ANNUAL REPORT 2014

Bouwinvest Dutch Institutional Office Fund N.V.

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Management company profile

Bouwinvest Real Estate Investment Management

Bouwinvest Real Estate Investment Management B.V. (Bouwinvest) is one of the largest Dutch investment managers specialised in real estate for institutional investors. Bouwinvest's Amsterdam-based team of 128 fte's manages total assets of € 6.7 billion, in five Dutch property sector funds and international real estate investments.

The Dutch real estate portfolio comprises five sector funds: a Residential Fund, a Retail Fund and an Office Fund – all open to institutional investors – plus a Hotel and a Healthcare Fund managed for anchor investor bpfBOUW. Bouwinvest also provides its anchor investor bpfBOUW with tactical asset allocation advice and investments in listed and unlisted real estate funds in Europe, North America and the Asia-Pacific region.

Bouwinvest is recognised as one of the leading real estate investment managers in the Netherlands. It has a solid track record of high-performance thanks to its in-depth knowledge of the Dutch and international real estate markets and best-in-class valuation and risk management policies.

Bouwinvest's portfolios are constructed to insulate investors against ever rapidly changing market trends and have strong governance structures. The company's Supervisory Board, together with a clearly defined system of checks and balances, provides four levels of governance oversight. Besides dedicated asset management teams Bouwinvest has in-house experts in Compliance, Legal, Risk Management, Research, Marketing and Communications, Finance, CSR and Investor Relations. Bouwinvest has ISAE 3402 type II certification and was one of the first Dutch real estate investment managers to be awarded an AIFMD (Alternative Investment Fund Manager Directive) licence by the Dutch Financial Markets Authority (AFM).

In 2014, Bouwinvest's three main Dutch sector funds received the GRESB Green Star sustainability rating.

2014 at a glance

Key financial information

All amounts in € thousands unless otherwise stated

Highlights 2014

- Dividend return of 5.7%
- Relatively high occupancy rate of 89.9%; market average 84%
- Acquisition and redevelopment of Valina office building in Amsterdam city centre
- Acquisition Beurs-WTC Rotterdam and Citroën buildings in Amsterdam
- Total of new and renewed leases of 22,507 m² and an annual rent of € 4.1 million
- Like-for-like rent increase of 0.4%
- Rent in arrears of 0.9%
- Secured pipeline of € 5.4 million
- 85.5% green labels (A, B or C label)
- GRESB 'Green Star' status two years ahead of schedule

Performance per share	2014	2013
Dividends (in €)	129.43	136.91
Net earnings (in €)	3.01	(6.29)
Net asset value IFRS (in €, at year-end)	2,113.01	2,341.19
Net asset value INREV (in €, at year-end)	2,140.47	2,341.69

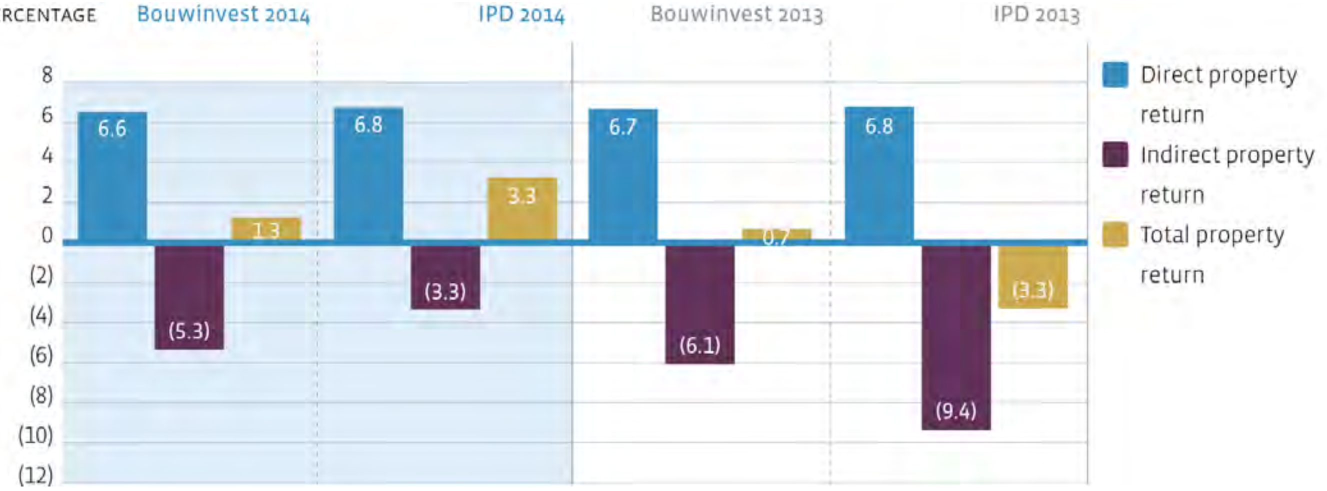
Balance sheet	2014	2013
Total assets	579,982	477,308
Total shareholders' equity	565,113	469,201
Total debt from credit institutions	-	-

Result	2014	2013
Net result	612	(1,260)
Total Expense Ratio (TER)	0.54%	0.58%
Real Estate Expense Ratio (REER)	2.25%	1.70%

Fund return

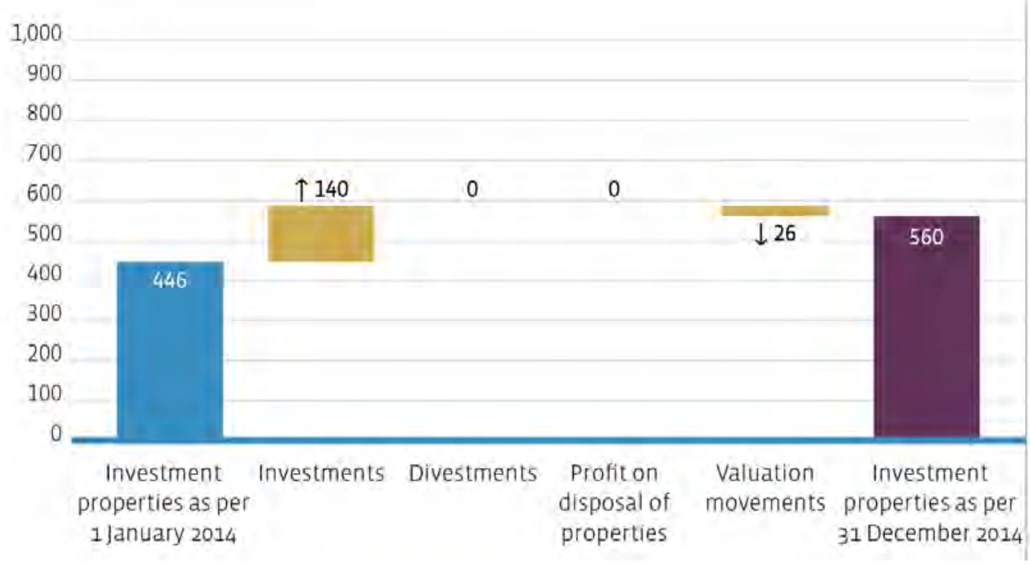
Property performance (all properties)

PERCENTAGE



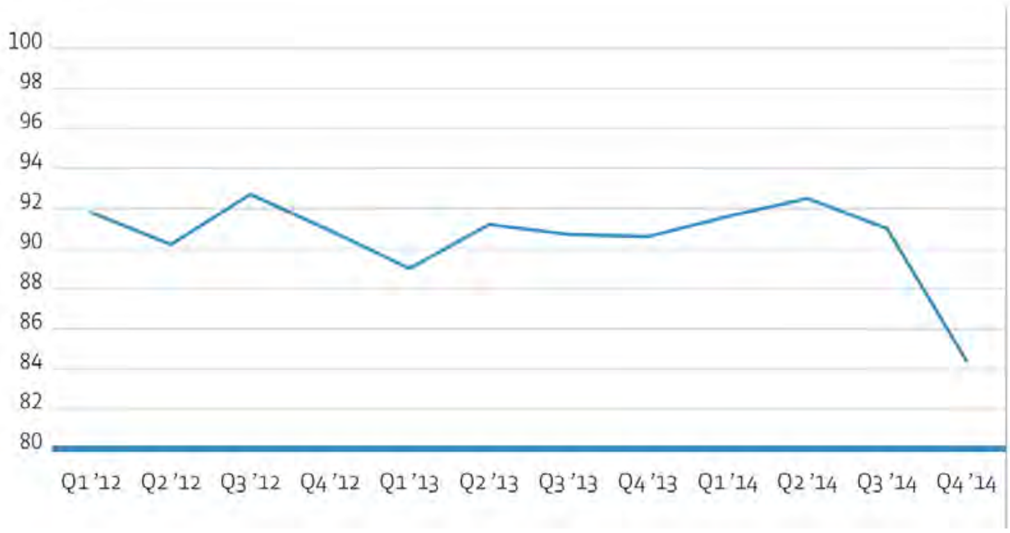
Portfolio movements

€ X MLN



Financial occupancy rate

PERCENTAGE



Portfolio figures	2014	2013
Investment property	553,353	445,979
Investment property under construction	6,201	-
Gross initial yield	8.2%	7.9%
Total number of properties	30	25
Average monthly rent per square metre (in €)	169	180
Financial occupancy rate (average)	89.9%	90.4%
Sustainability (A, B or C label)	85.5%	79.9%

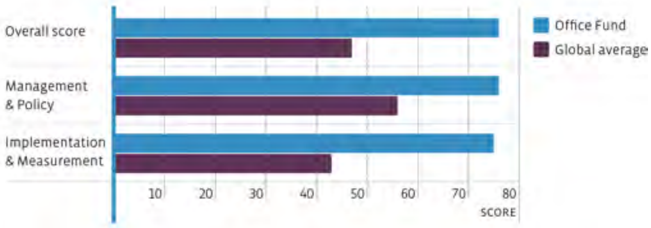
CSR key data

Fund sustainability performance

GRESB Green Star status

The Fund's performance in the GRESB benchmark

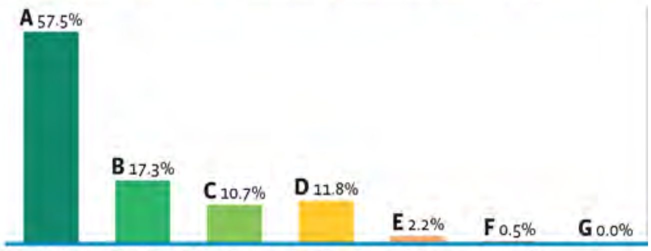
Global Real Estate Sustainability Benchmark



Energy consumption

Energy consumption (like-for-like)

Distribution of energy labels by labelled floor space (m²)[1]



1) 29% not labelled (mainly recent acquisitions and monuments)

Tenant engagement

Satisfaction scores tenant engagement survey

Participant rate tenant engagement survey

Sustainability highlights

- GRESB 'Green Star' classification two years ahead of schedule
- Sustainable partnership Arthur van Schendelstraat
- Launch Green Business Club Beatrixkwartier in The Hague

Key facts

- Environmental Management System 123 smart meters installed
- 85.5% awarded a green energy label (A, B or C label)
- Average energy index 1.04
- Energy consumption fell by 4.8%

Key information over five years

All amounts in € thousands unless otherwise stated

	2014	2013	2012	2011	2010
Statement of financial position					
Total assets	579,982	477,308	509,516	538,794	516,019
Total shareholders' equity	565,113	469,201	501,187	531,765	508,794
Total debt from credit institutions	-	-	-	-	-
Performance per share					
Dividends (in €)	129.43	136.91	150.20	149.03	154.14
Net earnings (in €)	3.01	(6.29)	3.42	151.44	75.95
Net asset value IFRS (in €, at year-end)	2,113.01	2,341.19	2,505.94	2,658.82	2,543.97
Net asset value INREV (in €, at year-end)	2,140.47	2,341.69	2,506.94	2,660.32	2,545.97
Result					
Net result	612	(1,260)	683	30,289	15,190
Total Expense Ratio (TER) *	0.54%	0.58%	0.54%	0.57%	0.57%
Real Estate Expense Ratio (REER) *	2.25%	1.70%	1.69%	1.92%	1.74%
Fund return (% ROE)					
Income return	5.7%	5.6%	5.9%	5.7%	6.0%
Capital growth	(5.6)%	(5.9)%	(5.8)%	0.1%	(3.1)%
Total Fund return	**0.1%**	**(0.3)%**	**0.1%**	**5.8%**	**2.9%**
Portfolio figures					
Investment property	553,353	445,979	473,249	514,624	496,033
Investment property under construction	6,201	-	-	1.068	-
Gross initial yield	8.2%	7.9%	7.6%	7.5%	8.0%
Total number of properties	30	25	25	26	26
Average monthly rent per square metre (in €)	169	180	182	179	176
Financial occupancy rate (average)	89.9%	90.4%	91.4%	92.3%	92.9%
Sustainability (A, B or C label)	85.5%	79.9%	85.5%	80.6%	80.6%
Property performance (all properties)					
Direct property return	6.6%	6.7%	6.8%	6.5%	7.0%
Indirect property return	(5.3)%	(6.1)%	(5.8)%	0.1%	(3.1)%
Total property return	**1.3%**	**0.7%**	**1.0%**	**6.6%**	**3.8%**
IPD Property Index office real estate (all properties)					
Direct return IPD Property Index	6.8%	6.8%	6.5%	7.0%	6.5%
Indirect return IPD Property Index	(3.3)%	(9.4)%	(8.5)%	(4.6)%	(2.9)%
Total return IPD Property index	**3.3%**	**(3.3)%**	**(2.5)%**	**2.2%**	**3.4%**

* The TER and REER are calculated based on the INREV Guidelines 2014 and the comparative figures have been restated accordingly

Selection of principal properties

WTC
The Hague

Beurs-WTC
Rotterdam

Citroën buildings
Amsterdam

CentreCourt
The Hague

Olympic Stadium
Amsterdam

De Lairessestraat
Amsterdam

Valina
Amsterdam

Maasparc
Rotterdam

The Office Fund at a glance

Bouwinvest Dutch Institutional Office Fund's focus on multi-use office buildings in prime locations in core regions puts it in a good position to provide stable and predictable direct returns.

Fund characteristics

- Core investment style
- No leverage
- 7% long-term average annual Fund return target
- Robust governance structure
- Investment structure for an indefinite period of time
- Reporting in accordance with INREV standards

Fund management

Bouwinvest is the manager and Statutory Director of the Office Fund. The Bouwinvest Board of Directors is responsible for Bouwinvest's long-term strategy, as well as the day-to-day management of the organisation itself and its assets under management. Bouwinvest's Dutch Investments business unit is responsible for all real estate investments in the Netherlands. This business unit has a dedicated asset management team specialised in the office real estate sector, with experts in acquisition and divestment, property revitalisation and letting.

Our vision of the Dutch office investment market

Demand for traditional Dutch office space is generally low, as companies aim for a more flexible working environment. At the same time, multifunctional, easily accessible, sustainable offices in prime locations in the big cities remain highly sought after. As creativity and innovation are essential in our rapidly evolving knowledge-based economy, we believe that multi-functional environments, combining flexible working spaces, business networking opportunities, meeting places and leisure facilities are the answer to today's and tomorrow's way of working.

Optimisation strategy

The Office Fund aims to optimise its portfolio through targeted acquisitions, the revitalisation of assets and the divestment of non-core assets.

The Fund's strategy focuses on:

- **Core regions and A-locations**
  with a specific focus on the four big cities (Amsterdam, Rotterdam, The Hague and Utrecht) and a preference for inner-city areas.
- **Multifunctional locations with excellent transport links**
  Locations that attract a widely diverse group of people are a good basis for an inspiring working environment. The blending of culture, education, sport and work makes a positive contribution.
- **Multi-tenant assets**
  Multiple lease agreements reduce the volatility of revaluations and help increase the control of asset management risks.
- **Enhancement of core assets**
  To create a distinctive building proposition, the focus will be on increasing comfort and facilities for users to create an attractive environment that is seen as an appealing (business) meeting place.
- **Occupancy rate**
  Close relationships with tenants enable the Fund to propose lease extensions at the right time. Partnerships with property managers and (local) real estate agents are important. New leases may also result from close cooperation between (local) government organisations, foreign investment agencies, etc.

The office portfolio at a glance

Portfolio characteristics

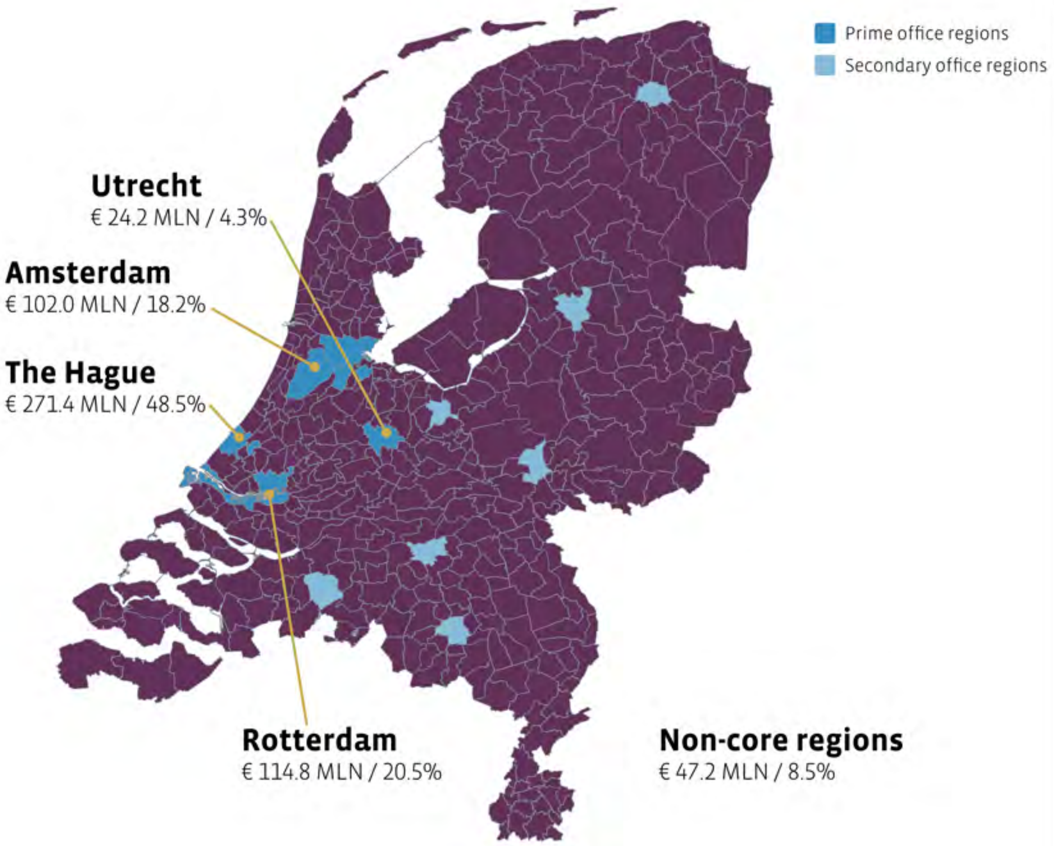
- 30 Dutch office properties (€ 560 million, 285,062 m²)
- Core region policy with a focus on prime locations in the four biggest cities
- Focus on multi-tenant assets
- Continuously high occupancy rate
- High percentage of green energy labels (A, B or C label)
- GRESB Green Star

Core region policy

The Fund's 13 core regions are defined by criteria that are closely correlated to the trends towards urbanisation and a knowledge-based economy. Amsterdam, Rotterdam, The Hague and Utrecht are considered prime office regions. All others are considered secondary.

The target is for at least 80% of the total portfolio value to be in investment properties in these core regions. This currently stands at 93%.

