

Annual Report 2015

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 131 FTEs manages total assets of € 7.5 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 Fund 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 obtain an AIFMD (Alternative Investment Fund Manager Directive) licence by the Dutch Financial Markets Authority (AFM).

In 2015, Bouwinvest's three main Dutch sector funds were awarded a GRESB Green Star sustainability rating for the second successive year.

2015 at a glance

Key financial information in 2015

All amounts in € thousands, unless otherwise stated

Highlights 2015

- Total Fund return of 12.5%
- Dividend return of 3.8%
- Outperformance IPD Property Index (all properties) for sixth consecutive year (2.7%-points)
- Eight new investors in the Fund
- Shares issued for € 192.5 million
- Acquisition of 15 projects (2,107 residential units) for a total of around € 470 million
- Continued high average financial occupancy rate of 97.6%
- Like-for-like rent increase of 3.8%
- Secured pipeline of over € 690 million for 2016 - 2018
- GRESB Green Star status for second successive year

Performance per share

	2015	2014
Dividends (in €)	98.33	97.88
Net earnings (in €)	319.75	128.47
Net asset value IFRS (in €, at year-end)	2,823.04	2,602.68
Net asset value INREV (in €, at year-end)	2,823.04	2,602.68

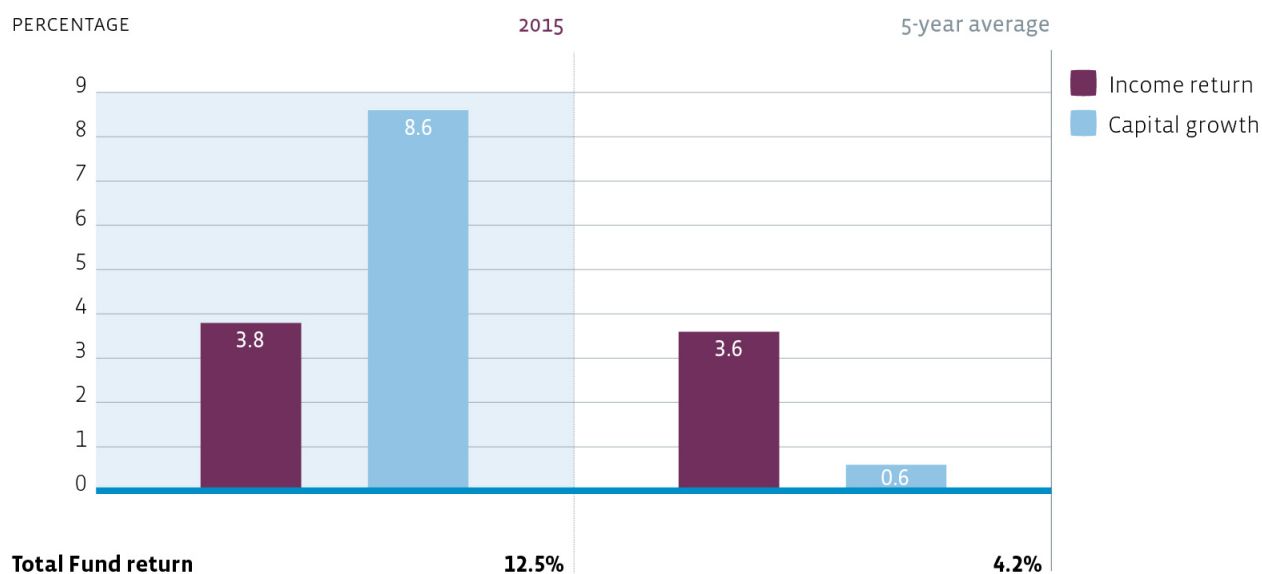
Statement of financial position

	2015	2014
Total assets	3,170,333	2,727,725
Total shareholders' equity	3,151,198	2,715,283
Total debt from credit institutions	–	–

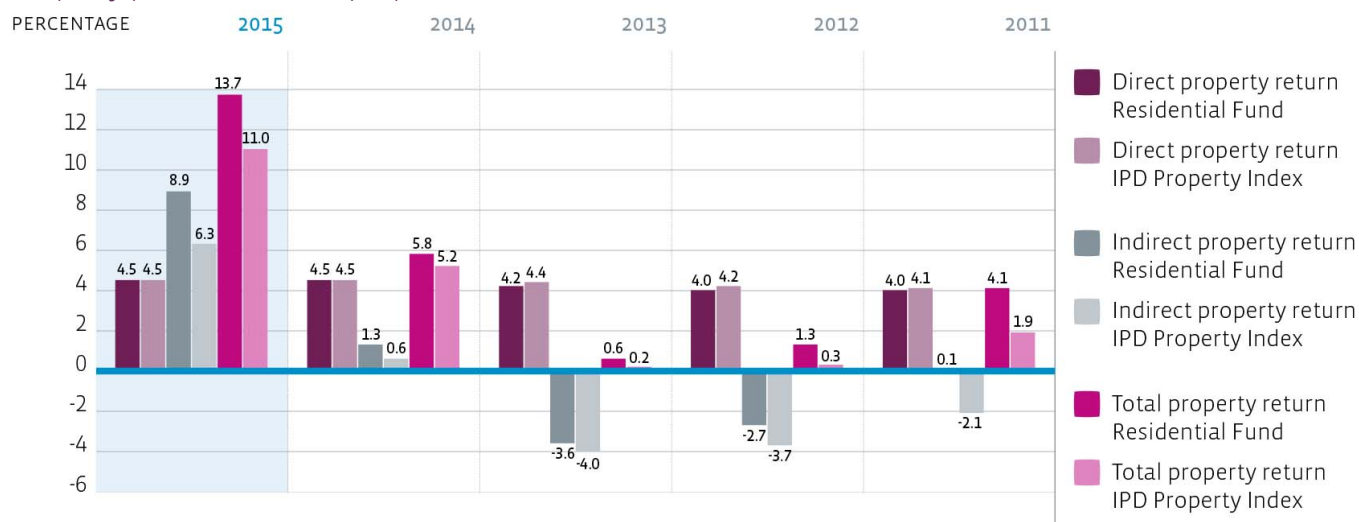
Result

	2015	2014
Net result	347,475	133,154
Total Expense Ratio (TER)	0.53%	0.56%
Real Estate Expense Ratio (REER)	1.40%	1.53%

Fund return

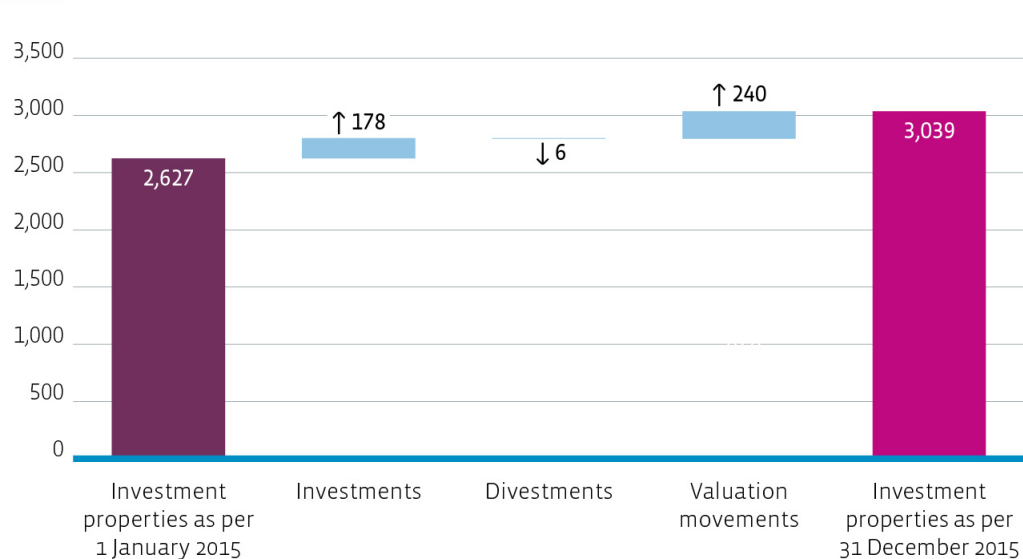


Property performance (all properties)



