



ANNUAL REPORT 2014

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Bouwinvest  
Dutch Institutional  
Residential 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

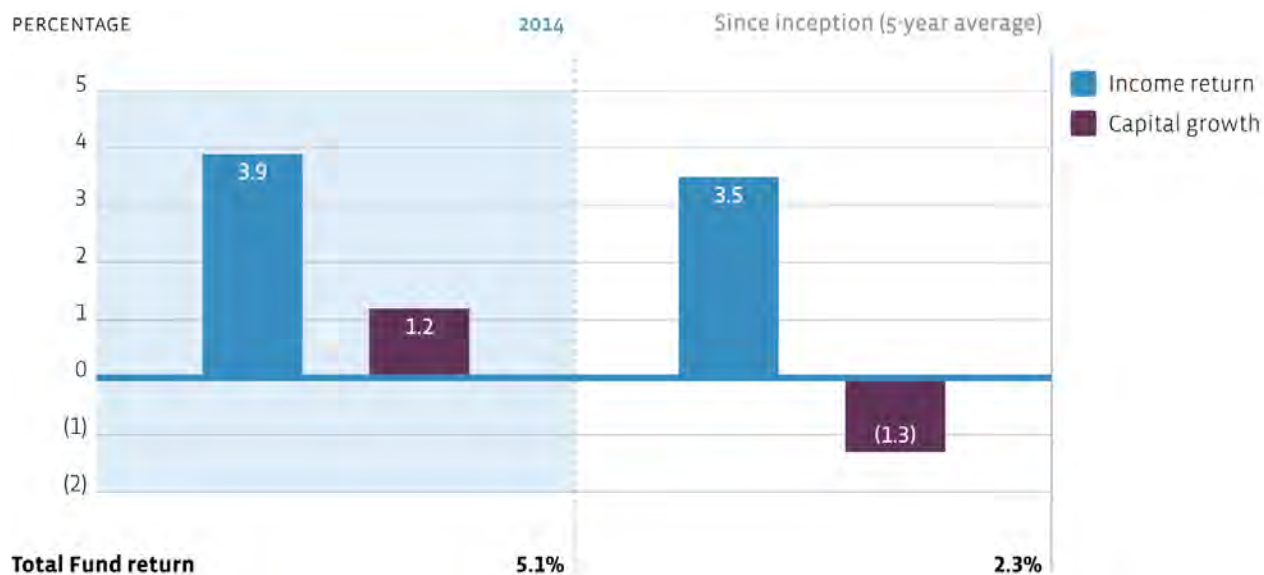
All amounts in € thousands unless otherwise stated

### Highlights 2014

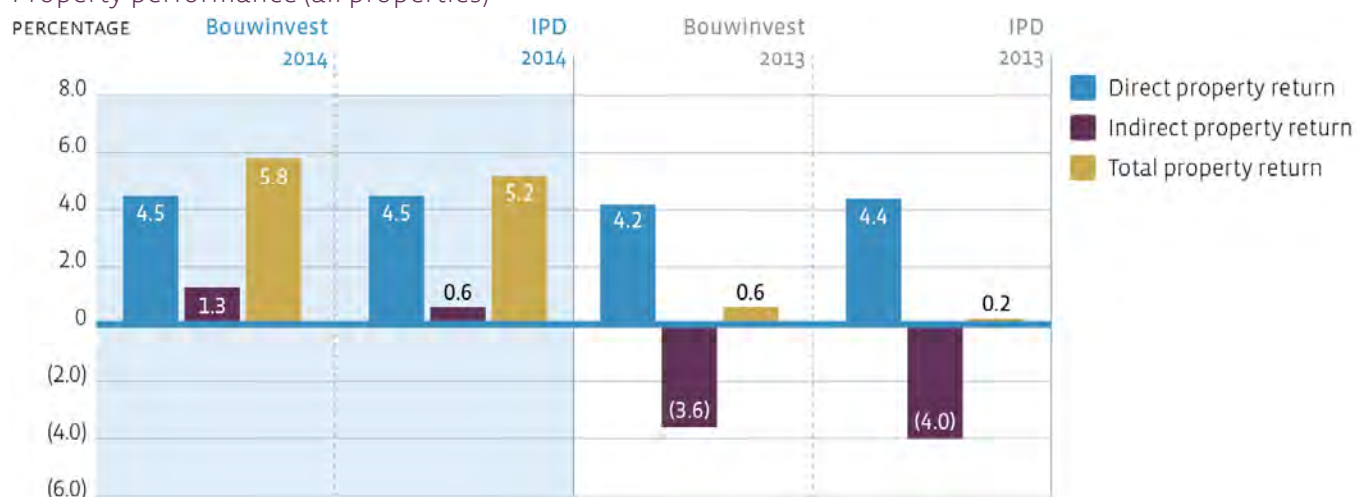
- Dividend return of 3.9%
- Outperformance IPD Property Index (all properties) for fifth consecutive year (0.6%-points)
- Two new shareholders in the Fund (Rabobank pension fund and the pension fund for the Dutch confectionary industry)
- Continued high average financial occupancy rate of 96.5%
- Acquisition of eighteen projects (1,447 apartments, 207 family homes) for a total of € 407 million
- Divestment of 21 projects for a total of € 116 million (559 apartments, 405 family homes)
- Seven new assets, with six of these fully let before completion
- Like-for-like rent increase of 3.2%
- Low rent in arrears of 1.2%
- Secured pipeline of over € 400 million
- 92.3% green energy label (A, B or C label)
- GRESB Green Star status two years ahead of schedule

Performance per share	2014	2013
Dividends (in €)	97.88	94.87
Net earnings (in €)	128.47	(0.93)
Net asset value IFRS (in €, at year-end)	2,602.68	2,572.97
Net asset value INREV (in €, at year-end)	2,602.68	2,573.56
Statement of financial position	2014	2013
Total assets	2,727,725	2,609,004
Total shareholders' equity	2,715,283	2,599,612
Total debt from credit institutions	–	–
Result	2014	2013
Net result	133,154	(941)
Total Expense Ratio (TER)	0.56%	0.57%
Real Estate Expense Ratio (REER)	1.53%	1.62%

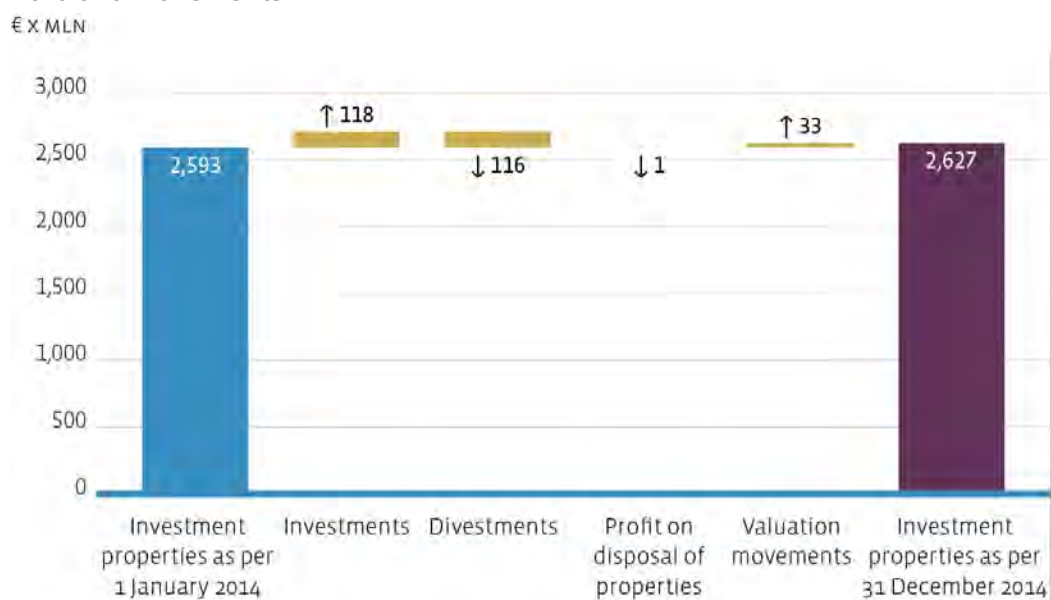
## Fund return



## Property performance (all properties)



## Portfolio movements



## Financial occupancy rate

PERCENTAGE



### Portfolio figures

	2014	2013
Investment property	2,561,354	2,535,854
Investment property under construction	65,896	57,213
Gross initial yield	6.0%	5.7%
Total number of residential units	14,181	14,467
Average monthly rent per unit (in €)	927	899
Financial occupancy rate (average)	96.5%	96.4%
Sustainability (A, B or C label)	92.3%	92.1%

## CSR key data

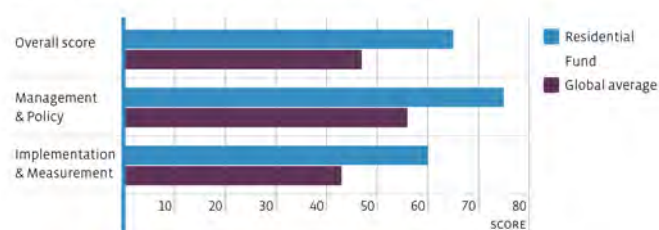
### Fund sustainability performance

#### GRESB Green Star status



#### The Fund's performance in the GRESB benchmark

Global Real Estate Sustainability Benchmark 2014

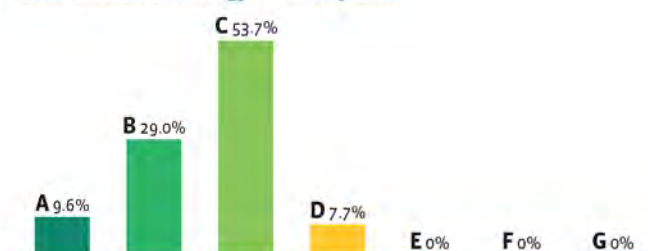


### Energy consumption

#### Energy consumption (like-for-like, MWH)



#### Distribution of energy labels by unit



## Tenant engagement

### Satisfaction scores tenant engagement survey



### Participant rate tenant engagement survey



## Sustainability highlights

- GRESB 'Green Star' classification two years ahead of schedule
- Renewable energy: 690 PV panels installed (67,458 kg CO<sub>2</sub> reduction per annum)
- Policy: Sustainable update standard programme of requirements and update maintenance policy
- Refurbishment of 370 residential units (five days per unit) combined with energy-efficiency and water-saving measures

## Key facts

- Environmental Management System: 174 smart meters installed (86% of total)
- 1,600 high-efficiency central heating boilers installed
- 92.3% awarded a green energy label (A, B or C label)
- Average energy index improved to 1.33 from 1.36
- Energy consumption fell by 4.1%



## Key information over five years

All amounts in € thousands unless otherwise stated

	2014	2013	2012	2011	2010
<b>Statement of financial position</b>					
Total assets	2,727,725	2,609,004	2,686,859	2,819,839	2,804,423
Total shareholders' equity	2,715,283	2,599,612	2,675,679	2,810,652	2,798,712
Total debt from credit institutions	-	-	-	-	-
<b>Performance per share</b>					
Dividends (in €)	97.88	94.87	92.96	94.70	93.65
Net earnings (in €)	128.47	(0.93)	18.79	98.89	64.33
Net asset value IFRS (in €, at year-end)	2,602.68	2,572.97	2,675.68	2,810.65	2,798.71
Net asset value INREV (in €, at year-end)	2,602.68	2,573.56	2,676.88	2,812.45	2,810.11
<b>Result</b>					
Net result	133,154	(941)	18,790	98,893	64,328
Total Expense Ratio (TER) *	0.56%	0.57%	0.56%	0.54%	0.55%
Real Estate Expense Ratio (REER) *	1.53%	1.62%	1.51%	1.34%	1.21%
<b>Fund return (% ROE)</b>					
Income return	3.9%	3.6%	3.4%	3.4%	3.4%
Capital growth	1.2%	(3.6)%	(2.8)%	0.1%	(1.1)%
<b>Total Fund return</b>	<b>5.1%</b>	<b>0.0%</b>	<b>0.6%</b>	<b>3.5%</b>	<b>2.3%</b>
<b>Portfolio figures</b>					
Investment property	2,561,354	2,535,854	2,597,675	2,666,196	2,696,266
Investment property under construction	65,896	57,213	60,146	35,600	18,484
Gross initial yield	6.0%	5.7%	5.6%	5.4%	5.0%
Total number of residential units	14,181	14,467	14,580	14,686	15,208
Average monthly rent per unit (in €)	927	899	838	830	796
Financial occupancy rate (average)	96.5%	96.4%	96.9%	96.6%	97.0%
Sustainability (A, B or C label)	92.3%	92.1%	91.1%	85.0%	85.0%
<b>Property performance (all properties)</b>					
Direct property return	4.5%	4.2%	4.0%	4.0%	4.1%
Indirect property return	1.3%	(3.6)%	(2.7)%	0.1%	(0.9)%
<b>Total property return</b>	<b>5.8%</b>	<b>0.6%</b>	<b>1.3%</b>	<b>4.1%</b>	<b>3.2%</b>
<b>IPD Property Index residential real estate (all properties)</b>					
Direct return IPD Property Index	4.5%	4.4%	4.2%	4.1%	4.0%
Indirect return IPD Property Index	0.6%	(4.0)%	(3.7)%	(2.1)%	(1.4)%
<b>Total return IPD Property Index</b>	<b>5.2%</b>	<b>0.2%</b>	<b>0.3%</b>	<b>1.9%</b>	<b>2.5%</b>

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

## The Residential Fund at a glance

The Bouwinvest Dutch Institutional Residential Fund has a clear focus on high-quality residential properties in the mid-rental sector and the core regions it has identified on the basis of their solid economic and demographic outlook. This focus puts the Fund in an excellent position to provide consistently solid returns with inflation-hedge characteristics.

### Fund characteristics

- Largest unleveraged Dutch residential fund
- Core investment style
- 6.0% long-term average annual Fund return target
- Robust governance structure
- Investment structure for indefinite period of time
- Reporting in accordance with INREV standards

### Fund management

Bouwinvest is the manager and Statutory Director of the Residential 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 residential real estate sector, with experts in acquisition, divestment, exploitation and letting.

### Our vision of the Dutch residential investment market

- Promising long-term outlook
- Stable, inflation-hedged income returns
- Interesting opportunities for value growth
- Performance mainly driven by demographic developments, affordability and income development
- Demand for rental homes in the mid-rental segment remains high
- Continued shortage in housing market offers long-term investment potential

### Our approach

- Maintain a diversified portfolio of high-quality rental properties
- Focus on the mid-rental sector
- Located in attractive residential areas in economically and demographically strong regions
- Focus on acquisition of newly-developed assets
- Assets designed to meet tenants' demand for sustainable and life-cycle proof accommodation

### Acquisitions

We have a clear vision of what makes a desirable asset for the residential portfolio. Thanks to our hands-on approach, we are frequently involved in new residential projects at a very early stage. This gives us the opportunity to use our knowledge and experience to optimise the project for our specific target groups in a particular city or region. In our acquisition process, the construction of homes starts only once the sales agreement has been concluded. This creates a time lag between the agreement and the completion of the homes.

### Divestments

The Fund's aim is to continuously optimise its portfolio, by creating a well-balanced portfolio of homes that meet the demands of a wide range of clearly identified target groups. If individual buildings or complexes underperform in terms of our targeted returns, we may decide to sell. That is unless we see an opportunity to upgrade a building or complex to meet the needs of today's increasingly demanding tenants.

## Fund strategy: Growth

The Residential Fund aims to increase its assets under management to € 3.4 billion by 2017. This will be achieved through targeted acquisitions and a forecast positive revaluation from 2014 onwards. Capitalising on key market developments, the Fund's acquisition strategy focuses on:

- **The Fund's core regions**  
with a specific focus on the Randstad conurbation and a preference for inner-city areas.
- **The liberalised rental sector**  
The liberalised rental sector (rents of € 711 and up) is especially interesting for the Fund, as rent increases are not subject to government restrictions
- **The mid-rental sector**  
With an average monthly rent of € 927, the focus of the Fund continues to be on the mid-rental segment (rents between € 711 and € 1,200).
- **Starter homes, homes for one-person and two-person households and family homes**  
Apart from the fact that there is an unanswered and growing demand for rental housing for smaller households in the large cities, we also see a large demand for family homes in the Fund's core regions.
- **'Lifecycle-proof' homes or residential environments for elderly people**  
Although the rental market is often already very suitable for seniors, thanks to its flexibility, we will consider additional 'lifecycle-proofing' of certain properties. We are planning to look at the technical adjustments and services required to accommodate the senior segment.
- **Homes with above-average energy-efficiency**  
The Fund's sustainability-related ambitions are focused on increasing the sustainability performance and attractiveness of its properties, and by doing so, increasing the value of the Fund's property portfolio.