The Office Fund's core regions based on book value

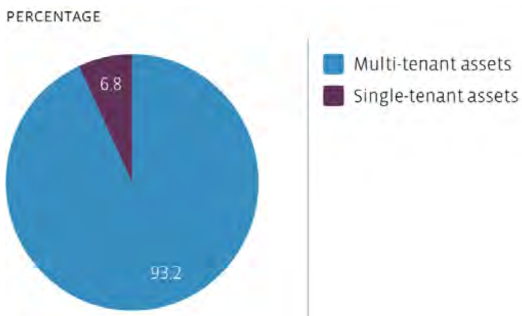


Major segment
Multi-tenant assets

A diverse office population enhances a building's image as a natural, inspiring meeting place. To reinforce the dynamic character of such work and meeting spaces, it is important to offer additional facilities in or in the immediate vicinity of the building. These can include catering establishments, child care facilities and varied networking spaces.

Users vary by sector, culture and nationality, but also in their requirements for office space. To be able to accommodate the workforce of a large corporate head office, as well as smaller satellite offices, flexibility in lay-out is a prerequisite. Active asset management also enables the Fund to respond quickly to the changing needs of its varied tenant base.

Portfolio composition by single vs multi-tenant based on book value



Message from the Chairman

Dear stakeholders,

Last year, the Office Fund made its first investments since 2008, investing some € 138 million in prime properties in Amsterdam and Rotterdam. This made it something of a historic year for the Fund and potentially signals a new sense of focus in the office market. This is not to say that the office market is not still an extremely challenging segment. But thankfully, while everybody accepts that the office market as a whole is still problematic, they are also realising that there are excellent opportunities in this market.

This is certainly true for multi-tenant office complexes in multi-functional environments with high sustainability scores and easy access by public transport and car, and even more so in the four main Dutch cities: Amsterdam, Rotterdam, The Hague and Utrecht. Of course, as we have been pointing out for some time, this has created a clear distinction between the primary and secondary office markets, which means you have to be extra careful about where you invest. We have been reluctant to invest because we believed some office buildings were simply overpriced, while values for other prime properties were still falling.

However, we now believe values are bottoming out in several prime markets, most notably in Amsterdam and Rotterdam, which is where we made our acquisitions. We acquired two prime properties in Amsterdam, the Valina building in the centre of Amsterdam and the former Citroën buildings in the popular southern part of the city. And at the very end of the year we acquired the Beurs-WTC, in the heart of Rotterdam's business district.

These are all very promising acquisitions; the locations are perfect and two of the buildings are multi-tenant complexes, in multi-functional environments and all are in major cities, with excellent transport links. So we are very optimistic about the future of these acquisitions. Investor interest is certainly picking up in the office market and I think the fact that we were approached by several investors last year shows that our strategy is working. Our focus on quality and prime locations with a multi-tenant, multi-functional element means that we have a very high-quality portfolio. And our lack of leverage and our dividend policy make the Office Fund an attractive investment.

Obviously, we have a lot of work to do at all our new acquisitions and this will require substantial investments and management. But we are a long-term investor and it is very likely that we will be working with the local authorities in Amsterdam and Rotterdam to help develop the local areas, making both offices (and shops) and the surrounding area more sustainable, creating a win-win situation for us and the cities.

I would like to thank all our employees for their commitment, dedication and hard work in what was a very busy, challenging and ultimately exciting period for the Fund. I would especially like to thank the acquisition team. The Beurs-WTC deal was a complicated transaction and took a lot of time and effort. And I was very impressed with the teamwork between the Retail and Office teams in the final stages. They all did an excellent job.

Dick van Hal
Chairman of the Board of Directors

> We have a lot of work to do at all our new acquisitions and this will require substantial investments and management.
>
> **Dick van Hal,**
> *Chairman of the Board of Directors*

Supervisory Board Report

Composition of the Supervisory Board

As per 1 January 2015, the Supervisory Board of the Fund has the following four members: C.J. Beuving (Chairman), M. Sint (Vice-Chairman), J.H.W.R. van der Vlist and R.Th. Wijmenga. Kees Beuving joined the Supervisory Board on 22 August 2014 and was appointed chairman of the board on 12 December 2014. Roel Wijmenga joined the board on 1 October 2014. J.C. van Ek stepped down as Chairman of the Supervisory Board on 11 December 2014, after serving the maximum term of two periods of four years.

All members of the Supervisory Board are independent in accordance with the criteria laid down in the Supervisory Board charter.

C.J. (Kees) Beuving
(1951, Dutch)

Chairman
Kees Beuving joined the Supervisory Board of the Fund in August 2014 and was appointed chairman in December 2014. Mr. Beuving has a long history in the banking industry. Until 2012, he was Chairman of the Board of Directors at Friesland Bank and, before that, held a number of functions within the Board of Directors of Fortis Bank, including Chairman from 2002 to 2006. In the period 2006 to 2010, Mr. Beuving held various executive positions and supervisory directorships, including the Fortis Nederland pension fund and Currence B.V. He is currently a member of the Supervisory Board of Bank Nederlandse Gemeenten (BNG) and chairman of the board of Stichting VSB Vermogensfonds. He is also chairman of the Supervisory Board of charity Tear and Dutch microfinance organisation Qredits. As per February 2015, he was appointed as a member of the Supervisory Board of Delta Lloyd Bank N.V. Mr. Beuving studied Business Economics at Erasmus University Rotterdam.

M. (Marjanne) Sint
(1949, Dutch)

Vice-chairman
Marjanne Sint was first appointed to the Supervisory Board of the Fund when it was established in January 2010. She is currently chairman of the Supervisory Board of NL Healthcare BV, member of the Supervisory Board of Bank Nederlandse Gemeenten (BNG) and member of the Council for Public Health and Healthcare. Until February 2014, Ms. Sint was the Chairman of the Board of Directors of Isala clinics in Zwolle, the Netherlands, and until May 2014 she was chairman of the Supervisory Board of NV ROVA Holding. From 2000 to 2007, she was Secretary-General of the Ministry of Housing, Spatial Planning and the Environment. She had previously held various other senior positions in both central and local government and at VNU Business Publications.

J.H.W.R. (Jan) van der Vlist
(1954, Dutch)

Member
Jan van der Vlist was first appointed to the Supervisory Board of the Fund in 2013. Mr. Van der Vlist is currently Principal of Klockensteijn B.V., a Dutch real estate consultancy firm. Until 2011, he was Head of Investment Management and Managing Director at NIBC Bank N.V. Prior to joining NIBC, Mr. Van der Vlist held a number of senior positions at pension fund PGGM, most latterly as Director Structured Investments (Real Estate and Private Equity). Mr. Van der Vlist currently holds several (supervisory) positions, including Member of the Board of Directors of European Real Estate Investment Trust Ltd, member of the Supervisory Board of Holland Property Group BV, Chairman of the Board of NIBC Infrastructure Partners I B.V., Senior Board Advisor at NIBC Bank N.V., Member of the Advisory Board at NIBC Merchant Banking Fund IB and Director at Barrage Vastgoed B.V.

R. Th. (Roel) Wijmenga
(1957, Dutch)

Member
Roel Wijmenga has a background in the insurance industry and held a number of financial executive functions at leading Dutch financial companies, including AMEV, Interpolis and Eureko/Achmea. His most recent role was as CFO at insurer ASR Verzekeringen. Roel Wijmenga studied Economics at Erasmus University Rotterdam. Roel Wijmenga holds several (supervisory) positions, including chairman of the Philips Pension fund and member of the Supervisory Board of Achmea.

Report of the Supervisory Board

Role of the Supervisory Board
- The Supervisory Board supervises the policies of the Bouwinvest Board of Directors and the general affairs of the Fund and its related business
- The Supervisory Board monitors and supervises the composition, valuation methods and performance of the portfolio of the Fund

More information on the role of the Supervisory Board can be found in the Corporate governance section.

Financial statements and profit appropriation
The Board of Directors of Bouwinvest prepared the financial statements and discussed these with the Supervisory Board. Deloitte Accountants B.V. have audited the financial statements and provided them with an unqualified independent auditor's report. The financial statements will be submitted for adoption as part of the 2014 annual report at the 2015 Annual General Meeting of Shareholders (AGM). The Supervisory Board proposes that the AGM adopts the financial statements and in accordance with the requirements of a Dutch Fiscal Investment Institution (FII) declares a dividend payable of € 26.3 million.

Supervisory Board meetings
The Supervisory Board met eight times in the course of 2014. None of the members of the Supervisory Board was frequently absent. The main discussion topics at these meetings were the strategy of the Fund as stated in the Fund Plan 2015–2017, the quarterly reports and compliance and risk issues of the Fund.

In 2014, the Supervisory Board discussed the Fund’s acquisition of the Valina office building in the centre of Amsterdam. The Board met later in the year to discuss the acquisition of the former Citroën buildings in Amsterdam and the Beurs-WTC complex in Rotterdam. These were the Fund’s first acquisitions since 2008 and were fully in line with the Fund’s strategy of optimising the portfolio through the acquisition of multi-tenant, multi-use office complexes with additional facilities and excellent accessibility by public transport and car.

As it does each year, the Supervisory Board devoted extra attention to the Fund’s corporate CSR policy. We are therefore extremely pleased to report that the Fund was awarded the GRESB ‘Green Star’ status due to the transparency of its reporting on Corporate Social Responsibility and sustainability-related matters and its efforts to increase the sustainability of its business operations and its portfolio.

In 2014, two acquisitions or sales in excess of € 25 million were made that required the approval of the Supervisory Board. These were the above-mentioned acquisition of the Citroën buildings in Amsterdam and Beurs-WTC in Rotterdam.

Alternative Investment Fund Managers Directive (AIFMD)

The Supervisory Board also discussed the impact of the Alternative Investment Fund Managers Directive (AIFMD). Bouwinvest has obtained a licence within the meaning of Article 2:65 of the Dutch Financial Supervision Act as per 17 February 2014. Bouwinvest is therefore subject to supervision of the Dutch Financial Markets Authority (AFM) and the Dutch Central Bank (DNB). Intertrust Depositary Services B.V. has been appointed as the Fund's independent depositary.

A word of thanks

Jacques van Ek resigned as Chairman of the Supervisory Board in December 2014. We would like to express our sincere gratitude for Mr. Van Ek's dedication and input in this period. His valuable contribution was significant for the growth of Bouwinvest over the past eight years.

We would also like to thank the Board of Directors and all Bouwinvest employees for their hard work, commitment and the results they achieved for the Fund in 2014.

Amsterdam, the Netherlands, 16 March 2015

The Supervisory Board

Kees Beuving, *Chairman*
Marjanne Sint, *Vice-chairman*
Jan van der Vlist
Roel Wijmenga

Report of the Board of Directors

Composition of the Board of Directors

Chairman of the Board of Directors and Statutory Director
D.J. (Dick) van Hal
(1958, Dutch)

Dick van Hal has been Chairman of the Board of Directors since his appointment on 1 March 2008. From 1999 until that time, he held several senior positions at Syntrus Achmea Vastgoed, including Managing Director and CEO. Dick started his career with Centraal Beheer Beleggingen and Staal Bankiers. He studied Investment Analysis (VBA) at the University of Amsterdam. Dick is a board member of the Dutch Green Building Council and Vice-chairman of IVBN (Dutch Association of Institutional Investors in Real Estate).

Managing Director Finance
A. (Arno) van Geet
(1973, Dutch)

Arno van Geet joined Bouwinvest as Managing Director Finance on 1 October 2014. Prior to joining Bouwinvest, he spent his entire career in the financial sector, including various management roles at Interpolis and Westland Utrecht Hypotheekbank, most recently as Chief Financial Officer at Allianz Nederland. Arno is responsible for financial and risk management, accounting, reporting, corporate control, internal audit, business process management, IT and research. Education in Law and Economics at the University of Utrecht.

Managing Director Dutch Investments

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

Allard van Spaandonk joined Bouwinvest on 1 November 2008, as director Asset Management. As of 1 January 2013, Allard has been Managing Director Dutch Investments, responsible for investments in Dutch real estate. He was previously the director of the retail and residential portfolios at Syntrus Achmea Vastgoed, as well as head of residential mortgages at Achmea Vastgoed. Allard started his real estate career at ABP Hypotheken in 1986.

Managing Director International Investments

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

Stephen Tross was appointed as Managing Director International Investments on 1 September 2010. He joined Bouwinvest in 2009 as COO International Investments. Stephen previously worked in the real estate audit practices at KPMG Accountants NV and PwC in the Netherlands, New York and London. He studied Business Economics at the Hogeschool Utrecht and accountancy at NIvRA-Nyenrode. Stephen is a professional member of the British Institution of Chartered Surveyors and a member of the ANREV Management Board.

Head of Asset Management Office

B. (Bas) Jochims
(1977, Dutch)

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

Market developments and trends

Economy and demographics

Main economic indicators show improvement

The Dutch economy is projected to grow slightly by 1.5% in 2015. The modest economic growth projected for 2015 is partly due to increased household consumption and a rise in business investments. The main negative uncertainties relate to events outside the Netherlands. Geopolitical tensions in various places around the world pose a risk to the global economy. Consumer confidence is higher than a year ago, but sentiment is still cautious.

Low inflation continues

Inflation will remain low at 1.0% in 2015. The Dutch Central Planning Bureau (CPB) is also projecting an increase in median purchasing power of 1.5% following four years of decline. Median household purchasing power is set to improve by 0.75% this year.

Randstad 'winner' of changing demographics

The number of inhabitants in the Netherlands will continue to grow in the decades ahead. The current 16.8 million people will grow to 17.4 million in 2025 and 17.8 million in 2040. The majority of the growth will be in people above the age of 65. Bouwinvest focuses on Dutch regions with above-average demographic (and economic) growth. The major cities in the Randstad conurbation will see relatively higher growth, in line with the urbanisation trend.

Trends and developments in the office market

Average occupancy rate around 84%

According to DTZ, around 7.9 million m^2 of lettable floor area is physically vacant in the Netherlands, corresponding to an average occupancy rate of around 84%.

Local authorities increase focus on (re)development

The number of new building permits being issued is expected to be at a low level in the coming years. Many local authorities have restricted office developments to just one or two locations, often more multifunctional and multimodal in nature. For the coming years, the focus is likely to be more on the redevelopment of existing stock rather than on building new office buildings.

Prime yields at attractive levels

Prime yields for Dutch office property have risen to attractive levels, particularly when compared to fixed income investments. The yield gap with the risk-free rate is high. Prime yield levels in Amsterdam are attractive compared to international core markets and, more importantly, far from the low point in the cycle.

The Dutch knowledge economy

A knowledge-based economy is a rather abstract economic concept. What it actually means is that a significant proportion of economic growth in society is generated by (technical) knowledge. The Western world, including the Netherlands, has taken this route in recent decades.

New World of Work: more flexible use of office work space

A more flexible use of office work places is expected to lead to more efficient use of floor space, particularly among larger, corporate users. This implies that relocations will be the main driver of vacancy rates. Occupiers continue to move to better, mostly smaller, more suitable places, while leaving vacant premises behind at B-locations outside the Randstad conurbation. In most cases, the new volume of office space rented is substantially lower than previously occupied.

Urbanisation of office users

The supply in the labour market is playing a major role in the migration of office users towards the west of the country. This trend is largely prompted by demographic changes, as the urban agglomeration in the west of the country continues to attract people from other parts of the country. The big cities in the Randstad have regained competitive strength vis-à-vis the surrounding regional towns and many office users are now returning to the better locations in Amsterdam, The Hague, Rotterdam and Utrecht. That trend is expected to continue over the next decade.

Focus and cooperation

Developers, investors and local authorities make clear choices for 'winning' office locations, where investments and developments are focused. Government policy is aligned with market input. Cooperation is seen as a key factor in urban regeneration.

Implications for office real estate

Multifunctional and multimodal locations more popular

The focus of end-users on multifunctional and multimodal accessible locations is leading to an increasing differentiation in the office market. While demand for desirable locations is remaining stable or improving, another group of locations are gradually losing tenants. This polarisation is expected to continue for the foreseeable future.

Healthier outlook for central locations in big cities

Historically, offices located in the centres of big cities have shown the highest average positive growth in value. Over the coming decade, those offices are also expected to deliver above average performance, with an improved supply/demand ratio, especially as these match trends such as the New World of Work and sustainability more effectively.

Prime assets attractively priced

Yield movement for high-quality office buildings in the best locations remained stable. The overall weak fundamentals were offset by the market's 'flight to quality', resulting in increasing competition for prime assets. Rental contribution to capital growth will be limited in the next few years. The lower office segments are likely to be hit harder in the long term, as back-office work is still declining.

Implications for the Office Fund

- Continuing focus on multifunctional locations with excellent transport links
- Active acquisition strategy focusing on central locations in the four big cities of the Randstad
- Divestment of non-core assets
- Investments to support New World of Work concepts
- Active approach to improve energy efficiency and sustainability

The Fund's optimisation strategy

The Fund's strategy is to optimise its portfolio through targeted acquisitions, continuous enhancement of core assets and the divestment of non-core office buildings.

Key market developments	Underlying aspects	Implications	Opportunities
The Dutch knowledge economy	• **Need to meet**, share knowledge and expertise	• Demand for **multi-functional locations**	**Create the most fitting office concepts** at the most desirable locations
The New World of Work	• **Rise of self-employment:** nomad professionals • **Need for efficiency:** plug-and-work • **No more 9-to-5:** shift of working hours	• Demand for **multi-tenant suitability**	
Urbanisation	• Demand for **central locations in big cities**	• **High vacancy rates at secondary locations; Randstad regaining strength**	
Sustainability	• Growing awareness of benefits of **sustainable office space**	• **Healthy outlook for central locations in big cities** • Demand for **comfortable and energy-efficient** office space	

Strategic actions in 2014

- Acquisition and redevelopment of Valina office building in Amsterdam
- Acquisitions of Beurs-WTC Rotterdam and Citroën buildings in Amsterdam
- Continued to upgrade WTC The Hague, adding innovative parking system and new services
- Continued active asset management approach led to extended leases with major tenants
- Roll-out of smart energy partnerships and tools
- Partnerships with councils and corporate sector to improve and promote business districts
- Investment in upgrades to support new lettings
- Preparations to sell non-core offices

Portfolio developments 2014 in perspective

Portfolio composition at year-end 2014:

- 30 properties across the Netherlands
- 285,062 m^2 of lettable floor space
- Total value investment property € 560 million

Diversification guidelines and investment restrictions

During the financial year, the Fund adhered to the guidelines and restrictions as defined in the Information Memorandum.

Diversification guidelines	Current portfolio	Conclusion
≥ 80% of investments invested in core regions	91.5% in core regions	Compliant
≥ 90% of investments invested in low or medium risk categories. At portfolio level:	97.0% in low and medium risk	Compliant
50-75% low-risk investments	67.1% low-risk investments	Compliant
25-50% medium-risk investments	29.9% medium-risk investments	Compliant
< 10% high-risk investments	3.0% high-risk investments	Compliant
Investment restrictions when the total investments of the Fund are > € 750 million		
< 15% invested in single investment property	There are two investment properties exceeding 15% (*)	N/A
< 10% invested in non-core office properties	All the investments are in offices	Compliant
< 10% pre-finance acquisitions	Investments under construction are 1%	Compliant
No investments that will have a material adverse effect on the Fund's diversification guidelines.	There have been no investments in 2014 that have a material adverse effect on the Fund's diversification guidelines	Compliant

(*) The total value of investment property in the Fund is € 560 million, so the restriction is not yet applicable.

Investments, divestments and redevelopments

With our investments in turnkey assets, redevelopments, renovations and sustainability, total investments came in at € 138.1 million in 2014. All the acquisitions are multifunctional and/or multi-tentant office buildings.