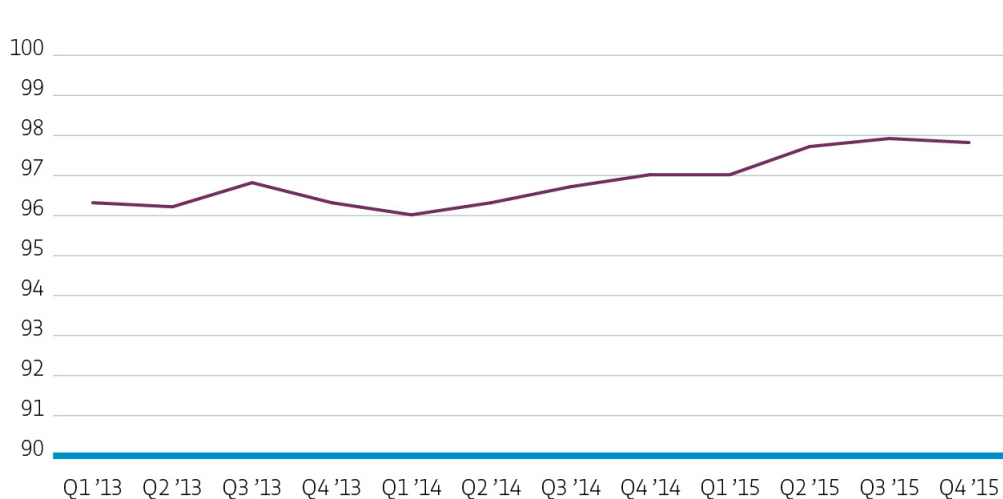
Portfolio movements

€ X MLN



Financial occupancy rate

PERCENTAGE



Portfolio figures

	2015	2014
Investment property	2,833,309	2,561,354
Investment property under construction	205,579	65,896
Gross initial yield	5.7%	6.0%
Total number of residential units	14,455	14,181
Average monthly rent per unit (in €)	966	927
Financial occupancy rate (average)	97.6%	96.5%
Sustainability (A, B or C label)	92.6%	92.3%

CSR key data

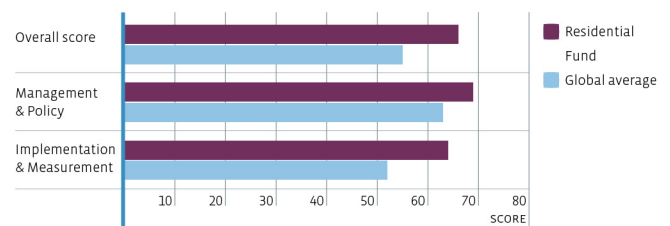
Fund sustainability performance

GRESB Green Star status



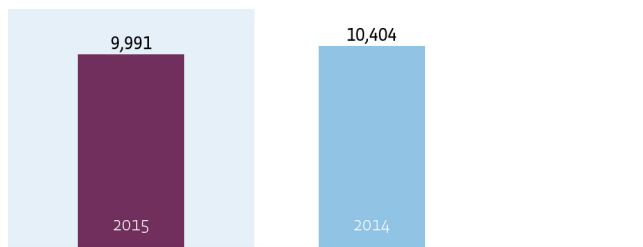
The Fund's performance in the GRESB benchmark

Global Real Estate Sustainability Benchmark 2015

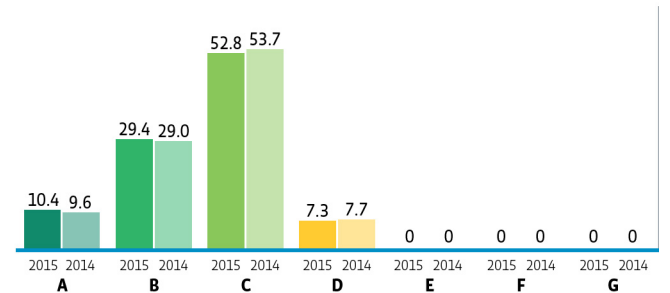


Energy consumption

Energy consumption (like-for-like, MWH)

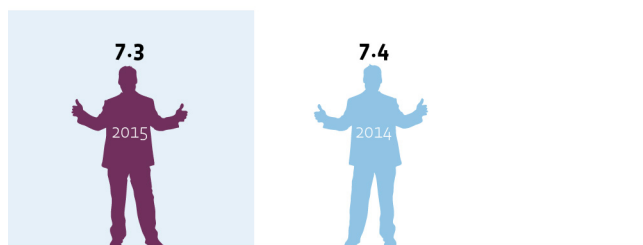


Distribution of energy labels by unit (%)



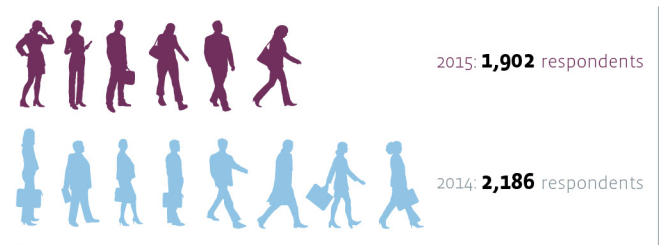
Tenant engagement

Satisfaction scores tenant engagement survey



Benchmark: 7.0

Participant rate tenant engagement survey



Sustainability highlights

- GRESB Green Star classification for second successive year
- Acquisition Rijswijk Buiten, first project in which homebound energy is reduced to zero
- Start transformation former Shell head office The Hague into apartments
- Renewable energy: 39 family homes in process of having solar panels installed
- Policy: introduction new sustainability assessment framework for acquisitions

Key facts

- Installment of LED lights reducing yearly energy consumption by 374,000 kWh
- 162 high-efficiency central heating boilers installed
- 108,498 kWh on site renewable energy produced in 2015 avoiding 160,578 kg GHG emissions
- 92.6% awarded a green energy label (A, B or C label)
- Average energy index improved to 1.32 from 1.33
- Energy consumption fell by 4.0%