## The residential portfolio at a glance

### Portfolio characteristics

- € 2.6 billion in Dutch residential properties
- Core region policy with a focus on the Randstad conurbation and inner-city areas
- Focus on the liberalised rental segment
- Continuously high occupancy rate
- Continuous outperformance of IPD property index
- High percentage of green energy labels (A, B or C label)
- GRESB Green Star

### Diversified portfolio

When we are structuring our portfolio, we take into account the following diversification categories:

- Type of housing
- The indexation policy
- The rental segment
- Year of construction
- Regional spread with a focus on economically strong regions

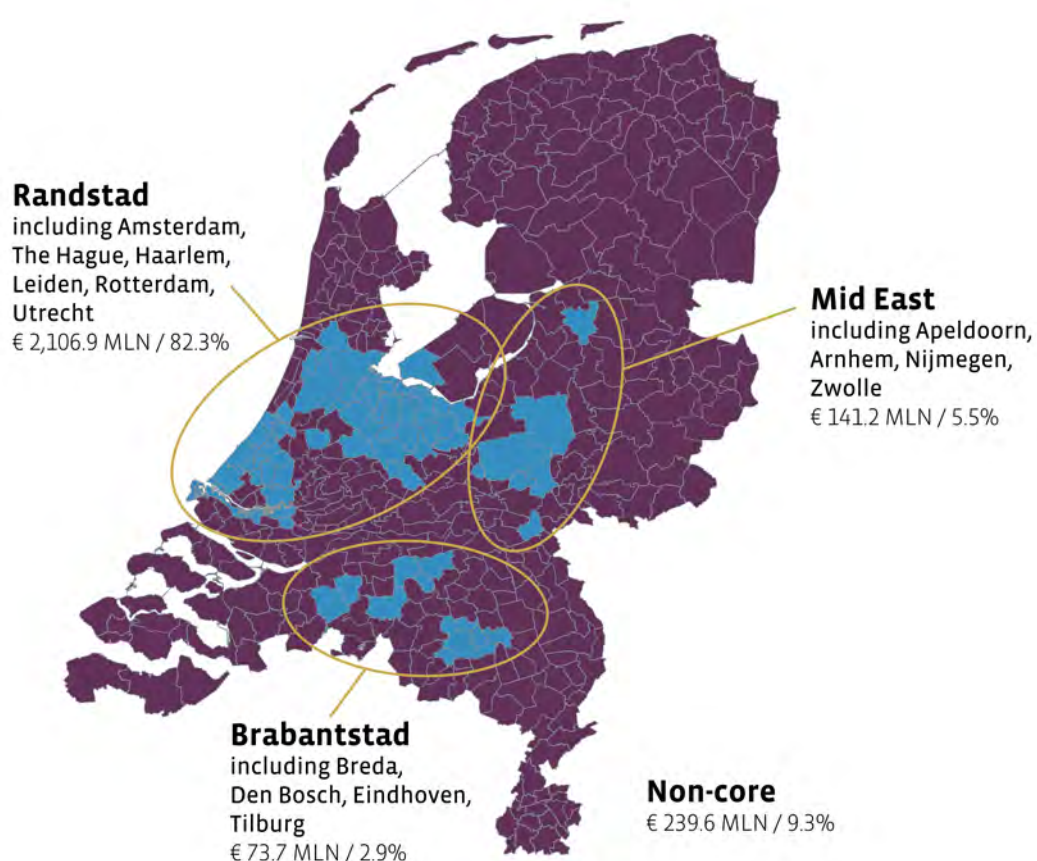
### Core region policy

To identify the most attractive municipalities for residential investments, the Fund considers the following indicators:

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

The target is for at least 80% of the total portfolio value to be in investment properties in the Fund's core regions. This currently stands at 90.7%.

## The Residential Fund's core regions based on book value



## Major segments

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

## Apartments

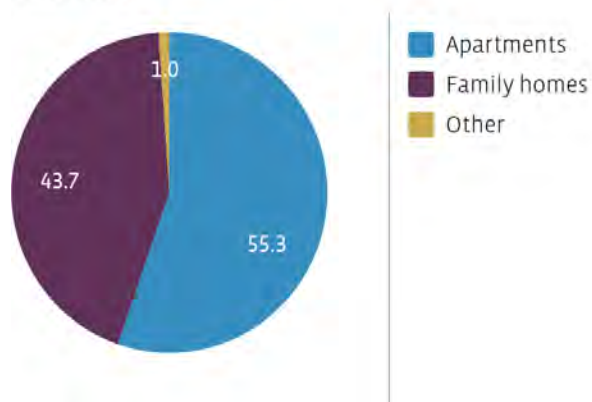
The Fund has a diversified portfolio of apartments, with floor plans designed to meet the wishes of the various target groups.

## Family homes

The Fund's family homes generally have floor plans and lay-outs that make them suitable for a large and varied target group.

## Portfolio composition by type of property based on book value

PERCENTAGE



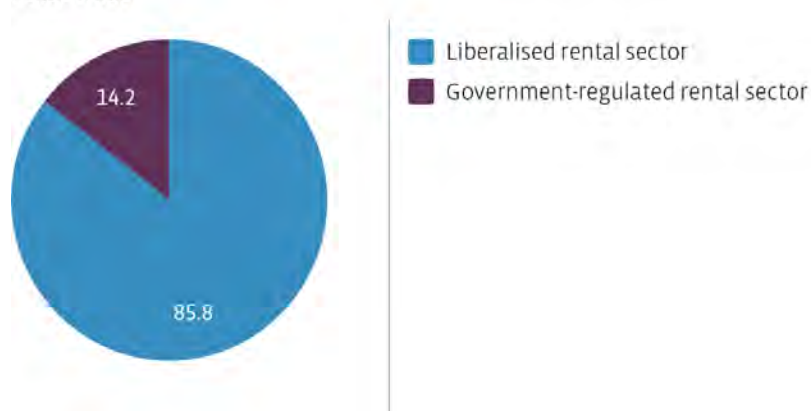


### Focus on liberalised rental sector

With an average monthly rent of € 927, the focus of the Fund continues to be on the mid-rental segment. The liberalised sector (rents of € 711 and above) is particularly interesting for the Fund because rent increases in this sector are not subject to government restrictions. In addition, the liberalised rental market has in recent years become more competitive vis-a-vis the owner-occupier market. Demand is growing and supply is lagging, especially in the Netherlands' largest and most popular cities. This is widely recognised at the best residential sector in which to invest.

### Portfolio composition by type of rent based on rental income

PERCENTAGE



## Selection of principal properties

### Existing portfolio (selection)



**De Heelmeesters**  
Amsterdam



**Java-eiland**  
Amsterdam



**Het Kwartier**  
Amsterdam



**Deo Neo**  
Haarlem



**De Boemerang**  
Utrecht



**CentreCourt**  
The Hague

### Added to the portfolio in 2014 (selection)



**Brandevoort**  
Helmond



**Rosorum Residenties**  
Haarlem



**Molenbeke**  
Arnhem



**Feniks and Het Baken**  
Amsterdam



**De Halve Maen**  
Amsterdam

### Portfolio pipeline (selection)



**Pontsteiger**  
Amsterdam

*Acquired in 2014,  
projected delivery in 2017*



**De Statendam**  
Amsterdam

*Acquired in 2014,  
projected delivery in 2016*



**Zijdebalen**  
Utrecht

*Acquired in 2014,  
projected delivery in 2016*



**Rivers (Kop Zuidas)**  
Amsterdam

*Acquired in 2014,  
projected delivery in 2015*



**Marquant and Boszoom**  
Pijnacker

*Acquired in 2014,  
projected delivery in 2015*



**Oostduinlaan**  
The Hague

*Acquired in 2014,  
projected delivery in 2015*



**Villa Industria**  
Hilversum

*Acquired in 2014,  
projected delivery in 2015*



**PicusKade**  
Eindhoven

*Acquired in 2014,  
projected delivery in 2015*



**Summertime**  
Amsterdam

*Acquired in 2013,  
projected delivery in 2016*

# Message from the Chairman

Dear stakeholders,

Last year, we finally saw the turnaround in the residential market we expected. This market has always had strong fundamentals, even during the crisis, which is why we continued to invest heavily in this segment. We are now very clearly reaping the benefits of that strategy. The drop in values created numerous opportunities to acquire high-quality properties at a time of increasing scarcity in the liberalised rental sector, especially in major urban areas and elsewhere in our core regions.

We have taken full advantage of those opportunities in recent years, especially the past two years, and now we are seeing values rise as investment volumes increase pretty sharply. Thanks to this and the high quality of our portfolio we saw a positive indirect return in 2014, which we expect to continue in the next few years. On top of that, we saw the completion of several new-build projects last year, almost all of which were fully let before completion, giving us a very solid direct return. Perhaps even more importantly, thanks to the record investments of over € 400 million in 2014 we now have a secured pipeline of new residential properties for the coming years. Because we believe the scarcity of high-quality rental units in the liberalised sector will sustain we will certainly continue this strategy for the foreseeable future.

Many investors share this view on the residential market, something clearly attested to by the fact that we now have five new investors in the Residential Fund. Following the Rabobank pension fund in January 2014, the pension fund for the Dutch confectionary industry joined the Fund in July of that year. Then by January 2015, three more pension funds had committed to investing in the Fund. This gives us a total of six investors, and some of the new investors have already said they would like to increase their allocation of investments in residential real estate via the Fund. These new investments added over € 170 million to our war chest for new investments, and we will continue to focus on acquiring quality real estate, optimising our portfolio and bringing it even further in line with our long-term strategic goals. We took the opportunity to take a significant step in that direction last year, by disposing of € 116 million in non-core properties and increasing our focus on the liberalised rental sector. This was basically our three-year disposal target, and clear evidence that we are now operating in a seller's market. This presented us with an excellent opportunity to sell a substantial portion of the portfolio at a very good price.

As a result, we have put divestments on the back burner for this year, with a very modest target of € 15 million for 2015, while we expect to invest between € 200 million and € 300 million in the same period. As I've said, it's a seller's market right now and there is a lot of interest in the residential market, so competition for top quality assets is likely to be quite fierce.

I would like to thank all our employees for their commitment, dedication and hard work in what was a very busy, challenging and exciting period for the Fund. And my thanks to the members of the Shareholders Committee we put in place last year, completing the governance of the Fund. I look forward to working with them again in 2015.

Dick van Hal  
Chairman of the Board of Directors



‘ We expect to invest between € 200 million and € 300 million in 2015. ’

**Dick van Hal,**  
*Chairman of the Board of Directors*



# 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 Syntus 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 Residential

(1966, Dutch)

M.B. (Michiel) de Bruine

Michiel de Bruine has been Head of Asset Management Residential since 2006. He is responsible for the performance of the assets of the Bouwinvest Dutch Institutional Residential Fund. He has over twenty years' experience in real estate asset management. Michiel gained his residential real estate experience with several companies, including Dynamis ABC Residential, where he worked as an account manager and as regional manager for Amsterdam and Utrecht. Michiel studied Law at the Vrije Universiteit in Amsterdam.



## Market developments and trends

### Economy and demographics

#### Main economic indicators show improvement

The Dutch economy is projected to grow 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 increase 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 of the Randstad urban conurbation will see relatively higher growth, in line with the urbanisation trend.

### Trends and developments in the residential market

#### House prices have bottomed out and are on the rise

House prices declined 18% in the period 2008-2014. In 2014, house prices increased by 3.5% to an average of € 215,000 (source: NVM, the Dutch real estate agents association). Political uncertainty has lessened and housing affordability has increased considerably as prices have declined, mortgage interest rates decreased, transfer taxes have been reduced and incomes remained relatively stable.

#### Healthy long-term outlook for liberalised rental sector

The long-term outlook for the Dutch residential investment market is promising. There is already a qualitative and quantitative housing shortage, which is increasing due to lagging housing production. The cuts in subsidies in the owner-occupier market and in the regulated rental sector has made the liberalised rental sector more competitive. There is a continuing demand for affordable rental accommodation, especially in the larger cities.

### Growing demand for single-person rental housing units in large cities

The four major cities together will account for one-third of expected future population growth, due to ongoing urbanisation. The number of households is expected to grow even more quickly, as average household size continues to decline. Demand for single-person rental homes is strong and growing, especially in the large (and some medium-sized) cities. Shortages are high, especially in Amsterdam, Utrecht and Haarlem.

### Increasing investments in the residential market

Last year saw a marked upturn in investment in the Dutch residential market. Total investments in residential real estate increased to € 2.1 billion in 2014, up from € 1.1 billion the previous year. A record of roughly 25% of total investment was allocated to residential. Even during the worst years of recent financial and economic crises, residential real estate investments have remained surprisingly steady at around € 1 billion per year. Under pressure from the turmoil on the owner-occupier market, yields have increased in recent years and are now seen as attractive. However, due to fierce investor competition yields are now experiencing downward pressure.

### Implications for residential real estate

#### Liquidity in investment market up, pricing attractive

Liquidity in the residential real estate investment market is probably at its highest point since the onset of the 2008 crisis and showed a big year-on-year increase in 2014. Last year saw a marked increase in the number of new investors, both institutional and private. While Dutch residential real estate investments are still dominated by domestic players, foreign investors have successfully entered the Dutch market.

#### Implications for the Residential Fund

- More (potential) demand for liberalised rental houses.
- Randstad and inner-city areas most attractive.
- Growing demand for single-person rental housing units in the large cities.
- Long-term investment potential and increased competition.

## The Fund's growth strategy

The Residential Fund has a well-defined growth strategy, as we believe the residential sector continues to offer good long-term investment opportunities, especially for investors with a liability hedge strategy. The Fund's target is to increase its assets under management to € 3.4 billion in 2017 from the current € 2.6 billion. In addition to the positive revaluations from 2014 onwards, the Fund will achieve this growth through targeted acquisitions.

Capitalising on a number of significant trends and developments that affect the residential real estate market, the Fund's acquisition strategy will focus on:

- The Fund's core regions, with a specific focus on the Randstad conurbation and a preference for inner-city areas
- The liberalised rental segment, as rent increases are not subject to government restrictions
- Mid-rental segment (rents € 711 - € 1,200), specifically the lower mid-rental segment (rents € 711 - € 900)
- Starter homes for one-person and two-person households and family homes
- 'Lifecycle-proof' homes or environments for elderly people
- Homes with above-average energy-efficiency, comfortable and with sustainable certifications

Key market developments	Underlying aspects	Implications	Opportunities
<b>Restructuring of the residential market</b>	<ul style="list-style-type: none"> <li>• <b>Increased costs</b> for home owners and first-time buyers</li> <li>• <b>Rent increases</b> in government-regulated rental segment for middle and higher incomes</li> </ul>	<ul style="list-style-type: none"> <li>• Rising demand for liberalised rental homes in mid-rental segment</li> <li>• <b>More upward potential for the liberalised rental market</b></li> </ul>	<b>Growth by using the momentum</b>
<b>Changing demographics</b>	<ul style="list-style-type: none"> <li>• Increase in number of <b>households</b></li> <li>• <b>Urbanisation</b>: growing demand for single-person rental units in large cities</li> <li>• <b>Aging</b>: increased demand for (lifecycle-proof) apartments in inner-city areas</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Rising demand</b> for apartments in (sub)urban areas</li> </ul>	



### Strategic actions in 2014

- Reached agreement on investments of € 407 million in new properties
- 100% of acquisitions located in Bouwinvest's core regions
- Acquired 1,447 apartments in liberalised mid-rental segment
- Acquired 207 family homes in liberalised mid-rental segment
- Sold assets valued at € 116 million
- Divested assets include 559 apartments and 405 family homes
- Divestments in line with continuous optimisation of the portfolio

## Portfolio developments 2014 in perspective

### Portfolio composition at year-end 2014:

- A total of 210 properties across the Netherlands
- Total value investment properties of € 2.6 billion

### Diversification guidelines and investment restrictions

During the financial year, the Fund adhered to its diversification guidelines and investment restrictions.

Diversification guidelines	Current portfolio	Conclusion
≥ 80% of investments invested in core regions	90.7% in core regions	Compliant
≥ 90% of investments invested in low or medium risk categories. At portfolio level:	99.5% in low and medium risk	Compliant
50-75% low-risk investments	61.5% low-risk investments	Compliant
25-50% medium-risk investments	38.0% medium-risk investments	Compliant
< 10% high-risk investments	0.5% high-risk investments	Compliant
<b>Investment restrictions</b>		
< 5% invested in single investment property	There is no single investment property exceeding 5% of the total portfolio of € 2.6 billion	Compliant
< 10% invested in non-core (non-residential) properties	Investments in non-core properties are 1.0%	Compliant
< 10% pre-finance acquisitions	Investments under construction are < 3%	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

### Time to market: investments and divestments in 2014

The Fund is backed by the anchor investor, bpfBOUW and by a number of new investors. This enabled the Fund to acquire some very high-quality housing products in Bouwinvest's core regions. Most acquisitions were in inner-city locations in the Randstad urban conurbation.

### Acquisition of eighteen projects for a total of € 407 million

As a result of our active focus on the acquisition of new properties, we reached agreements on a total of:

- 1,447 apartments
- 207 family homes
- € 407 million investment volume

A selection of the eighteen acquisitions are described below.

#### Pontsteiger, Amsterdam – 300 apartments

The Pontsteiger development is a striking residential development in one of the most popular parts of the Dutch capital. The location on the IJ River, between Amsterdam Central Station and the A10 ring road and close the city's cultural hotspots and historical city centre, will make this a flagship asset in the years to come.

We know that location is the highest priority for our target groups and the Pontsteiger is perfect in that respect. Magnificent views across the water, a lively neighbourhood with excellent accessibility by bike, car and public transport and perfect two and three-room apartments for young urban professionals. The complex also offers a range of top-notch amenities for tenants, such as storage rooms, bike parking, 165 underground parking spots and plentiful green areas. The project even includes private mooring for 45 boats, giving the development a perfect maritime touch for this location.