Acquisitions

Valina, Amsterdam

In the beginning of 2014, the Fund acquired the Valina office building and subsequently started redeveloping the outdated building to a modern, future-proof and sustainable workplace. Practically at the same time we started the redevelopment, the Fund closed a new lease for the entire building with WPG Uitgevers, which was looking to centralise various smaller WPG offices scattered throughout Amsterdam into one central location. Easy access to Valina by both public transport and car as well as the look and feel of this energy-efficient building, were important factors in the new tenant's decision-making process. The delivery of several new residential properties by Bouwinvest's Residential Fund and a new Casa400 hotel (Hotel Fund) in this area have helped to further boost the living and working environment for now and in the future.

Citroën buildings, Amsterdam

In December 2014, the Office Fund acquired two former Citroën buildings (garage and office/showroom) in the Olympic area of Amsterdam Zuid. The 6,000-m² and 14,000-m² buildings are close to several Bouwinvest assets, including the Olympic Stadium office complex with its 850 parking spaces (Office Fund) and over 400 residential units of 'Het Kwartier' (Residential Fund). The redevelopment of the two iconic Citroën buildings will comprise a transformation into multifunctional, multi-tenant complexes including offices, shops and catering facilities. The acquisition is fully in line with the Fund's strategy of focusing on multi-functional, multi-tenant office complexes with additional facilities.

Beurs-WTC Rotterdam

This major investment was special in many ways. For starters, the transaction was closed with holding company Beurs-WTC after it appeared that the city's municipality evaluated that a transfer of shares (50%) appeared impractible. Prompt decision-making from all shareholders was needed to authorise the deal. Secondly, the total transaction involved both office and retail space and excellent cooperation between the Office and Retail Fund led to a single purchase agreement. The investment by the Office Fund comprises around 37,000 m² of offices, a 7,000-m² congress and events centre and 2,000 m² for other commercial use. It also provides 467 parking spaces. The multi-tenant and multi-functional characteristics, its city-centre location and excellent public transport accessibility were key for the Fund to insulate the investment against rapid changes in demand for business space.

Acquisitions in 2014

Asset	City	m²	Theoretical rent
Valina	AMSTERDAM	3,575	739
Citroën	AMSTERDAM	18,453	-
Beurs-WTC	ROTTERDAM	48,753	10,221

Divestments

The Fund did not divest any assets in 2014, due to low pricing. The Fund once again invested in upgrading existing stock in preparation for disposals through new leases and lease renewals. The Fund has started a divestment program for a total of 12 assets it considers non-core. Although the Fund Plan did not initially include CentreCourt in The Hague, the Fund did enter negotiations due to interest from international investors. These talks did not result in a transaction in 2014.

Optimising the risk-return profile

In terms of risk diversification, at least 90% of the investments must be low or medium risk. At portfolio level, we have identified the following bandwidths to budget the risk:

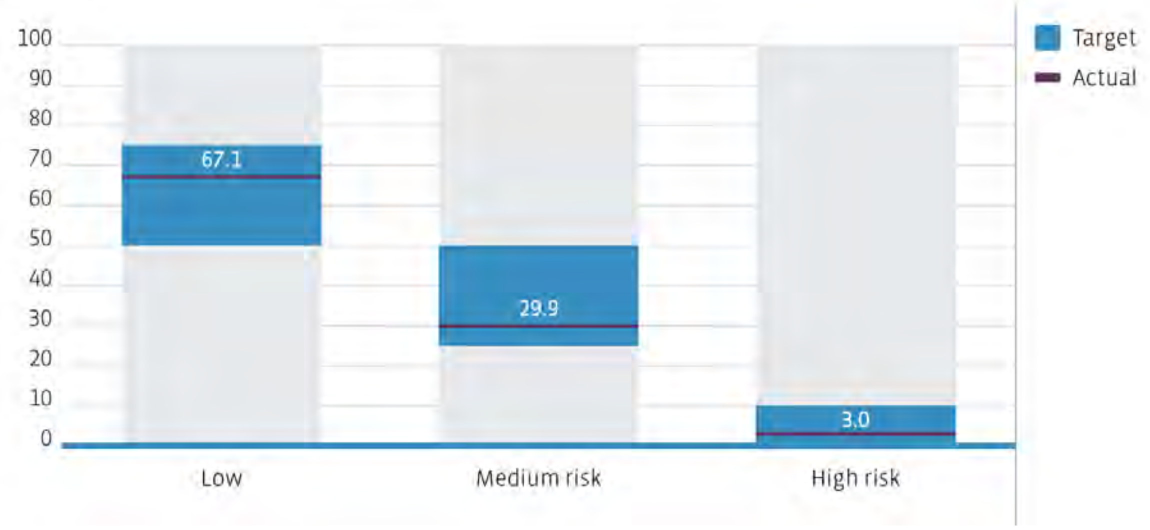
- 50-75% low risk
- 25-50% medium risk
- 0-10% higher risk

The target risk and the actual risk allocation as at year-end 2014 are shown in the figure below. However, during the year, the low-risk and medium-risk categories exceeded the bandwidths. Every year, all properties are assessed separately and this caused a major shift in the composition of the risk profile during 2014. This change was mainly due to a segmentation for the offices and parking of Olympic Stadium (Amsterdam) and Maasparc (Rotterdam). The proven positive track record of these spaces led to a lower risk profile. Despite exceeding the bandwidths, the overall risk profile remained low and was as such consistent with the framework of the Fund conditions. A lower risk profile is also acceptable in relation to the objective to achieve a stable and predictable Fund return.

The end-of-year acquisitions of both the Citroën buildings and Beurs-WTC Rotterdam are considered assets with a medium risk profile. As a result, by year-end, the risks were spread within the given bandwidths. Future redevelopment investments related to the Citroën buildings will further increase the medium-risk category and lower the low-risk category.

Portfolio composition by risk category based on book value

PERCENTAGE



Diversification

Focus on central locations in core regions

To identify the most attractive municipalities for office investments, the Fund takes into account indicators such as:

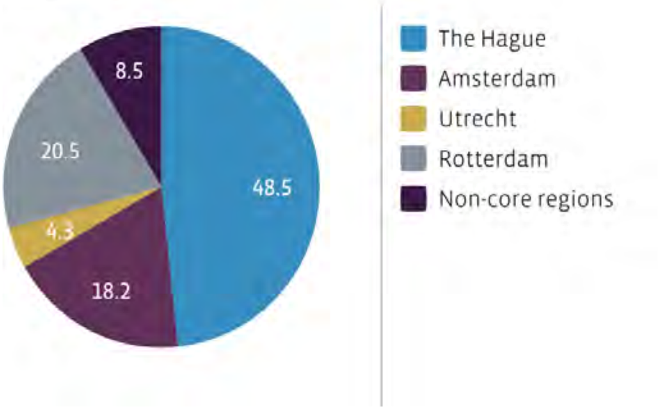
- Population growth
- Employment opportunities
- Development in stock
- Vacancy rates
- Volatility of value development

Amsterdam, Rotterdam, The Hague and Utrecht are considered prime office regions. In 2014, following acquisitions made in Amsterdam and Rotterdam, 91.5% of the Fund's assets were located in these four cities and just over 91.5% were located in the identified core regions, while the Fund's diversification guidelines stipulate a minimum of 80%.

As a result of the 2014 investments in the Citroën buildings (Amsterdam) and Beurs-WTC Rotterdam, the portfolio compisition by core region was more evenly spread by year-end, as The Hague's share decreased from 62.2% in 2013 to 48.5% in 2014, while Amsterdam's and Rotterdam's shares increased by 2.8%-points and 15.5%-points respectively.

Portfolio composition by core region based on book value

PERCENTAGE

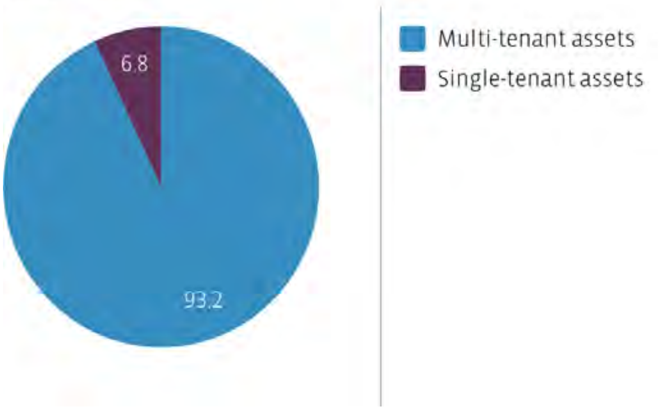


Focus on multi-tenant, multifunctional, multimodal office concepts

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

Portfolio composition by single vs multi-tenant based on book value

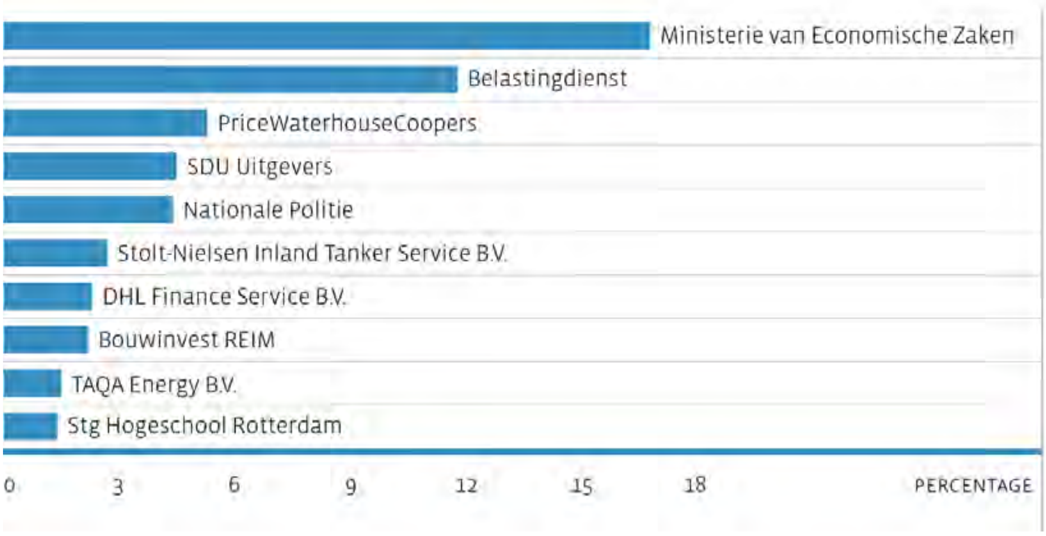
PERCENTAGE



Tenant mix

All tenants are considered to have a low debtors risk. The top ten tenants account for a total of 53.0% (2013: 60.7%) of the theoretical rent. The lease with Nationale Politie (Dutch National Police Force) was extended in December 2014. No top ten tenant has given notice that it wishes to end its lease. We maintain close relationships with all tenants to ensure satisfied customers.

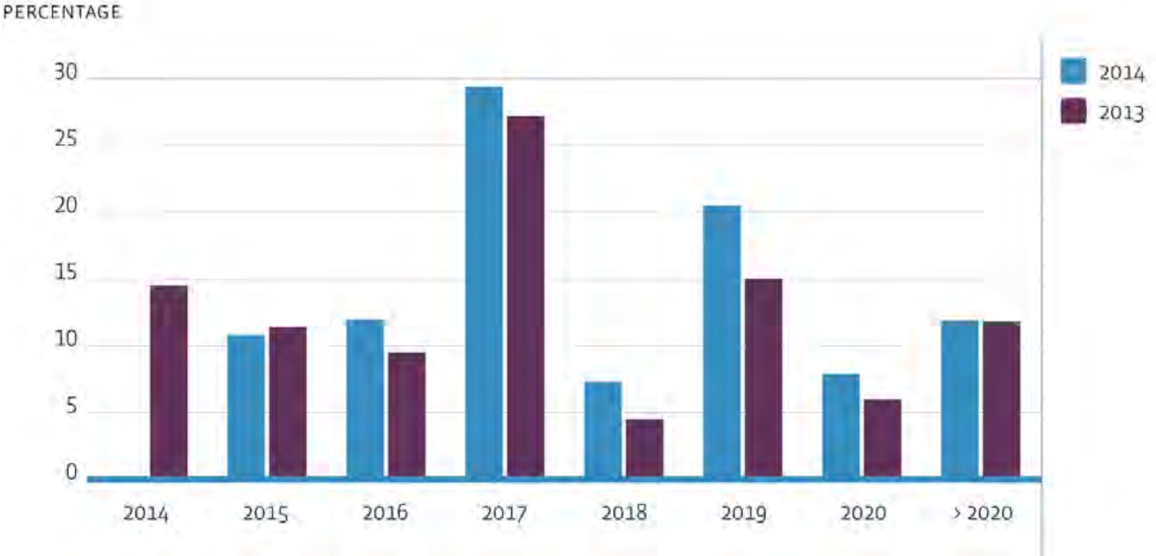
The Office Fund's top 10 tenants



Expiry dates

The relatively high percentage of expiry dates in 2017 and 2019 is a result of possible ending leases with two large tenants. The average remaining lease term stood at 3.8 years, marginally lower than the 3.9 years at year-end 2013.

Expiry rates as a percentage of rental income



Active asset management

Bouwinvest devotes a great deal of attention to maintaining high occupancy levels by developing close relationships with tenants and property managers. Thanks to its excellent customer focus, knowledge, experience and a broad network, the Fund is able to respond (pro-actively) to users' changing requirements for office space. On top of this, Bouwinvest's research and marketing teams help the Fund to anticipate and respond to market trends and demographic developments.

WTC The Hague

WTC The Hague is a prime example of an office building of the future. Based in a multifunctional location, offering flexible office concepts and services to a variety of large and smaller businesses, WTC The Hague is a frontrunner in its region.

In 2014, the Fund took several measures to further optimise WTC The Hague, including the introduction of a new innovative parking system with automatic licence plate recognition. This made the parking facilities more user-friendly and simplified the operational management of various clients, such as hotel and congress visitors.

The Fund initiated a number of actions to promote the leasing of C Tower, in anticipation of the end of the lease with telecom firm KPN (11,361 m²). These included setting up a show office, which is being used for networking events with potential tenants, real estate agents and other stakeholders.

In 2014, the WTC International Business Club teamed up with the WestHolland Foreign Investment Agency, the Dutch Council for Trade Promotion, the Chamber of Commerce and The Hague city council to organise numerous networking and business promotion events.

To further boost our amenities, WTC The Hague launched new business services last year, including the Yclean car wash service, Smart eBikes, an in-house service desk and the Travelling Tailor.

New leases and lease renewals

The five-year average outperformance of the IPD Property Index is mainly the result of active asset management, which led to a total of new and renewed leases of 22,507 m² and an annual rent of € 4.1 million.

The most significant lease renewals were:

- Nationale Politie for Europe Palace (Zoetermeer, 11,296 m²)
- Spotzer Media Group for De Lairessestraat (Amsterdam, 526 m²)
- KidKraft Netherlands for Olympic Stadium (Amsterdam, 354 m²)
- Stichting Topsport Amsterdam for Olympic Stadium (Amsterdam, 303 m²)

The Fund also succeeded in signing several new leases. In many cases, these were the result of investments in refurbishments executed in advance to attract new tenants.

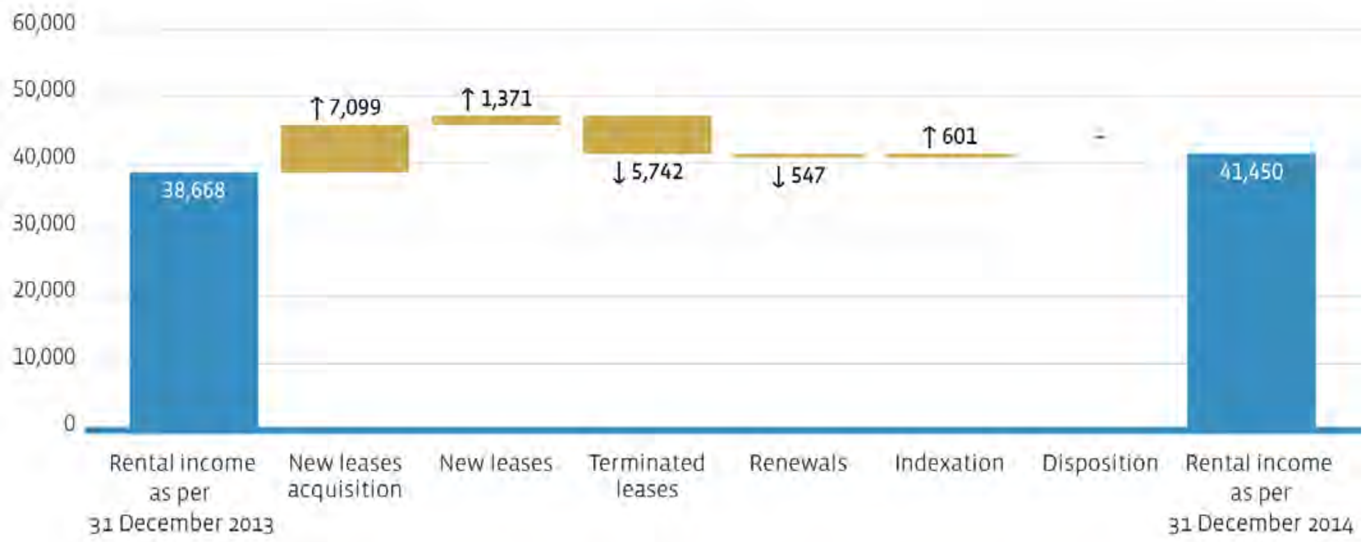
New leases include:

- Oilinvest (Netherlands) for WTC The Hague (The Hague, 700 m²)
- Stichting Max Havelaar for Arthur van Schendelstraat (Utrecht, 306 m²)
- Regionale Ontwikkelingsmaatschappij Zuidvleugel (Innovation Quarter) for WTC The Hague (The Hague, 642 m²)

Despite the trend towards more flexible lease agreements, most new and renewed leases are still 5-year leases.

Movement in annual rent in 2014

€ X THOUSAND



Lease renewals led to a lower annual rent, because the newly agreed rents were lower than current rents. A reduction of rent provided an incentive to extend existing lease contracts. This enabled the Fund to keep the average weighted remaining lease term at 3.8 years. It also led to an increase of secured rental income.

Financial occupancy

The ending of the lease contract with KPN for WTC The Hague (11,361 m²) was the key factor in the drop in the occupancy rate in the fourth quarter of 2014. Financial vacancy by year-end also included spaces vacated by the Utrecht city council at Arthur van Schendelstraat (Utrecht, 4,328 m²). Although the lease was set to expire in June 2015, the city council paid a redemption fee for the early termination of this lease. This early termination will enable the Fund to renovate the office space before June 2015 and prevent real financial vacancy. A further drop in the occupancy rate is foreseen as a consequence of (relatively) low occupancy for Beurs-WTC Rotterdam. The recently acquired Citroën buildings will remain vacant for the following two and a half years, while the Fund redevelops the buildings. After completion, we foresee an increase of the occupancy rate as new lettings for these new investments are promising.