Key information over five years

All amounts in € thousands, unless otherwise stated

	2015	2014	2013	2012	2011
Statement of financial position					
Total assets	3,170,333	2,727,725	2,609,004	2,686,859	2,819,839
Total shareholders' equity	3,151,198	2,715,283	2,599,612	2,675,679	2,810,652
Total debt from credit institutions	-	-	-	-	-
Performance per share					
Dividends (in €)	98.33	97.88	94.87	92.96	94.70
Net earnings (in €)	319.75	128.47	(0.93)	18.79	98.89
Net asset value IFRS (in €, at year-end)	2,823.04	2,602.68	2,572.97	2,675.68	2,810.65
Net asset value INREV (in €, at year-end)	2,823.04	2,602.68	2,573.56	2,676.88	2,812.45
Result					
Net result	347,475	133,154	(941)	18,790	98,893
Total Expense Ratio (TER)	0.53%	0.56%	0.57%	0.56%	0.54%
Real Estate Expense Ratio (REER)	1.40%	1.53%	1.62%	1.51%	1.34%
Fund return (% ROE)					
Income return	3.8%	3.9%	3.6%	3.4%	3.4%
Capital growth	8.6%	1.2%	(3.6)%	(2.8)%	0.1%
Total Fund return	12.5%	5.1%	0.0%	0.6%	3.5%
Portfolio figures					
Investment property	2,833,309	2,561,354	2,535,854	2,597,675	2,666,196
Investment property under construction	205,579	65,896	57,213	60,146	35,600
Gross initial yield	5.7%	6.0%	5.7%	5.6%	5.4%
Total number of residential units	14,455	14,181	14,467	14,580	14,686
Average monthly rent per unit (in €)	966	927	899	838	830
Financial occupancy rate (average)	97.6%	96.5%	96.4%	96.9%	96.6%
Sustainability (A, B or C label)	92.6%	92.3%	92.1%	91.1%	85.0%
Property performance (all properties)					
Direct property return	4.5%	4.5%	4.2%	4.0%	4.0%
Indirect property return	8.9%	1.3%	(3.6)%	(2.7)%	0.1%
Total property return	13.7%	5.8%	0.6%	1.3%	4.1%
IPD Property Index residential real estate (all properties)					
Direct return IPD Property Index	4.5%	4.5%	4.4%	4.2%	4.1%
Indirect return IPD Property Index	6.3%	0.6%	(4.0)%	(3.7)%	(2.1)%
Total return IPD Property Index	11.0%	5.2%	0.2%	0.3%	1.9%

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 in the liberalised segment of the residential market
- 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 an interesting 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 € 4.1 billion by 2018. This will be achieved through targeted acquisitions and a positive revaluation from 2015 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 € 966, the focus of the Fund continues to be on the mid-rental segment (rents between € 711 and € 1,250).
- **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 consider additional 'lifecycle-proofing' of certain properties.
- **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

- € 3.0 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

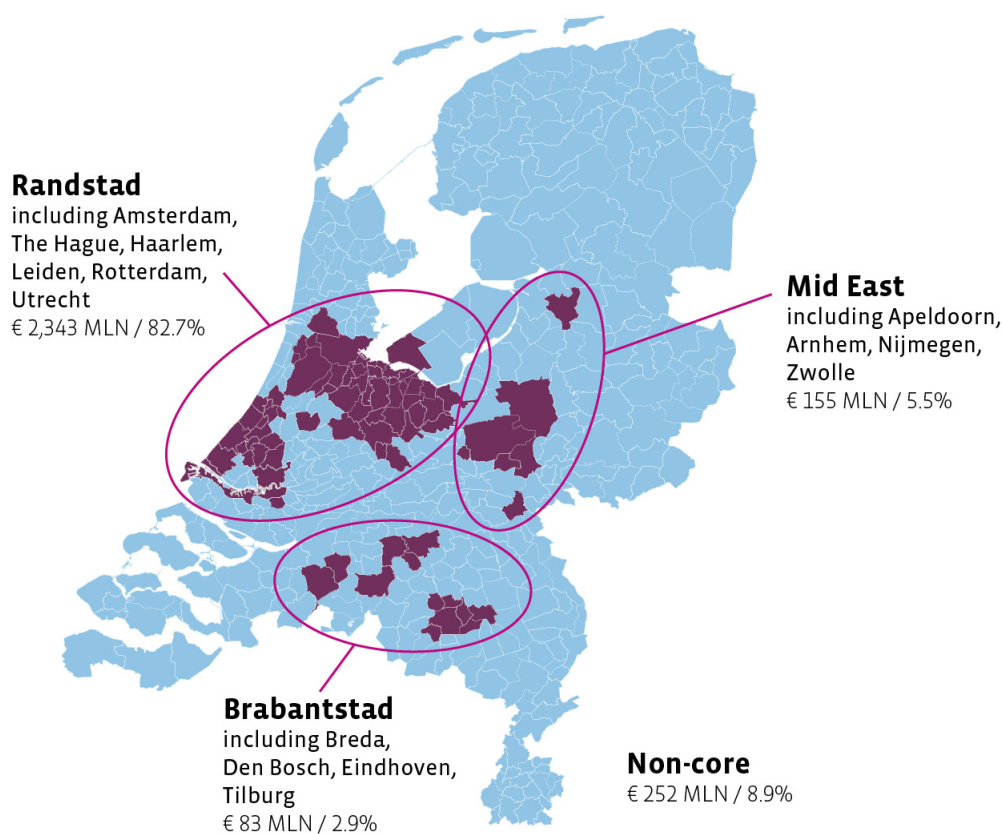
Core region policy

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 80.0% of the total portfolio value to be in investment properties in the Fund's core regions. This currently stands at 91.1%.

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

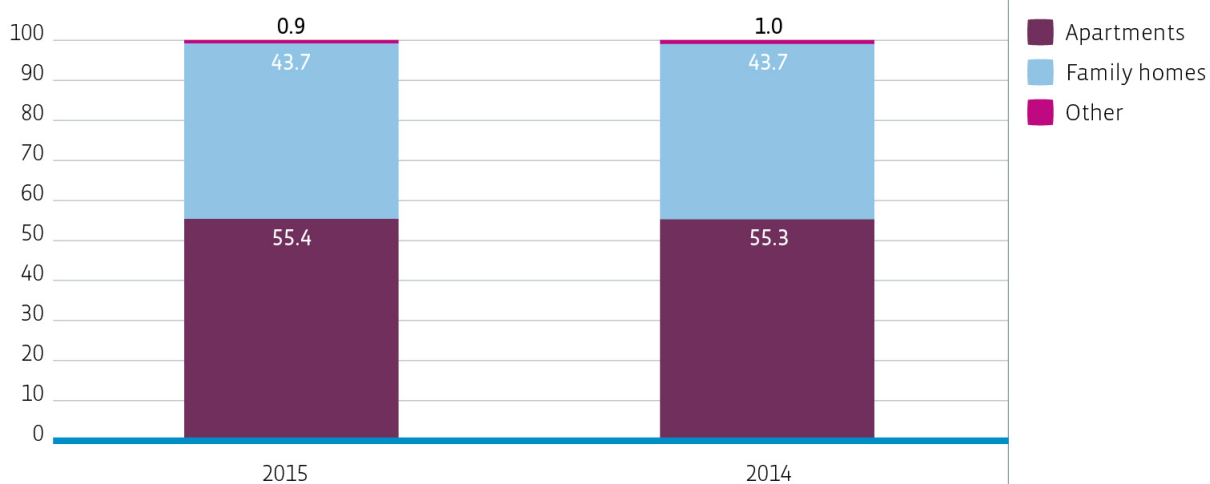
The Fund has a diversified portfolio of apartments, with floor plans designed to meet the wishes of the various target groups.