#### De Statendam, Amsterdam – 108 apartments

De Statendam project is located in the new Overhoeks high-quality residential quarter located in the former Shell Research site in the up-and-coming Amsterdam North district. Across the IJ River from Amsterdam Central station (and the Pontsteiger), De Statendam is just a five-minute ferry commute from the city centre of the Dutch capital, not to mention the burgeoning cultural life of Amsterdam North, including the EYE film museum and other cultural hotspots. The 108-apartment complex is also next door to Bouwinvest's Halve Maen complex in the Overhoeks residential quarter, one of the Fund's newly built assets that was opened in 2014, fully let. The varied apartments in De Statendam all come with spacious outside areas, storage rooms, their own parking place and plentiful public green areas.

#### Zijdebalen, Utrecht – 177 apartments

The Zijdebalen urban redevelopment project in Utrecht's lively city centre consists of four urban blocks offering a total of around 500 rental and owner-occupied homes with a diverse mix of housing types, including studios and apartments, luxury penthouses and spacious city houses fronting onto the local river, the Vecht. The 177 apartments the Fund has agreed to acquire include starter homes of 65 m<sup>2</sup>, spacious city apartments of 80-100 m<sup>2</sup> and several luxury 130-m<sup>2</sup> apartments, all built over semi-subterranean parking garages. And to make sure Zijdebalen becomes a truly multifunctional urban living area, the development has earmarked space for a number of small-scale commercial functions, including a restaurant, café, offices and flexible workspaces with meeting rooms.

#### Marquant and Boszoom, Pijnacker – 78 apartments and 57 family homes

The Marquant and Boszoom projects in Pijnacker include 78 apartments and 57 family homes. Marquant is part of the Keizerhof expansion in Pijnacker and all 78 apartments come with spacious balconies, ground-floor storage spaces and ground-level parking spaces. The spacious family homes in the Boszoom project all have gardens and dedicated parking spaces. Pijnacker is located in the Randstad region, within commutable distance from The Hague, Delft, Zoetermeer and Rotterdam and offers easy access by car and public transport, plus a wide range of amenities within walking distance.

#### Rivers, Amsterdam - 75 apartments

The 75 apartments in the Rivers complex, part of the Kop Zuidas, are part of the burgeoning residential development in one of Amsterdam's most popular new multi-functional urban centres, Zuidas. These ultra-modern two, three and four-room apartments, designed by hip architect's firm Studioninedots, all have three-metre high ceilings, large windows and spacious balconies, with common bike parking and underground parking for 51 cars. The Zuidas location means the complex also offers easy access by bike and public transport for environmentally aware young professionals and starters. Demand for liberalised sector rental homes is very high in the Zuidas area.

#### Oostduinlaan, The Hague – 154 apartments

The apartment complex at Oostduinlaan is a high-end redevelopment of oil giant Shell's former head office in The Hague. The transformation of the outdated office building into an ultra-modern apartment complex is aiming to achieve a BREEAM Very Good certification, showcasing Bouwinvest's sustainable credentials. The complex combines a very sought after location, luxury apartments and a full package of facilities and services for residents, including cleaning services and fitness facilities. The complex, one low-rise and one high-rise block, is located in one the greenest parts of The Hague, surrounded by parks and water, while still being close to all the amenities of the city centre and offering easy access by bike, car and public transport.

#### Villa Industria, Hilversum – 80 apartments

The twin apartment blocks in the Villa Industria complex in the popular city of Hilversum include 80 apartments in the liberalised rental sector. The Villa Industria complex itself comprises a wide range of rental and owner-occupied homes, from apartments to semi-detached homes and both liberalised and regulated rental sector homes, creating a lively mix of residents in a vital part of Hilversum. The complex meets Bouwinvest's core region and city-centre requirements and the 80 apartments fall into the Fund's key mid-rental segment.

### PicusKade, Eindhoven – 77 apartments

The PicusKade new-build residential complex is located between the former industrial site NRE-terrain and the DAF museum in Eindhoven, just 10 minutes walking distance from the historical centre of the city. The regeneration of this area and the transformation into a full-fledged city neighbourhood includes a major residential complex, together with an extension to the DAF museum. The PicusKade development will include 32 owner-occupied homes, 85 studios and 18 two-room apartments (both in the regulated sector), plus 113 liberalised sector apartments. The Fund is acquiring 77 of the liberalised sector apartments.

### Acquisitions

Asset	City	No. of residential units	Expected rental level
Pontsteiger	AMSTERDAM	300	€ 1,035 - € 1,361
De Statendam	AMSTERDAM	108	€ 950 - € 1,215
Zijdebalen	UTRECHT	177	€ 896 - € 1,469
Rivers	AMSTERDAM	75	€ 885 - € 1,330
Marquant and Boszoom	PIJNACKER	135	€ 775 - € 975
Oostduinlaan	THE HAGUE	154	€ 823 - € 1,631
Villa Industria	HILVERSUM	80	€ 770 - € 1,030
PicusKade	EINDHOVEN	77	€ 711 - € 1,240
CityPrince	THE HAGUE	50	€ 770 - € 975
Het Nieuwe Landgoed	EDE GLD	30	€ 845 - € 945
De Vlondertuinen	ROSMALEN	41	€ 845 - € 995
Paleiskwartier	's-HERTOGENBOSCH	222	€ 854 - € 1,140
Veemarkt	UTRECHT	157	€ 750 - € 1,080
Jeruzalem	AMSTERDAM	24	€ 1,236 - € 1,328
Villa Industria	HILVERSUM	26	€ 878 - € 1,394

### Fund meets three-year divestment target in 2014

The sales target for 2014 was set low, at € 30 million, due to a number of factors and market trends. For one, at the beginning of the year the market looked to be more of a buyer's market than a seller's market. There was a large supply and prices were under pressure, partly due to the fact that a number of financially troubled housing corporations were looking to offload sizeable portions of their portfolios, including homes in both the regulated and liberalised rental sectors. And given the quality of the Residential Fund's portfolio, there was no urgency to sell properties.

We did see interest in the parts of the portfolio we were looking to sell in early 2014, but prices were still under pressure and unacceptable given the quality of the properties. However, increased interest in Dutch residential real estate led to a sharp upturn in investment activity in the second half of the year. The Fund was consequently able to sell a total of 559 apartments and 405 family homes, generating total proceeds of € 116 million. In one sale alone, the Fund sold 723 units to a joint venture of international investors.

A substantial number of the homes sold in 2014 was in the regulated rental sector. The Fund is looking to minimise its exposure to this market segment due to a variety of factors. Rent increases in the regulated rental sector are subject to government restrictions and the owners of properties in this sector are now subject to the so-called 'landlord levy' on rental income. Given the divestments in 2014 and the fact that proceeds from the divestments exceeded our target for the year by a minor loss, we have reduced the pace of our divestment programme for the next three years.

## Divestments

Asset	City	No. of residential units	Rental level
Oeverpad	AMSTERDAM	110	€ 622 - € 1,142
Nieuw Gerenstein	AMSTERDAM ZUIDOOST	187	€ 542 - € 885
Peelo II	ASSEN	94	€ 468 - € 770
Goverwelle II	GOUDA	84	€ 557 - € 795
De Greiden I	HEERENVEEN	28	€ 650 - € 780
Stationsplein	HEERENVEEN	60	€ 480 - € 660
Reggeweg	HELLENDOORN	18	€ 691 - € 785
Krommeweg	HENDRIK IDO AMBACHT	57	€ 699 - € 809
De Hoftuin	HUIZEN	12	€ 1,230 - € 1,285
Zenderpark	IJSSELSTEIN	14	€ 835 - € 885
Westerkoog	KOOG AAN DE ZAAAN	56	€ 546 - € 753
Vlashoek	OSS	44	€ 619 - € 800
Groothandelsmarkt-het Baken	THE HAGUE	98	€ 496 - € 816
De Golven	THE HAGUE	63	€ 632 - € 710
Stadshagen	ZWOLLE	39	€ 468 - € 750

## Optimising the risk-return profile

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

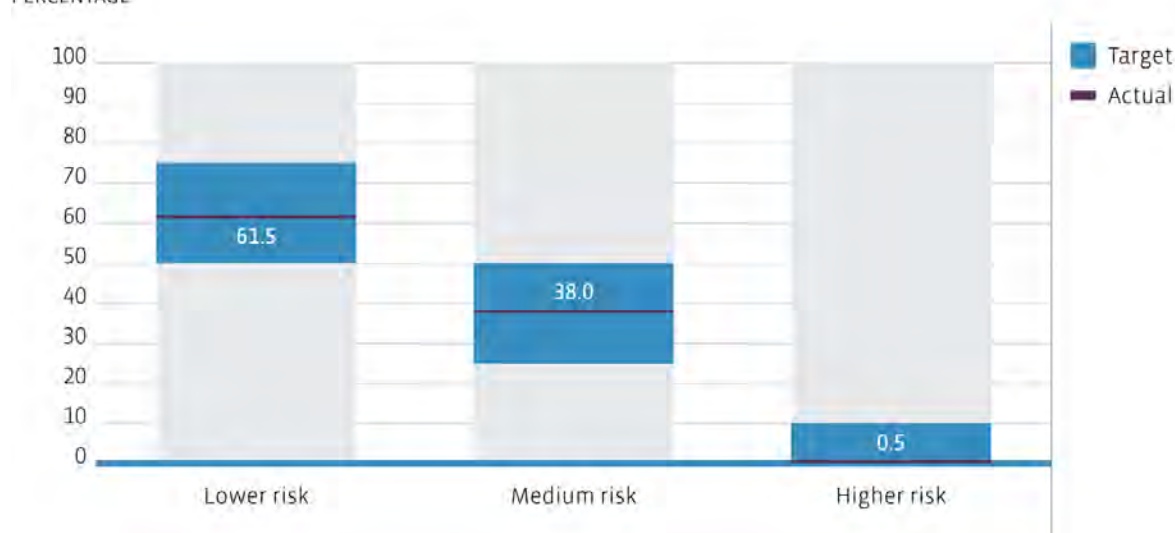
- 50-75% lower risk
- 25-50% medium risk
- 0-10% higher risk

In 2014, active asset management of the current portfolio, acquisitions and disposals ensured further optimisation of the Fund's risk-return profile. The Residential Fund has a well-balanced risk profile, with the focus on low-risk assets in the Fund's core regions.

At year-end 2014, the proportion of medium-risk investments had fallen to 38% from 41% at year-end 2013, while low-risk investments increased to 62% from 58%. Nearly all of the assets acquired in 2014 were classified as low risk due to their excellent quality and location. The majority of the divested assets were government-regulated homes, classified as medium to high risk. As a result, over 99% of the investment properties were classified as low to medium risk at year-end 2014, unchanged from 2013.

## Portfolio composition by risk category based on book value

PERCENTAGE





## Portfolio diversification

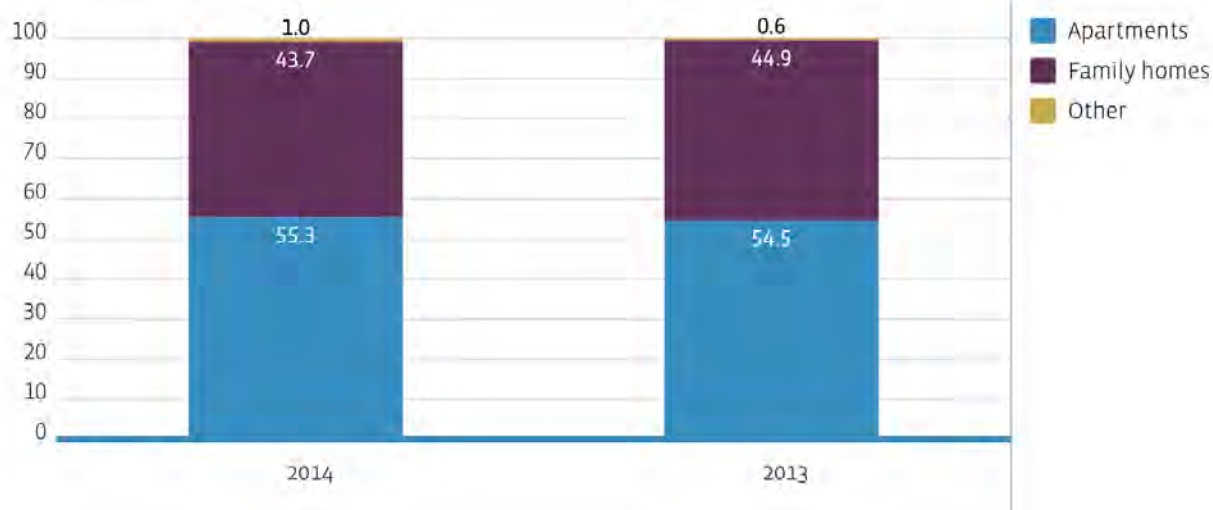
At year-end 2014, the Fund's total portfolio consisted of a total of 210 properties containing 14,181 residential units across the Netherlands.

### Diversification by type of property

The Fund aims for a balanced mix of family homes and apartments, catering for the needs of couples, single occupiers and families alike. In 2014, the Fund bought and sold both family homes and apartments. Compared with 2013, the proportion of apartments in the total portfolio was slightly higher at year-end 2014 (2014: 55.3%; 2013: 54.5%).

### Portfolio composition by type of property based on book value

PERCENTAGE

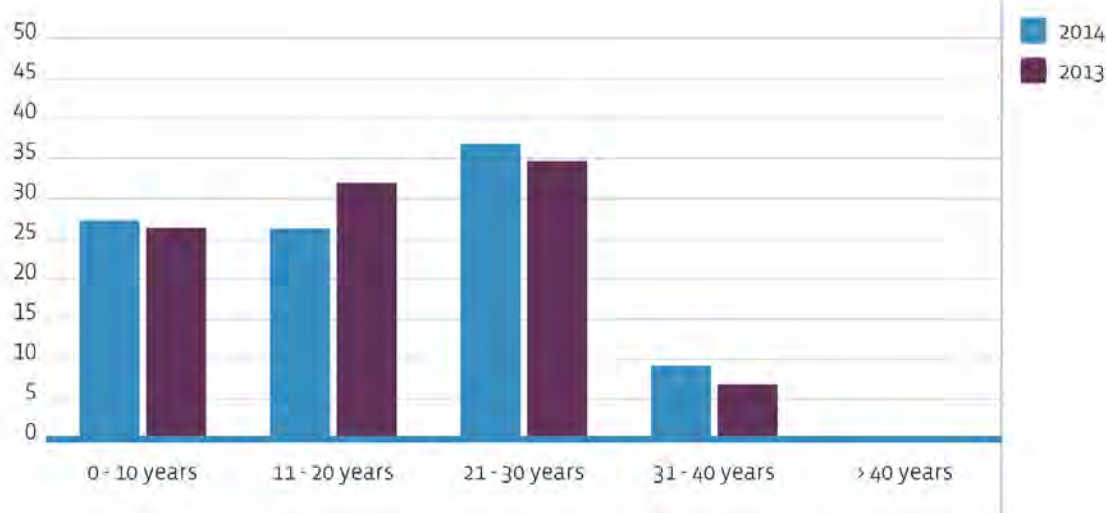


### Portfolio composition by age

The Fund aims to constantly refresh the portfolio. As a result of this continuous rejuvenation, the weighted average age of the portfolio is 18.0 years (2013: 17.9 years). Despite the refreshment of our portfolio in 2014, the weighted average age of the portfolio has risen slightly and will continue to do so in the years to come. This is primarily due to the fact that the decision to divest a particular asset is based on expected returns rather than age. Older assets that are held in the portfolio are kept up-to-date through refurbishments, including new bathrooms and/or kitchens.

### Age composition as a percentage of book value

PERCENTAGE

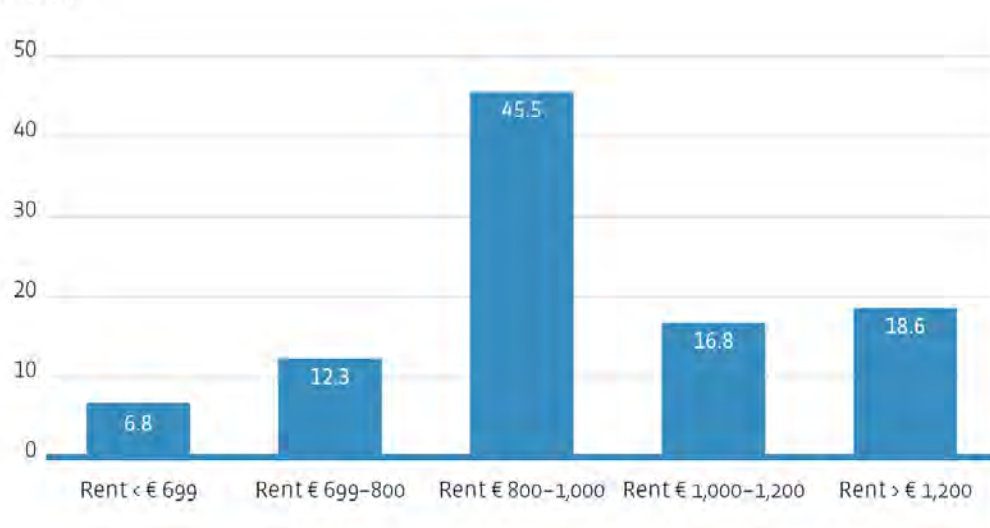


### Price level diversification

With an average monthly rent of € 927, the focus of the Fund continues to be on the mid-rental segment. Approximately 75% of the portfolio has a monthly rent of between € 699 and € 1,200. With the acquisition of 130 homes in the lower mid-rental segment in 2014, the Fund is well represented in a segment that is in high demand due to the current economic conditions and governmental measures. Individuals, couples and families who do not qualify for government-regulated rental housing are still finding it difficult to buy due to the scarcity of financing. In addition, the rental market gives customers greater flexibility and provides a safe haven in the current uncertain economic climate. The Residential Fund's continuing focus on the (lower) mid-rental segment has given it a solid portfolio of prime properties perfect for this target group.