Financial occupancy rate

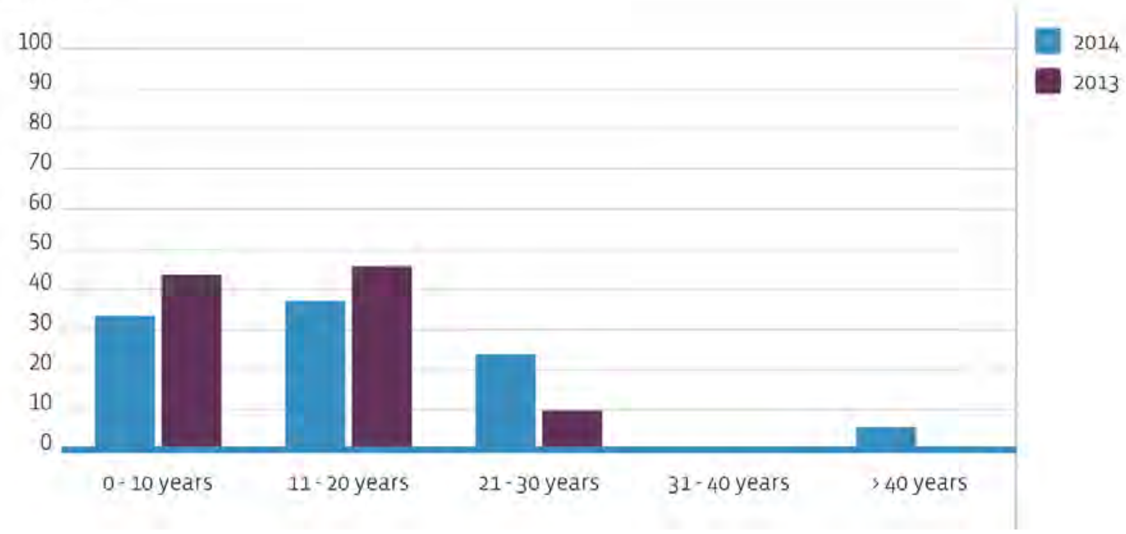
PERCENTAGE

Asset optimisation

Although the buildings in the Fund's portfolio are relatively young, a large part is now more than 10 years old. The lay-out of these buildings therefore generally needs to be updated and modernised to keep the building lettable in today's market. The Fund has upgraded a number of empty spaces prior to closing new lease contacts. The renovation and letting of the Arthur van Schendelstraat office building in Utrecht is a perfect example of this approach.

Portfolio composition by age based on book value

PERCENTAGE



More important than age is the asset's distinctive character, its location and return prognosis. As we acquired four existing buildings, two of which have a listed status, the average age of the portfolio has risen accordingly.

Investments in sustainability also increase the chances of new leases or lease extensions, as demand for sustainable offices is growing. These investments can also cut housing expenses, which gives office buildings a competitive edge in terms of pricing.

Area promotion

As part of our ongoing drive to forge sustainable partnerships with various stakeholders, Bouwinvest has always been involved in numerous area organisations, such as Utrecht-Rijnsweerd, the Olympic Stadium area in Amsterdam and the New Centre project in The Hague.

We frequently get involved at a very early stage, as we did in the formation of Green Business Club Beatrixkwartier in The Hague, which was launched in 2014. Other initiatives included the promotion of the Hague as an attractive city by means of a book and a film and the promotion of The Hague as a business centre through Locus. These and other initiatives give Bouwinvest the opportunity to improve and promote business districts to give them a truly sustainable future.

Financial performance in 2014

Direct return

The Fund booked an income return (ROE) of 5.7% in 2014, 0.1%-points higher than in 2013. This higher income return was mainly due to the repayment share premium, declining the NAV. Despite declining occupancy rates, the Fund managed to keep the income return stable. However, occupancy rates in the Office Fund were still high compared to the average occupancy rates in the office market.

The direct property return came in at 6.6%, 0.2%-points lower than the direct return IPD Property Index (all properties) of 6.8% for 2014.

Indirect return

Values were still negative in 2014, leading to a 5.6% decline in the Fund's capital growth (ROE) in 2014. This was primarily due to a devaluation on the back of the transaction costs for the acquisitions in the last quarter of 2014, when a (2.1)% valuation result was recorded.

The Fund booked an indirect property return of (5.3)% in 2014, which was higher than the (6.1)% reported in 2013, and an underperformance of the 2014 indirect return IPD Property Index (all properties) of (3.3)%.

Total return

The Fund's total return on equity (ROE) came in at 0.1% in 2014, 0.4%-point higher than the (0.3)% reported in 2013.

The Fund's total property return for 2014 came in at 1.3%, which was higher than the 2013 return of 0.7%, but underperformed as compared to the total property return IPD Property Index (all properties) of 3.3%.

Rent

Secured rent will be 77% of the 2014 gross rental income (year-end 2013: 72%) until 2017 (three-year horizon). Counter to the market conditions, the like-for-like rent increase is 0.4% (2013: (9.1)%).

The average financial occupancy was slightly down, to 89.9% in 2014 from 90.4% in 2013.

Rent in arrears came in at 0.9% of the gross rental income for 2014, down from 1.3% in 2013.

Acquisitions

The Fund acquired the Valina office building Amsterdam, Beurs-WTC Rotterdam and the Citroën buildings, Amsterdam. Furthermore, the Fund invested in thermal energy storage for WTC The Hague and the redevelopment of Valina (Amsterdam), and several property upgrades for a total of € 138.1 million.

Divestments

The Fund made no divestments in 2014.

Financing

The Fund did not use any loan capital financing in 2014.

Treasury management

The Fund had € 18.6 million cash freely available at year-end 2014. In line with the Shareholders' resolution, the Fund repaid a share premium of € 22.0 million in October 2014.

Interest rate and currency exposure

The Fund has no interest rate or currency exposure.

Dividend and dividend policy

The Board of Directors proposes to pay a dividend of € 129.43 per share for 2014 (2013: € 136.91), which corresponds to a pay-out ratio of 100%. It is proposed that the dividend be paid in cash, within the constraints imposed by the company's fiscal investment institution (FII) status. Of this total dividend, 80.7% was paid out in 2014, with the final quarterly instalment paid out in March 2015. The remainder of the distribution over 2014 will be paid out in a final instalment on 28 April 2015, following approval by the Annual General Meeting to be held on 20 April 2015.

Tax

The Fund is structured as a fiscal investment institution (FII) under Dutch law and is therefore not subject to corporate tax. Being an FII, the Fund is obliged by law to maintain a pay-out ratio of a minimum of 100% of the Fund's distributable profit; as stated above, the Fund proposes to pay out 100% of said distributable profit. The Fund met its obligations related to value added tax, transfer tax and other applicable taxes in their entirety in 2014.

AIFMD

Bouwinvest REIM is the fund manager of the Office Fund. On 17 February 2014, Bouwinvest was among the first Dutch institutions to obtain the AIFMD licence. Under the licence, Intertrust Depositary Services BV acts as independent depositary of the Fund for the benefit of the investors and performs all depositary functions and duties pursuant to AIFMD regulations.

Outlook

Multifunctional and sustainable the future of office

The Fund's main focus in the years ahead will be to optimise the portfolio, by investing in sustainable and multifunctional buildings that can accommodate multiple tenants or can be refitted to do so. These office buildings will be in good locations with sufficient other facilities, such as day-care centres, shops, cafes, and other leisure facilities. They will also offer easy access by road, public transport and by bike.

Economy may boost demand for office space

The Dutch economy is expected to see modest growth again in 2015, and unemployment is falling, which could boost demand for office space in popular locations. On the other hand, vacancy rates could increase if corporate cost cutting continues and companies look to make more efficient use of office space. We expect to see the polarisation in the office market increase in 2015 and beyond.

Randstad cities on the winning end

Locations in the Randstad urban conurbation that are likely to benefit from these trends could be locations such as the Beatrixkwartier and the city centre of The Hague, Amsterdam city centre, Amsterdam Zuidas and the IJ riverside location, the Utrecht Central Station area and the Rotterdam Central Business District. Although some transactions in the Dutch office market are evidence of a growing risk appetite from foreign investors, most transactions still involve assets with safe long lease terms. The Fund considers depreciated assets in prime locations with short remaining lease terms attractive new investments, as they are an opportunity to add value through targeted investments and active asset management.

Rental growth on the horizon

We could see a return to rental growth in 2015 and 2016, boosted by rising occupancy rates in top locations thanks to the expected demand for high-quality offices. Competition for prime office real estate may become even fiercer over the next year, as tenants pro-actively try to lock in leases at current competitive rates.

Investment key to high occupancy

The Fund's focus will be on its occupancy rate, which will require investment in some assets to improve their letting potential. We will be looking at various options in the next year, including the introduction of additional service packages and other add-ons. And of course any investments in renovations will be used to increase the sustainability of assets.

Pro-active lease extensions

We will be keeping a very close watch on the expiration of significant leases throughout the portfolio and expiring leases, more specifically in WTC The Hague, Beurs-WTC Rotterdam, De Lairessestraat and the Olympic Stadium in Amsterdam. We are in constant contact with our tenants to discuss their current and future office needs.

Because of the recovery of the Dutch economy, the bottomed out prices, the quality of our portfolio, the Fund's optimisation strategy through acquisitions and divestments, as well as active management of our assets, the Fund expects to realise its long-term average annual target return of 7%.

Amsterdam, the Netherlands, 16 March 2015

Bouwinvest Real Estate Investment Management B.V.

Dick van Hal, *Chairman of the Board of Directors and Statutory Director*
Arno van Geet, *Managing Director Finance*
Allard van Spaandonk, *Managing Director Dutch Investments*
Stephen Tross, *Managing Director International Investments*

Corporate Social Responsibility

CSR strategy

Bouwinvest believes it has a responsibility to make sure that its investments meet sustainability criteria and that we operate in a responsible and ethical manner. We have always taken a long-term view and environmental, social and governance (ESG) criteria play a significant role in our investment strategy. This is because we are convinced that sustainable and socially responsible investments and business operations play a key role in helping us to book stable returns from our real estate investments.

People	Planet	Profit
Comfort	Energy	Facilities
Productivity	Materials	Flexibility
Health	Water	Accessibility
Safety	Waste	Attractiveness

In 2014, Bouwinvest continued to integrate CSR in its business operations and divided its CSR mission and activities into three pillars:

Our CSR pillars

1. We aim to be a reliable business partner and meet the expectations of our investors through full transparency on our CSR track record and goals.
2. We endeavour to continuously improve the sustainability of our investment portfolio in cooperation with all our stakeholders.
3. We aim to be a flexible, ethical and fair employer to help our people to achieve Bouwinvest's ambitions.

In line with Bouwinvest's CSR pillars, the Office Fund's sustainability strategy is focused on increasing the sustainability performance and attractiveness of its office assets. Not only does this boost the long-term performance of the Office Fund's assets, it also increases the total value of the Fund's property portfolio and creates financial and social value for all stakeholders.

Building value

Bouwinvest considers investments in sustainability from a business perspective. Energy-efficiency measures improve the competitive position of the Fund's office properties and add value for our stakeholders, both investors and tenants. However, Bouwinvest's sustainability strategy extends beyond energy use to the social aspects of sustainability, such as investments to upgrade local public amenities, and create a pleasant working environment where people can also meet and enjoy various leisure activities.

We build value by addressing those issues that are important and relevant to our stakeholders, both tenants (such as comfort, energy use, materials and indoor climate) and investors (such as risk, returns, governance, stability and transparency). We engage them in constructive dialogues.

Focus on material topics

The focus of the Office Fund's sustainability strategy is on reducing the environmental impact of the office assets in its portfolio. It does so by exerting a direct influence on the larger (public) areas of the buildings or complexes, and by investing in improvements that benefit existing and potential tenants. We actively cooperate with existing tenants on initiatives to optimise comfort and energy efficiency. We also work with our property managers to provide comfortable, safe and convenient office space and public spaces in our office assets.

Scope	Tool	Targets
Fund	GRESB	Outperformance of the benchmark and retain Green Star classification
Asset	EPC labels, BREEAM InUse, Energy Panel	Create transparency on current performance and reduce operating cost; improve quality of assets
Tenants	DUO label, Green Leases, Energy Panel	Increase sustainability awareness among tenants, with a focus on energy use; cooperation with tenants: education and awareness
Property managers	Contracts, meetings, energy panel	Active cooperation to achieve CSR targets

Social performance

Close cooperation with our tenants and other stakeholders is an important element in our sustainability strategy.

Tenant engagement

The Office Fund conducts an annual tenant satisfaction survey, which provides us with insight into the satisfaction of our tenants and highlights potential improvements. The overall score remained stable at 7.5 in 2014 (2013: 7.5).

Partnerships with tenants

Following the launch of so-called 'green leases' in 2013, we continued to incorporate sustainability clauses in lease proposals in 2014. The aim of these leases is to increase and enhance the information exchange between Bouwinvest and its tenants with the aim of improving environmental performance. In 2014, 25% of newly-signed leases included green lease clauses, creating opportunities for future cooperation. The Arthur van Schendelstraat 550 case is a successful example of the value created with this approach.

Property manager engagement

In 2013, we introduced Service Level Agreements. Property managers are assessed each quarter on topics related to administrative management, technical management (including sustainability), commercial management and tenant satisfaction.

Partnerships with local government agencies

Green Business Club

Bouwinvest is one of the founding partners of the Green Business Club for the Beatrixkwartier district in The Hague. The company teamed up with The Hague city council, Post NL, construction company BAM and MN Services to launch this initiative in December 2014. Two of the Office Fund's top assets, The WTC The Hague and CentreCourt are both located in the city's Beatrixkwartier district. The aim of this initiative is to improve the sustainability and environmental performance of the area and office buildings in the district, and to breathe new life into the area by making it a lively meeting place for people who live and work in the area.

Environmental performance

Monitoring performance

Monitoring environmental performance data (energy and water consumption, greenhouse gas emissions and waste) is an important part of managing sustainability issues. The Fund tracks and aims to improve the environmental performance of its managed real estate assets; those properties where the Fund is responsible for purchasing and managing consumption. The Fund reports on energy consumption (electricity, heating and gas: the energy components) for multi-tenant assets which translates to greenhouse gas emissions and reflects 91% of the portfolio.

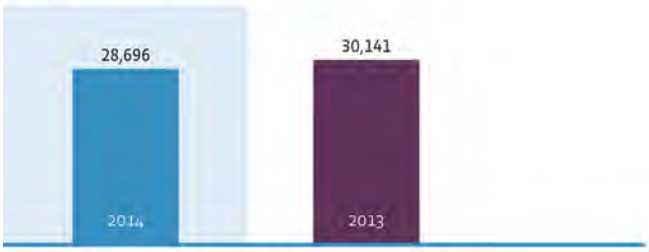
In 2012, the Fund set a target to reduce energy consumption by at least 10% in 2015 for those assets it has 'operational control', mostly multi-tenant assets. The Fund is on track to meet this target. It managed to cut energy consumption on a like-for-like basis by 4.8% in the period 2012-2014.

The Fund has been actively tracking water consumption in multi-tenant assets since 2012. Data is provided by the property manager and based on invoices and manual visual readings. The Fund tracked waste management for its entire managed real estate portfolio in 2014. The focus is on those assets which the Fund is responsible for and can influence the waste handled on site and mostly involves multi-tenant office assets. No waste is sent directly to landfill.

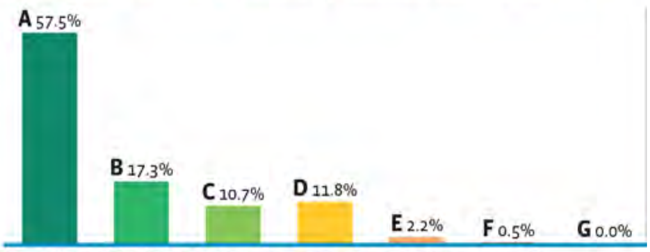
The Fund's ambition to increase the coverage and therefore the transparency of its environmental impact according to INREV sustainability guidelines is reflected in the summary of key CSR data. For more detailed information see Bouwinvest's key performance indicators in the annual report of the management company.

Energy consumption in offices

Energy consumption (like-for-like)



Distribution of energy labels by labelled floor space (m²)[1]



1) 29% not labelled (mainly recent acquisitions and monuments)

Expanding the energy dashboard

Although we take a broad view of sustainability, the environmental focus of our sustainability strategy has been on enhancing the energy efficiency of the properties in the portfolio and cutting service costs. Since 2011, Bouwinvest has been closely monitoring the electricity use at 13 of its office properties via smart meters. An energy dashboard on a dedicated website measures and shows the electricity consumption on a fifteen minutes base, enabling Bouwinvest, property managers and tenants to monitor energy use and costs. This has helped us to cut energy use by 10.2% at the assets included in the energy dashboard.

Practical measures

The energy dashboard is a clear example of how Bouwinvest works systematically to increase awareness and reduce operating costs. In 2014, we improved and expanded smart metering at our assets, and they now cover electricity, gas and water consumption. These smart meters are designed to monitor consumption in both common areas and leased spaces, as well as track the performance of individual technical installations.

Benchmarking

Each quarter, we compare energy use in quarterly benchmarking reports, giving us a clear overview of the energy use per building. This gives us insight into various user profiles and enables us to introduce energy-saving measures and record the actual improvements due to these measures.

Benchmarking based on the Global Real Estate Sustainability Benchmark (GRESB) gives the Office Fund greater insight into the opportunities to improve the sustainability performance measured at Fund level. In 2014, the Office Fund participated for the third time in the GRESB and improved its score significantly, increasing its overall score by over 85% taking it to second in its peer group.

'Green star'

Following the successful implementation of the action plan to enhance overall GRESB performance, the Fund emerged with a 'Green Star' classification, the highest category in the GRESB scoring system, no less than two years ahead of schedule.

Corporate governance

Bouwinvest Dutch Institutional Office Fund N.V. (the Office Fund) was established in 2010. Stichting Bedrijfstakpensioenfonds voor de Bouwnijverheid (bpfBOUW, the pension fund for the construction industry) is the Office Fund's anchor investor.

The Fund has a transparent governance structure, which ensures effective and efficient management, combined with proper checks and balances. The Fund's governance structure consists of a General Meeting of Shareholders, a Supervisory Board and a Board of Directors.

Fund governance

The Office Fund is governed in a robust framework with systems and processes to manage risks and direct management. To safeguard the interests of our investors, integrity and transparency play a key role in the Fund's governance principles.

- Independent compliance function
- Conflicts of interests policy
- 'Checks and balances' framework with four lines of defence
- Robust process management: ISAE 3402 type II certified
- AIFMD compliant (February 2014)
- Independent custodian appointed

Rules and principles governing day-to-day business

- Best-in-class system for valuation of assets
- '4-eyes-principle' on all real estate investments
- Transparency and integrity in daily business conduct
- Code of conduct

Structure of the Fund

The Office 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 Investment Management B.V. (Bouwinvest) is the Fund's Statutory Director and management company, subject to the terms of the management agreement. In February 2014, the management company obtained a licence within the meaning of Article 2:65 of the Dutch Financial Supervision Act and is now subject to supervision of the Dutch Financial Markets Authority (AFM) and the Dutch Central Bank (DNB).

Supervisory Board

The role of the Supervisory Board is to supervise the policies of the Board of Directors and the general affairs of the Fund and its related business. The Supervisory Board shall assist the Board of Directors by providing advice. It acts in the interest of all stakeholders of the Office Fund, and in particular monitors and supervises the composition, valuation and performance of its portfolio. The Supervisory Board currently has four members, each of whom is appointed by the General Meeting of Shareholders. To increase investors' influence, a Shareholders' Committee will replace the Fund's Supervisory Board when one or more investors enter the Fund.

The supervision of the Board of Directors by the Supervisory Board shall include:
(a) the achievement of the Company's objectives;
(b) the corporate strategy and the risks inherent in the business activities;
(c) the compliance of the Company with its prospectus;
(d) the compliance with the management agreement in respect of the Company;
(e) the structure and operation of the internal risk management and control systems;
(f) the financial reporting process;
(g) compliance with legislation and regulations; and
(h) the company-shareholder relationship.

The following actions or decisions of the management company require the prior approval of the Supervisory Board:

- investments and divestments exceeding € 25 million
- significant changes to the valuation methodology
- changes to accounting principles or practices, where these are likely to have a significant impact on accounting treatment
- changes to external auditors on the recommendation of the Board of Directors

General Meeting of Shareholders

Shareholders of the Office Fund must be qualified 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, discharge the Statutory Director of the Fund for their management and discharge the members of Supervisory Board for their supervision. Shareholder approval is required for resolutions that have a substantial impact on the Office Fund and its risk profile.