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

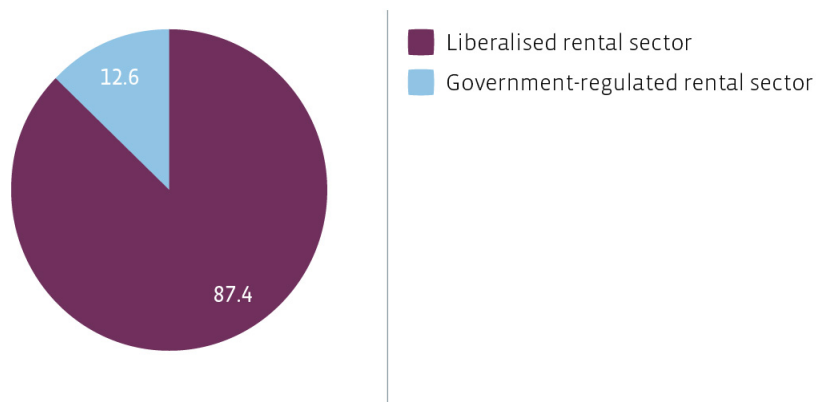


Focus on liberalised rental sector

With an average monthly rent of € 966, 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 as 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

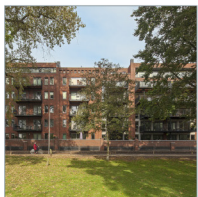


Brandevoort
Helmond



't Duyfrak
Katwijk

Added to the portfolio in 2015



Meyster's Buiten
Utrecht



De Vlondertuinen
Rosmalen



Boszoom
Pijnacker



Marquant
Pijnacker



CityPrince
The Hague



Veemarkt
Utrecht



De Laren
Ede

Portfolio pipeline (selection)



Pontsteiger
Amsterdam



Summertime
Amsterdam



Park Hoog Oostduin
The Hague



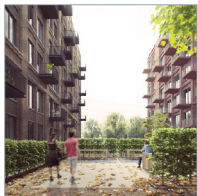
Haarlemmerweg
Amsterdam



Nautique Living
Amsterdam



Zijdebalen
Utrecht



Strijp-5
Eindhoven



Nachtegaalplein
Nijmegen



Up:Town
Rotterdam

Message from the chairman

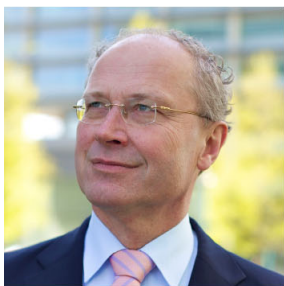
Dear stakeholders,

Last year was an excellent year for the Residential Fund. Not only did we deliver an outstanding performance in absolute terms, we also outperformed the IPD index for the sixth year in a row. Very importantly, the total return of 12.5% was driven by very good direct and indirect returns. Of course, it was a very good year for the residential real estate market as a whole, but I believe our continued outperformance shows that we are still ahead of the game. Once again, we have reaped the benefits of our commitment to this market. We continued to invest in improving the quality of our portfolio – even during the bad years – and that is now paying off in trumps.

Last year, we once again invested in our core regions, in new-build projects and in apartments and family homes with high sustainability ratings. At the same time, we invested time and effort in improving our marketing department and thanks to those investments all our new-build projects were fully let before completion. Our marketing people have conducted a lot of research, so they know who our tenants are, what they want and where they want to live. If you combine that with the expertise of our acquisitions team, we have a very well-oiled machine. We managed to invest some € 470 million in new properties last year, which is quite a feat in what is now a fiercely competitive market. We were very successful in closing some excellent deals, such as the Haarlemmerweg and Nautique Living in Amsterdam and projects in our other core cities.

The underlying fundamentals are still very strong for the Dutch residential market and we firmly believe that it will continue to be an excellent investment category for institutional investors for many years to come. Ongoing urbanisation and the strong rise in the number of single-person households is increasing demand for liberalised sector rental homes, especially in the larger cities of the Randstad. There is a huge and growing shortage in this sector, which will continue to create some wonderful opportunities for us.

On top of this, thanks to government measures now in effect, the residential market is a much more level playing field. Right now, the liberalised rental sector accounts for a mere 4% of the total residential market, but that could grow exponentially in the coming decades. We expect to see huge amounts of investment flowing into this market, and we aim to take advantage of the many opportunities these fundamentals will create. Of course, we will make no concessions in terms of the quality of our portfolio. We will maintain our focus on core regions, on sustainable properties, tailored to the needs of our tenants, so we can maintain our very high occupancy rate.



‘ Our commitment to investing in quality is paying off in trumps ’

Dick van Hal,
Chairman of the Board of Directors

Right now, we are seeing that a lot of investors share our faith in this market. Many seem to have had a bit of a wake-up call last year and they are very keen to invest in residential real estate. We welcomed no less than eight new investors in the Fund this year, bringing the total to 12, including our anchor investor bpfBOUW. The flipside of this is that these investors will have to wait a while for cash out, as we are only investing in newly built properties. But if you want to invest in quality and book an average annual return of 6% you have to wait until the new-build projects are completed.

And we intend to improve the quality of our portfolio every year. We expect to invest a further € 200 million a year for the next three years. That is less than in the past two years, as the market is getting much more competitive and it will be more difficult to find the quality projects we demand. But as I said, the market is also growing, which is why we are optimistic about the investment opportunities. The market is there and growing; the tenants are there; the investors are there; the returns are there and, of course, Bouwinvest is there. That's an excellent cocktail for the future.

I would like to close by thanking everyone who worked on the residential portfolio for their hard work, dedication and their excellent performance last year. It was a real team effort and something we can all be proud of.

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 Syntrus Achmea Vastgoed, including Managing Director and CEO. Dick started his career with Centraal Beheer Beleggingen and Staal Bankiers. He studied Investment Analysis (VBA) at the University of Amsterdam. Dick is a board member of the Dutch Green Building Council and Vice-chairman of IVBN (Dutch Association of Institutional Investors in Real Estate).



Managing Director Finance

A. (Arno) van Geet (1973, Dutch)

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

M.B. (Michiel) de Bruine (1966, Dutch)

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

Leading economic indicators have improved

The economic outlook for the Netherlands has improved strongly in recent times. Forecasts show that the Dutch economy is set to book a healthy growth of around 2.0% per year. Employment levels are also set to rise by approximately 1% annually, while consumer confidence is higher than a year ago. Persistently low inflation is expected to boost consumer spending more than 1.5% annually. The improved economic outlook creates a solid foundation for the Dutch real estate market.

Population growth continues

Recent decades have seen strong population growth and it is expected to continue in the coming years. The total population and the number of households are expected to continue growing until 2040, stimulating overall consumer spending. The current population is expected to increase from 16.9 to 17.2 million, while the number of households is set to rise to from 7.7 to 8.0 million by 2020.

Trends and developments in the residential market

Strong demand for Dutch investments

In addition to the increased activity of Dutch investors, the amount of foreign capital from international investors has grown dramatically in recent years. In fact, the majority of real estate investments in the Netherlands now come from international investors. While real estate prices in other key markets such as London, Paris and Munich have already increased, Dutch markets are still attractively priced. However, the continuing interest of both Dutch and international investors is quickly pushing up prices. This trend is expected to continue in the coming years.

Quantitative gap - Urbanisation

The Dutch residential real estate market is also characterised by marked regional differences in housing demand, with the heaviest demand concentrated in regions with a healthy economic and demographic outlook. Population growth and the increase in the number of households is expected to be well above the national average in certain 'core' regions, such as the Randstad urban conurbation (Amsterdam, Utrecht, Haarlem, Rotterdam and The Hague) and the Brabantstad conurbation (Breda, Eindhoven, Helmond, Den Bosch and Tilburg). However, the population and housing demand is expected to fall in some peripheral regions in the north and east of the country. On balance, the quantitative housing shortage will continue to increase, partly due to the relatively small number of new homes being built. The resultant gap between supply and demand will continue to put pressure on the market.