### Portfolio composition by price level based on rental income

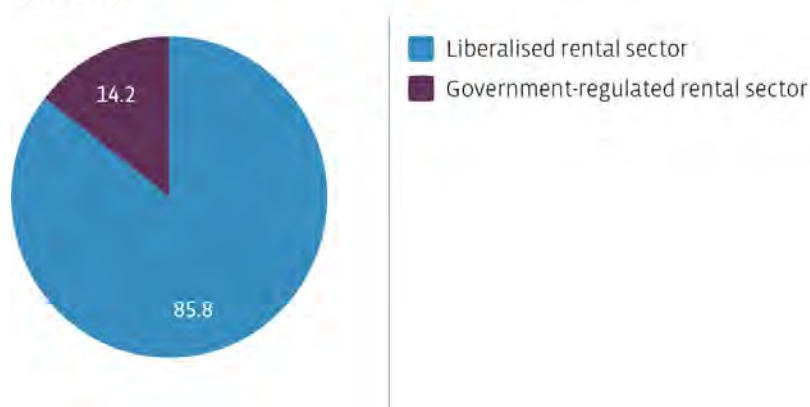
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As a result of active asset management, acquisitions and divestments, we increased the percentage of liberalised rental homes in the portfolio to 85.8% in 2014 from 83.1% in 2013.

### Portfolio composition by type of rent based on rental income

PERCENTAGE



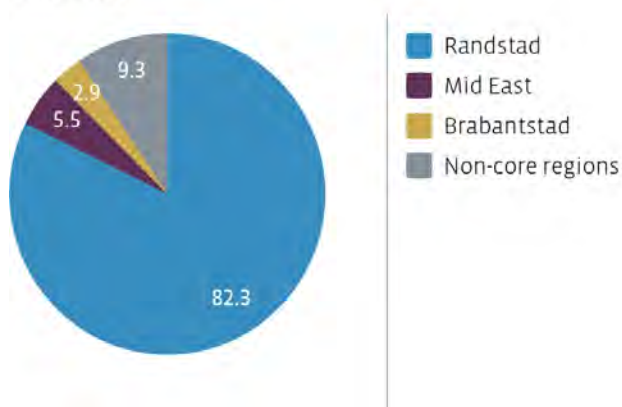
### Focus on core regions

The Fund aims to achieve a balanced diversification, with a strong focus on core regions with a positive economic and demographic outlook. The target is to have at least 80% of the total value of the portfolio concentrated in residential real estate in these core regions.

Due to revaluation, together with acquisitions and divestments in 2014, over 90% of the portfolio value was located in these core regions, with by far the greatest part (82%) located in the core region of the Randstad urban conurbation.

## Portfolio composition by core region based on book value

PERCENTAGE



The Residential Fund is constantly refining its long-term regional focus. This involves anticipating and responding to long-term trends that may affect the value of the portfolio, such as the growth of the number of households, ageing and urbanisation. The Fund's core regions include the Randstad conurbation (Amsterdam, Rotterdam, The Hague and Utrecht), the Brabantstad conurbation (Breda, Eindhoven, Helmond, Den Bosch and Tilburg) and the eastern region (Arnhem, Apeldoorn, Nijmegen and Zwolle). These regions are expected to see the greatest population growth and largest increase in the number of households.

As the ageing of the population is a nationwide trend, it will also affect these regions. This is likely to result in increased demand for new homes for seniors. One example of this is the Deo Neo Rosorum complex in Haarlem, which includes a wide range of assisted-living facilities. We have also added issues important to seniors to our programme of requirements.

## Active asset management

## Financial occupancy

We devote a great deal of attention to preserving high occupancy levels by maintaining close relationships with tenants and property managers. Because we take a tailor-made approach, designed in close cooperation with Bouwinvest's research and marketing departments, we know how to match our homes with prospective tenants. As a result, most new developments are fully rented on the delivery date.

Active asset management combined with high-quality housing products at the best locations result in continuously high occupancy rates (96.5% average in 2014; 96.4% average in 2013).

## Financial occupancy rate

PERCENTAGE



### Tenant satisfaction

To continuously improve tenant satisfaction, Bouwinvest conducts an annual tenant satisfaction survey. The results of this survey give us the information we need at property level to know which improvements are needed or desired. This gives us another way to optimise the portfolio. For more details, please see the CSR section in this report.

## Financial performance in 2014

### Direct return

The Fund booked an income return (ROE) of 3.9%, which was higher than the 3.6% reported in 2013. In 2014, mainly due to the tendering of maintenance activities, total maintenance costs were lower than in 2013.

The direct property return of 4.5% was higher than the 4.2% reported in 2013, and equal to the IPD Property Index direct return investment properties of 4.5%. A further breakdown of the property return reveals that the main driver of the rise in direct return was a substantial higher occupancy rate than the benchmark. And while operating expenses came in below the benchmark, a relatively high proportion of these were due to maintenance costs, while fixed charges and other costs were relatively low. The other costs were lower than the benchmark, due to the fact that Bouwinvest paid a relatively small amount in the so-called landlord's levy, as the number of regulated rental homes in the portfolio is relatively low.

### Indirect return

Values rose in 2014. Vacant values increased as average house prices in the Netherlands rose slightly again, reinforced by clear regulatory reforms and favourable financing conditions as interest levels are at historic lows. The Fund's capital growth (ROE) of 1.2% was therefore significantly higher than the 2013 performance of (3.6)%.

The indirect property return of 1.3% (2013: (3.6)%) was an outperformance compared with the indirect return investment properties of the IPD Property Index, which ended at 0.6%.

### Total return

The total return (ROE) came in at 5.1%, 5.1%-points higher than the 0.0% reported in 2013.

The Fund's total property return for 2014 came in at 5.8%, which was 5.2%-points higher than in 2013, and higher than the IPD Property Index total return investment properties of 5.2%.

### Rent

The rent increase (like-for-like) came in at 3.2%, well above the 2014 inflation rate for the year of 1.0% and slightly higher (like-for-like) than in 2013.

In 2014, the average financial occupancy rose slightly to 96.5% from 96.4% in 2013.

Rent in arrears was lower than the year-earlier period at 1.2% (2013: 1.5%).

### Acquisitions

The Fund acquired a total of 1,447 apartments and 207 family homes for a total of € 407 million in 2014. All new assets are located in the Fund's core regions, in cities such as Amsterdam, Utrecht, The Hague, Eindhoven and 's-Hertogenbosch.

### Divestments

The Fund sold assets for a total of € 116 million in 2014.

### Financing

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

### Treasury management

The Fund had € 98.1 million in freely available cash at year-end 2014, mainly as a result of invested capital from new investors. This amount will be used for part of the secured pipeline of € 175 million in 2015. Furthermore, proceeds from the sale of investment properties were almost equal to instalments paid in 2014.

### Interest rate and currency exposure

The Fund has no interest rate or currency exposure.

## Dividend and dividend policy

The Board of Directors of Bouwinvest proposes to pay a dividend of € 97.88 per share for 2014 (2013: € 94.87), 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, 78.4% 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 of Shareholders 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 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 Residential Fund. On 17 February 2014, Bouwinvest was among the first Dutch institutions to obtain the AIFMD licence. Under this 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

## Sentiment positive, but recovery fragile

Following an extended period of widespread uncertainty in the residential real estate sector, the market entered markedly calmer waters in 2014, and we expect this stabilisation of the market to continue in 2015. Given the increase in the number of transactions last year and the improved sentiment in the residential investment market, we believe we will see further improvement in valuations in 2015. That said, the recovery in the housing market is still fairly fragile and any worsening of economic conditions or unemployment and a worsening of global geopolitical tensions could threaten this recovery.

## Residential market looks bright

We are optimistic about the long-term prospects for the Dutch residential investment market due to a number of factors:

- Continuing quantitative and a qualitative shortage of housing on the Dutch market, with shortage set to become even more acute given the current low rates of housing construction.
- Measures taken by the Dutch government to create a level playing field in the housing market have made the liberalised rental sector more competitive.
- Tenants with above-median incomes currently renting in the regulated sector are now faced with higher, income-related rent increases, which may encourage them to switch to the liberalised rental sector.
- Financially troubled housing corporations are now being forced to return to their core mission, to provide affordable housing in the regulated sector.
- This is set to increase demand in mid-rental liberalised sector and increase the potential for above-inflation rate rent increases.
- The residential rental market is now a mature and full-fledged alternative asset class.

## Fund perfectly poised

Given the above trends and our high-quality portfolio, the Residential Fund is in an excellent position to take advantage of the current market conditions and trends and to respond to future demand. The Fund made some excellent acquisitions in 2014 and we expect to acquire more high-quality homes in 2015 and 2016. We have earmarked around € 700 million for residential investments in the period to 2017. And given the divestments we made in 2014, we expect to make very few disposals in the coming years.



## Adding value through active asset management

In addition to targeted acquisitions, we will continue to optimise the standing portfolio through active asset management aimed at maintaining and increasing the value of our portfolio, and by devoting specific attention to developing and maintaining close relationships with our tenants to preserve our high occupancy levels.

Given our growth strategy, focus on robust cities and regions and our active asset management approach, we expect to see stable high direct returns in 2015 and above-inflation rate increases in value in the long term.

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 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 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.



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 Residential Fund's sustainability strategy is focused on increasing the sustainability performance and attractiveness of its residential assets. Not only does this boost the long-term performance of the Residential 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 residential 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 living environment.

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 Residential Fund's sustainability strategy is on reducing the environmental impact of its properties while enhancing comfort in cooperation with its tenants and other stakeholders. For example, our standard programme of requirements for acquisitions and renovations focuses on structural quality, energy-efficient installations, water-saving fittings and maintenance-friendly and recycled materials. We have limited control in terms of influencing and measuring energy, water and waste reductions at tenant level, so we focus on data collection of sustainability indicators on areas that we can control.

Scope	Tool	Targets
Fund	GRESB	Outperformance of the benchmark: retain Green Star status
Asset	EPC labels, sustainable programme of requirements	Generate insight into current performance and reduce operational costs; improve the quality of assets
Tenants	Ezie	Increase sustainability awareness among tenants, with a focus on energy use; cooperation with tenants: education and awareness
Property managers	Contracts and meetings	Active cooperation to achieve CSR targets

## Social performance

Close cooperation with our tenants and other stakeholders is an important element in our sustainability strategy. The Fund incorporates the priorities and demands of tenants continuously and in various ways.

### Tenant engagement



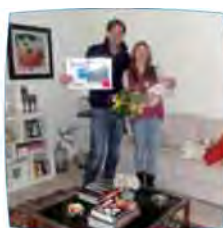
#### Customer-oriented rental approach

Bouwinvest's tenant segmentation method enables us to tailor our products and our marketing efforts to our tenants' needs and their values.



#### Tenant satisfaction survey

We conduct annual tenant satisfaction surveys to identify the concerns and priorities of our tenants.



#### Bouwinvest Panel

Regular interaction with our online tenant panel enhances our relationship with our tenant base and enables us to customise our activities and maintain the high quality of our properties.



#### Platform Bouwinvest

This platform was founded in 2012 to facilitate consultation between Bouwinvest and representatives of the tenant associations within the portfolio.

### Tenant satisfaction

In 2014, we again conducted a tenant satisfaction survey to identify our tenants' concerns and priorities. The survey covered topics such as the service level of the property managers, quality of the properties and the living environment. All tenants are asked to participate and last year the response rate fell to 2,186, compared with 2,769 in 2013. The overall satisfaction score remained stable at 7.4 (2013: 7.5) and outperformed the benchmark (7.0). The results of the survey are passed to all property managers and they are asked to come up with a plan to improve how they deal with complaints.

### Property management 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.

### Managing the supply chain

Since 2013, we have applied 'Bewuste Bouwers' criteria to all new projects that the Fund acquired from Bouwinvest Development. These criteria ensure that the contractor deals with the concerns of local residents, and addresses safety and environmental issues during the construction phase. In 2014, the Fund started to include those criteria in the contracts for turn-key projects as well. Contractors are required to score 'above the norm' on at least 80% of the total points (4 stars). The agreements with contractors frequently include a provision obliging the contractor to provide and stimulate traineeships and work experience places.

# 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 apartment buildings which translates to greenhouse gas emissions and reflects 55% of the portfolio.

In 2012, the Fund set a target to reduce energy consumption in communal spaces by at least 10% in 2015. By selecting and focusing on the top 50 users and installing LED lighting and relocating sensors, it is on track to meet this target. The Fund managed to cut energy consumption in common areas on a like-for-like basis by 4.1% in the period 2012-2014. To improve monitoring, the Fund installed 174 smart meters, now covering 86% of total connections.

The Fund's ambition to increase the coverage and as such the transparency of its environmental impact according to INREV sustainability guidelines is reflected in the key CSR data summary. For more detailed information on the key performance indicators, please see the Annual Report of the management company.

## Renewable sources

The Fund purchases renewable electricity for common areas, while property managers are required to deliver sustainable alternatives for repairs and replacements based on the Total Cost of Ownership (TCO) principle. The Fund's standard programme of requirements includes water-saving fittings, while we are also investigating the potential use of water buffering and partly recycled (non-drinking) water, for instance for the maintenance of green areas. This puts the Fund among the most sustainable residential funds in the Netherlands.

### Here comes the sun

In 2014, the Residential Fund launched the 'Zonnig huren' solar power pilot project, with the aim of installing solar panels on the roofs of family homes right across the Fund's portfolio. The idea behind the project is to team up with tenants to maximise energy use from renewable sources and, very importantly, reduce energy costs for tenants.

### Win-win-win

Bouwinvest offered to have the solar panels fitted in exchange for a small increase in rent. The selling point of the project is that it is a potential winner on the people, planet and profit fronts. It cuts energy bills for tenants and reduces the environmental impact of the homes, while also improving the quality – and value – of the assets and paving the way for higher grade energy labels.

### Huge potential

The take-up was modest but encouraging for the first year of the pilot, and we believe the anecdotal evidence from early adopters and proof of potential savings is likely to convince more tenants to switch to solar power. We will be taking this to the next phase in 2015, upgrading from a pilot project to a full-scale initiative at a much wider range of residential properties.

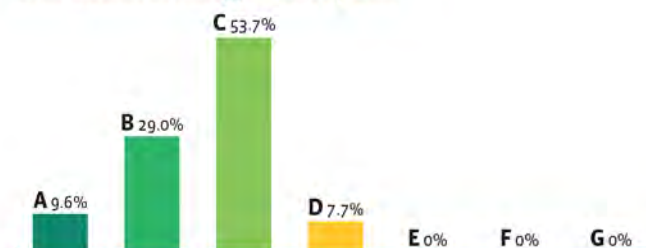
### Facts:

- 690 solar panels
- 146,669 kWh renewable energy added
- 67,458 kg CO<sub>2</sub> reduction per annum

Energy consumption (like-for-like, MWH)



Distribution of energy labels by unit



## Benchmarking

Benchmarking based on the Global Real Estate Sustainability Benchmark (GRESB) gives the Residential Fund greater insight into the opportunities to improve its sustainability performance at fund level. In 2014, the Fund participated for the third time in the GRESB and improved its scores significantly, increasing its overall score by over 66%, taking it to second in its peer group.

### ‘Green star’

Following the successful implementation of the action plan to enhance overall GRESB performance, the Residential 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 Residential Fund N.V. (the Residential Fund) was established in 2010. Stichting Bedrijfstakpensioenfonds voor de Bouwnijverheid (bpfBOUW, the pension fund for the construction industry) is the Residential Fund's anchor investor. In 2014, Bouwinvest welcomed two new investors to its Residential Fund, Stichting Rabobank Pensioenfonds (Rabobank pension fund) and Stichting Bedrijfstakpensioenfonds voor de Zoetwarenindustrie (pension fund for the Dutch confectionary industry). In addition, as per 2 January 2015, three other new investors decided to join the Fund. These are the Stichting Pensioenfonds voor Fysiotherapeuten (the Dutch pension fund for the physiotherapy sector), Stichting Bedrijfstakpensioenfonds PNO Media (media pension fund) and Stichting COOP Pensioenfonds (COOP supermarket pension fund).

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 Shareholders' Committee and a Board of Directors.

## Fund governance

The Residential 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
- Shareholder communications

## Structure of the Fund

The Residential 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).