In addition to the shareholders' rights as stated in the Articles of Association, shareholders have the rights conferred on them pursuant to the Office Fund's documentation, as well as some additional rights.

Anchor investor

As at this annual report's publication date, Stichting Bedrijfstakpensioenfonds voor de Bouwnijverheid (bpfBOUW, the Dutch pension fund for the construction industry), holds the majority of the shares of the Office Fund.

Management company

Bouwinvest is charged with the management and administration of the Fund. It is authorised to conduct any and all 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 company. Bouwinvest is wholly owned by bpfBOUW.

Board of Directors

Bouwinvest has a Board of Directors, consisting of the Statutory Director, also Chairman of the Board, and three managing directors: the Managing Director Finance, the Managing Director Dutch Investments and the Managing Director International Investments. The Statutory Director is appointed by the General Meeting of Shareholders of Bouwinvest following nomination by Bouwinvest's Supervisory Board. The Board of Directors is governed by 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 Board of Directors and the general affairs of the company and its related business. The Supervisory Board is responsible for the quality of its own performance. The members of the Supervisory Board are appointed by the General Meeting of Shareholders of Bouwinvest. In carrying out its duties, the Supervisory Board is guided by the interests of the company and its related business.

Policies, rules and regulations

Corporate Governance Code

Although the Dutch Corporate Governance Code is not mandatory for Bouwinvest as an unlisted company, the Board of Directors endorses the best practices of the Code as far as applicable to Bouwinvest.

Code of Conduct

Bouwinvest has drawn up a Code of Conduct that applies to all its employees and which includes rules that apply to the Board of Directors and Supervisory Board with respect to conflicts of interest and investments. The Code of Conduct deals with issues such as ethical behaviour, conflicts of interest, compliance with laws and (internal and external) regulations, CSR, health and safety and our business partners.

Bouwinvest has also instituted a whistleblower policy dealing with the reporting and investigation of unethical behaviour. All employees receive code of conduct training.

Compliance

Bouwinvest has an independent compliance function that identifies, assesses, advises on, monitors and reports on the company's compliance risks. These include the risk of legal or regulatory sanctions, financial loss, or loss of reputation that the management company may suffer as a result of any failure to comply with all applicable laws, regulations, codes of conduct and standards of good practice. The compliance officer reports to the Statutory Director on a monthly basis and to the chairman of the Supervisory Board on issues related to the Board of Directors. You will find more details on the compliance function in the Risk Management section of this annual report.

Conflicts of Interests policy

Bouwinvest has a Conflicts of Interests policy. The purpose of this policy is to protect the interests of Bouwinvest and the interests of the Fund when Bouwinvest is contemplating entering into a transaction or arrangement that might benefit the private interests of a Bouwinvest employee or might result in a possible excess benefit transaction. 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 interests.

In 2014, there were no conflicts of interests as referred to in the Bouwinvest Conflicts of Interests Policy, either between the members of the Board of Directors, the management company, the Fund and/or other funds managed by the management company.

Funds managed by Bouwinvest

Bouwinvest manages the following funds:

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

Bouwinvest has a separate mandate from bpfBOUW for the management of international real estate investments.

External Auditor

The Fund's external auditor is Deloitte Accountants B.V. Deloitte audits the financial statements of the Fund. Deloitte also audits the financial statements of Bouwinvest and of the other funds managed by Bouwinvest.

Regulation

Bouwinvest has a licence within the meaning of Article 2:65 of the Dutch Financial Supervision Act (Wet op het financieel toezicht). Bouwinvest is therefore subject to supervision of the Dutch Financial Markets Authority (AFM) and the Dutch Central Bank (DNB).

Dutch Management and Supervision Act

The Dutch Management and Supervision Act (Wet Bestuur en Toezicht) came into force on 1 January 2013. Bouwinvest has amended its articles of association and internal regulations in line with this legislation, insofar as applicable and necessary. The Management and Supervision Act includes a guideline for a balanced gender ratio within the Board of Directors and Supervisory Board. At least 30% of these positions should be filled by women and at least 30% by men. Bouwinvest's Board of Directors and Supervisory Board do not yet have the above-mentioned gender balance. Based on the profiles of the members of the Board of Directors and of the Supervisory Board, in the event of future resignations Bouwinvest will carry out an evaluation to determine the desired profile any new members. This evaluation will take into account diversity criteria, including a balance of male and female.

Risk management

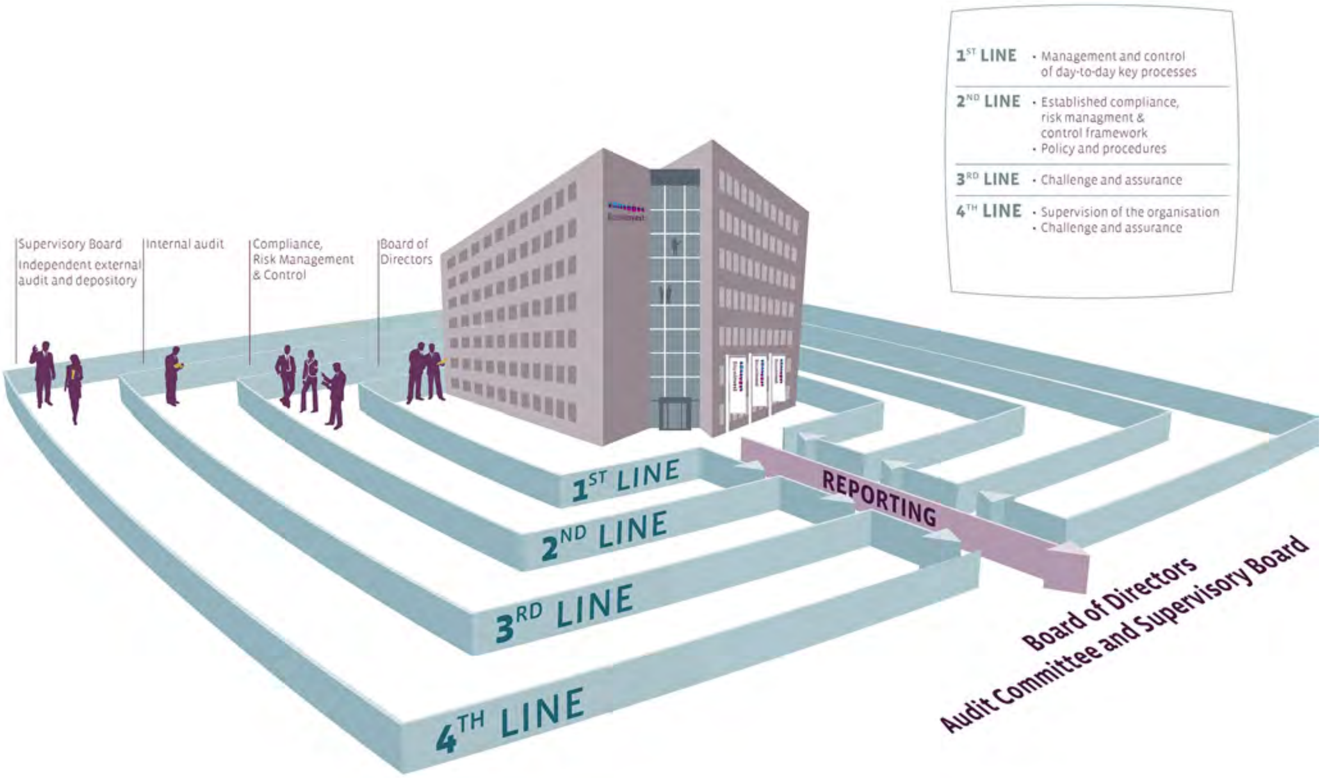
Risk management and compliance

Risk management and compliance are independent functions within Bouwinvest. Their role is to identify, assess, advise on, monitor and report on compliance and other risks faced by the Office Fund. In 2014, Bouwinvest continued to refine and enhance its risk and compliance capabilities, introduced new policies and widened the scope of its quarterly reporting.

Risk management framework

Bouwinvest has implemented a risk management framework based upon the principles of The Committee of Sponsoring Organizations of the Treadway Commission (COSO). It is an Enterprise Risk Management Framework (ERMF), covering all activities of the Fund at all levels. To make the risk management framework operational and effective, Bouwinvest has established an Accountability and Monitoring policy, consisting of the 'Four lines of defence'. This policy puts into practice by using Management (1st line), Risk-compliance-control (2nd line), Internal audit (3rd line) and External audit – Supervisory Board (4th line) as defence functions.

Bouwinvest lines of defence



Major risk factors and corrective measures

Within the domain of the Office Fund, we distinguish the following risk clusters:

- Allocation risks
- Generic sector risks
- Specific sector risks
- Management risks

Allocation risks

Following the decision to invest in real estate, an investor has a wide range of choices for the allocation of investments. Bouwinvest believes that it is not the allocation to real estate that determines risk levels, but the secondary conditions set for the allocation. Using the secondary conditions it has formulated, Bouwinvest allocates based on:

- Responsible costs
- Low risk profile
- Stable returns
- Corporate Social Responsibility
- Optimal diversification

The main allocation risks for the Fund are country, real estate market, portfolio, leverage and regulation risks (i.e. tax and legal). These risks are low for the Retail Fund, as the allocation for the Fund is pre-set. Risk is further limited by pre-defined core regions and core properties.

Generic sector risks

In the real estate sector, the indirect return is part of the overall return. This is why Bouwinvest devotes a great deal of attention to the factors that can influence indirect returns. The term ‘generic sector’ is used because these elements are indistinguishable from the underlying object itself. The main risks associated with the indirect return are valuation, transactions and integrity. These risks are within the scope of management and are managed as follows.

Valuation risk

Valuation risk is the risk that the property value is affected by incorrect valuation methods or assumptions. To control this risk, the properties are valued on a quarterly basis by external appraisers, who are rotated every three years. Bouwinvest closely monitors the observance by the appraisers of the 28 recommendations as put forward by the Platform Taxateurs en Accountants (Appraisers and accountants platform - PTA). The results of the valuations are reviewed on a quarterly basis and deviations from previous quarters in excess of 5% are analysed in detail. Bouwinvest has developed its own proprietary valuation model, which complies with the International Valuation Standard Council, IPD and IFRS valuation guidelines and is considered a best-in-class valuation model in the Netherlands. The model includes a set of fixed valuation criteria, such as vacant value ratio, mutation ratio, exit yield and discount rate.

Transaction risk

Transaction risk is the risk that there is either scarcity or oversupply (in terms of both quantity and quality) for the acquisition or sale of assets. As the market fundamentals cannot be controlled by Bouwinvest there is no way to influence this scarcity or oversupply. However, Bouwinvest does have a set governance mechanisms to ensure that market sentiment does not cause the Fund to invest in assets that clash with investor goals. A strict protocol specifies necessary steps and diversification guidelines in the process of an acquisition or disposal.

No proposal for an acquisition or disposal can be approved prior to a recommendation from the Investment Committee. This committee’s review of the proposal includes their assessment as to whether Bouwinvest’s risk return models have been correctly applied. Bouwinvest also has its own research department that continuously monitors market developments. The final measure is an up-to-the-minute cash-flow planning that reflects all changes in the cash position, including the acquisition/divestment planning based on hold/sell analyses.

Bouwinvest uses a ‘pipeline’ report, containing an outlook on all possible acquisitions and divestments and the conversion rate.

Integrity risk

Integrity risk is the risk that the Fund may be affected by improper or unethical conduct on the part of Bouwinvest, its employees or management, such in contravention of legislation and regulations, as well as the standards set by society or by Bouwinvest itself.

To control this risk, Bouwinvest has implemented policies and procedures including:

- A Code of Conduct
- A whistleblower policy
- A policy on incidents
- Know-your-customer guidelines
- Pre-employment screening

The Compliance department has also implemented an effective monitoring and testing process and has an ongoing awareness programme to increase knowledge and awareness of risk throughout the organisation. The Compliance department reports its findings to the Statutory Director on a monthly basis.

Specific sector risk

Fund returns are to a large extent influenced by market trends and quality of asset management. Specific knowledge of the sector is crucial to the understanding of the specifics of the property and to optimising direct returns. We use the term sector-specific, as there is a correlation between the risk and the direct return of the property. These risks are within the scope of management and the specifc sector risks are:

- Sector market risk
- Legal risk
- Rental risk
- Object risk

Sector market risk

Sector market risk is the risk that a fund is insufficiently able to adopt its portfolio to important market trends. For the Dutch office market the most important recognisable market trend is a polarisation between market segments.

In 2014, the vacancy rates in the Dutch office real estate market were quite high. Revenues from rents were under pressure and the risk of vacancies remained high. However, despite relatively flat economic growth, there was still a need for high-quality and sustainable office space in prime locations, due in part to office sector trends such as flexible working practices ('The New World of Work'). In contrast with the prime segment, peripheral office locations have shown a decline in value and occupancy rates.

The polarising effects of these trends are expected to continue in 2015. Knowledge of the local markets, adequate diversification and effective timing in acquisitions and divestments can help portfolio managers to mitigate location and diversification risk.

Legal risk

This is the risk that the direct return is influenced by insufficient legal measures. To control this risk, Bouwinvest has its own legal department that implements policies and procedures to support the business. This department advises the business when needed and seeks external support when required. The legal department reports its findings and involvement in any legal procedures to the Statutory Director on a quarterly basis.

Rental risk

This is the risk that the direct return is influenced by changes in the rental conditions, or that the properties are no longer attractive to tenants. Customer (tenant) satisfaction is key to the direct returns from the Office Fund's real estate portfolio. The Fund has introduced measures to limit this rental risk. For instance, the Fund has a system in place to monitor tenant satisfaction with both its rented property and the services provided by the Fund's external property managers. We are currently discussing the results of the latest annual tenant satisfaction survey with our property managers and together we have launched a number of (custom-made) initiatives, all aimed at creating a consistent and adequate approach to tenants to improve customer satisfaction.

Object risk

Object risk is the risk that the returns from the property will deviate from the amount that has been calculated in advance. Bouwinvest has the following measures in place to control this risk. Bouwinvest performs an annual hold/sell analysis of the properties to ensure that they continue to support the Office Fund's overall return target. The long-term estimates on a per property basis also provide effective insight into expected maintenance costs.

The structuring of the portfolio – or the overall balance of the assets – also takes into account the following risk indicators:

- type of office (multi or single-tenant)
- regional spread, with a focus on economically strong regions
- spread in risk categories
- sustainability
- rent in arrears
- vacancy rate
- average remaining lease term

The IPD provides a report each quarter, based on our data, on the returns from specific properties. Bouwinvest monitors this information closely to detect any deviations at an early stage.

Counterparty risk
Counterparty risk is the risk that other parties in an agreement will default. For the Office Fund, the largest single counterparty exposure is the bank that is used by the Fund. Furthermore, this risk is largely determined by the ability of its tenants to fulfil their contractual obligations.

Bouwinvest reduces counterparty risk by having good credit controls in place, as well as sound collection processes.

Management risks
This refers to the risk that Bouwinvest's management of the Office Fund, including its management and control of the risks it faces, may in some way be inadequate or ineffective. This would affect the direct and indirect return of the Office Fund. This risk is subdivided into the following risk elements:

- continuity
- quality
- relative performance
- transparency
- management fee

To control these risks, there is a management agreement in place that determines the responsibilities of Bouwinvest as the Office Fund's management company. ISAE 3402 certification provides investors with reassurance on the risk management, including risk definition and control measures, of all key processes of a company's day-to-day operations. Bouwinvest gained ISAE 3402 Type II standard Service Organization Control (SOC) reporting certification in 2013 and received a certificate over 2014 in January 2015.

Alternative Investment Fund Managers Directive (AIFMD)

Early in 2014, Bouwinvest was granted an AIFMD licence by the Dutch Financial Markets Authority (AFM), making it one of the first organisations in the Netherlands to gain such a licence. The AIFMD is European legislation put into place to protect the shareholders of Alternative Investment Funds (AIFs) against the risk of unauthorised value losses of the funds. Existing policies and controls at Bouwinvest provide a good basis for its licence obligations; obtaining and retaining the license by Bouwinvest provide extra assurance on this front.

Monitoring and reporting

The monitoring of the risks is embedded in the daily activities of the responsible line manager and is an integral part of the planning and control cycle. Bouwinvest monitors all the defined risks via key risk indicators, supported by the performance reporting and business incidents reporting processes. Each quarter, the Board of Directors is provided with a risk report, including the risk indicators indicated above and actions necessary to limit or mitigate risk, if there is a deviation between the outcome and the pre-determined norm. The Fund continued to enhance its system for reporting and monitoring risk in 2014. These improvements enable management to act in a timely manner to counteract or mitigate risk.

For further details on financial risk factors, see the 'Financial risk management' section in the Notes to the financial statements.

Financial statements

Statement of comprehensive income

All amounts in € thousands unless otherwise stated

	Note		2014		2013
Gross rental income	6	37,920		37,784	
Service charge income	6	6,640		8,188	
Other income		1,805		807	
Revenues			**46,365**		**46,779**
Service charge expenses		(8,466)		(9,236)	
Property operating expenses	7	(9,107)		(7,442)	
			(17,573)		**(16,678)**
Net rental income			**28,792**		**30,101**
Profit (loss) on sales of investment property			-		**-**
Positive fair value adjustment investment property	12	1,216		3,437	
Negative fair value adjustment investment property	12	(26,414)		(32,116)	
Fair value adjustments on investment property under construction	13	(477)		-	
Net valuation gain (loss) on investment property			**(25,675)**		**(28,679)**
Administrative expenses	8		(2,526)		(2,687)
Result before finance result			**591**		**(1,265)**
Finance income	9	21		5	
Net finance result			**21**		**5**
Result before tax			**612**		**(1,260)**
Income taxes	10		-		-
Result for the year			**612**		**(1,260)**
Items that will not be reclassified subsequently to comprehensive income			-		-
Items that may be reclassified subsequently to comprehensive income			-		-
Total comprehensive income for the year, net of tax			**612**		**(1,260)**
Net result attributable to shareholders			612		(1,260)
Total comprehensive income attributable to shareholders			**612**		**(1,260)**
Earnings per share (€)					
Basic earnings per share	18		**3.01**		**(6.29)**
Diluted earnings per share			**3.01**		**(6.29)**

Statement of financial position

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2014	2013
Assets			
Non-current assets			
Investment property	12	553,353	445,979
Investment property under construction	13	6,201	-
Other non-current receivables		-	-
		559,554	**445,979**
Current assets			
Trade and other current receivables	14	1,824	3,894
Cash and cash equivalents	15	18,604	27,435
		20,428	**31,329**
Total assets		**579,982**	**477,308**
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		267,445	200,411
Share premium		292,063	262,366
Revaluation reserve		5,605	6,424
Retained earnings		(612)	1,260
Net result for the year		612	(1,260)
Total equity	16	**565,113**	**469,201**
Current liabilities			
Trade and other payables	17	14,869	8,107
Total liabilities		**14,869**	**8,107**
Total equity and liabilities		**579,982**	**477,308**

Statement of changes in equity

For 2014, 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 2014	**200,411**	**262,366**	**6,424**	**1,260**	**(1,260)**	**469,201**
Comprehensive income						
Net result	-	-	-	-	612	612
Total comprehensive income	**-**	**-**	**-**	**-**	**612**	**612**
Other movements						
Issued share	67,034	76,966	-	-	-	144,000
Repayment of share premium	-	(22,000)	-	-	-	(22,000)
Appropriation of result	-	-	-	(1,260)	1,260	-
Dividends paid	-	(25,269)	-	(1,431)	-	(26,700)
Movement revaluation reserve	-	-	(819)	819	-	-
Total other movements	**67,034**	**29,697**	**(819)**	**(1,872)**	**1,260**	**95,300**
Balance at 31 December 2014	**267,445**	**292,063**	**5,605**	**(612)**	**612**	**565,113**

* See explanation dividend restrictions Note 16.