Qualitative mismatch – Single-person households and elderly are changing the market

In addition to the quantitative shortage, the qualitative gap between housing supply and demand is also set to widen, due in part to the increasing number of smaller households and the ageing population. Starters moving into their first home will find it increasingly difficult to enter the owner-occupier market, due to persistently low levels of ready financing, and they will be looking for good quality rental property. In addition, residential rental market investments are set to benefit from the rising number of retirees, especially those living in the larger cities, selling their existing properties and renting smaller, higher-quality homes. Demand is also set to increase for so-called lifecycle-proof housing developments built or refurbished according to a wide range of sustainability-related criteria, including energy use and general liveability.

Government measures in favour of rental market

Recent Dutch government reforms of the residential market have created a more level playing field and the liberalised rental sector is now in a much more competitive position vis-a-vis the owner-occupier and regulated rental markets. The changes are beneficial for investors in residential real estate. The government has imposed a tax on the regulated sector of the residential market and housing associations are now much more focused on their core task, renting out regulated homes to lower income households. The owner-occupier market is still heavily subsidised due to the generous tax relief on mortgage interest in the Netherlands, but the phased reduction of tax relief on mortgage interest will also help boost demand from starters for rental homes. The reforms have already led to an increase in demand for liberalised sector rental homes, which is increasing the opportunities for institutional investors in this segment of the rental market.

Liberalised rental segment most attractive

A mere 4% of the total Dutch housing stock is in the liberalised rental sector. Properties in this sector are not subject to any maximum rent level and annual rent increases are also freely determined. Together with its very low vacancy levels, this makes the residential sector the most attractive market for institutional investors. The liberalised sector may be a small segment of the market right now, but demand is growing steadily. As fewer people are willing or able to enter the owner-occupier market, either because of the difficulty in obtaining financing or the need for flexibility, demand for liberalised rental homes is expected to double in the next thirty years, especially in the larger cities with rental levels between € 711 and € 1,250.

Sub-prime markets back on the radar

As the fundamentals for the Dutch residential market have recovered swiftly, interest from both national and international institutional investors is exceedingly high at the moment. Consequently, yield shifts have pushed prices up, especially for prime products in the core regions. Thanks to the high levels of competition, investors have now broadened their view to include sub-prime locations. It is therefore expected that the sub-prime markets will develop in line with the top of the market in the near future, albeit to a lesser extent.

Implications for residential real estate

Increased demand for liberalised sector homes

The above-mentioned trends will lead to increased demand for homes in the liberalised rental sector, especially in the larger cities of the Netherlands, as the four major cities together of the Randstad urban conurbation 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.

Liquidity in investment market up

Investment and liquidity in the residential real estate investment market is currently at its highest point since the onset of the 2008 crisis and once again showed a big year-on-year increase in 2015. Last year saw a marked increase in the number of new investors, both institutional and private. While domestic players still account for the bulk of Dutch residential real estate investments, foreign investors have successfully entered the Dutch market and their share of the market is set to increase in the years ahead. This is likely to lead to increased competition for attractive investment properties and result in continued yield compression. However, this will also have a positive impact on portfolio valuations and boost indirect returns.

Implications for the Residential Fund

- Increasing demand for liberalised rental houses
- Growing demand for single-person rental housing units in the large cities
- Foreign investors set to play a greater role in Dutch residential market

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 net asset value (NAV) to € 4.2 billion in 2018 from the current € 3.2 billion. In addition to the positive revaluations, the Fund will achieve this growth through targeted acquisitions of high quality assets.

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 - € 1,250)
- 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

Key market developments	Underlying aspects	Implications	Opportunities
Strong demand for Dutch investments	• Economic outlook for the Netherlands has improved strongly	• Investment and liquidity in residential real estate investment market is at its highest point since the onset of the 2008 crisis	• Stable and attractive returns
	• Fundamentals for the Dutch residential market have recovered swiftly	• The continuing interest has resulted in yield shifts, pushing up prices	
	• Dutch markets still attractively priced compared to other key markets	• Sub-prime markets will develop in line with top of the market in the near future, albeit to a lesser extent	
Changing demographics	• Quantitative gap - Urbanisation. Population growth and the increase in the number of households	• The resultant gap between supply and demand will continue to put pressure on the market	
	• Qualitative mismatch - Single-person households and elderly are changing the market	• Starters will be looking for good quality rental property	
		• Increasing demand for so-called lifecycle-proof housing developments	
Government measures in favour of rental market	• Housing associations are more focused on their core task	• A more level playing field	
	• Phased reduction of tax relief on mortgage interest	• Demand for liberalised rental homes is expected to double in the next thirty years	
	• Fewer people are willing or able to enter the owner-occupier market		

Strategic actions in 2015

- Reached agreement on investments of € 466 million in new properties
- 100% of acquisitions located in Bouwinvest's core regions
- Acquired 1,712 apartments in liberalised mid-rental segment
- Acquired 395 family homes in liberalised mid-rental segment
- Sold assets valued at € 6.3 million

Portfolio developments 2015 in perspective

Portfolio composition at year-end 2015:

- A total of 216 properties across the Netherlands
- Total value investment properties of € 3.0 billion

Diversification guidelines and investment restrictions

The new diversification guidelines are applicable as per 1 January 2016. Therefore the current portfolio as per 31 December 2015 is compared with the current diversification guidelines and investment restrictions.

Diversification guidelines	Current portfolio	Conclusion
≥ 80% of investments invested in core regions	91.1% in core regions	Compliant
Investment restrictions		
< 5% invested in single investment property	There is no single investment property exceeding 5% of the total portfolio of € 3.0 billion	Compliant
< 10% invested in non-core (non-residential) properties	Investments in non-core properties are 0.9%	Compliant
< 10% pre-finance acquisitions	Investments under construction are < 7%	Compliant
No investments that will have a material adverse effect on the Fund's diversification guidelines	There have been no investments in 2015 that have a material adverse effect on the Fund's diversification guidelines	Compliant

Time to market: investments and divestments in 2015

The Fund is backed by its anchor investor, bpfBOUW and by a number of third-party 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 15 projects for a total of € 466 million

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

- 1,712 apartments
- 395 family homes
- € 466 million investment volume

A selection of the 15 acquisitions are described below.

Haarlemmerweg, Amsterdam – 450 apartments

The Haarlemmerweg development is an enormous residential development at a former office location in the Dutch capital. It is located nearby Westerpark and the A10 ring road close to Sloterdijk railway station. The project will eventually encompass 900 apartments, covering a wide range of rental and owner-occupied homes, which will create a lively mix of residents in an upcoming area in Amsterdam. The rental apartments will all be in the liberalised sector and every unique building has its own sustainability ambitions. We expect this project to attract a range of target groups (single-person households, starters, elderly people and families) and we have acquired full ownership of the land.

Nautique Living, Amsterdam – 475 apartments

The project is located in the NDSM area of the capital city, which is characterised by its industrial look. This development includes 475 apartments in the liberalised rental sector, some commercial units and 142 parking places. The total development consists of seven buildings and the Residential Fund has acquired five of these. At the moment there are not many public facilities in the neighbourhood but Amsterdam Central Station is a 15-minutes ride away. The size of the apartments varies from 45 m² to 108 m² and all apartments have their own storage space. The parking garage also includes a general bike storage space.

Kop Weespertrekvaart, Amsterdam – 262 apartments

This development project is located in the lively Overamstel area and is close to roads, public transport, green areas and water. It is one of the areas in Amsterdam that has been designated for the construction of large numbers of new homes. The Residential Fund has acquired 262 apartments, with 102 of these in the government regulated sector. The size of the liberalised sector apartments varies from 50 m² till 90 m², while the regulated apartments are about 51 m². There is also a shared bike storage area and underground parking for 144 cars, plus one commercial unit of 114 m². The upper floors (41 apartments) and 41 parking places are owner-occupied.