## Governance matrix Residential Fund

Rights	General Meeting of Shareholders		Shareholders' Committee	
	Simple majority vote (>50%)	Double majority vote	Approval rights	Consultation rights
1. Amendment of the strategy of the Fund		X		X
2. Liquidation, conversion, merger, demerger of the Fund		X		X
3. Dismissal and replacement of the management company		X		X
4. Amendment of the management fee of the Fund		X		X
5. Conflict of interest on the basis of the Dutch Civil Code		X		X
6. Investments within the hurdle rate bandwidth as specified in the Fund Plan			X	
7. Related party transaction			X	
8. Amendment or termination of the Fund documents	X			
9. Adoption of the Fund Plan	X			X
10. Deviation from the valuation methodology of the Fund as set out in the Valuation Manual	X			X
11. Investments outside the hurdle rate bandwidth as specified in the Fund Plan	X			X
12. Change of control (of the management company)				X
13. Appointment, suspension and dismissal of managing directors of the Fund (with due observance to the rights mentioned under 3)	X			X
14. Amendment to the Articles of Association of the Fund	X			
15. Adoption of the Accounts of the Fund	X			
16. Information rights on the basis of the Dutch Civil Code	X			
17. Authorising the Board of Directors to purchase own shares	X			
18. Reducing the capital of the Fund	X			
19. Extending the five month term with regard to approval of the Accounts	X			
20. Authorising the Board of Directors to amend the Articles of Association of the Fund	X			
21. Appointing a representative in the event of a conflict of interest	X			
22. Requesting to investigate the Accounts and the withdrawal thereof	X			
23. Approval of an Applicant Shareholder to become a Shareholder of the Fund	X			

## Shareholders' Committee

Following the approval of the General Meeting of Shareholders held on 24 April 2014, a Shareholders' Committee replaced the Supervisory Board as per 1 May 2014. The aim of this change in the Fund's governance was to increase investors' influence on the management of the Fund and its portfolio, after additional investors entered the Fund. The Shareholders' Committee comprises a maximum of five shareholders: one representative of each of the four shareholders with the largest individual commitment and one member to represent the collective interests of all other shareholders. Members of the Shareholders' Committee will be appointed by the General Meeting of Shareholders for a period of one year.

### Role of the Shareholders' Committee

The role of the Shareholders' Committee is to approve certain specified resolutions by the management company (see governance matrix). The Shareholders' Committee shall assist the management company by providing advice if such is requested. The responsibility for proper performance of its duties is vested in the Shareholders' Committee collectively.

In 2014, the Shareholders' Committee met twice, to advise on the Fund Plan of the Residential Fund and to approve a related-party transaction, the transfer of the Verbunt site in Tilburg.

## General Meeting of Shareholders

Shareholders of the Residential 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 and discharge the Statutory Director of the Fund for its management. Shareholder approval is required for resolutions that have a substantial impact on the Residential Fund and its risk profile (see governance matrix).

## Anchor investor

As at this annual report's publication date, bpfBOUW holds the majority of the shares of the Residential 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

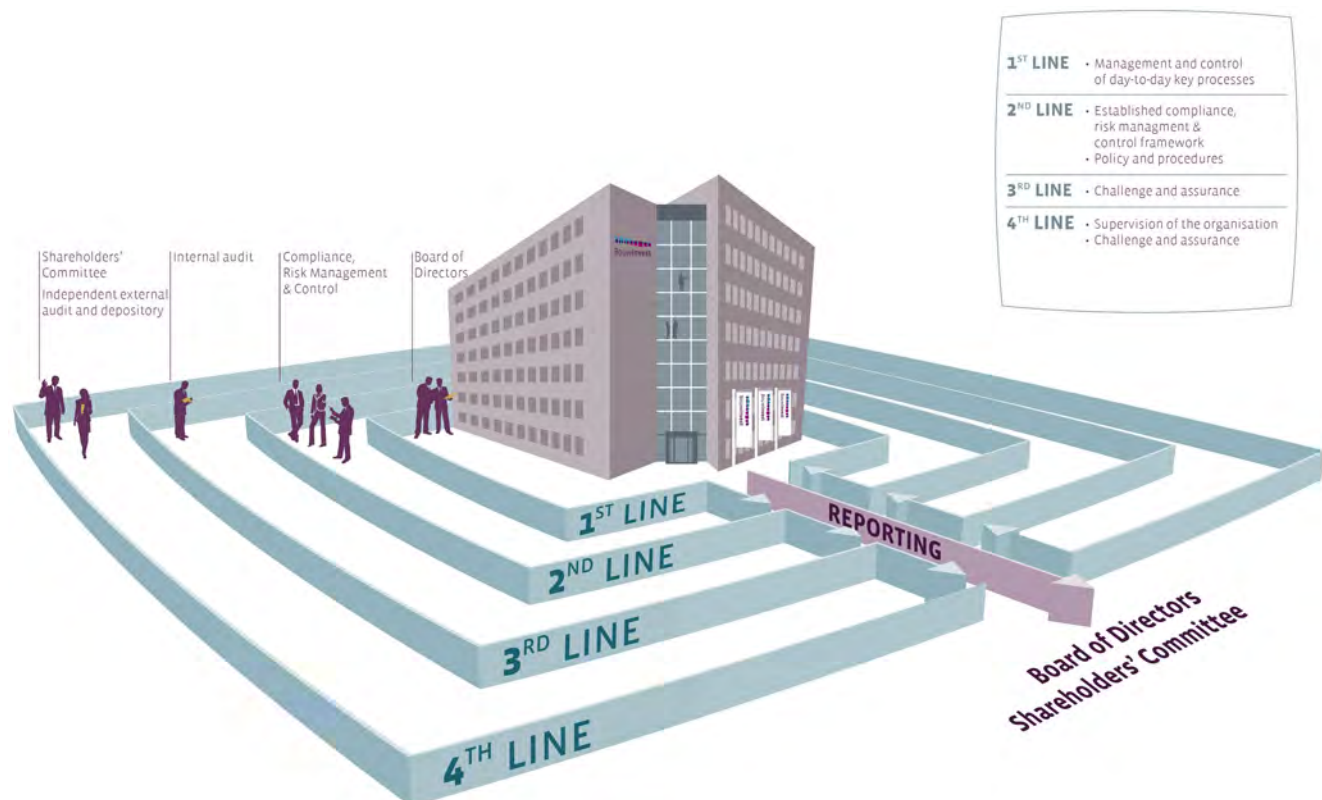
## Risk management and compliance

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 Residential Fund. In 2014, Bouwinvest continued to refine and enhance its risk and compliance capabilities. It also 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 risk management into practice by using Management (1st line), Risk-compliance-control (2nd line), Internal audit (3rd line) and External audit (4th line) as defence functions.

### Bouwinvest's lines of defense



## Major risk factors and corrective measures

Within the domain of the Residential 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 Residential 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 Residential 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 specific 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 adapt its portfolio to important market trends. For the Dutch residential market, the most important recognisable market trends are a stabilised housing market, together with an improved regulatory climate and increased investor interest in the Dutch market.

In 2014, the Dutch government introduced a new policy for regulated rental homes, ending a long period of regulatory uncertainty. This new regulation, together with a stabilising economy seems to have gradually improved fundamentals for the Dutch liberalised rental market.

For 2015, stable to increasing housing market fundamentals in combination with low returns for competing asset classes, such as stocks and bonds are expected to lead to sustained interest from institutional investors. While this may have a positive effect on the indirect returns of the existing portfolio of the Residential Fund, it may also lead to scarcity in the Dutch market for residential acquisitions. This scarcity may put downward pressure on direct returns from new acquisitions. Bouwinvest can use its thorough investment process and alignment with shareholders to prevent any investments that are not aligned with shareholders' interests.

#### Legal risk

This is the risk that the direct return is influenced by insufficient legal measures. To control this risk, Bouwinvest has a 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 Residential Fund's real estate portfolio. The Residential Fund has introduced measures to limit rental risk, including a system to monitor tenant satisfaction with both its rented property and the services provided by the Fund's external property managers. This includes but is not limited to the annual satisfaction survey and random spot checks.

#### 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 performs an annual hold/sell analysis of the properties to ensure that they continue to support the Residential Fund's overall return objective. The long-term estimates on a per property basis also provide effective insight into expected property operating costs.

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

- type of housing
- the indexation policy
- the rental segment
- year of construction
- regional spread, with a focus on economically strong regions

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 Residential 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 Residential Fund, including its management and control of the risks it faces, may in some way be inadequate or ineffective. This would affect the Residential Fund's direct and indirect returns. 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 Residential 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 an 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	156,049	152,233
Service charge income	6	4,038	2,799
Other income		671	656
<b>Revenues</b>		<b>160,758</b>	<b>155,688</b>
Service charge expenses		(4,560)	(3,502)
Property operating expenses	7	(40,922)	(42,751)
Other expenses		-	-
		<b>(45,482)</b>	<b>(46,253)</b>
<b>Net rental income</b>		<b>115,276</b>	<b>109,435</b>
<b>Profit (loss) on sales of investment property</b>		<b>(869)</b>	<b>(3,665)</b>
Positive fair value adjustment completed investment property	12	43,865	6,516
Negative fair value adjustment completed investment property	12	(17,090)	(103,881)
Fair value adjustments on investment property under construction	13	5,796	4,487
<b>Net valuation gain (loss) on investment property</b>		<b>32,571</b>	<b>(92,878)</b>
Administrative expenses	8	(13,865)	(13,839)
<b>Result before finance result</b>		<b>133,113</b>	<b>(947)</b>
Finance income	9	41	6
<b>Net finance result</b>		<b>41</b>	<b>6</b>
<b>Result before tax</b>		<b>133,154</b>	<b>(941)</b>
Income taxes	10	-	-
<b>Result for the year</b>		<b>133,154</b>	<b>(941)</b>
Items that will not be reclassified subsequently to comprehensive income		-	-
Items that may be reclassified subsequently to comprehensive income		-	-
<b>Total comprehensive income for the year, net of tax</b>		<b>133,154</b>	<b>(941)</b>
Net result attributable to shareholders		133,154	(941)
<b>Total comprehensive income attributable to shareholders</b>		<b>133,154</b>	<b>(941)</b>
<b>Earnings per share (€)</b>			
<b>Basic earnings per share</b>	18	<b>128.47</b>	<b>(0.93)</b>
<b>Diluted earnings per share</b>		<b>128.47</b>	<b>(0.93)</b>

## Statement of financial position

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2014	2013
<b>Assets</b>			
<b>Non-current assets</b>			
Investment property	12	2,561,354	2,535,854
Investment property under construction	13	65,896	57,213
Other non-current receivables		-	-
		<b>2,627,250</b>	<b>2,593,067</b>
<b>Current assets</b>			
Trade and other current receivables	14	2,359	3,456
Cash and cash equivalents	15	98,116	12,481
		<b>100,475</b>	<b>15,937</b>
<b>Total assets</b>		<b>2,727,725</b>	<b>2,609,004</b>
<b>Equity and liabilities</b>			
<b>Equity attributable to the owners of the Fund</b>			
Issued capital		1,043,265	1,010,353
Share premium		1,611,635	1,560,547
Revaluation reserve		43,694	28,712
Retained earnings		(116,465)	941
Net result for the year		133,154	(941)
<b>Total equity</b>	16	<b>2,715,283</b>	<b>2,599,612</b>
<b>Current liabilities</b>			
Trade and other payables	17	12,442	9,392
<b>Total liabilities</b>		<b>12,442</b>	<b>9,392</b>
<b>Total equity and liabilities</b>		<b>2,727,725</b>	<b>2,609,004</b>

## 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
<b>Balance at 1 January 2014</b>	<b>1,010,353</b>	<b>1,560,547</b>	<b>28,712</b>	<b>941</b>	<b>(941)</b>	<b>2,599,612</b>
<b>Comprehensive income</b>						
Net result	-	-	-	-	133,154	133,154
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133,154</b>	<b>133,154</b>
<b>Other movements</b>						
Issued shares	32,912	51,088	-	-	-	84,000
Appropriation of result	-	-	-	(941)	941	-
Dividends paid	-	-	-	(101,483)	-	(101,483)
Movement revaluation reserve	-	-	14,982	(14,982)	-	-
<b>Total other movements</b>	<b>32,912</b>	<b>51,088</b>	<b>14,982</b>	<b>(117,406)</b>	<b>941</b>	<b>(17,483)</b>
<b>Balance at 31 December 2014</b>	<b>1,043,265</b>	<b>1,611,635</b>	<b>43,694</b>	<b>(116,465)</b>	<b>133,154</b>	<b>2,715,283</b>

\* 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
<b>Balance at 1 January 2013</b>	<b>1,000,000</b>	<b>1,637,867</b>	<b>37,812</b>	<b>(18,790)</b>	<b>18,790</b>	<b>2,675,679</b>
<b>Comprehensive income</b>						
Net result	-	-	-	-	(941)	(941)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(941)</b>	<b>(941)</b>
<b>Other movements</b>						
Issued shares	10,353	17,147	-	-	-	27,500
Appropriation of result	-	-	-	18,790	(18,790)	-
Dividends paid	-	(94,467)	-	(8,159)	-	(102,626)
Movement revaluation reserve	-	-	(9,100)	9,100	-	-
<b>Total other movements</b>	<b>10,353</b>	<b>(77,320)</b>	<b>(9,100)</b>	<b>19,731</b>	<b>(18,790)</b>	<b>(75,126)</b>
<b>Balance at 31 December 2013</b>	<b>1,010,353</b>	<b>1,560,547</b>	<b>28,712</b>	<b>941</b>	<b>(941)</b>	<b>2,599,612</b>

\* See explanation dividend restrictions Note 16.

## Statement of cash flows

All amounts in € thousands

	Note	2014	2013
<b>Operating activities</b>			
Rental receipts		158,730	153,575
Service charge receipts		2,442	2,669
Operating payments		(51,946)	(60,369)
Service charge payments		(3,032)	(3,502)
VAT received (paid)		(1,506)	849
Interest received		42	6
<b>Cash flows from operating activities</b>		<b>104,730</b>	<b>93,228</b>
<b>Investment activities</b>			
Proceeds from sale of investment property		116,394	57,181
Payments of investment property	12	(652)	(965)
Payments of investment property under construction	13	(117,354)	(87,979)
<b>Cash flows from investment activities</b>		<b>(1,612)</b>	<b>(31,763)</b>
<b>Finance activities</b>			
Proceeds from the issue of share capital		84,000	27,500
Dividends paid		(101,483)	(102,626)
<b>Cash flows from finance activities</b>		<b>(17,483)</b>	<b>(75,126)</b>
Net increase/ (decrease) in cash and cash equivalents		85,635	(13,661)
Cash and cash equivalents at beginning of year		12,481	26,142
<b>Cash and cash equivalents at end of year</b>	15	<b>98,116</b>	<b>12,481</b>



# Notes to the financial statements

All amounts in € thousands unless otherwise stated

## 1. General Information

Bouwinvest Dutch Institutional Residential Fund N.V., (the Residential Fund, the Fund) holds a major portfolio of investment properties in the Netherlands.

The Residential Fund is a public limited company incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands. The Fund was formed for the purpose of providing shareholders with a rate of return by acquiring, managing, adding value to and disposing of a diversified real estate portfolio through investments in residential real estate in the Netherlands. The anchor shareholder is Stichting Bedrijfstakpensioenfondsen voor de Bouwnijverheid (96.8%). As of 2 January 2014, Rabobank pension fund (1.9%), and as of 1 July 2014 the pension fund for the Dutch Confectionary industry (1.1%) are new minority shareholders of the Fund. Bouwinvest REIM is a minority shareholder for 0.2%.

The Fund's active portfolio management is supported by the supply of newly developed properties by Bouwinvest Development B.V. and third parties. The Residential Fund has the right of first refusal on the residential properties developed. This structure with a separate entity for development activities (Bouwinvest Development B.V.) has been chosen as the FII (Fiscal Investment Institution) status of the Fund does not allow development activities.

The Statutory Director will present the annual report 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 that is 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.

## 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 others, 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 Residential Fund has an agreement with Bouwinvest Development B.V. Investment property is not developed within the Residential 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 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 Residential Fund obtains deposits from tenants as a guarantee for returning the property at the end of the rental term in a specified good condition or for the rent 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 as 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. Rent incentives granted by the Fund to its tenants are recognised as an integral part of the total rental income. The rent incentives are included in the investment properties.

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

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

## 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 Other income

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

## 2.14 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.

## 2.15 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.

## 2.16 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.

## 2.17 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

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 risks.

#### (IV) Hedging risk

The Fund has no hedging instruments in place.

### Credit risk

Credit risk is defined as the unforeseen losses on assets if counterparties should fail to meet their obligations. The creditworthiness of tenants is closely monitored. When entering into a contract, their credit rating is checked, while throughout the term of the contract a close watch is kept 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
<b>Trade and other receivables, net of provision for impairment (Note 14)</b>		
Rent receivables from tenants	1,694	1,877
Other financial assets	665	1,579
Cash and cash equivalents	98,116	12,481

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 the event of other breaches of contract.

