the characteristics of Bouwinvest Dutch Institutional Hotel Fund N.V.;
- Evaluating the appropriateness of the reporting policy and its consistent application, including the evaluation of the results of the stakeholders' dialogue and the reasonableness of management's estimates;

- Evaluating the design of the reporting systems and processes related to the sustainability information;
- Reviewing internal and external documentation to determine whether the information as included in the KPIs, including the presentation and assertions made in the sustainability information, is adequately supported;
- Interviewing relevant staff responsible for providing the sustainability information, carrying out internal control procedures on the data and consolidating the data in the annual report;
- An analytical review of the data and trends submitted for consolidation at corporate level.

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

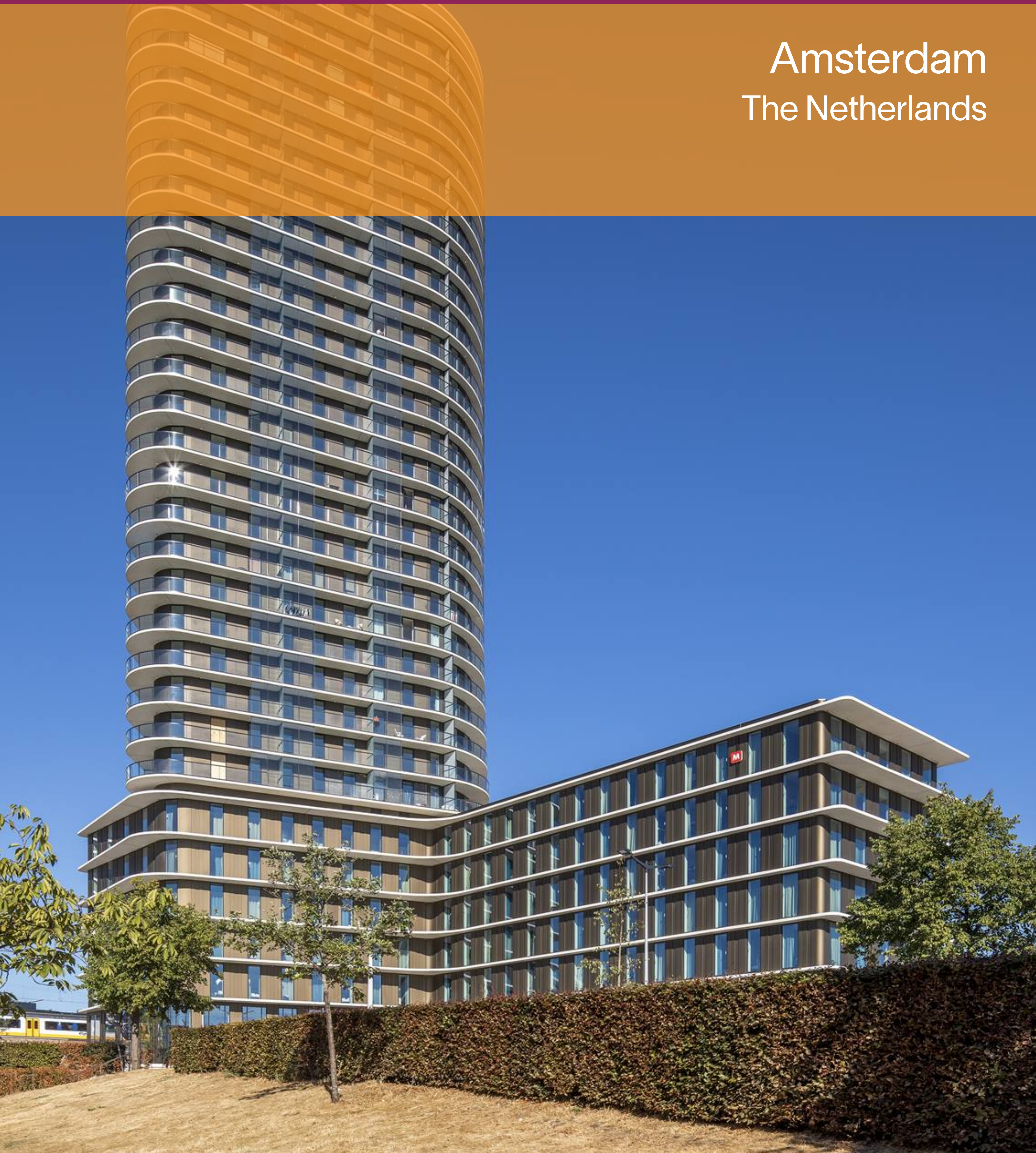
Amsterdam, March 27, 2023

Deloitte Accountants B.V.