Rijswijk Buiten, Rijswijk – 43 family homes

Rijswijk Buiten is part of the Sion expansion in Rijswijk. The total expansion consists of 1,200 houses with very high sustainability targets. The 43 family homes are equipped with solar panels, triple glazing, quality flow ventilation system and more. The aim of these measures is to build homes with an energy performance coefficient (EPC or EP score) of zero and to provide them with combined heating and cooling. Using this EPC system guarantees that the homebound energy is reduced to zero and that the homes qualify for energy label A ++++.

Rijswijk is located in the Randstad region, within commutable distance from The Hague, Delft and Rotterdam, and offers easy access by car and public transport, plus a wide range of amenities within walking distance.

Blok 61, Eindhoven – 96 apartments

Former Philips's industrial site Strijp-S has been in redevelopment since 2006 and it is still gaining in popularity. The area is being transformed into a dynamic hub, where you can live, work and relax. Strijp-S is home to numerous creative companies and hosts the annual Dutch Design week. The Residential Fund acquired Blok 61, which consists of 96 apartments, two commercial units and 58 private parking spaces. Future residents can choose between five types of loft type apartments, ranging from 58 m² to 85 m², and have a choice of various floor plans.

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. The development covers a diverse mix of housing types, including apartments, luxury penthouses and spacious city houses fronting onto the local river, the Vecht. The 177 apartments the Fund has agreed to acquire include 65 m² starter homes, spacious city apartments ranging from 80 m² to 100 m² and several luxury 130 m² 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/or flexible workspaces with meeting rooms.

Nieuw Nachtegaalplein, Nijmegen – 67 family homes

The 67 family homes in the Nieuw Nachtegaalplein project in Nijmegen are situated in the Wolfskuil neighbourhood. This centrally located area, within walking distance of the train station, the historic city centre and the famous Kronenburgerpark, is part of an urban redevelopment. This is the transformation of a former working class neighbourhood into a diversified neighbourhood that is also attractive for young urban households. Nijmegen is a university town with expected above-average growth in households. The project will be delivered in two phases. The first 29 houses will be delivered in 2016 and the remaining 38 houses will be completed in 2017.

Up:Town, Rotterdam – 151 apartments

The striking 107-metre high Up:Town building is set to rise in the popular Wijnhaven quarter of Rotterdam. This building includes around 200 apartments and five 'urban villas' on the ground floor. Bouwinvest has acquired 151 apartments on the floors 0 to 16, with surface areas varying from 55 m² to 83 m². The range of floor areas distinguishes these apartments from those offered by competitors, who provide larger surfaces for higher prices. The upper 10 floors will be developed as owner-occupied apartments with flexible floorplans. In the original plan, office space was planned for the ground floor, but at the request of Bouwinvest this office space has been transformed into five distinctive urban villas with a surface area of around 130 m². We think houses are particularly suited to meet the increasing demand for living (and working) in the city.

Wijnhaveneiland is located in a strategic spot in the city. After the Second World War, this area was built as a business district. But from the 1980s onwards this area has been gradually transformed into a attractive residential neighbourhood. Although almost 1,000 homes have already been added to this area over the past 10 years, there is still a strong demand for residential space here. Up:Town will be built on one of the few remaining spots in the area.

Asset	City	No. of residential units	Expected rental level
Jeruzalem	AMSTERDAM	24	€ 1,236 - € 1,328
Haarlemmerweg	AMSTERDAM	275 - 450	€ 916 - € 1,240
Nautique Living	AMSTERDAM	475	€ 830 - € 1,340
Kop Weespertrekvaart	AMSTERDAM	262	€ 710 - € 1,505
Picus Kadegebouw	EINDHOVEN	36	€ 930 - € 1,135
Villa Industria (Entree en B3)	HILVERSUM	26	€ 878 - € 1,394
Onder Onnes	NIJMEGEN	46	€ 867 - € 997
Rijswijk Buiten	RIJSWIJK	43	€ 829 - € 990
Zijdebalen I tm IV	UTRECHT	300	€ 896 - € 1,469
Vredenburgplein	UTRECHT	60	€ 1,000 - € 1,545
Verbuntterrein	TILBURG	76	€ 785
T&D location	DEVENTER	41	€ 740 - € 847
Loolaan	APELDOORN	39	€ 910 - € 1,256
Blok 61	EINDHOVEN	96	€ 742 - € 889
Nachtegaalplein	NIJMEGEN	67	€ 869 - € 997
UP:TOWN	ROTTERDAM	151	€ 777 - € 976

Fund lowers disposal target

After beating the sales target in 2014 and in view of the Fund's growth strategy, the Fund has lowered its budget for divestments for the years through 2018 to € 75 mln. This is not a hard target for disposals and market conditions will determine when or if the Fund decides to proceed with a disposal. Any decisions to sell individual buildings or residential complexes will be driven mainly by the returns they generate.

In 2015, the Fund sold a number of individual units and one residential complex with 53 apartments, all in the regulated rental segment.

Divestments

Asset	City	No. of residential units	Rental level
Poortwachter	ALPHEN AAN DEN RIJN	53	666

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:

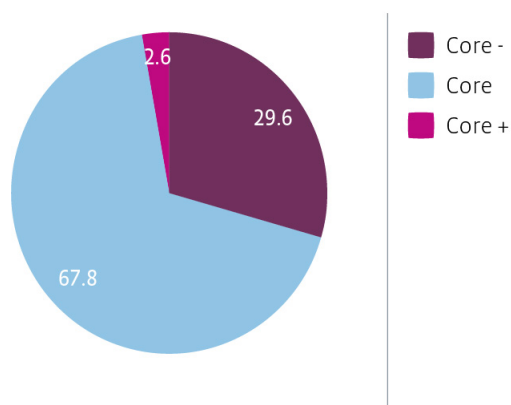
- 50-75% lower risk
- 25-50% medium risk
- 0-10% higher risk

In 2015, 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 2015, the proportion of medium-risk investments had fallen to 33.9% from 38.0% at year-end 2014, while low-risk investments increased to 65.6% from 61.5%. Nearly all of the assets acquired in 2015 were classified as low risk due to their excellent quality and location. The divested asset consisted of government-regulated homes, classified as medium to high risk. As a result, 99.5% of the investment properties were classified as low to medium risk at year-end 2015, unchanged from 2014.