For 2013, 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 2013	**200,000**	**293,657**	**7,530**	**(683)**	**683**	**501,187**
Comprehensive income						
Net result	-	-	-	-	(1,260)	(1,260)
Total comprehensive income	**-**	**-**	**-**	**-**	**(1,260)**	**(1,260)**
Other movements						
Issued share	411	589	-	-	-	1,000
Appropriation of result	-	-	-	683	(683)	-
Dividends paid	-	(31,880)	-	154	-	(31,726)
Movement revaluation reserve	-	-	(1,106)	1,106	-	-
Total other movements	**411**	**(31,291)**	**(1,106)**	**1,943**	**(683)**	**(30,726)**
Balance at 31 December 2013	**200,411**	**262,366**	**6,424**	**1,260**	**(1,260)**	**469,201**

* See explanation dividend restrictions Note 16.

Statement of cash flows

All amounts in € thousands

	Note	2014	2013
Operating activities			
Rental receipts		40,392	35,103
Service charge receipts		9,237	7,909
Operating payments		(10,094)	(7,164)
Service charge payments		(8,702)	(9,236)
VAT received (paid)		164	(842)
Interest received		21	5
Cash flows from operating activities		**31,018**	**25,775**
Investment activities			
Payments of investment property under construction		(3,749)	-
Payments of investment property		(131,400)	(753)
Cash flows from investment activities		**(135,149)**	**(753)**
Finance activities			
Proceeds from the issue of share capital		144,000	1,000
Repayment of share premium		(22,000)	-
Dividends paid		(26,700)	(31,726)
Cash flows from finance activities		**95,300**	**(30,726)**
Net decrease in cash and cash equivalents		(8,831)	(5,704)
Cash and cash equivalents at beginning of year		27,435	33,139
Cash and cash equivalents at end of year	15	**18,604**	**27,435**

Notes to the financial statements

All amounts in € thousands unless otherwise stated.

1 General information

The Office Fund is a public limited liability company incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands. The Fund was formed for the purpose of providing shareholders with a rate of return by acquiring, managing, adding value to and disposing of a diversified real estate portfolio through investments in office real estate in the Netherlands. The main shareholder is Stichting Bedrijfstakpensioenfonds voor de Bouwnijverheid (99.7%) and Bouwinvest REIM (0.3%), manager of the Fund, is aligned with the main shareholder of the Fund.

The Statutory Director will present the annual report to the meeting of the Supervisory Board on 16 March 2015, and to the Annual General Meeting of Shareholders on 20 April 2015, 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 2014 was a normal calendar year from 1 January to 31 December 2014.

2.1 Basis of preparation

Statement of compliance

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

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 2014, the Fund did not adopt any new or amended standards and does not plan the early adoption of any of the standards issued but not yet effective.

Below is a list of the amendments to IFRSs and the new Interpretations that are mandatorily effective for accounting periods that begin on or after 1 January 2014.

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities;
- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities;
- Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets;
- Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting; and
- IFRIC 21 Levies.

IFRS 10 Consolidated Financial Statements

This standard applies to financial years beginning on or after 1 January 2014, and identifies the concept of control as the determining factor in whether an entity should be included in the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The standard has had no impact on the financial statements of the Fund.

IFRS 11 Joint Arrangements

This standard applies to financial years beginning on or after 1 January 2014, and provides a reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. The standard requires a single method to account for interests in jointly controlled entities. The standard has had no impact on the financial statements of the Fund.

IFRS 12 Disclosure of Interests in Other Entities

This standard applies to financial years beginning on or after 1 January 2014, and provides disclosure requirements for all forms of interests in other entities, including joint arrangements, associations, special purpose vehicles and other off-balance sheet vehicles. The standard has had no impact on the financial statements of the Fund.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 define an investment entity and introduce an exception from the requirement to consolidate subsidiaries for an investment entity. In terms of the exception, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. The exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities. Consequential amendments to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities. As the Fund is not an investment entity, the application of the amendments has had no impact on the disclosures or the amounts recognised in the Fund's financial statements.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. As the Fund does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Fund's financial statements.

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements. The application of these amendments has had no material impact on the disclosures in the Fund's financial statements.

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. As the Fund does not have any derivatives that are subject to novation, the application of these amendments has had no impact on the disclosures or on the amounts recognised in the Fund's financial statements.

IFRIC 21 Levies

IFRIC 21 addresses the issue of when to recognise a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Fund's financial statements.

New and amended standards and interpretations, effective for financial years beginning on or after 1 January 2015

Standards issued but not yet effective

Standards issued but not yet effective up to the date of the issuance of the Fund's financial statements are listed below:

- IFRS 9 Financial Instruments, effective 1 January 2018
- IFRS 15 Revenue from Contracts with Customers, effective 1 January 2017
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations, effective 1 January 2016
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation, effective 1 January 2016
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants, effective 1 January 2016
- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions, effective 1 July 2014
- Annual Improvements to IFRSs 2010-2012 Cycle, effective 1 July 2014
- Annual Improvements to IFRSs 2011-2013 Cycle, effective 1 July 2014

The Fund has studied the improvements and is currently assessing their impact.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. The Fund does not expect any impact on its financial position or performance.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. The Fund is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to IFRS 11 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation. The directors of the Fund do not anticipate that the application of these amendments to IFRS 11 will have a material impact on the Fund's financial statements.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. The directors of the Fund do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Fund's financial statements.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16. The directors of the Fund do not anticipate that the application of these amendments to IAS 16 and IAS 41 will have a material impact on the Fund's financial statements as the Fund is not engaged in agricultural activities.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service either using the plan's contribution formula or on a straight-line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. The Fund is assessing the potential impact on its financial statements resulting from the amendments to IAS 19.

Annual Improvements to IFRSs 2010 – 2012 Cycle

The Annual Improvements to IFRSs 2010-2012 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The Fund is assessing the potential impact on its financial statements resulting from the annual improvements.

Annual Improvements to IFRSs 2011 – 2013 Cycle

The Annual Improvements to IFRSs 2011-2013 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(1.) the property meets the definition of investment property in terms of IAS 40; and

(2.) the transaction meets the definition of a business combination under IFRS 3.

The Fund is assessing the potential impact on its financial statements resulting from the annual improvements.

Preparation of the financial statements

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

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

2.2 Investment property

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

Land held under operating leases is classified and accounted for by the Fund as investment property when it meets the rest of the definition of investment property and is accounted for as a finance lease.

Investment property is measured initially 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 finance 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.

In the fair value assessment of the investment property the potential effect on future cash flow with respect to granted lease incentives are taken into consideration.

2.3 Investment property under construction

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

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

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

- The provisions of the construction contract
- The stage of completion
- Whether the project/property is 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

Starting one year before completion of the project, an external valuation expert values the project twice a year. 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 Office Fund has an agreement with Bouwinvest Development B.V. Investment property is not developed within the Office Fund but within Bouwinvest Development B.V. When entering into the contract, the rental risk is transferred to the Fund; the remaining risks remain with the developer. The paid instalments are therefore recognised as investment property under construction.

2.4 Other non-current receivables
Other non-current receivables relate to VAT compensation.

2.5 Financial instruments
Financial assets
Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets, and available-for-sale financial assets, as appropriate. The Fund determines the classification of its financial assets at initial recognition. When financial assets are initially recognised, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. 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. The Office Fund's financial assets consist of loans and receivables.

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

The Fund assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy) the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the statement of comprehensive income.

With respect to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Fund will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

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
Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans, held-to-maturity financial liabilities, and available-for-sale financial liabilities, as appropriate. The Fund determines the classification of its financial liabilities at initial recognition. When financial liabilities are initially recognised, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

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

2.6 Prepayments
Prepayments are stated at cost less any accumulated impairment losses.

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

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

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

Tenant deposits
The Fund obtains deposits from tenants as a guarantee for the return of the property at the end of the lease term in a specified good condition or for the lease payments for a period ranging from 1 to 12 months. Such deposits are treated as financial assets in accordance with IAS 39 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.

2.10 Dividend distribution
Dividend distribution to the Fund's shareholders is recognised as a liability in the Fund's financial statements in the period in which the dividends are approved.

2.11 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. Lease incentives granted by the Fund to its tenants are recognised as an integral part of the total rental income. The lease incentives are included in the investment property. Incentives to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease, together with any further term for which the tenant has the option to continue the lease, when at the inception of the lease it is reasonably certain that the tenant will exercise this option.

Premiums received to terminate leases are recognised in the statement of comprehensive income when they arise.

2.12 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.

2.13 Finance income and expenses
Finance income consists of interest income and is recognised in the statement of comprehensive income. Interest income is recognised in the statement of comprehensive income as it accrues.

2.14 Cash flow statement
Cash flows are stated according to the direct method. The premise for operating cash flows is rental income, to which adjustments are made to obtain the net operating cash flows.

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 in 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.

2.15 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.

2.16 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.

3 Financial risk management

3.1 Financial risk factors

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

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

Market risk

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

(I) Foreign exchange risk

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

(II) Price risk

The Fund has no significant exposure to price risk as it does not hold any equity securities or commodities.

The Fund is not exposed to price risk other than in respect of financial instruments, such as property price risk, including property rental risk.

(III) Interest rate risk

As the Fund has no external loans and borrowings, it has no exposure to interest rate risk.

(IV) Hedging risk

The Fund has no hedging instruments in place.

Credit risk

Credit risk is defined as the unforeseen losses on assets if counterparties should fail to meet their obligations. The creditworthiness of tenants is closely monitored by checking their credit rating and keeping a close watch on the accounts receivable. Rents are in general also payable in advance and part of the rent payable is secured by means of bank guarantees or guarantee deposits. There are no significant credit risk concentrations.

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

The carrying amounts of the financial assets represent the maximum credit risk. The combined carrying amount on the reporting date was made up as follows:

(I) The Fund's maximum exposure to credit risk by class of financial asset was as follows:

	2014	2013
Trade and other receivables, net of provision for impairment (Note 13)		
Rent receivables from lessees	343	371
Other financial assets	1,481	3,523
Cash and cash equivalents	18,604	27,435

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.

Of the other financial assets, € 0.9 million (2013: € 0.03 million) relate to reclaimable VAT.

(II) Analysis by credit quality of financial assets was as follows:

	2014	2013
Trade and other current receivables		
Neither past due nor impaired	1,481	3,523
Total neither past due nor impaired	**1,481**	**3,523**
Past due but not impaired		
Less than 30 days overdue	-	-
30 to 90 days overdue	-	-
Total past due but not impaired	**-**	**-**
Individually determined to be impaired (gross)		
30 days to 90 days overdue	363	342
90 to 180 days overdue	98	173
Total individually determined to be impaired (gross)	**461**	**515**
Less: impairment provision	(118)	(144)
Total trade and other current receivables, net of provision for impairment	**1,824**	**3,894**

There is no significant concentration of credit risk with respect to cash and cash equivalents, as the Fund holds cash accounts with a number of financial institutions.

Liquidity risk

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

The Fund's liquidity position is monitored on a daily basis by management and is reviewed quarterly by the Statutory Director of the Fund. A summary table with maturity of financial assets and liabilities presented below is used by key management personnel to manage liquidity risks and is derived from managerial reports at Fund level. The amounts disclosed in these tables are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not significant.

The maturity analysis of financial instruments at 31 December 2014 was as follows:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	Total
Assets				
Trade and other receivables	-	343	1,481	1,824
Liabilities				
Tenant deposits	-	-	182	182
Trade payables	4,891	-	-	4,891
Other financial liabilities	5,721	4,075	-	9,796

The maturity analysis of financial instruments at 31 December 2013 was as follows:

	Demand and less than 1 month	From 1 to 3 months	From3 to 12 months	Total
Assets				
Trade and other receivables	-	371	3,523	3,894
Liabilities				
Tenant deposits	-	-	117	117
Trade payables	1,038	-	-	1,038
Other financial liabilities	5,552	1,400	-	6,952

As the amount of contractual undiscounted cash flows related to bank borrowings and debentures and other loans is based on variable rather than fixed interest rates, the amount disclosed is determined by reference to the conditions existing at the reporting date. That is, the actual spot interest rates effective as of 31 December 2014, and 31 December 2013, are used to determine the related undiscounted cash flows.

3.2 Fair value estimation

The Fund has no financial assets that are measured at fair value. The carrying amounts of the financial assets and liabilities and their fair values were as follows:

As at 31 December		2014		2013	
	Note	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables (level 2)	14	1,824	1,824	3,894	3,894
Cash and cash equivalents (level 1)	15	18,604	18,604	27,435	27,435
Financial liabilities measured at and amortised cost					
Other payables (level 2)	17	(14,869)	(14,869)	(8,107)	(8,107)
		5,559	**5,559**	**23,222**	**23,222**

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

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

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

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

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

4 Critical accounting estimates and judgements

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

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

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

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

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 the IPD Nederland (IPD Property Index) applicable in the Netherlands. 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 terms in order to cover the full period of existing leases. The DCF analyses are based on calculations of the future rental revenue in accordance with the terms in existing leases, and estimations of the rental values when the lease expires. 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 external appraisers. The valuations are executed by external independent valuation experts.

5 Core regions

A spread by core regions is applied in the analysis of the valuation of the investment property portfolio. Amsterdam, Rotterdam, The Hague and Utrecht are considered prime office regions in 2014. Secondary core regions are: Amersfoort, Amstelveen, Arnhem, Breda, Eindhoven, Groningen, Haarlemmermeer, 's-Hertogenbosch and Zwolle. The Fund is currently active in five of these 13 regions, namely Amsterdam, Rotterdam, Utrecht, The Hague and Zwolle.

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

Property valuation as at 31 December	2014	2013
Region		
Amsterdam	95,772	68,896
Rotterdam	114,806	22,154
Utrecht	24,155	26,143
The Hague	271,419	277,473
Non-core regions	47,201	51,313
Total	**553,353**	**445,979**

6 Gross rental income and service charge income

	2014	2013
Theoretical rent	44,675	43,794
Incentives	(2,283)	(1,865)
Vacancies	(4,472)	(4,145)
Total gross rental income	**37,920**	**37,784**

The future contractual rent from leases in existence on 31 December 2014, until the end of the contract (accounted for on the basis of the minimum rent) can be analysed as follows:

	2014	2013
First year	38,490	36,697
Second to fifth year	95,708	98,286
More than five years	17,954	25,952

Service charge income represents € 6.6 million (2013: € 8.2 million) income receivable from tenants for the services utilities, caretakers, etc. when the Fund acts as principal.

7 Property operating expenses

	2014	2013
Taxes	1,173	775
Insurance	152	158
Maintenance	3,118	3,242
Valuation fees	67	116
Property management fees	1,017	947
Letting and lease renewal fees	1,151	634
Other operating expenses	2,421	1,541
Addition to provision for bad debts	8	29
Total property operating expenses	**9,107**	**7,442**

In 2014, € 0.2 million (2013: € 0.2 million) of the maintenance expenses related to unlet properties.

8 Administrative expenses

	2014	2013
Management fee Bouwinvest	2,317	2,430
Audit fees	23	16
Other administrative expenses	121	74
Legal fees	33	6
Other Fund expenses	32	161
Total administrative expenses	**2,526**	**2,687**

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.

9 Finance income

	2014	2013
Interest income	21	5
Total finance income	**21**	**5**

10 Income taxes

The Fund is structured as a fiscal investment institution (fiscale beleggingsinstelling, or 'FII') within the meaning of Article 28 of the Dutch Corporate Income Tax Act 1969 (Wet op de vennootschapsbelasting 1969). An FII is subject to Dutch corporate income tax at a rate of 0%, provided that certain requirements are met regarding the Fund's distribution of profits, its activities, leverage and shareholders.

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.

An FII is obliged to be engaged exclusively in portfolio investment activities, i.e. it may not (partly) conduct an active trade or business. Whether an activity is characterised as a portfolio investment activity or as a business activity for Dutch tax purposes depends on all the relevant facts and circumstances. Additional rules apply for real estate development activities related to the FII's own real estate portfolio. In this respect, an FII may engage in development activities for its own real estate portfolio, provided that the property development is carried out within a taxable subsidiary that carries out the development activities on behalf of the FII. 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.

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.

To qualify as an FII, at least 75% of the Fund must be owned by:

- Individuals
- Entities that are not liable for profit tax and the profits of which are not taxed at the level of the beneficiaries
- Entities that are exempt from profit tax and the profits of which are not taxed at the level of the beneficiaries
- Listed/regulated FIIs

It is also prohibited for entities resident in the Netherlands to collectively own an interest of 25% or more in the Fund through one or more mutual funds or corporate entities not resident in the Netherlands with a capital divided into shares; and no single individual may own an interest of 5% or more.

The Office Fund met the requirements of an FII in 2014. The effective tax rate was therefore 0%.

11 Employee benefits expense

The Office Fund has no employees.

12 Investment property

	2014	2013
At the beginning of the year	**441,326**	**469,252**
Additions:		
Investments	131,400	753
Disposals	-	-
Net gain (loss) from fair value adjustments on investment properties (like for like)	(17,856)	(28,679)
Net gain (loss) from fair value adjustments on investment properties	(7,342)	-
In profit or loss	**(25,198)**	**(28,679)**
In other comprehensive income	-	-
Transfers out of level 3	-	-
Total investment property (level 3)	**547,528**	**441,326**
Lease incentives	5,825	4,653
Less: classified as held for sale	-	-
At the end of the year	**553,353**	**445,979**

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

On 31 December 2014, 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 2014, and 1 January 2014, are in line with the valuations reported by the external valuation experts.

The lease incentives granted are included in the total fair value of investment properties. For the year 2014 the amount of lease incentives is € 5.8 million (2013: € 4.7 million).

Investments	2014	2013
Amsterdam	29,673	-
Rotterdam	97,738	445
Utrecht	645	-
The Hague	2,748	221
Non-core regions	596	87
Total investments	**131,400**	**753**

The significant assumptions made relating to the valuations are set out below.

2014	Amsterdam	Rotterdam	Utrecht	The Hague	Non-core	Total
Current average rent (€/m²)	154	171	169	199	125	169
Current average rent (€/PP)	1,859	2,341	1,132	1,704	639	1,677
Estimated rental value (€/m²)	152	167	160	190	105	160
Estimated rental value (€/PP)	1,880	3,383	1,224	1,752	596	1,846
Gross initial yield	9.4%	6.1%	8.1%	7.2%	12.8%	8.2%
Net initial yield	6.2%	4.4%	8.1%	5.7%	9.8%	6.3%
Current vacancy rate (LFA m²)	52.6%	27.4%	66.0%	14.7%	15.2%	26.3%
Current vacancy rate (PP)	72.5%	35.5%	33.5%	18.8%	5.4%	33.9%
Current vacancy rate (financial)	3.5%	31.4%	28.6%	7.4%	11.2%	10.1%
Long-term vacancy rate	6.0%	25.1%	53.9%	6.2%	19.6%	13.9%
Long-term growth rental rate	1.6%	0.6%	0.6%	1.5%	1.1%	1.4%
Average 10-years inflation rate (IPD Nederland)						1.9%

2013

	Amsterdam	Rotterdam	Utrecht	The Hague	Non-core	Total
Current average rent (€/m²)	221	166	183	198	129	180
Current average rent (€/PP)	2,020	1,420	1,016	1,678	685	1,475
Estimated rental value (€/m²)	208	151	168	193	109	167
Estimated rental value (€/PP)	2,042	1,043	1,069	1,706	606	1,573
Gross initial yield	8.4%	6.8%	9.0%	7.2%	11.3%	7.9%
Net initial yield	5.7%	4.0%	7.0%	6.2%	8.3%	6.3%
Current vacancy rate (LFA m²)	3.7%	34.2%	23.0%	4.9%	14.6%	10.9%
Current vacancy rate (PP)	1.3%	72.5%	9.7%	10.5%	11.8%	29.5%
Current vacancy rate (financial)	2.2%	30.0%	21.7%	6.1%	14.5%	9.6%
Long-term vacancy rate	4.3%	0.0%	28.7%	5.6%	11.1%	7.8%
Long-term growth rental rate	1.57%	0.5%	0.52	1.63%	1.18%	1.46%
Average 10-years inflation rate (IPD Nederland)						2.1%

The valuation of the investment properties takes into account a rent-free period/rental incentives ranging from 1 to 12 months after occupation.