Signed on the original: V.S. Borreman

Hotel Meininger
Urban budget

Amsterdam
The Netherlands



Enclosures

Composition of the Management Board

Chief Executive Officer and Statutory Director

Mark Siezen

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

Chief Financial & Risk Officer and Statutory Director

Rianne Vedder

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

Chief Client Officer

Marleen Bosma

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

Chief Investment Officer Dutch Investments

Allard van Spaandonk

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

Chief Investment Officer International Investments

Stephen Tross

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

Director Dutch Hotel Investments

Bas Jochims

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

Responsible investment performance indicators

Continued improvement of the Fund's sustainability performance

Impact area	Indicator	Measure	Units of measure	2022	2021	Change	Plan 2022-2024
Fund sustainability benchmark	GRESB	Star rating	# stars	5	5	+0	Improve score and obtain GRESB 5 star rating
	GRESB	Overall score (GRI-CRESS: CRE8)	# [1-100]	89	96	-7	Annual improvement of overall GRESB score

Investing in sustainable real estate

Impact area	Indicator	Measure	Units of measure	2022	2021	% change	Plan 2022-2024
Asset sustainability certificate	BREEAM	Green Building Certificates floor space (BREEAM or GPR) (GRI-CRESS: CRE8)	%	100.0%	100.0%	+0.0 pp	All standing investments minimum BREEAM-NL in-use VERY GOOD or better by the end of 2022
		Certificate BREEAM-NL in-use PASS	%	0.0%	0.0%	+0.0 pp	
		Certificate BREEAM-NL in-use GOOD	%	0.0%	0.0%	+0.0 pp	
		Certificate BREEAM-NL in-use VERY GOOD	%	35.0%	60.9%	-25.9 pp	
		Certificate BREEAM-NL in-use EXCELLENT	%	65.0%	39.1%	+25.9 pp	
		Certificate BREEAM-NL in-use OUTSTANDING	%	0.0%	0.0%	+0.0 pp	
	BREEAM (new acquisitions)	Labelled floor space (GRI-CRESS: CRE8)	%	n/a	n/a	n/a	Acquisitions and major renovations/ redevelopments minimum BREEAM-NL VERY GOOD
		Average score (GRI-CRESS: CRE8)	%	n/a	n/a	n/a	

Reducing Environmental impact

Impact area	Indicator	Measure	Units of measure	2022	2021	% change	Plan 2022-2024
Energy performance certificate	EPC	Labelled floor space (GRI-CRESS: CRE8)	%	100.0%	100.0%	0.0%	100% green portfolio (A, B, C energy labels)
		Green labelled floor space (A, B or C label)	%	100.0%	100.0%	0.0%	
		A labelled floor space	%	100.0%	100.0%	0.0%	By end of 2022, 100% of the portfolio has an energy label A or better (EP2 <169).
		Average EP2	#	168.56	168.56	0.0%	
Renewable energy	Solar panels	Installed kWp of solar panels	kWp	174.6	174.6	0.0%	Add renewable energy on location, installing 300kWp of solar panels before end of 2022