Portfolio composition by risk category based on book value

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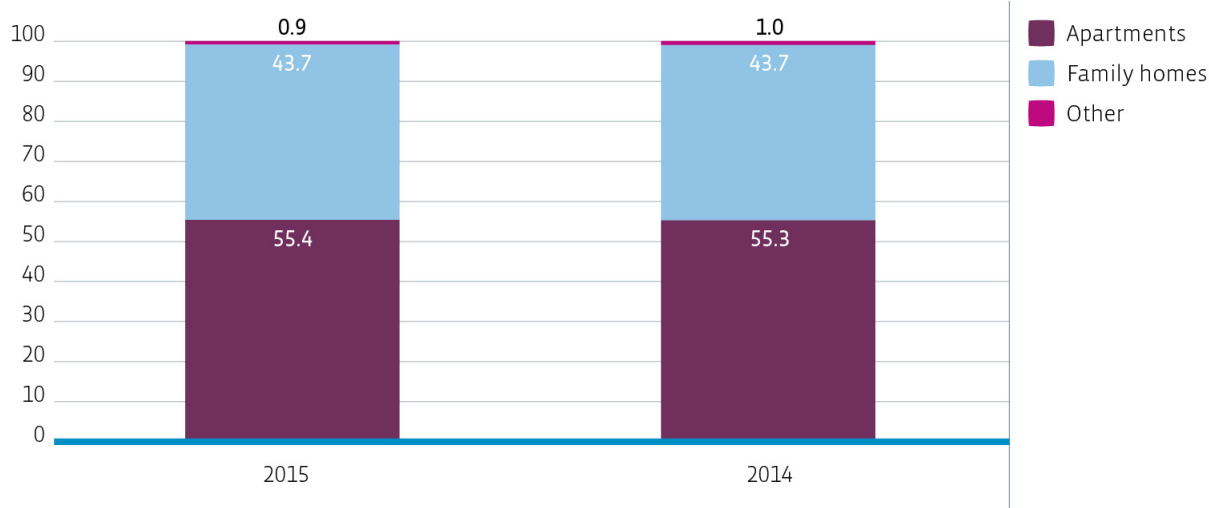
Portfolio diversification

At year-end 2015, the Fund's total portfolio consisted of a total of 216 properties containing 14,455 residential units across the Netherlands.

The Fund aims for a balanced mix of family homes and apartments, catering for the needs of couples, single occupiers and families alike. In 2015, the Fund bought and sold both family homes and apartments. Compared with 2014, the proportion of apartments in the total portfolio was virtually unchanged at year-end 2015 (2015: 55.4%; 2014: 55.3%).

Portfolio composition by type of property based on book value

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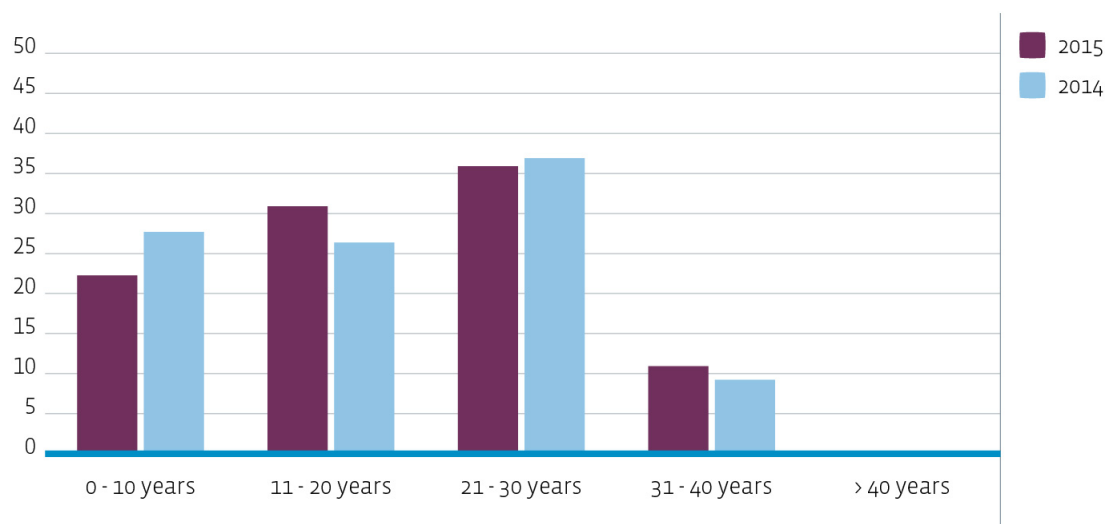


Portfolio composition by age

The Fund aims to constantly refresh the portfolio. As a result of this continuous rejuvenation, the weighted average age of the portfolio is 17.2 years (2014: 18.0 years). Despite the refreshment of our portfolio in 2015, the weighted average age of the portfolio stayed virtually the same compared to year-end 2014. As a result of the fact that we lowered our disposal target for the coming years and as a result of the ageing of the total portfolio, the weighted average age of the portfolio will increase in the future. 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

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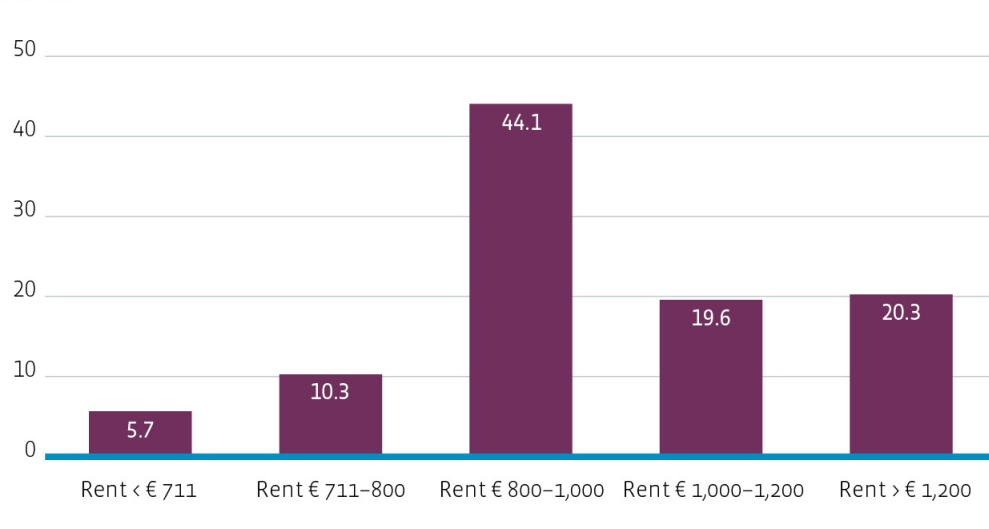


Price level diversification

With an average monthly rent of € 966, the focus of the Fund continues to be on the mid-rental segment. Approximately 75% of the portfolio has a monthly rent of between € 711 and € 1,250. With the acquisition of 2,107 homes in the lower mid-rental segment in 2015, 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. 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

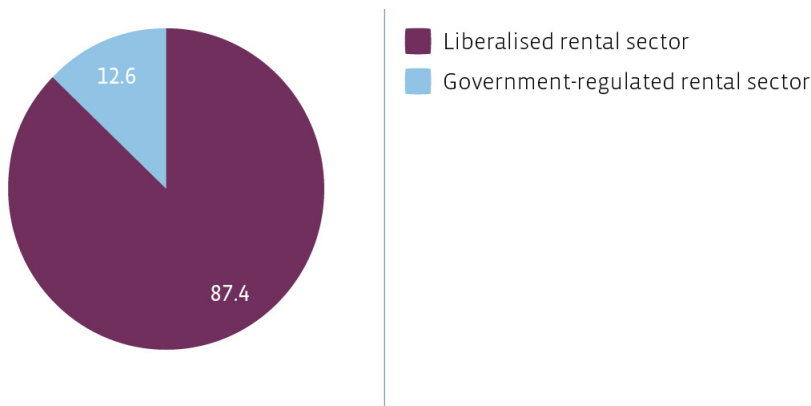
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As a result of active asset management, acquisitions and divestments, we increased the percentage of liberalised rental homes in the portfolio to 87.4% in 2015 from 85.8% in 2014.