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

	2014	2013
<b>Trade and other current receivables</b>		
Neither past due nor impaired	-	687
<b>Total neither past due nor impaired</b>	<b>-</b>	<b>687</b>
<b>Past due but not impaired</b>		
Less than 30 days overdue	-	-
30 to 90 days overdue	665	892
<b>Total past due but not impaired</b>	<b>665</b>	<b>892</b>
<b>Individually determined to be impaired (gross)</b>		
30 days to 90 days overdue	2,238	1,765
90 to 180 days overdue	1,364	1,590
<b>Total individually determined to be impaired (gross)</b>	<b>3,602</b>	<b>3,355</b>
Less: impairment provision	(1,908)	(1,478)
<b>Total trade and other current receivables, net of provision for impairment</b>	<b>2,359</b>	<b>3,456</b>

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
<b>Assets</b>				
Trade and other receivables	121	2,238	-	2,359
<b>Liabilities</b>				
Tenant deposits	-	-	4,673	4,673
Trade payables	4,183	-	-	4,183
Other financial liabilities	833	818	1,935	3,586

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

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	Total
<b>Assets</b>				
Trade and other receivables	892	1,765	799	3,456
<b>Liabilities</b>				
Tenant deposits	-	-	3,532	3,532
Trade payables	1,579	-	-	1,579
Other financial liabilities	850	2,324	1,107	4,281

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 and liabilities 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	Note	2014		2013	
		Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables (level 2)	14	2,359	2,359	3,456	3,456
Cash and cash equivalents (level 1)	15	98,116	98,116	12,481	12,481
Financial liabilities measured at amortised cost and other payables (level 2)	17	(12,442)	(12,442)	(9,392)	(9,392)
		<b>88,033</b>	<b>88,033</b>	<b>6,545</b>	<b>6,545</b>

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 estimates 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 adjustment 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 rental agreements, in order to cover the full period of existing rental agreements. The DCF analyses are based on calculations of the future rental revenue in accordance with the terms in existing rental agreements, and estimations of the rental values when the agreement 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. The Fund has invested in the following core regions: Randstad (Amsterdam, Utrecht, Rotterdam and The Hague), Mid East (Apeldoorn, Arnhem, Nijmegen and Zwolle) and Brabantstad (Breda, Eindhoven, Den Bosch and Tilburg).

The valuation of the completed investment properties per core region for the year ended 31 December is as follows:

Property valuation as at 31 December	2014	2013
<b>Region</b>		
Randstad	2,106,875	2,061,724
Mid East	141,155	134,371
Brabantstad	73,711	67,805
Non-core regions	239,613	271,954
<b>Total</b>	<b>2,561,354</b>	<b>2,535,854</b>

## 6 Gross rental income and service charge income

	2014	2013
Theoretical rent	163,179	159,197
Incentives	(1,431)	(1,226)
Vacancies	(5,699)	(5,738)
<b>Total gross rental income</b>	<b>156,049</b>	<b>152,233</b>

The Fund leases its property investments in the form of non-cancellable operating leases. The nature of the theoretical rent has an indefinite duration because there are no fixed contract periods.

Service charge income represents € 4.0 million (2013: € 2.8 million) income receivable from tenants for the services of utilities, caretakers, etc. when the Fund acts as principal.

## 7 Property operating expenses

	2014	2013
Taxes	7,048	6,176
Insurance	189	235
Maintenance	19,757	22,914
Valuation fees	470	487
Property management fees	2,984	2,974
Promotion and marketing	962	733
Letting and lease renewal fees	3,636	2,959
Other operating expenses	5,293	5,579
Addition to provision for bad debts	583	694
<b>Total property operating expenses</b>	<b>40,922</b>	<b>42,751</b>

In 2014, € 0.5 million (2013: € 0.5 million) of the maintenance expenses related to unlet properties.

## 8 Administrative expenses

	2014	2013
Management fee Bouwinvest	13,274	13,240
Audit fees	32	19
Marketing fees	25	18
Other administrative expenses	449	519
Legal fees	85	43
<b>Total administrative expenses</b>	<b>13,865</b>	<b>13,839</b>

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	41	6
<b>Total finance result</b>	<b>41</b>	<b>6</b>

## 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 profits 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. 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, the Fund must be owned for at least 75% 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 Residential Fund met the requirements of an FII in 2014. The effective tax rate was therefore 0%.

## 11 Employee benefits expense

The Residential Fund has no employees.

## 12 Investment property

	2014	2013
<b>At the beginning of the year</b>	<b>2,535,854</b>	<b>2,597,675</b>
Additions:		
Transfer from investment property under construction	114,467	95,399
Investments	652	965
<b>Total investments</b>	<b>115,119</b>	<b>96,364</b>
<b>Disposals</b>	<b>(116,394)</b>	<b>(60,820)</b>
Net gain (loss) from fair value adjustments on investment property (like-for-like)	32,536	(84,920)
Net gain (loss) from fair value adjustments on investment property	(5,761)	(12,445)
<b>In profit or loss</b>	<b>26,775</b>	<b>(97,365)</b>
In other comprehensive income	-	-
Transfers out of level 3	-	-
<b>Total investment property (level 3)</b>	<b>2,561,354</b>	<b>2,535,854</b>
Classified as held for sale	-	-
<b>At the end of the year</b>	<b>2,561,354</b>	<b>2,535,854</b>

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 with experience in the locations and categories of the investment properties valued (level 3). 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. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year and there were no transfers between levels 2 and 3 during the year.

The specifications of transfers from investments and Investment property under construction and also the disposals are set out below.

Investments and investment property under construction	2014	2013
Randstad	87,924	83,893
Mid East	12,928	12,471
Brabantstad	14,267	-
Non-core regions	-	-
<b>Total investments and investment property under construction</b>	<b>115,119</b>	<b>96,364</b>
Disposals	2014	2013
Randstad	(68,312)	(40,307)
Mid East	(4,297)	-
Brabantstad	-	(7,286)
Non-core regions	(43,785)	(13,227)
<b>Total disposals</b>	<b>(116,394)</b>	<b>(60,820)</b>

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

2014

	Randstad	Mid East	Brabantstad	Non-core regions	Total
Current average rent (€/unit)	968	785	856	781	927
Estimated rental value (€/unit)	995	805	884	801	953
Gross initial yield	5.9%	6.7%	6.0%	6.7%	6.0%
Net initial yield	4.2%	4.8%	4.4%	4.7%	4.3%
Current vacancy rate (no rental units)	2.0%	1.1%	1.8%	3.4%	2.1%
Current financial vacancy rate	3.2%	2.7%	5.3%	5.2%	3.5%
Long-term vacancy rate	3.4%	3.9%	3.1%	4.8%	3.5%
Long-term growth rental rate	2.5%	2.4%	2.3%	2.3%	2.4%
Average 10-years inflation rate (IPD Nederland)					1.9%

2013

	Randstad	Mid East	Brabantstad	Non-core regions	Total
Current average rent (€/unit)	948	750	827	744	899
Estimated rental value (€/unit)	979	778	852	765	929
Gross initial yield	5.6%	5.9%	5.2%	6.5%	5.7%
Net initial yield	4.0%	4.7%	4.5%	4.9%	4.1%
Current vacancy rate (no rental units)	2.3%	4.1%	1.5%	4.5%	2.7%
Current financial vacancy rate	3.4%	5.6%	1.8%	4.2%	3.6%
Long-term vacancy rate	3.1%	5.3%	2.2%	3.3%	3.2%
Long-term growth rental rate	2.72%	2.71%	2.66%	2.65%	2.71%
Average 10-years inflation rate (IPD Nederland)					2.1%

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

The total gain (loss) for the year included an unrealised gain of € 43,865 (2013: € 6,516) relating to investment properties that are measured at fair value at the end of the reporting period.

The vacancy rate showed a downward trend due to successful efforts to improve letting in assets with the highest vacancy rate.

As at 31 December 2014, the Fund had unprovisioned contractual obligations for future repairs and maintenance of € 2.7 million (2013: € 3.5 million). Direct operating expenses recognised in profit or loss include € 0.5 million (2013: € 1.5 million) relating to investment property that was vacant. 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 4.3% (2013: 4.1%). 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 18.9% lower (2013: 19.5% lower). In this situation, the Fund's shareholders' equity would have been € 499 million lower (2013: € 509 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	(131,965)	131,965	(130,651)	130,651

	2014		2013	
Change net initial yield	- 25 bps	+ 25 bps	- 25 bps	+ 25 bps
Value of the investment property change	163,453	(145,439)	168,334	(149,121)

## 13 Investment property under construction

	2014	2013
<b>At the beginning of the year</b>	<b>57,213</b>	<b>60,146</b>
Investments	117,354	87,979
Transfer to investment property	(114,467)	(95,399)
Net gain (loss) from fair value adjustments on investment property under construction	5,796	4,487
In profit or loss	5,796	4,487
In other comprehensive income	-	-
Transfers out of level 3	-	-
<b>At the end of the year</b>	<b>65,896</b>	<b>57,213</b>
Investment property under construction at fair value	65,896	57,213
Investment property under construction at amortised cost	-	-
<b>As at 31 December</b>	<b>65,896</b>	<b>57,213</b>

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 Feniks en Het Baken (Amsterdam), De Halve Maen (Amsterdam), Vlondertuinen ('s-Hertogenbosch), Het Nieuwe Landgoed (Ede) and Summertime (Amsterdam). Third-party investment property under construction include Deo Neo (Haarlem), Brandevoort (Helmond), Meysters Buiten (Utrecht), Marquant (Pijnacker), Veemarkt (Utrecht), CityPrince (The Hague), De Statendam (Amsterdam) and Stadionplein (Amsterdam).

The total gain (loss) for the year included an unrealised gain of € 5,796 (2013: € 4,487) 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.

Investments	2014	2013
Randstad	85,474	72,399
Mid East	8,549	9,106
Brabantstad	2,974	6,474
Non-core regions	20,357	-
<b>Total investments</b>	<b>117,354</b>	<b>87,979</b>
Transfers to investment property	2014	2013
Randstad	(87,664)	(82,928)
Mid East	(12,536)	(12,471)
Brabantstad	(14,267)	-
Non-core regions	-	-
<b>Total transfers to investment property</b>	<b>(114,467)</b>	<b>(95,399)</b>

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

2014

	Randstad	Mid East	Brabantstad	Total
Gross initial yield	5.0 - 6.2%	5.5%	5.3%	5.0 - 6.2%
Net initial yield	3.9% - 4.9%	4.6%	4.7%	3.9% - 4.9%
Long-term vacancy rate	1.0%	2.5%	1.6%	1.1%
Long-term growth rental rate	2.7%	2.7%	2.4%	2.6%
Average 10-years inflation rate (IPD Nederland)	1.9%	1.9%	1.9%	1.9%
Estimated average development profit on completion	(1.3)%	7.0%	(9.2)%	(1.3)%
Estimated average percentage of completion	27.6%	66.8%	62.8%	30.0%
Current average rent (€/m <sup>2</sup> )	12.47	6.98	7.34	11.62
Construction costs (€/m <sup>2</sup> )	2,774.83	1,405.06	1,747.21	2,575.16

2013

	Randstad	Mid East	Brabantstad	Total
Gross initial yield	5.3%	5.9%	5.5%	5.4%
Net initial yield	4.3%	4.7%	4.7%	4.4%
Long-term vacancy rate	1.1%	1.7%	0.4%	1.1%
Long-term growth rental rate	3.2%	2.7%	2.9%	3.1%
Average 10-years inflation rate (IPD Nederland)	2.1%	2.1%	2.1%	2.1%
Estimated average development profit on completion	(1.2)%	(11.5)%	(9.5)%	(3.2)%
Estimated average percentage of completion	47.7%	59.0%	81.9%	52.6%
Current average rent (€/m <sup>2</sup> )	12.85	4.89	15.93	11.20
Construction costs (€/m <sup>2</sup> )	2,931.14	1,119.27	3,856.90	2,571.21

## 14 Trade and other current receivables

	2014	2013
Trade receivables	1,694	1,877
Bouwinvest Real Estate Investment Management B.V.	-	687
Other receivables	665	892
<b>Balance as at 31 December</b>	<b>2,359</b>	<b>3,456</b>

## 15 Cash and cash equivalents

	2014	2013
Bank deposits	-	-
Bank balances	98,116	12,481
<b>Balance as at 31 December</b>	<b>98,116</b>	<b>12,481</b>

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

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

For 2014, before appropriation of result

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
<b>Balance at 1 January 2014</b>	<b>1,010,353</b>	<b>1,560,547</b>	<b>28,712</b>	<b>941</b>	<b>(941)</b>	<b>2,599,612</b>
<b>Comprehensive income</b>						
Net result	-	-	-	-	133,154	133,154
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133,154</b>	<b>133,154</b>
<b>Other movements</b>						
Issued shares	32,912	51,088	-	-	-	84,000
Appropriation of result	-	-	-	(941)	941	-
Dividends paid	-	-	-	(101,483)	-	(101,483)
Movement revaluation reserve	-	-	14,982	(14,982)	-	-
<b>Total other movements</b>	<b>32,912</b>	<b>51,088</b>	<b>14,982</b>	<b>(117,406)</b>	<b>941</b>	<b>(17,483)</b>
<b>Balance at 31 December 2014</b>	<b>1,043,265</b>	<b>1,611,635</b>	<b>43,694</b>	<b>(116,465)</b>	<b>133,154</b>	<b>2,715,283</b>

For 2013, before appropriation of result

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
<b>Balance at 1 January 2013</b>	<b>1,000,000</b>	<b>1,637,867</b>	<b>37,812</b>	<b>(18,790)</b>	<b>18,790</b>	<b>2,675,679</b>
<b>Comprehensive income</b>						
Net result	-	-	-	-	(941)	(941)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(941)</b>	<b>(941)</b>
<b>Other movements</b>						
Issued shares	10,353	17,147	-	-	-	27,500
Appropriation of result	-	-	-	18,790	(18,790)	-
Dividends paid	-	(94,467)	-	(8,159)	-	(102,626)
Movement revaluation reserve	-	-	(9,100)	9,100	-	-
<b>Total other movements</b>	<b>10,353</b>	<b>(77,320)</b>	<b>(9,100)</b>	<b>19,731</b>	<b>(18,790)</b>	<b>(75,126)</b>
<b>Balance at 31 December 2013</b>	<b>1,010,353</b>	<b>1,560,547</b>	<b>28,712</b>	<b>941</b>	<b>(941)</b>	<b>2,599,612</b>

### Dividend restrictions

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

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

In order to further align the processing of the distributable dividends with Dutch Law and taking into account the FII status of the Fund, the distributable dividends are made from retained earnings insofar 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
<b>Opening balance at 1 January 2014</b>	<b>1,010,353</b>	<b>1,010,353</b>	<b>1,560,547</b>	<b>2,570,900</b>
Dividends paid	-	-	-	-
Issued shares	32,912	32,912	51,088	84,000
<b>Balance at 31 December 2014</b>	<b>1,043,265</b>	<b>1,043,265</b>	<b>1,611,635</b>	<b>2,654,900</b>
<b>Opening balance at 1 January 2013</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,637,867</b>	<b>2,637,867</b>
Dividends paid	-	-	(94,467)	(94,467)
Issued shares	10,353	10,353	17,147	27,500
<b>Balance at 31 December 2013</b>	<b>1,010,353</b>	<b>1,010,353</b>	<b>1,560,547</b>	<b>2,570,900</b>

## Issued capital

The authorised capital comprises five (5) million shares each with a nominal value of € 1,000.

As at 31 December 2014, in total 1,043,265 shares had been issued and fully paid up.

## Share premium

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

## Revaluation reserve

The revaluation reserve relates to the revaluation of the property investments. The (unrealised) positive or negative difference between the cumulative increase or decrease in the fair value of the investment property owned at the end of the year has been included in the revaluation reserve. The revaluation reserve as at year-end 2014 was determined at the individual property level.

## 17 Trade and other payables

	2014	2013
Trade payables	4,183	1,579
Rent invoiced in advance	1,935	1,107
Tenant deposits	4,673	3,532
VAT payable	818	2,324
Other payables	833	850
<b>Balance as at 31 December</b>	<b>12,442</b>	<b>9,392</b>

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 result attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

	2014	2013
Net result attributable to shareholders	133,154	(941)
Weighted average number of ordinary shares	1,036,492	1,007,735
Basic earnings (€ per share)	128.47	(0.93)

The Residential 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, € 101.5 million (2013: € 102.6 million) was paid as dividend. The payment of a dividend over 2014 of € 97.88 (2013: € 94.87) per share as at year-end 2014, amounting to a total dividend of € 101.5 million (2013: € 95.6 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's total future commitments amounted to € 401 million (2013: € 141 million).

These commitments are made up as follows:

Investment commitments	2015	2016	2017	2018	2019
De Statendam, Amsterdam	13	6			
Jeruzalem, Amsterdam		7			
Pontsteiger, Amsterdam	25	32	26		
Rivers, Amsterdam	15	3			
Stadionplein, Amsterdam	12	3			
Summertime, Amsterdam	15	30			
PicusKade, Eindhoven	7	6			
Vlondertuinen, 's-Hertogenbosch	2				
Paleiskwartier, 's-Hertogenbosch	14	16	17		
CityPrince, The Hague	5				
Oostduinlaan, The Hague	17	14	29		
Het Nieuwe Landgoed, Ede	2				
Villa Industria, Hilversum		16			
Marquant, Pijnacker	5	1			
Meyster's Buiten, Utrecht	1				
Veemarkt, Utrecht	13	6			
Zijdebale, Utrecht	29	14			
	<b>175</b>	<b>154</b>	<b>72</b>		

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 (NAV). The notice period is two years.