Impact area	Indicator	Measure	Units of measure	2022 (abs)	2021 (abs)	% change (LfL)	Plan 2022-2024
Energy	Electricity	Total landlord-obtained electricity (GRI: 302-2)	MWh	841	825	2.0%	
	Gas	Total gas consumption (GRI: 302-1)		500	445	1.7%	
	District heating and cooling	Total district heating and cooling (GRI: 302-2)		0	0	0.0%	
	Total	Total energy consumption from all sources (GRI: 302-2)		1,341	1,270	1.9%	on average -2% / year
	Energy intensity	Building energy intensity (GRI-CRESS: CRE1)	kWh/m^2/year	138	131	1.9%	
		Energy and associated GHG disclosure coverage		1 of 8	1 of 8		
GHG emissions	Direct	Scope 1 (GRI: 305-1)	tonnes CO_2e	118	105	1.7%	
	Indirect	Scope 2 (GRI: 305-2)		284	278	2.0%	
	Total	Total GHG emissions (GRI: 305-2) Scope 1 and 2		402	383	1.9%	on average -2% / year
		Total GHG emissions after compensation		118	105	1.7%	
	GHG emissions intensity	GHG intensity from building energy (GRI-CRESS: CRE3)	kg CO_2e/m^2/year	41	39	1.9%	
Water	Total	Total water consumption (GRI:303-1)	m^3	N/A	N/A	N/A	-5% in 2022
	Water intensity	Building water intensity (GRI-CRESS: CRE2)	m^3/m^2/year	N/A	N/A	N/A	
Waste	Total	Total waste collected (GRI: 306-1)	tonnes	N/A	N/A	N/A	-5% in 2022
		Recycling rate	%	N/A	N/A	N/A	

Stakeholder engagement performance

Impact area	Indicator	Measure	Units of measure	2022	2021	% change	Plan 2022-2024
Engage with stakeholders	Tenant satisfaction	Response rate (GRI: 102-43)	%	100%	100%	no change	Tenants give the Fund a score higher than 7
		Average total score (GRI: 102-43)	#	7.6	7.7	-0.1	
	Client satisfaction	Response rate (GRI: 102-43)	%	n/a	n/a	n/a	Clients give the Fund a score higher than 7.5
		Average total score (GRI: 102-43)	#	n/a	7.1	n/a	
Sustainable stewardship	Considerate constructors scheme	Registered construction projects	#	n/a	1 of 1	n/a	In 2022, 75% of construction sites (€) registered under Considerate Constructors Scheme ('Bewuste Bouwer')
		Participation rate (by acquisition price)	%	n/a	100%	n/a	
	Board seats and committee memberships industry organisations, related to the Dutch Hotel sector	Number	#	1	2	-50%	Gain board seats and committee memberships industry organisations: have at least one active board/committee memberships within industry organisations in the Dutch hotel sector
	Make areas heart safe	Number	%	100%	100%	no change	By the end of 2022, 100% of our tenants (and hotel guests) have an AED available within six minutes walking distance

Being a responsible organisation

Impact area	Indicator	Measure	Units of measure	2022	2021	% change	Plan 2022-2024
Sustainable agreements	Leases	Number of new green leases	#	1 of 1	0 of 1	+100%	60% of the rental contracts include a sustainability clause
		Number of green leases	#	4 of 9	3 of 8	+11%	
Responsible business operation	Digital tenant portal	Usage of tentants	%	0.0%	0.0%	0.0%	In 2022 all our tenants can use our tenant portal incl. sustainability performance

Reporting of performance indicators

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

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

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

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

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

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

Properties overview

Municipality	Street name/property name	Floor space (in m²)	No. of parking units	Year of construction/ renovation	Land ownership	Core region	Financial occupancy rate (average)
The Hague	NH, The Hague	9,715	0	2004	Leasehold	The Hague	100%
Amsterdam	CASA, Amsterdam	19,746	85	2010	Leasehold	Amsterdam	100%
Amsterdam	Aitana, Amsterdam	14,827	0	2013	Leasehold	Amsterdam	100%
Amsterdam	Meininger, Amsterdam Amstel	6,264	0	2018	Leasehold	Amsterdam	100%
Amsterdam	Premier Suites Hourglass, Amsterdam	8,455	0	2020	Leasehold	Amsterdam	100%
Amsterdam	Stayokay, Amsterdam Zeeburg	6,464	0	1900	Leasehold	Amsterdam	100%
Amsterdam	BOAT&CO, Amsterdam	5,300	44	2019	Leasehold	Amsterdam	100%
Rotterdam	Postillion, Rotterdam	5,354	0	2021	Freehold	Rotterdam	100%
		76,125	**129**				

Periodic disclosure under SFDR

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

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

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

Product name: Bouwinvest Hotel 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 7% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