As at 31 December 2014, the Fund had unprovisioned contractual obligations for future repairs and maintenance of € 3.2 million (2013: € 1.2 million).

Direct operating expenses recognised in profit or loss include € 0.6 million (2013: € 0.8 million) relating to vacant investment property. Investment property includes buildings held under finance leases of which the carrying amount is nil (2013: nil).

Sensitivity analysis

The appraisal of the portfolio implies a net initial yield of 6.3% (2013: 6.3%). If the yields used for the appraisals of investment properties on 31 December 2014 had been 100 basis points higher (2013: 100 basis points higher) than was the case at that time, the value of the investments would have been 13.7% lower (2013: 13.7% lower). In this situation, the Fund's shareholders' equity would have been € 63 million lower (2013: € 65 million lower).

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

		2014		2013
Change rental rates	– 5%	5%	– 5%	5%
Value of the investment property change	(23,193)	23,193	(23,860)	23,860

		2014		2013
Change net initial yield	– 25 bps	+ 25 bps	– 25 bps	+ 25 bps
Value of the investment property change	19,163	(17,700)	19,694	(18,192)

13 Investment property under construction

	2014	2013
At the beginning of the year	**-**	**-**
Investments	6,678	-
Transfer to investment property	-	-
Net gain (loss) from fair value adjustments on investment property under construction	(477)	-
In profit or loss	(477)	-
In other comprehensive income	-	-
Transfers out of level 3	-	-
At the end of the year	**6,201**	**-**

The Fund has an agreement with Bouwinvest Development B.V., which develops part of the investment property for the Fund. Investment property under construction relates to Valina (Amsterdam).

The total gain (loss) for the year included an unrealised loss of € 477 (2013: € nil) relating to investment property under construction that are measured at fair value at the end of the reporting period.

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

The specifications of transfers from investments and also the transfers to investment property are set out below.

	2014	2013
Investment property under construction at fair value	6,201	-
Investment property under construction at amortised cost	-	-
As at 31 December	**6,201**	**-**

Investments	2014	2013
Amsterdam	6,201	-
Rotterdam	-	-
Utrecht	-	-
The Hague	-	-
Non-core regions	-	-
Total investments	**6,201**	**-**

14 Trade and other current receivables

	2014	2013
Trade receivables	343	371
Reclaimable VAT	704	867
Group companies Bouwinvest	-	110
Other receivables	777	2,546
Balance as at 31 December	**1,824**	**3,894**

15 Cash and cash equivalents

	2014	2013
Bank balances	18,604	27,435
Balance as at 31 December	**18,604**	**27,435**

The cash and cash equivalents were freely available to the Fund as at 31 December 2014.

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

For 2014, before appropriation of result

Attributable to owners of the Fund

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2014	**200,411**	**262,366**	**6,424**	**1,260**	**(1,260)**	**469,201**
Comprehensive income						
Net result	-	-	-	-	612	612
Total comprehensive income	**-**	**-**	**-**	**-**	**612**	**612**
Other movements						
Issued shares	67,034	76,966	-	-	-	144,000
Repayment of share premium	-	(22,000)				(22,000)
Appropriation of result	-	-	-	(1,260)	1,260	-
Dividends paid	-	(25,269)	-	(1,431)	-	(26,700)
Movement revaluation reserve	-	-	(819)	819	-	-
Total other movements	**67,034**	**29,697**	**(819)**	**(1,872)**	**1,260**	**95,300**
Balance at 31 December 2014	**267,445**	**292,063**	**5,605**	**(612)**	**612**	**565,113**

* See explanation dividend restrictions in this Note.

For 2013, before appropriation of result

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2013	**200,000**	**293,657**	**7,530**	**(683)**	**683**	**501,187**
Comprehensive income						
Net result	-	-	-	-	(1,260)	(1,260)
Total comprehensive income	**-**	**-**	**-**	**-**	**(1,260)**	**(1,260)**
Other movements						
Issued shares	411	589	-	-	-	1,000
Appropriation of result	-	-	-	683	(683)	-
Dividends paid	-	(31,880)	-	154	-	(31,726)
Movement revaluation reserve	-	-	(1,106)	1,106	-	-
Total other movements	**411**	**(31,291)**	**(1,106)**	**1,943**	**(683)**	**(30,726)**
Balance at 31 December 2013	**200,411**	**262,366**	**6,424**	**1,260**	**(1,260)**	**469,201**

* See explanation dividend restrictions in this Note.

Dividend restrictions

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

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

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

	Number of shares in fully paid up equivalents	Paid-up share capital	Share premium	Total share capital and share premium
Opening balance at 1 January 2014	**200,411**	**200,411**	**262,366**	**462,777**
Issued shared	67,034	67,034	76,966	144,000
Repayment of share premium	-	-	(22,000)	(22,000)
Dividends paid	-	-	(25,269)	(25,269)
Share premium contribution	-	-	-	-
Balance at 31 December 2014	**267,445**	**267,445**	**292,063**	**559,508**
Opening balance at 1 January 2013	**200,000**	**200,000**	**293,657**	**493,657**
Issued shared	411	411	589	1,000
Dividends paid	-	-	(31,880)	(31,880)
Share premium contribution	-	-	-	-
Balance at 31 December 2013	**200,411**	**200,411**	**262,366**	**462,777**

Issued capital
The authorised capital comprises 1 million shares, each with a nominal value of € 1,000. As at 31 December 2014, in total 267,445 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 2014 was determined at the individual property level.

17 Trade and other payables

	2014	2013
Trade payables	1,346	1,038
Rent invoiced in advance	5,721	5,552
Tenant deposits	182	117
Bouwinvest Development BV	3,545	-
Other payables	4,075	1,400
Balance as at 31 December	**14,869**	**8,107**

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

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.

	2014	2013
Net result attributable to shareholders	612	(1,260)
Weighted average number of ordinary shares	203,090	200,274
Basic earnings per share (€ per share)	3.01	(6.29)

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

19 Dividends per share

In 2014, € 26.7 million (2013: € 31.7 million) was paid as dividend. The payment of a dividend over 2014 of € 129.43 (2013: € 136.91) per share as at year-end 2014, amounting to a total dividend of € 26.3 million (2013: € 27.4 million), is to be proposed at the Annual General Meeting of Shareholders on 20 April 2015. These financial statements do not reflect this dividend payable.

The dividend proposal for 2014 has not been accounted for in the financial statements. The dividend for 2014 will be paid in cash.

20 Contingent liabilities and assets

As at 31 December 2014, the Fund had total future commitments amounted to € 5.4 million (2013: € 1.1 million) and fully relates to commitments due within one year.

The Fund has a contractual agreement with Bouwinvest REIM for an indefinite period in which it has to pay a management fee, based on the net asset value. The notice period is 2 years.

21 Related parties

The Office Fund and members of the Supervisory Board and Board of Directors of Bouwinvest Real Estate Investment Management B.V. (Bouwinvest) and the other entities under mangement by Bouwinvest, qualify as related parties of the Office Fund. A € 2.3 million (2013: € 2.4 million) fee was paid to Bouwinvest in 2014. bpfBOUW and the subsidiaries and investments held by bpfBOUW are also deemed related parties.

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

The members of the Supervisory Board and Board of Directors of Bouwinvest held no personal interest in the Fund's investments in 2014.

The Office Fund rented Maincourt to Bouwinvest for the amount of € 1.4 million in 2014 (2013: € 1.4 million). The Office Fund paid nil (2013: € 1.2 million) for energy from Phui Energy, a subsidiary of Bouwinvest.

22 Remuneration

Bouwinvest is the manager and Statutory Director of the Fund. The management fee paid for the year 2014 amounted to € 2.3 million (2013: € 2.4 million).

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

The remuneration of the members of the Supervisory Board is included in the management fee paid to Bouwinvest REIM.

During the reporting period, the manager, Bouwinvest, is responsible for eight entities of which the Residential, Office and Retail Fund are under supervision of the Dutch Financial Markets Authority (AFM). The remuneration cannot be explicitly allocated per fund and is therefore not available. The remuneration, in line with the AIMFD Article 107, is disclosed in the annual report 2014 of Bouwinvest Real Estate Investment Management B.V., which is filed and public.

23 Audit fees

The table below shows the fees charged over the year 2014 by Deloitte Accountants B.V. and the Deloitte Network in respect of activities for the Office Fund.

	2014	2013
Audit of the financial statements	23	16
Other audit engagements	-	-
Tax advisory services	-	-
Other non-audit services	-	-
Total fees	**23**	**16**

24 Subsequent events

The Office Fund has no significant subsequent events that need to be disclosed.

Signing of the Financial Statements

Amsterdam, the Netherlands, 16 March 2015

Bouwinvest Real Estate Investment Management B.V.

Dick van Hal, *Chairman of the Board of Directors and Statutory Director*
Arno van Geet, *Managing Director Finance*
Allard van Spaandonk, *Managing Director Dutch Investments*
Stephen Tross, *Managing Director International Investments*

The Supervisory Board of Bouwinvest Dutch Institutional Office Fund N.V.

Kees Beuving, *Chairman of the Supervisory Board*
Marjanne Sint, *Vice-chairman of the Supervisory Board*
Jan van der Vlist
Roel Wijmenga

Other information

Articles of Association related to the appropriation of profit

Appropriation of profit is provided for in Article 23 of the Office Fund's Articles of Association.

This specific article is quoted below.

23.1
The distributable profit shall be at the disposal of the General Meeting for distribution of dividend or in order 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.

23.2
Distribution of profits shall take place after the adoption of the financial statements which show that the distribution is permitted.

23.3
The General Meeting may resolve to distribute one or more interim dividends and/or other interim distributions. The Board of Directors may also resolve to distribute one or more interim dividends.

23.4
Dividends shall be payable immediately after they have been declared, unless the General Meeting provides otherwise.

23.5
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.

23.6
In calculating the appropriation of profits, the shares held by the Fund in its own share capital shall not be taken into account.

Appropriation of profit 2013

The Annual General Meeting of shareholders on 25 April 2014 adopted and approved the 2013 financial statements of the Office Fund. A dividend of € 136.91 (in cash) per share has been paid. The result for 2013, amounting to € (1.3) million, has been incorporated in the retained earnings.

Proposal for profit appropriation 2014

The management of the Fund proposes to the General Meeting of shareholders that a dividend of € 129.43 (in cash) per share be paid for 2014. Of the result for 2014 amounting to € 0.6 million, € 0.6 million will be incorporated in the retained earnings.

Subsequent events

The Office Fund has no significant subsequent events that need to be disclosed.

Independent auditor's report

To: The shareholders of Bouwinvest Dutch Institutional Office Fund N.V.

Report on the financial statements

We have audited the accompanying financial statements 2014 of Bouwinvest Dutch Institutional Office Fund N.V., Amsterdam, which comprise the statement of financial position as per December 31, 2014, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Report of the Board of Directors in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Bouwinvest Dutch Institutional Office Fund N.V. as per December 31, 2014 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Report of the Board of Directors, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the Report of the Board of Directors, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, March 16, 2015

Deloitte Accountants B.V.

Signed on the original: J. Holland

Financial overviews in accordance with INREV valuation principles

In order to give investors information on the transition from the Net Asset Value (NAV) according to IFRS to the adjusted NAV based on INREV valuation principles, the Fund also publishes the accounts according to the INREV valuation principles.

The fundamental assumption underlying the adjusted INREV NAV of the Fund is that it should give a more accurate reflection of the economic value of the Fund and a participation in the Fund as it would be realised by a participant in a theoretical sale, as of the balance sheet date, assuming an arm's length transaction, a willing buyer/seller and an adequate time to market.

The adjusted INREV NAV is based on the IFRS valuation principles plus the deviations, as described below.

Note		Total	Per share	Actual impact on 2014 figures	Actual impact on 2013 figures
	NAV per the IFRS financial statements				
	Reclassification of certain IFRS liabilities as components of equity	X	X	Yes	Yes
1	Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders long term interests in a vehicle	X	X	N/A	N/A
2	Effect of dividends recorded as a liability which have not been distributed	X	X	N/A	N/A
	NAV after reclassification of equity-like interests and dividends not yet distributed	X	X	N/A	N/A
	Fair value of assets and liabilities	X	X	N/A	N/A
3	Revaluation to fair value of investment properties	X	X	N/A	N/A
4	Revaluation to fair value of self-constructed or developed investment property	X	X	N/A	N/A
5	Revaluation to fair value of investment property held for sale	X	X	N/A	N/A
6	Revaluation to fair value of property that is leased to tenants under a finance lease	X	X	N/A	N/A
7	Revaluation to fair value of real estate held as inventory	X	X	N/A	N/A
8	Revaluation to fair value of other investments in real assets	X	X	N/A	N/A
9	Revaluation to fair value of indirect investments not consolidated	X	X	N/A	N/A
10	Revaluation to fair value of financial assets and financial liabilities	X	X	N/A	N/A
11	Revaluation to fair value of construction contracts for third parties	X	X	N/A	N/A
12	Set-up costs	X	X	Yes	Yes
13	Acquisition expenses	X	X	Yes	N/A
14	Contractual fees	X	X	N/A	N/A
	Effects of the expected manner of settlement of sales/vehicle unwinding	X	X	N/A	N/A
15	Revaluation to fair value of savings of purchaser's costs such as transfer taxes	X	X	N/A	N/A
16	Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments	X	X	N/A	N/A
17	Effect of subsidiaries having a negative equity (non-recourse	X	X	N/A	N/A
	Other adjustments	X	X	N/A	N/A
18	Goodwill	X	X	N/A	N/A
19	Non-controlling interest effects of INREV adjustments	X	X	N/A	N/A
	INREV NAV	X	X	Yes	Yes

X= Possible impact on NAV and NAV per share
N/A= Not applicable
Yes= Impact on INREV NAV

Statement of financial position in accordance with INREV valuation principles

Before appropriation of result, all amounts in € thousands

As at 31 December			2014			2013
	IFRS	Adjustment	INREV	IFRS	Adjustment	INREV
Assets						
Non-current assets						
Investment property	553,353		553,353	445,979		445,979
Investment property under construction	6,201		6,201	-		-
Other non-current receivables	-		-	-		-
	559,554		**559,554**	**445,979**		**445,979**
Current assets						
Trade and other current receivables	1,824	7,344	9,168	3,894	100	3,994
Cash and cash equivalents	18,604		18,604	27,435		27,435
	20,428	**7,344**	**27,772**	**31,329**	**100**	**31,429**
Total assets	**579,982**	**7,344**	**587,326**	**477,308**	**100**	**477,408**
Equity and liabilities						
Equity attributable to the owners of the Fund						
Total equity	**565,113**	**7,344**	**572,457**	**469,201**	**100**	**469,301**
Current liabilities						
Trade and other payables	8,966		8,966	2,438		2,438
Rent invoiced in advance	5,721		5,721	5,552		5,552
Tenant deposits	182		182	117		117
Total liabilities	**14,869**		14,869	**8,107**		**8,107**
Total equity and liabilities	**579,982**	**7,344**	**587,326**	**477,308**	**100**	**477,408**

Statement of comprehensive income in accordance with INREV valuation principles

All amounts in € thousands unless otherwise stated

As at 31 December			2014			2013
	IFRS	Adjustment	INREV	IFRS	Adjustment	INREV
Gross rental income	37,920		37,920	37,784		37,784
Service charge income	6,640		6,640	8,188		8,188
Other income	1,805		1,805	807		807
Revenues	**46,365**		**46,364**	**46,779**		**46,779**
Service charge expenses	(8,466)		(8,466)	(9,236)		(9,236)
Property operating expenses	(9,107)		(9,107)	(7,442)		(7,442)
	(17,573)		(17,573)	(16,678)		(16,678)
Net rental income	**28,792**		**28,792**	**30,101**		**30,101**
Profit (loss) on sales of investment property	**-**		**-**	**-**		**-**
Positive fair value adjustment	1,216		1,216	3,437		3,437
Negative fair value adjustment	(26,891)	7,344	(19,547)	(32,116)		(32,116)
Net valuation gain on investment property	**(25,675)**		**(18,331)**	**(28,679)**		**(28,679)**
Administrative expenses	(2,526)	(100)	(2,626)	(2,687)	(100)	(2,787)
Result before finance expense	**591**	**(100)**	**7,835**	**(1,265)**	**(100)**	**(1,365)**
Finance income	21		21	5		5
Net finance expense	**21**		**21**	**5**		**5**
Result before tax	**612**		**7,856**	**(1,260)**		**(1,360)**
Income taxes	-		-	-		-
Net result	**612**		**7,856**	**(1,260)**		**(1,360)**
Other comprehensive income for the year	-		-	-		-
Total comprehensive income for the year	**612**		**7,856**	**(1,260)**		**(1,360)**
Net result attributable to shareholders	-		-	-		-
Total comprehensive income attributable to shareholders	**612**		**7,856**	**(1,260)**		**(1,360)**
Earnings per share (€)						
Basic earnings per share	**3.01**		**38.61**	**(6.29)**		**(6.79)**
Diluted earnings per share	**3.01**		**38.61**	**(6.29)**		**(6.79)**

Statement of changes in equity in accordance with INREV valuation principles

All amounts in € thousands

For 2014, before appropriation of result

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance according to IFRS at 1 January 2014	**200,411**	**262,366**	**6,424**	**1,260**	**(1,260)**	**469,201**
Changes according to INREV at 1 January 2014	-	-	-	200	(100)	100
Balance at 1 January 2014	**200,411**	**262,366**	**6,424**	**1,460**	**(1,360)**	**469,301**
Comprehensive income						
Net result	-	-	-	-	612	612
Total comprehensive income	**-**	**-**	**-**	**-**	**612**	**612**
Other movements						
Issued share	67,034	76,966	-	-	-	144,000
Repayment of share premium	-	(22,000)	-	-	-	(22,000)
Appropriation of result	-	-	-	(1,360)	1,360	-
Dividends paid	-	(25,269)	-	(1,431)	-	(26,700)
Movement revaluation reserve	-	-	(819)	819	-	-
Changes according to INREV	-	-	-	-	7,244	7,244
Total other movements	**67,034**	**29,697**	**(819)**	**(1,972)**	**8,604**	**102,544**
Balance at 31 December 2014	**267,445**	**292,063**	**5,605**	**(512)**	**7,856**	**572,457**

* See explanation dividend restrictions.