## 21 Related parties

The Residential 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 management by Bouwinvest, qualify as related parties of the Fund. A € 13.3 million (2013: € 13.2 million) fee was paid to Bouwinvest in 2014.

Bouwinvest Development B.V. and 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 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 Fund has an agreement with Bouwinvest Development B.V., which develops part of the investment property for the Fund. In 2014, € 49 million (2013: € 47.5 million) was paid to Bouwinvest Development B.V. with regard to the projects De Halve Maen (Amsterdam), Vlondertuinen ('s-Hertogenbosch), Het Nieuwe Landgoed (Ede) and Summertime (Amsterdam).

## 22 Remuneration

Bouwinvest is the manager and the Statutory Director of the Fund. The management fee paid for the year 2014 amounted to € 13.3 million (2013: € 13.2 million).

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

During the reporting period, the manager, Bouwinvest, is responsible for 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 Residential Fund.

	2014	2013
Audit of the financial statements	32	19
Other audit engagements	-	-
Tax advisory services	-	-
Other non-audit services	-	-
<b>Total fees</b>	<b>32</b>	<b>19</b>

## 24 Subsequent events

As of 2 January 2015, the Residential Fund has three new shareholders. These are the Stichting Pensioenfondsen voor Fysiotherapeuten (the Dutch pension fund for the physiotherapy sector), Stichting Bedrijfstakpensioenfondsen PNO Media (media pension fund) and Stichting COOP Pensioenfondsen (COOP supermarket pension fund). The three new shareholders, together with the Stichting Bedrijfstakpensioenfondsen voor de Zoetwarenindustrie (pension fund for the Dutch confectionary industry) invested in total € 92.5 million in the Residential Fund on 2 January 2015.

## Sigining 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*

# Other information

## Articles of Association related to the appropriation of profit

Appropriation of profit is provided for in Article 23 of the Residential 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 24 April 2014 adopted and approved the 2013 financial statements of the Residential Fund. A dividend of € 94.87 (in cash) per share has been paid. The profit for 2013, amounting to € (0.9) 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 € 97.88 (in cash) per share be paid for 2014. Of the net result for 2014 amounting to € 133.1 million, € 133.1 million will be incorporated in the retained earnings.

## Subsequent events

As of 2 January 2015, the Residential Fund has three new shareholders. These are the Stichting Pensioenfonds voor Fysiotherapeuten (the Dutch pension fund for the physiotherapy sector), Stichting Bedrijfstakpensioenfonds PNO Media (media pension fund) and Stichting COOP Pensioenfonds (COOP supermarket pension fund). The three new shareholders, together with the Stichting Bedrijfstakpensioenfonds voor de Zoetwarenindustrie (pension fund for the Dutch confectionary industry) invested in total € 92.5 million in the Residential Fund on 2 January 2015.

# Independent auditor's report

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

## Report on the financial statements

We have audited the accompanying financial statements 2014 of Bouwinvest Dutch Institutional Residential 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 Residential 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				
<b>Reclassification of certain IFRS liabilities as components of equity</b>	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
<b>NAV after reclassification of equity-like interests and dividends not yet distributed</b>	X	X	N/A	N/A
<b>Fair value of assets and liabilities</b>	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	N/A	N/A
14 Contractual fees	X	X	N/A	N/A
<b>Effects of the expected manner of settlement of sales/vehicle unwinding</b>	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
<b>Other adjustments</b>	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
<b>INREV NAV</b>	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
<b>Assets</b>						
<b>Non-current assets</b>						
Investment property	2,561,354		2,561,354	2,535,854		2,535,854
Investment property under construction	65,896		65,896	57,213		57,213
Other non-current receivables	-		-	-		-
	<b>2,627,250</b>		<b>2,627,250</b>	<b>2,593,067</b>		<b>2,593,067</b>
<b>Current assets</b>						
Trade and other current receivables	2,359		2,359	3,456	600	4,056
Cash and cash equivalents	98,116		98,116	12,481		12,481
	<b>100,475</b>		<b>100,475</b>	<b>15,937</b>	<b>600</b>	<b>16,537</b>
<b>Total assets</b>	<b>2,727,725</b>		<b>2,727,725</b>	<b>2,609,004</b>	<b>600</b>	<b>2,609,604</b>
<b>Equity and liabilities</b>						
Equity attributable to the owners of the Fund						
<b>Total equity</b>	<b>2,715,283</b>		<b>2,715,283</b>	<b>2,599,612</b>	<b>600</b>	<b>2,600,212</b>
<b>Current liabilities</b>						
Trade and other payables	5,834		5,834	4,753		4,753
Rent invoiced in advance	1,935		1,935	1,107		1,107
Tenant deposits	4,673		4,673	3,532		3,532
<b>Total liabilities</b>	<b>12,442</b>		<b>12,442</b>	<b>9,392</b>		<b>9,392</b>
<b>Total equity and liabilities</b>	<b>2,727,725</b>		<b>2,727,725</b>	<b>2,609,004</b>	<b>600</b>	<b>2,609,604</b>



# 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	156,049		156,049	152,233		152,233
Service charge income	4,038		4,038	2,799		2,799
Other income	671		671	656		656
<b>Revenues</b>	<b>160,758</b>		<b>160,758</b>	<b>155,688</b>		<b>155,688</b>
Service charge expenses	(4,560)		(4,560)	(3,502)		(3,502)
Property operating expenses	(40,922)		(40,922)	(42,751)		(42,751)
Other expenses	-		-	-		-
	(45,482)		(45,482)	(46,253)		(46,253)
<b>Net rental income</b>	<b>115,276</b>		<b>115,276</b>	<b>109,435</b>		<b>109,435</b>
<b>Profit (loss) on sales of investment property</b>	<b>(869)</b>		<b>(869)</b>	<b>(3,665)</b>		<b>(3,665)</b>
Positive fair value adjustment	49,661		49,661	11,003		11,003
Negative fair value adjustment	(17,090)		(17,090)	(103,881)		(103,881)
<b>Net valuation gain (loss) on investment property</b>	<b>32,571</b>		<b>32,571</b>	<b>(92,878)</b>		<b>(92,878)</b>
Administrative expenses	(13,865)	(600)	(14,465)	(13,839)	(600)	(14,439)
<b>Result before finance expense</b>	<b>133,113</b>		<b>132,513</b>	<b>(947)</b>		<b>(1,547)</b>
Finance income	41		41	6		6
<b>Net finance expense</b>	<b>41</b>		<b>41</b>	<b>6</b>		<b>6</b>
<b>Result before tax</b>	<b>133,154</b>		<b>132,554</b>	<b>(941)</b>		<b>(1,541)</b>
Income taxes	-		-	-		-
<b>Net result</b>	<b>133,154</b>		<b>132,554</b>	<b>(941)</b>		<b>(1,541)</b>
Other comprehensive income for the year	-		-	-		-
<b>Total comprehensive income for the year</b>	<b>133,154</b>		<b>132,554</b>	<b>(941)</b>		<b>(1,541)</b>
Net result attributable to shareholders	133,154		132,554	(941)		(1,541)
<b>Total comprehensive income attributable to shareholders</b>	<b>133,154</b>		<b>132,554</b>	<b>(941)</b>		<b>(1,541)</b>
<b>Earnings per share (€)</b>						
<b>Basic earnings per share</b>	<b>128.47</b>		<b>127.89</b>	<b>(0.93)</b>		<b>(1.32)</b>
<b>Diluted earnings per share</b>	<b>128.47</b>		<b>127.89</b>	<b>(0.93)</b>		<b>(1.32)</b>

# 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
<b>Balance according to IFRS at 1 January 2014</b>	<b>1,010,353</b>	<b>1,560,547</b>	<b>28,712</b>	<b>941</b>	<b>(941)</b>	<b>2,599,612</b>
Changes according to INREV at 1 January 2014				1,200	(600)	600
<b>Balance at 1 January 2014</b>	<b>1,010,353</b>	<b>1,560,547</b>	<b>28,712</b>	<b>2,141</b>	<b>(1,541)</b>	<b>2,600,212</b>
<b>Comprehensive income</b>						
Net result	-	-	-	-	133,154	133,154
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133,154</b>	<b>133,154</b>
<b>Other movements</b>						
Issued capital	32,912	51,088	-	-	-	84,000
Appropriation of result	-	-	-	(1,541)	1,541	-
Dividends paid	-	-	-	(101,483)	-	(101,483)
Movement revaluation reserve	-	-	14,982	(14,982)	-	-
Changes according to INREV	-	-	-	-	(600)	(600)
<b>Total other movements</b>	<b>32,912</b>	<b>51,088</b>	<b>14,982</b>	<b>(118,006)</b>	<b>941</b>	<b>(18,083)</b>
<b>Balance at 31 December 2014</b>	<b>1,043,265</b>	<b>1,611,635</b>	<b>43,694</b>	<b>(115,865)</b>	<b>132,554</b>	<b>2,715,283</b>

For 2013, before appropriation of result

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
<b>Balance according to IFRS at 1 January 2013</b>	<b>1,000,000</b>	<b>1,637,867</b>	<b>37,812</b>	<b>(18,790)</b>	<b>18,790</b>	<b>2,675,679</b>
Changes according to INREV at 1 January 2013				1,800	(600)	1,200
<b>Balance at 1 January 2013</b>	<b>1,000,000</b>	<b>1,637,867</b>	<b>37,812</b>	<b>(16,990)</b>	<b>18,190</b>	<b>2,676,879</b>
<b>Comprehensive income</b>						
Net result	-	-	-	-	(941)	(941)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(941)</b>	<b>(941)</b>
<b>Other movements</b>						
Issued capital	10,353	17,147	-	-	-	27,500
Appropriation of result	-	-	-	18,190	(18,190)	-
Dividends paid	-	(94,467)	-	(8,159)	-	(102,626)
Movement revaluation reserve	-	-	(9,100)	9,100	-	-
Changes according to INREV	-	-	-	-	(600)	(600)
<b>Total other movements</b>	<b>10,353</b>	<b>(77,320)</b>	<b>(9,100)</b>	<b>19,131</b>	<b>(18,790)</b>	<b>(75,726)</b>
<b>Balance at 31 December 2013</b>	<b>1,010,353</b>	<b>1,560,547</b>	<b>28,712</b>	<b>2,141</b>	<b>(1,541)</b>	<b>2,600,212</b>

## 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	<b>2,715,283</b>	<b>2,602.68</b>	<b>2,599,612</b>	<b>2,572.97</b>
<b>Reclassification of certain IFRS liabilities as components of equity</b>				
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	-	-	-	-
<b>NAV after reclassification of equity-like interests and dividends not yet distributed</b>	<b>2,715,283</b>	<b>2,602.68</b>	<b>2,599,612</b>	<b>2,572.97</b>
<b>Fair value of assets and liabilities</b>				
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	-	-	600	0.59
13 Acquisition expenses	-	-	-	-
14 Contractual fees	-	-	-	-
<b>Effects of the expected manner of settlement of sales/vehicle unwinding</b>				
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)	-	-	-	-
<b>Other adjustments</b>				
18 Goodwill	-	-	-	-
19 Non-controlling interest effects of INREV adjustments	-	-	-	-
<b>INREV NAV</b>	<b>2,715,283</b>	<b>2,602.68</b>	<b>2,600,212</b>	<b>2,573.56</b>
Number of shares issued	1,043,265		1,010,353	
Number of shares issued taking dilution effect into account	1,043,265		1,010,353	
Weighted average INREV NAV	2,657,747		2,642,032	
Weighted average INREV GAV	2,668,665		2,650,792	
Total Expense Ratio (NAV)	0.56%		0.57%	
Total Expense Ratio (GAV)	0.56%		0.56%	
Real Estate Expense Ratio (GAV)	1.53%		1.62%	

### 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

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.

Calculation adjustment NAV	
Total set-up costs	3,000
Accumulated depreciation of set-up costs (5 years)	600
Total amortised value as per 31 December 2014	3,000
Set-up costs booked directly charged to income as per 31 December 2014	-
<b>Adjustment NAV (excluding tax)</b>	<b>-</b>

## 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.

## 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.

## 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 Residential Fund N.V.

We have audited the accompanying financial overviews 2014 of Bouwinvest Dutch Institutional Residential Fund N.V., Amsterdam, in accordance with INREV Valuation Principles as set out on page 72 up to and including page 80, 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 72 up to and including page 80 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 72 up to and including page 80 of the financial overviews in accordance with INREV Valuation Principles.

### Basis of accounting

We draw attention to notes on page 72 up to and including page 80 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 Residential 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).

## Shareholders

As of January 2014, Stichting Rabobank Pensioenfond (Rabobank pension fund) became shareholder in the Fund. Due to the entry of the new shareholder, the Supervisory Board was replaced by a Shareholders' Committee, according to the Fund terms. In addition, Stichting Bedrijfstakpensioenfond voor de Zoetwarenindustrie (the pension fund for the Dutch confectionary industry) entered the Fund as of July 2014.

Name shareholder	Number of shares at year-end 2014
Stichting Bedrijfstakpensioenfond voor de Bouwnijverheid (bpfBOUW)	1,009,600
Stichting Rabobank Pensioenfond	19,598
Stichting Bedrijfstakpensioenfond voor de Zoetwarenindustrie	11,748
Bouwinvest Real Estate Investment Management B.V.	2,319

## Dividend

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

The Board of Directors proposes to pay a dividend of € 97.88 per share for 2014 (2013: € 94.87), which corresponds to a pay-out ratio of 100%. It is proposed that the dividend will be paid in cash, within the constraints imposed by the company's fiscal investment institution (FII) status. Of this total dividend, 78.4% was paid out in 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, € 24.76 per share
2 September 2014	Payment interim dividend second quarter 2014, €25.61 per share
2 December 2014	Payment interim dividend third quarter 2014, € 26.49 per share
3 March 2015	Payment interim dividend fourth quarter 2014, € 16.81 per share
20 April 2015	Annual General Meeting of Shareholders
28 April 2015	Payment of final dividend 2014, € 4.20 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](http://Bouwinvest.nl/en). You can also contact our Investor Relations department at [ir@bouwinvest.nl](mailto:ir@bouwinvest.nl) or Karen Huizer, Investor Relations manager: +31 (0)20 677 1598.

# Contact information

## External auditor

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The Netherlands

## Tax adviser

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1186 DS Amstelveen  
The Netherlands

## Legal adviser and Fund notary

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1081 JJ Amsterdam  
The Netherlands

## Real estate notary

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## Appraisers

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Stationsplein 121  
3818 LE Amersfoort  
The Netherlands

## Colliers International

Buitenveldertselaan 5  
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The Netherlands

## DTZ Zadelhoff

Apollolaan 150  
1077 BG Amsterdam  
The Netherlands

## Dynamis Taxaties Nederland

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3528 BA Utrecht  
The Netherlands

# 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	No. of residential units	No. of parking units	Year of construction	Land ownership	Core region	Theoretical gross annual rent as per 31 December 2014
ALPHEN AAN DEN RIJN	Poortwachter	53	0	1985	Freehold	Randstad	414
ALPHEN AAN DEN RIJN	Poortwachter	0	0	1985	Freehold	Randstad	21
ALPHEN AAN DEN RIJN	Cauberg	37	37	1989	Freehold	Randstad	492
ALPHEN AAN DEN RIJN	Kerk en Zanen	77	12	1990	Freehold	Randstad	834
AMERSFOORT	Vathorst	39	0	2010	Freehold	Randstad	462
AMERSFOORT	Vathorst Type K	55	0	2012	Freehold	Randstad	674
AMSTELVEEN	Middenhoven	52	0	1985	Freehold	Randstad	546
AMSTELVEEN	Westwijk I	68	30	1990	Freehold	Randstad	1,058
AMSTELVEEN	Westwijk III	54	0	1990	Freehold	Randstad	642
AMSTELVEEN	Westwijk VI	36	36	1990	Freehold	Randstad	640
AMSTELVEEN	Westwijk VII	28	0	1990	Freehold	Randstad	281
AMSTELVEEN	Westwijk VIII	75	0	1991	Freehold	Randstad	865
AMSTELVEEN	Westwijk IX	40	7	1993	Freehold	Randstad	533
AMSTERDAM	Buitenveldert	150	12	1986	Leasehold	Randstad	1,658
AMSTERDAM	Buitenveldert	126	0	1986	Leasehold	Randstad	1,221
AMSTERDAM	Buitenveldert	84	0	1986	Leasehold	Randstad	897
AMSTERDAM	Sloten I	91	0	1991	Leasehold	Randstad	1,020
AMSTERDAM	Kon. Wilhelminaplein I	96	102	1991	Leasehold	Randstad	1,183
AMSTERDAM	Kon. Wilhelminaplein II	123	93	1991	Leasehold	Randstad	1,351
AMSTERDAM	Sloten II	64	0	1991	Leasehold	Randstad	717
AMSTERDAM	Sloten II	16	0	1991	Leasehold	Randstad	151
AMSTERDAM	Sloten III	180	112	1991	Leasehold	Randstad	1,909
AMSTERDAM	Sloten IV	24	24	1991	Leasehold	Randstad	362
AMSTERDAM	Sloten V	6	0	1992	Leasehold	Randstad	80
AMSTERDAM	Sloten V	96	0	1992	Leasehold	Randstad	978
AMSTERDAM	Sloten VI	148	0	1993	Leasehold	Randstad	1,565
AMSTERDAM	Sloten VI	4	0	1993	Leasehold	Randstad	35
AMSTERDAM	Sloten VII	215	0	1993	Leasehold	Randstad	2,501
AMSTERDAM	Sloten VII	16	0	1993	Leasehold	Randstad	129
AMSTERDAM	Sloten VIII	113	0	1993	Leasehold	Randstad	1,192
AMSTERDAM	Sloten VIII	24	0	1993	Leasehold	Randstad	193
AMSTERDAM	Sloten IX	30	0	1993	Leasehold	Randstad	459
AMSTERDAM	Sloten IX	50	50	1993	Leasehold	Randstad	607
AMSTERDAM	Map II	17	0	1994	Leasehold	Randstad	186
AMSTERDAM	Map II	72	0	1994	Leasehold	Randstad	698
AMSTERDAM	Map II	49	49	1994	Leasehold	Randstad	509
AMSTERDAM	Java Eiland	155	108	1996	Freehold	Randstad	2,227
AMSTERDAM	Java Eiland	155	94	1996	Freehold	Randstad	1,826
AMSTERDAM	Java Eiland	118	73	1997	Freehold	Randstad	1,400
AMSTERDAM	Java Eiland	37	29	1997	Freehold	Randstad	458
AMSTERDAM	Java Eiland	91	81	1997	Freehold	Randstad	1,293