1

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

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

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

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

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

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

E/S char.	Indicator	2022	2021	2020
Ia.	UN PRI score (Strategy & Governance / Property / Listed)*	95 points (5 stars) of direct real estate	N/A	A+ / A+ / B
	GRESB score	89	96	92 points
	GRESB star rating	5-star rating	5-star rating	5-star rating
Ib.	Building certificate BREEAM-NL VERY GOOD or better	100%	100%	79%
IIa.	LFL energy consumption*	2%	-1%	-8%
	LFL GHG emissions*	2%	-3%	-10%
	Renewable energy (PV panels)*	175	175	175
IIb.	Energy labels*	100% A-label	100% A-label	51% A label
	Green leases*	44%	38%	43%
III.	Tenant satisfaction	7.6	7.7	7.3
	AED availability to tenants*	100%	100%	100%
IV.	Considerate construction scheme (construction sites)	N/A	100%	100%

2

The performance on several sustainability indicators was in line with the plan of the Fund for 2022. For the indicator green leases the Fund improved its performance and came close to achieving its goal for 2022. Only the performance on GRESB score and installation of renewable energy (PV panels) was below plan 2022.

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 'climate change as included in Article 9 of the Taxonomy Regulation (TR).

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

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

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

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

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

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

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

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

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

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

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

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

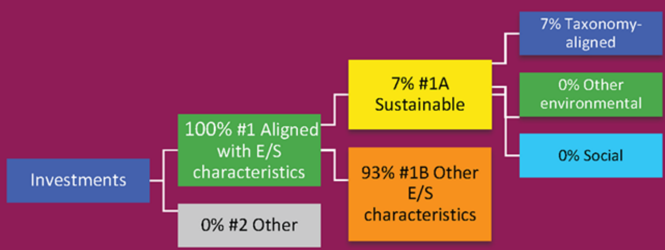
What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
Aitana, Amsterdam	Real estate - Hotel	28%	Netherlands
CASA, Amsterdam	Real estate - Hotel	19%	Netherlands
Premier Suites Hourglass, Amsterdam	Real estate - Hotel	10%	Netherlands
Meininger, Amsterdam Amstel	Real estate - Hotel	10%	Netherlands
NH, The Hague	Real estate - Hotel	9%	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 € 372 million, 7% of which (GAR) is EU Taxonomy aligned. Split into two different objectives, the results are:

7% 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]?**

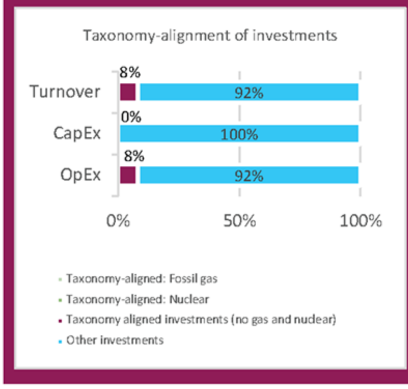
No

[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.

6

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

- In 2022, the Fund carried out a number of targeted actions to improve certification at Asset Performance and Building Management level for the assets in its portfolio. The Fund also initiated a BREEAM portfolio strategy.
- During 2022 the Fund managed to assign all new leases with a sustainability clause (green lease).

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

Considerate constructors scheme

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

Direct property return

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

Distributable result

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

Energy index of the portfolio

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

Estimated rental value

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

Financial occupancy rate

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

Fund capital growth (INREV)

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

Fund income return (INREV)

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

Fund total return (INREV)

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

Green portfolio

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

GRESB score

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

GRESB star rating

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

Gross Asset Value (GAV)

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

Gross initial yield (passing)

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

Gross initial yield (market)

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

Gross rental income

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

Indirect property return

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

INREV NAV

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

Investment property

Property that is fully operational on the reporting date

Investment property under construction

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

Lease incentive

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

Like-for-like gross rental income

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

Membership of industry associations

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

MSCI Property Index

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

Net asset value (NAV)

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

Net initial yield

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

Net rental income

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

On-site solar power

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

Passing rent

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

Pay-out ratio of distributable earnings

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

Property value

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

Real Estate Expense Ratio (REER)

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

Reduction of energy consumption

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

Residential units in mid-rental segment

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

Sustainably certified portfolio

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

Theoretical rent

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

Total Global Expense Ratio (TGER)

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

Transactions

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

Zero-energy projects

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

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