For 2013, before appropriation of result

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance according to IFRS at 1 January 2013	**200,000**	**293,657**	**7,530**	**(683)**	**683**	**501,187**
Changes according to INREV at 1 January 2013	-	-	-	300	(100)	200
Restated balance 1 January 2013	**200,000**	**293,657**	**7,530**	**(383)**	**583**	**501,387**
Comprehensive income						
Net result	-	-	-	-	(1,260)	(1,260)
Total comprehensive income	**-**	**-**	**-**	**-**	**(1,260)**	**(1,260)**
Other movements						
Issued share	411	589	-	-	-	1,000
Appropriation of result	-	-	-	583	(583)	-
Dividends paid	-	(31,880)	-	154	-	(31,726)
Movement revaluation reserve	-	-	(1,106)	1,106	-	-
Changes according to INREV	-	-	-	-	(100)	(100)
Total other movements	**411**	**(31,291)**	**(1,106)**	**1,843**	**(683)**	**(30,826)**
Balance at 31 December 2013	**200,411**	**262,366**	**6,424**	**1,460**	**(1,360)**	**469,301**

* See explanation dividend restrictions

Notes to the INREV financial statements

All amounts in € thousands unless otherwise stated

Note		Total 2014	Per share 2014	Total 2013	Per share 2013
	NAV as per the financial statements	**565,113**	**2,113.01**	**469,201**	**2,341.19**
	Reclassification of certain IFRS liabilities as components of equity	-	-	-	-
1	Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders long term interests in a vehicle	-	-	-	-
2	Effect of dividends recorded as a liability which have not been distributed	-	-	-	-
	NAV after reclassification of equity-like interests and dividends not yet distributed	**565,113**	**2,113.01**	**469,201**	**2,341.19**
	Fair value of assets and liabilities	-	-	-	-
3	Revaluation to fair value of investment properties	-	-	-	-
4	Revaluation to fair value of self-constructed or developed investment property	-	-	-	-
5	Revaluation to fair value of investment property held for sale	-	-	-	-
6	Revaluation to fair value of property that is leased to tenants under a finance lease	-	-	-	-
7	Revaluation to fair value of real estate held as inventory	-	-	-	-
8	Revaluation to fair value of other investments in real assets	-	-	-	-
9	Revaluation to fair value of indirect investments not consolidated	-	-	-	-
10	Revaluation to fair value of financial assets and financial liabilities	-	-	-	-
11	Revaluation to fair value of construction contracts for third parties	-	-	-	-
12	Set-up costs	-	-	100	0.50
13	Acquisition expenses	7,344	27.46	-	-
14	Contractual fees	-	-	-	-
	Effects of the expected manner of settlement of sales/vehicle unwinding	-	-	-	-
15	Revaluation to fair value of savings of purchaser's costs such as transfer taxes	-	-	-	-
16	Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments	-	-	-	-
17	Effect of subsidiaries having a negative equity (non-recourse	-	-	-	-
	Other adjustments	-	-	-	-
18	Goodwill	-	-	-	-
19	Non-controlling interest effects of INREV adjustments	-	-	-	-
	INREV NAV	**572,457**	**2,140.47**	**469,301**	**2,341.69**
	Number of shares issued	267,445		200,411	
	Number of shares issued taking dilution effect into account	267,445		200,411	
	Weighted average INREV NAV	520,879		485,344	
	Weigthed average INREV GAV	532,367		493,562	
	Total Expense Ratio (NAV)	0.54%		0.58%	
	Total Expense Ratio (GAV)	0.53%		0.57%	
	Real Estate Expense Ratio (GAV)	2.25%		1.70%	

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

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

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

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

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

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

As per 31 December 2014 no dividends are recorded as a liability, no adjustment is included.

3 Revaluation to fair value of investment property

After initial recognition, investment property is valued at fair value under the fair value option of IAS 40. Therefore no adjustment had to be made as per 31 December 2014.

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

Development property is investment property under construction and valued at fair value under the fair value option of IAS 40. Therefore no adjustment had to be made as per 31 December 2014.

5 Revaluation to fair value of investment property held for sale

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

As per 31 December 2014, no properties intended for sale had been presented that are not included in the fair value of investment property.

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

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

As per 31 December 2014, no adjustment had been made since no property is held that is leased to tenants under a finance lease.

7 Revaluation to fair value of real estate held as inventory

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

As per 31 December 2014, no adjustment had been made since no property is accounted for under IAS 2 (Inventory).

8 Revaluation to fair value of other investments in real assets

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

As per 31 December 2014, no adjustment had been made since the Fund has no investments in real assets.

9 Revaluation to fair value of indirect investments not consolidated

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

As per 31 December 2014, no adjustment had been made since the Fund has no indirect investments in real estate.

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

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

As per 31 December 2014, no adjustment had been made since the financial assets and liabilities accounted for in the Statement of financial position are not materially different with the fair value of the financial assets and liabilities in accordance with the fair value principles of IFRS 13.

11 Revaluation to fair value of construction contracts for third parties

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

As per 31 December 2014, no adjustment had been made since the Fund has no construction contracts of third parties.

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

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

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

12 Set-up costs

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

As per 31 December 2014, the set-up costs of the Fund have been amortised, so no adjustment had been made per 31 December 2014.

Total set-up costs	500
Accumulated depreciation of set-up costs (5 years)	100
Total amortised value as per 31 December 2014	500
Set-up costs booked directly to income as per 31 December 2014	-
Adjustment NAV (excluding tax)	**-**

13 Acquisition expenses

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

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

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

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

Total acquisition costs per 31 December 2013	-
New acquisition costs 2014	7,344
Total acquisition costs per 31 December 2014	7,344
Accumulated depreciation of acquisition costs (5 years)	
Total amortised value as per 31 December 2014	-
Set-up costs booked directly charged to income as per 31 December 2014	7,344
Adjustment NAV (excluding tax)	**7,344**

14 Contractual fees

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

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

15 Revaluation to fair value of savings of purchaser's costs such as transfer taxes

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

The Fund has no investment property structured in special vehicles. As per 31 December 2014, no adjustment had been made due to the fact that it is impossible to sell investment property via a share deal. Therefore, there is no possibility of an additional reduction of the transfer tax or purchaser's costs that might lead to a higher sales price.

16 Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments

Under IFRS, deferred tax (assets and liabilities) is measured at the nominal statutory tax rate. How the Fund expects to settle deferred tax is not taken into consideration. This adjustment represents the impact on NAV of the deferred tax for assets and liabilities or financial instruments based on the expected settlement. This should be taken into consideration when tax structures have been applied to reduce tax on capital gains or allowances. Where goodwill is included in the Statement of financial position as a result of a deferred tax liability that is eliminated as a result of the above-mentioned adjustment, the goodwill related to this deferred tax will be excluded from NAV.

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

16 Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments

Under IFRS, deferred tax (assets and liabilities) is measured at the nominal statutory tax rate. How the Fund expects to settle deferred tax is not taken into consideration. This adjustment represents the impact on NAV of the deferred tax for assets and liabilities or financial instruments based on the expected settlement. This should be taken into consideration when tax structures have been applied to reduce tax on capital gains or allowances. Where goodwill is included in the Statement of financial position as a result of a deferred tax liability that is eliminated as a result of the above-mentioned adjustment, the goodwill related to this deferred tax will be excluded from NAV.

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

17 Effect of subsidiaries having a negative equity (non-recourse)

The adjustment represents the positive impact on the NAV of the partial or full reversal of the negative equity of the specific subsidiary. If the vehicle has granted shareholder loans to the subsidiary, these should be taken into account.

As per 31 December 2014, no adjustment had been made since the Fund has no subsidiaries.

18 Goodwill

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

As per 31 December 2014, no adjustment had been made since the Fund has no goodwill recognised in the Statement of financial position.

19 Non-controlling interest effects on the above adjustments

This adjustment represents the impact on the NAV of the recognition of non-controlling interests on all of the above adjustments.

As per 31 December 2014, no adjustment had been made since the Fund holds no minority interests.

Independent auditor's report

To: The shareholders of Bouwinvest Dutch Institutional Office Fund N.V.

We have audited the accompanying financial overviews 2014 of Bouwinvest Dutch Institutional Office Fund N.V., Amsterdam, in accordance with INREV Valuation Principles as set out on page 71 up to and including page 79, which comprise the statement of financial position as per December 31, 2014, the statements of comprehensive income and changes in equity for the year then ended and notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation of the financial overviews in accordance with the INREV Valuation Principles, which are selected and disclosed by the Fund, as set out in the notes on page 71 up to and including page 79 of the financial overviews in accordance with INREV Valuation Principles. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial overviews that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial overviews based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial overviews are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial overviews. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial overviews, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial overviews 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial overviews.

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

Opinion

In our opinion, the financial overviews are prepared, in all material respects in accordance with the accounting policies selected and disclosed by the Fund, as set out in the notes on page 71 up to and including page 79 of the financial overviews in accordance with INREV Valuation Principles.

Basis of accounting

We draw attention to notes on page 71 up to and including page 79 of the financial overviews in accordance with INREV Valuation Principles, which describes the basis of accounting. The accounting policies used are selected and disclosed by the entity. Our opinion is not qualified in this respect.

Amsterdam, March 16, 2015

Deloitte Accountants B.V.

Signed on the original: J. Holland

Shareholders' information & Investor Relations

Legal and capital structure

The Office Fund is structured as an investment company with variable capital, as defined in article 2:76a of the Dutch Civil Code, incorporated under the laws of the Netherlands, 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 Investment Management B.V. (Bouwinvest) is the Fund's Statutory Director and management company, subject to the terms of the management agreement. In February 2014, the management company obtained a licence within the meaning of Article 2:65 of the Dutch Financial Supervision Act and is now subject to the supervision of the Dutch Financial Markets Authority (AFM) and the Dutch Central Bank (DNB).

Shareholders

In the second quarter of 2014, Bouwinvest increased its share as a shareholder of the Fund. The issue of new shares to Bouwinvest has aligned the management company with the other shareholders of the Fund.

Name shareholder	Number of shares at year-end 2014
Stichting Bedrijfstakpensioenfonds voor de Bouwnijverheid (bpfBOUW)	266,591
Bouwinvest Real Estate Investment Management B.V.	854

Dividend

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

The Board of Directors proposes to pay a dividend of € 129.43 per share for 2014 (2013: € 136.91), which corresponds to a pay-out ratio of 100%. It is proposed that the dividend be paid in cash, within the constraints imposed by the company's fiscal investment institution (FII) status. Of this total dividend, 80.7% was paid out during 2014. The fourth instalment was paid on 3 March 2015. The remainder of the distribution over 2014 will be paid in one final instalment following the Annual General Meeting of Shareholders on 20 April 2015.

Financial calendar

3 June 2014	Payment interim dividend first quarter 2014, € 31.26 per share
2 September 2014	Payment interim dividend second quarter 2014, € 29.23 per share
2 December 2014	Payment interim dividend third quarter 2014, € 28.82 per share
3 March 2015	Payment interim dividend fourth quarter 2014, € 19.21 per share
20 April 2015	Annual General Meeting of Shareholders
28 April 2015	Payment of final dividend 2014, € 4.78 per share
2 June 2015	Payment interim dividend first quarter 2015
1 September 2015	Payment interim dividend second quarter 2015
1 December 2015	Payment interim dividend third quarter 2015
9 December 2015	General Meeting of Shareholders
2 March 2016	Payment interim dividend fourth quarter 2015

Investor relations

Bouwinvest aims for the highest level of transparency in its communications on the financial situation, strategy, plans and other information relevant to its existing and potential investors and other stakeholders. All the information Bouwinvest publishes via various channels is also available on the Bouwinvest Investor Web.

In addition to the regular information outlined above, Bouwinvest organised a number of investor relations activities in 2014, including our traditional investor relations seminar in May, road shows, property tours and one-on-one meetings with (potential) investors, plus we attended several high-profile real estate conferences to present the management organisation, its strategy and its vision on real estate to (potential) investors.

For further information on Bouwinvest's investor relations activities, please visit our corporate website at Bouwinvest.nl/en. You can also contact our Investor Relations department at ir@bouwinvest.nl or Karen Huizer, Investor Relations manager: +31 (0)20 677 1598.

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Glossary

Assets under management
Assets under management are the investment properties, properties under construction, the properties held for sale and cash.

Capital growth
Capital growth to the investor is the INREV total return per year, based on the increase in net asset value.

Committed property
Property which the Fund or any of the Fund entities has committed to acquire under any binding contractual agreement, arrangement, promise, commitment, contract, instrument or understanding, where such property is not generating income for the benefit of the Fund or any of the Fund entities as of the reporting date.

Direct Fund return
The direct Fund return is the percentage of the generated net cash income over the reporting period, divided by the average net asset value of the Fund (INREV methodology).

Direct property return
Net rental income from investment properties divided by the value of the investment properties, on a monthly basis (IPD methodology).

Distributable earnings
Distributable earnings is the total rental income net of all expenses, costs, fees (including management fee), financing costs and taxes borne by the Fund, as well as net proceeds from disposals and other income, available for distribution to the shareholders after payment of, or making reasonable reservation for, any obligations, costs and expenses of the Fund.

Distributable earnings differs from the fiscal distributable profits. The fiscal distributable profits only include current income (dividends, interest and rental income) and may be adjusted for certain specific items. The gains on investments, which are added to a so-called reinvestment reserve, are not included in the fiscal distributable profits.

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 rental revenue.

Forward acquisitions
Forward acquisitions are contractual obligations for the purchase of investment properties, either at a fixed price or for which the purchase price has not been fixed. The committed forward acquisitions are disclosed in the Notes to the statement of financial position and are not capitalised, apart from prepayments and costs incurred directly in relation to the forward acquisition projects, which in these cases are capitalised as assets under construction. The project is classified as investment property after the moment of conveyance.

Gross Asset Value (GAV)
The gross asset value of a fund is the gross property value plus the value of any further assets at market value as per the chosen valuation principles.

Gross initial yield
Gross initial yield is the annualised rent divided by the property value as per year-end.

Gross lettable area (GLA)
Gross lettable area is the total floor area of all investment properties that can be occupied by tenants at the reporting date.

Gross rental income
The gross rental income is the total contractual rental income over the reporting period.

Indirect Fund return
The indirect Fund return is the percentage of the valuation movements over the reporting period, divided by the average net asset value of the Fund (INREV methodology).

Income return
Income return to the investor is the income return per year, based on distributed dividends/capital distributions. The income return per year as a percentage is equal to the distributed dividends/capital distributions, divided by the net asset value at the beginning of the year, plus any capital calls and less any distributed dividends/capital distributions. INREV applies the definition 'dividend yield' which is the amount of income the Fund distributes to investors as a percentage of the current NAV.

Indirect property return
Capital increase of investment properties divided by the value of the investment properties, on a monthly basis (IPD methodology).

Indirect return investment under construction
Indirect return investment under construction is the indirect result related to investment under construction divided by the average gross asset value at the beginning and the end of the period, plus investments and less transfers to the portfolio.

Interest coverage ratio
The interest coverage ratio is the earnings before finance expense as a percentage of the finance expense.

Investment properties
Properties in operation are investment properties that are fully operational on the reporting date.

Like-for-like gross rental income
Like-for-like gross rental income compares the increase of the gross rental income of the portfolio that has been consistently in operation. This is excluding new contracts, vacancy and rental income from properties under construction.

Net asset value (NAV)
The net asset value is equal to the shareholders' equity of the Fund.
INREV NAV is equal to IFRS NAV plus INREV adjustments regarding:

- revaluation to fair value of property intended for sale
- revaluation to fair value of fixed rate debt
- set-up costs
- acquisition expenses

Net asset value per share is the net asset value divided by the number of shares as at the reporting date.

Net initial yield
This is the net rental income divided by the property value as per year-end.

Pay-out ratio of distributable earnings
This is the distributed dividend in the reporting period divided by the distributable income in the reporting period.

Real Estate Expense Ratio (REER)
The real estate expense ratio reflects real estate expenses of the current reporting period (12 months) and is backward-looking. The REER includes the management fees and the fund expenses as a percentage of the weighted average NAV over the year.

Reletting and renewal
The percentage of reletting and renewal is the amount of new rental contracts over the reporting period divided by the total theoretical rent at year-end (contractual rent plus estimated rental value of vacant space).

Solvency ratio

The solvency ratio is equity divided by total assets.

Total Expense Ratio (TER)

The total expense ratio reflects the total expenses of the current reporting period (12 months) as a percentage of the weighted average Net Asset Value (NAV) over the period. The TER is backward-looking and includes the management fee, the Fund expenses, the property specific costs and the service charge shortfall.

Total Return On Equity (ROE)

Total return on equity is the INREV total return per year (income return plus capital growth).

Weighted average cost of debt

The compounded total average rate of the interest rates on each external debt instrument in the Fund weighted by the size of such instruments.

Property overview

Municipality	Street name/property name	Floor space (in m²)	No. of parking units	Year of construction /renovation	Land ownership	Core region	Theoretical gross annual rent as per 31 December 2014	Financial occupancy rate (average)
AMSTERDAM	Maincourt	5,247	85	1991	Leasehold	Amsterdam	857	100.0%
AMSTERDAM	De Lairessestraat	3,522	57	1998	Leasehold	Amsterdam	1,123	92.0%
AMSTERDAM	Valeriusplein	918	-	1917	Leasehold	Amsterdam	281	100.0%
AMSTERDAM	Olympic Stadium (Parking)	125	850	2001	Leasehold	Amsterdam	1,584	99.7%
AMSTERDAM	Olympic Stadium (Office)	13,391	-	1999	Leasehold	Amsterdam	2,890	94.6%
AMSTERDAM	Citroën Zuidgebouw	6,358	20	1931	Leasehold	Amsterdam		
AMSTERDAM	Citroën Noordgebouw	12,095	47	1962	Leasehold	Amsterdam		
DORDRECHT	Maasplaza	4,566	135	1994	Freehold	Non-core regions	639	65.7%
LEIDEN	Schutterveste	5,883	88	1988	Leasehold	Non-core regions	834	96.9%
MAASTRICHT	De Geusselt	6,879	131	2000	Freehold	Non-core regions	1,089	87.9%
MAASTRICHT	De Geusselt	4,390	-	1998	Freehold	Non-core regions	456	90.7%
MAASTRICHT	De Geusselt	11,012	-	2003	Freehold	Non-core regions	1,092	74.6%
NIJMEGEN	Brabantse Poort	5,847	131	1994	Freehold	Non-core regions	681	95.5%
ROTTERDAM	Eastpoint	4,929	79	1990	Leasehold	Rotterdam	702	0.4%
ROTTERDAM	Prinsenland III	1,296	-	2007	Freehold	Rotterdam	200	63.8%
ROTTERDAM	Maasparc	6,357	16	2000	Freehold	Rotterdam	1,112	100.0%
ROTTERDAM	De Witte Keizer	3,221	-	2005	Freehold	Rotterdam	542	100.0%
ROTTERDAM	Beurs-WTC	48,753	-	1987	Freehold	Rotterdam	8,675	
ROTTERDAM	Beurs-WTC (Parking)	-	235	1987	Freehold	Rotterdam	541	
ROTTERDAM	Beurs-WTC (Parking) Leeuwenstraat	-	340	1987	Freehold	Rotterdam	105	
THE HAGUE	CentreCourt (Offices)	39,824	-	2002	Freehold	The Hague	7,904	100.0%
THE HAGUE	CentreCourt (Parking)	-	670	2002	Freehold	The Hague	1,134	96.9%
THE HAGUE	WTC The Hague (Offices)	63,185	-	2004	Leasehold	The Hague	12,802	87.9%
THE HAGUE	WTC The Hague (Parking)	584	1,008	2004	Leasehold	The Hague	1,732	98.2%
UTRECHT	ZEN Building	5,953	65	1998	Freehold	Utrecht	1,024	56.1%
UTRECHT	A. van Schendelstraat	11,548	111	1992	Freehold	Utrecht	2,075	79.2%
ZOETERMEER	Europe Palace	11,296	76	1992	Freehold	Non-core regions	1,770	100.0%
ZWOLLE	Schoolkantoren	1,720	-	2002	Freehold	Zwolle	186	100.0%
ZWOLLE	Schoolkantoren	1,720	-	2002	Freehold	Zwolle	186	100.0%
ZWOLLE	Cultuurhuis	4,443	-	2006	Freehold	Zwolle	544	100.0%
Total		**285,062**	**4,144**				**52,760**	**90.4%**

April 2015