Municipality	Street name/ property name	No. of residential units	No. of parking units	Year of construction	Land ownership	Core region	Theoretical gross annual rent as per 31 December 2014
AMSTERDAM	Java Eiland	70	67	1997	Freehold	Randstad	1,048
AMSTERDAM	Java Eiland	48	0	1997	Freehold	Randstad	545
AMSTERDAM	Java Eiland	32	0	1996	Freehold	Randstad	724
AMSTERDAM	Borneo Eiland	173	0	1998	Leasehold	Randstad	2,611
AMSTERDAM	Borneo Eiland	207	164	1998	Leasehold	Randstad	2,509
AMSTERDAM	Koploper	176	87	2004	Leasehold	Randstad	4,277
AMSTERDAM	Koploper	5	0	2004	Leasehold	Randstad	273
AMSTERDAM	Vaandeldrager	110	93	2004	Leasehold	Randstad	2,537
AMSTERDAM	Vaandeldrager	0	0	2004	Leasehold	Randstad	198
AMSTERDAM	Winnaar	129	105	2004	Leasehold	Randstad	2,697
AMSTERDAM	Winnaar	0	0	2004	Leasehold	Randstad	226
AMSTERDAM	De Heelmeesters	98	114	2013	Leasehold	Randstad	1,501
AMSTERDAM	De Heelmeesters	81	66	2013	Leasehold	Randstad	1,236
AMSTERDAM	De Heelmeesters	0	0	2013	Leasehold	Randstad	449
AMSTERDAM	Overhoeks De Halve Maen	86	86	2014	Leasehold	Randstad	1,307
AMSTERDAM	Feniks Studentenwoningen	342	0	2014	Leasehold	Randstad	1,440
AMSTERDAM	Het Baken Starterswoningen	130	65	2014	Leasehold	Randstad	1,379
AMSTERDAM ZUIDOOST	Geinwijk	66	0	1997	Leasehold	Randstad	623
AMSTERDAM ZUIDOOST	Geinwijk	36	0	1997	Leasehold	Randstad	324
APELDOORN	De Heeze	24	3	1980	Freehold	Mid East	223
APELDOORN	De Heeze	10	0	1980	Freehold	Mid East	64
APELDOORN	De Heeze	10	0	1980	Freehold	Mid East	65
APELDOORN	De Heeze	10	0	1980	Freehold	Mid East	66
APELDOORN	De Maten I	144	0	1982	Freehold	Mid East	1,357
APELDOORN	t Fort-Vieger	20	0	2001	Freehold	Mid East	167
APELDOORN	t Fort-Hof	44	0	2001	Freehold	Mid East	405
APELDOORN	t Fort-Hof	0	77	2001	Freehold	Mid East	27
APELDOORN	t Fort-Donjon	24	0	2001	Freehold	Mid East	198
APELDOORN	t Fort-Donjon	13	0	2001	Freehold	Mid East	119
ARNHEM	Sterrenbeke	37	37	2014	Freehold	Mid East	392
ASSEN	Peelo I	92	27	1981	Freehold	Non-core regions	714
BERKEL EN RODENRIJS	Parkwijk-Oost	72	72	2013	Freehold	Randstad	835
BREDA	BREDA	2	0	1965	Freehold	Brabantstad	12
DEURNE	Dunantweg	26	20	1989	Freehold	Non-core regions	279
DIEMEN	Noord VII	29	8	1989	Freehold	Randstad	353
DIEMEN	Noord I	20	20	1990	Freehold	Randstad	337
DIEMEN	Noord II	54	54	1990	Freehold	Randstad	890
DIEMEN	Noord VIII	54	0	1990	Freehold	Randstad	461
DIEMEN	Noord X	108	14	1991	Freehold	Randstad	1,316
DIEMEN	Noord XI	22	0	1991	Freehold	Randstad	314
DIEMEN	West I	24	3	1992	Freehold	Randstad	255
DIEMEN	West I	45	6	1992	Freehold	Randstad	490
DIEMEN	West II	106	8	1993	Freehold	Randstad	1,329
DIEMEN	West III	109	71	1993	Freehold	Randstad	1,270
DIEMEN	Noord XIII	36	4	1994	Freehold	Randstad	432
DIEMEN	Noord XV	44	0	1994	Freehold	Randstad	618

Municipality	Street name/ property name	No. of residential units	No. of parking units	Year of construction	Land ownership	Core region	Theoretical gross annual rent as per 31 December 2014
DIEMEN	Noord XIV	24	24	1994	Freehold	Randstad	386
DIEMEN	Noord XIV	10	10	1994	Freehold	Randstad	160
EDE GLD	Kraatsweg I	51	0	1980	Freehold	Mid East	500
EDE GLD	West	116	0	1981	Freehold	Mid East	1,115
EINDHOVEN	Gijzenrooi	55	40	1989	Freehold	Brabantstad	626
EINDHOVEN	Blixembosch	44	28	1989	Freehold	Brabantstad	525
GOUDA	Groenhovenpark	220	0	1983	Freehold	Non-core regions	2,129
GOUDA	Mammoet Oost	96	7	1983	Freehold	Non-core regions	1,068
GRONINGEN	Hoornse Meer III	104	48	1991	Freehold	Non-core regions	1,114
GRONINGEN	Hoornse Park	34	0	1992	Freehold	Non-core regions	387
GRONINGEN	A dwinger	24	0	2001	Freehold	Non-core regions	279
HAARLEM	Zuidpolder I	72	4	1987	Freehold	Randstad	714
HAARLEM	Zuidpolder II	48	0	1990	Freehold	Randstad	482
HAARLEM	Deo Neo	24	24	2013	Freehold	Randstad	395
HAARLEM	Deo Neo	50	57	2013	Freehold	Randstad	808
HAARLEM	Deo Neo Rosorum	0	23	2013	Freehold	Randstad	608
HELMOND	Mierlo Hout	41	37	1986	Freehold	Brabantstad	420
HELMOND	Brandevoort	60	0	2013	Freehold	Brabantstad	682
HENGEL OV	Hasseler Es	39	0	1982	Freehold	Non-core regions	320
HOEK VAN HOLLAND	Mercatorweg	33	4	1989	Leasehold	Randstad	341
HOOGVEEN	Hoogeveen	64	0	1982	Freehold	Non-core regions	427
HOUGLAND	De Ham	58	18	1989	Freehold	Randstad	611
HOOGVLIET ROTTERDAM	Endenhout	42	0	1988	Leasehold	Randstad	393
HOOGVLIET ROTTERDAM	Maaskwadrant	120	123	2003	Leasehold	Randstad	1,155
HUIZEN	De Hoftuin	28	28	2006	Freehold	Randstad	341
KATWIJK	t Duyfrak	54	0	2010	Freehold	Randstad	720
KATWIJK	t Duyfrak	42	42	2010	Freehold	Randstad	503
KOOG AAN DE ZAAK	Westerkoog	151	0	1983	Freehold	Randstad	1,597
LEIDSCHENDAM	Heuvelzijde I	87	24	1997	Freehold	Randstad	1,356
LEIDSCHENDAM	Heuvelzijde I	92	0	1997	Freehold	Randstad	1,265
LEIDSCHENDAM	Heuvelzijde II	76	15	1998	Freehold	Randstad	845
LELYSTAD	De Tjalk	121	13	1984	Freehold	Non-core regions	957
LENT	Laauwik	22	0	2012	Freehold	Mid East	247
LENT	Laauwik Park Lentseveld	26	0	2014	Freehold	Mid East	279
MAASTRICHT	Eyldergaard	63	63	1986	Freehold	Non-core regions	615
MAASTRICHT	Boschstraat Oost	196	0	1987	Freehold	Non-core regions	1,627
MAASTRICHT	Belvedere Haven	57	66	2008	Freehold	Non-core regions	622
MAASTRICHT	Belvedere Haven	0	0	2008	Freehold	Non-core regions	45
MAASTRICHT	Cour Renoir	73	105	2009	Freehold	Non-core regions	864
MAASTRICHT	Cour Renoir	14	0	2009	Freehold	Non-core regions	158

Municipality	Street name/ property name	No. of residential units	No. of parking units	Year of construction	Land ownership	Core region	Theoretical gross annual rent as per 31 December 2014
NIEUWEGEIN	Fokkesteeg	78	0	1981	Freehold	Randstad	770
NIEUWEGEIN	Batau Noord I	176	16	1981	Freehold	Randstad	1,737
NIEUWEGEIN	Batau Noord I	64	0	1981	Freehold	Randstad	639
NIEUWEGEIN	Batau Noord II	40	0	1988	Freehold	Randstad	407
NIEUWEGEIN	Galecop I	36	0	1995	Freehold	Randstad	378
NIEUWEGEIN	Galecop I	36	0	1996	Freehold	Randstad	379
NUENEN	Langakker I	104	26	1983	Freehold	Brabantstad	964
NUENEN	Centrum Oost	59	10	1985	Freehold	Brabantstad	575
OOSTERHOUT NB	Dommelbergen II	32	3	1987	Freehold	Brabantstad	300
RIJSWIJK	De Strijp	30	0	1996	Freehold	Randstad	280
ROERMOND	Oranjelaan	87	40	1983	Freehold	Non-core regions	782
ROOSENDAAL	Tolberg	40	16	1986	Freehold	Non-core regions	370
ROOSENDAAL	Watermolen	20	20	1987	Freehold	Non-core regions	204
ROTTERDAM	Keizershof	44	2	1984	Leasehold	Randstad	492
ROTTERDAM	Oosterflank	102	0	1985	Leasehold	Randstad	1,026
ROTTERDAM	Zevenkamp IV	126	0	1985	Leasehold	Randstad	1,263
ROTTERDAM	Noordelijk Niertje	112	68	1988	Leasehold	Randstad	1,770
ROTTERDAM	Prinsenland I	138	0	1991	Leasehold	Randstad	1,475
ROTTERDAM	Prinsenland II	99	0	1990	Leasehold	Randstad	1,018
ROTTERDAM	Oostplein	69	46	1991	Freehold	Randstad	837
ROTTERDAM	Oostplein	0	0	1991	Freehold	Randstad	50
ROTTERDAM	Grindweg	38	38	1992	Leasehold	Randstad	721
ROTTERDAM	Prinsenland III	70	68	1994	Leasehold	Randstad	814
ROTTERDAM	Prinsenland III	18	18	1994	Leasehold	Randstad	212
ROTTERDAM	Kop van Zuid	19	19	1995	Leasehold	Randstad	309
ROTTERDAM	Kop van Zuid	311	175	1995	Leasehold	Randstad	3,169
ROTTERDAM	Prinsenvakbuurt	60	8	1995	Leasehold	Randstad	684
ROTTERDAM	De Witte Keizer	107	138	2005	Freehold	Randstad	1,702
SASSENHEIM	Wasbeek	64	10	1982	Freehold	Randstad	678
The Hague	Bomenbuurt	42	0	1991	Freehold	Randstad	431
The Hague	Haags Modehuis	74	0	1998	Freehold	Randstad	783
The Hague	CentreCourt	122	0	2002	Freehold	Randstad	1,428
The Hague	Riethof	56	0	2003	Leasehold	Randstad	659
The Hague	Riethof	60	60	2003	Leasehold	Randstad	609
The Hague	Prinsenhof	205	0	2006	Leasehold	Randstad	2,965
The Hague	Landouwen I	29	29	2006	Freehold	Randstad	329
The Hague	Landouwen I	29	29	2006	Freehold	Randstad	329
The Hague	Landouwen I	29	29	2006	Freehold	Randstad	329
The Hague	Landouwen I	29	29	2006	Freehold	Randstad	329
The Hague	Landouwen I	29	29	2006	Freehold	Randstad	329
UTRECHT	UTRECHT	3	0	1940	Freehold	Randstad	18
UTRECHT	Langerak	10	0	1999	Freehold	Randstad	101
UTRECHT	Langerak	20	0	1999	Freehold	Randstad	199
UTRECHT	Parkwijk Noord	89	61	2002	Freehold	Randstad	1,087
UTRECHT	Parkwijk Zuid veld 22	91	89	2003	Leasehold	Randstad	1,003

Municipality	Street name/ property name	No. of residential units	No. of parking units	Year of construction	Land ownership	Core region	Theoretical gross annual rent as per 31 December 2014
UTRECHT	Parkwijk Zuid veld 25	70	70	2003	Leasehold	Randstad	732
UTRECHT	Terwijde 14/15	38	76	2004	Freehold	Randstad	396
UTRECHT	Terwijde 14/15	67	134	2004	Freehold	Randstad	694
UTRECHT	Langerak II	80	80	2005	Leasehold	Randstad	928
UTRECHT	Dichterswijk	124	123	2005	Leasehold	Randstad	1,763
UTRECHT	Parkwijk Het Zand	98	0	2005	Leasehold	Randstad	1,210
UTRECHT	Tuinpark	74	71	2006	Leasehold	Randstad	949
UTRECHT	Tuinpark	187	197	2006	Leasehold	Randstad	2,226
UTRECHT	Tuinpark	0	18	2006	Leasehold	Randstad	241
UTRECHT	De Bongerd I	33	2	2009	Leasehold	Randstad	406
UTRECHT	De Bongerd I	38	38	2010	Leasehold	Randstad	450
UTRECHT	Watermolen	100	106	2009	Leasehold	Randstad	1,265
VALKENSWAARD	Schepelweyen	45	22	1982	Freehold	Non-core regions	422
VALKENSWAARD	Brouwerhof Zuid	116	4	1983	Freehold	Non-core regions	1,012
VELDHOVEN	Heikant Oost III	58	6	1988	Freehold	Brabantstad	568
VELSERBROEK	B3	46	4	1989	Freehold	Randstad	493
VELSERBROEK	Bastion	110	0	1992	Freehold	Randstad	1,293
VENLO	Hagerhof West	102	18	1980	Freehold	Non-core regions	874
VENLO	Residence Maasweerd	47	10	1983	Freehold	Non-core regions	390
VENLO	Craneveld	35	35	1986	Freehold	Non-core regions	367
WIJK BIJ DUURSTEDEN	De Horden	76	2	1980	Freehold	Non-core regions	811
ZAANDAM	Westerwatering IV	24	24	1990	Leasehold	Randstad	328
ZOETERMEER	Buytenwegh de Leyens I	81	0	1984	Freehold	Randstad	851
ZOETERMEER	Buytenwegh de Leyens II	50	0	1985	Freehold	Randstad	565
ZOETERMEER	Stadscentrum	71	0	1987	Freehold	Randstad	664
ZOETERMEER	Stadscentrum	0	0	1987	Freehold	Randstad	55
ZOETERMEER	Rokkeveen	91	9	1988	Freehold	Randstad	981
ZOETERMEER	Rokkeveen Rad	244	0	1989	Freehold	Randstad	2,261
ZWIJNDRECHT	Heer Oudelands Ambacht II	38	11	1987	Freehold	Non-core regions	396
ZWOLLE	Stadshagen	33	0	1998	Freehold	Mid East	285
ZWOLLE	Stadshagen	138	0	1998	Freehold	Mid East	1,216
ZWOLLE	Stadshagen	64	0	1999	Freehold	Mid East	459
ZWOLLE	Stadshagen II	12	0	2000	Freehold	Mid East	124
ZWOLLE	Stadshagen II	21	0	2000	Freehold	Mid East	167
ZWOLLE	Stadshagen Haven	37	0	2002	Freehold	Mid East	435
ZWOLLE	Bewegingshuis	93	95	2005	Freehold	Mid East	988
ZWOLLE	Schoolwoningen	24	30	2005	Freehold	Mid East	327
ZWOLLE	Hoogh Havezathe Breecamp Oost	57	0	2013	Freehold	Mid East	614
		<b>14,181</b>	<b>5,284</b>			<b>Totaal</b>	<b>163,984</b>