Portfolio composition by type of rent based on rental contract

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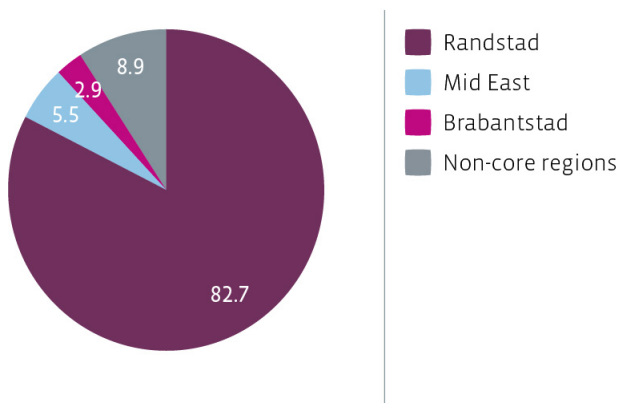


Focus on core regions

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 2015, over 90% of the portfolio value was located in these core regions, with by far the greatest part (82.7%) located in the core region of the Randstad urban conurbation.

Portfolio composition by core region based on book value



The 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, the ageing population and steadily increasing 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. Our research has shown that the majority of the apartments in the Fund's portfolio meet many of the requirements of the elderly, or can quite easily be adapted to their specific requirements. In the years ahead, the Fund will make these adaptations, when this is justified by the potential returns. We will also take the needs of this group into account when acquiring new-build projects.

Active asset management

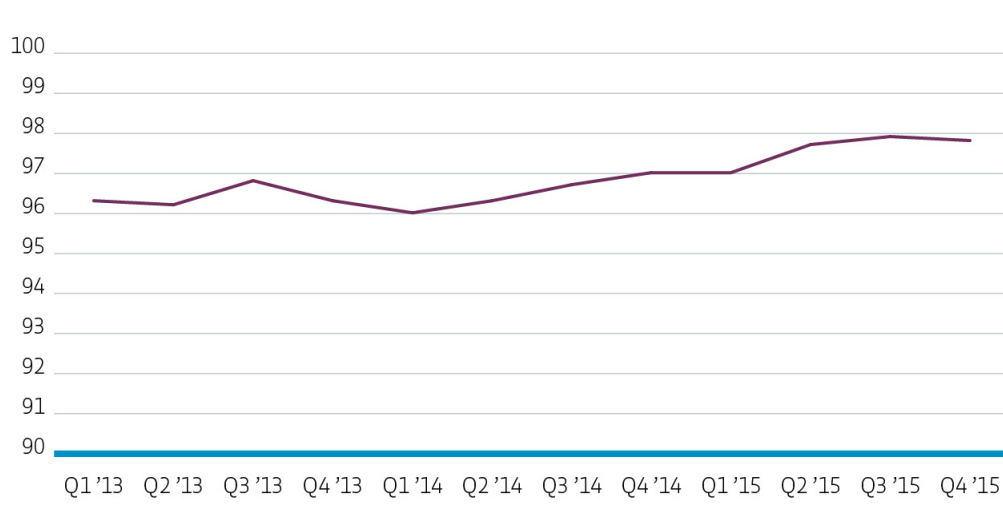
Financial occupancy

We devote a great deal of attention to preserving high occupancy levels by maintaining close relationships with tenants and property managers. Thanks to our tailor-made marketing 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 of this approach, most new-build 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 (97.6% average in 2015; 96.5% average in 2014).

Financial occupancy rate

PERCENTAGE



Tenant satisfaction

Each year we conduct a tenant satisfaction survey to gather information on the service level of our property managers and of our own financial property services department. This information gives us the opportunity to optimise tenant satisfaction. To achieve this goal, we discuss the results of the survey with our property managers individually and with our financial department. We use the result of the surveys to draw up improvement plans. These plans may be specific action plans for a single property or aimed at improving the overall satisfaction. In addition, we send our tenants a letter with information on the outcome of the survey and the specific actions the property manager and our financial service department plan to take to improve service levels. Tenant satisfaction is an integral part of the service level agreements with our property managers. The overall satisfaction score remained stable at 7.3 (2014: 7.4) and outperformed the benchmark (7.0).

Financial performance in 2015

Direct return

The Fund booked an income return (ROE) of 3.8% in 2015 (2014: 3.9%). The distributable result increased by 5.3%, while the Fund's time weighted NAV increased by 6.1%, resulting in a slight dip of 0.1% in the income return compared to 2014.

The growth of the distributable result was largely due to additional rental income. This growth in rental income came from properties added to the portfolio in 2015 and the first full year of properties added in 2014, together with improved occupancy rates. Costs increased by a modest 0.2% compared with 2014. Maintenance costs actually came in lower than the previous year, due to the tendering of maintenance activities, and this offset most of the cost increases in other property operating expenses.

The increase in the Fund's time-weighted NAV was due to the issuance of capital necessary for investments.

The direct property return of 4.5% is equal to the level as reported in 2014, and equals the IPD Property Index direct return on investment properties. 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 government regulated rental homes in the portfolio is relatively low.

Indirect return

Property values rose once again in 2015. Vacant values increased as average house prices in the Netherlands continued to rise, reinforced by clear regulatory reforms and favourable financing conditions as interest levels are at historic lows. The biggest rise in values was seen in the Randstad urban conurbation, especially Amsterdam, which saw house prices increase to near pre-2008 levels. The Fund's capital growth (ROE) of 8.6% was therefore significantly higher than the 1.2% reported in 2014.

The indirect property return of 8.9% (2014: 1.3%) was a significant outperformance of the indirect return investment properties of the IPD Property Index, which ended at 6.3%.

Total return

The total return (ROE) came in at 12.5%, 7.4%-points higher than the 5.1 % reported in 2014.

The Fund's total property return for 2015 came in at 13.7%, which was 7.9%-points higher than in 2014, and higher than the IPD Property Index total return on investment properties of 11.0%.

Fund return versus property return

The fund return (INREV) and property return (IPD) are different performance indicators. The fund return is calculated according to the INREV Guidelines as a percentage of the net asset value (INREV NAV) and the property return is calculated according to the IPD methodology as a percentage of the value of the investment properties. INREV e.g. includes cash, the fee costs and administrative costs in the calculation of the income return (INREV). Furthermore the amortisation of acquisition is treated differently by INREV and IPD.

Rent

The rent increase (like-for-like) came in at 3.8%, well above the 2015 inflation rate for the year of 1.0% and 0.6% higher (like-for-like) than in 2014.

In 2015, the average financial occupancy rose slightly to 97.6% from 96.5% in 2014. Rent in arrears was lower than the year-earlier period at 1.1% (2014: 1.2%).

Acquisitions

The Fund acquired a total of 1,712 apartments and 395 family homes for a total of € 466 million in 2015. All new assets are located in the Fund's core regions, in cities such as Amsterdam, Utrecht, Rotterdam and Eindhoven.

Divestments

The Fund sold assets for a total of € 6.3 million in 2015.

Financing

The Fund did not make use of any loan capital financing in 2015.

Treasury management

The Fund had € 29.8 million in freely available cash and € 100.0 million in a 30-day deposit as at 31 December 2015, mainly as a result of invested capital from new investors. This amount will be used for part of the secured pipeline of € 690 million.

Interest rate and currency exposure

As the Fund has no external loans and borrowings, it has no exposure to related interest rate risks. The interest rate risk related to bank balances is mitigated by bank deposits.

Dividend and dividend policy

The Board of Directors of Bouwinvest proposes to pay a dividend of € 98.33 per share for 2015 (2014: € 97.88), 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 2015, with the final quarterly instalment paid out in March 2016. The remainder of the distribution over 2015 will be paid out in a final instalment on 26 April 2016, following approval by the Annual General Meeting of Shareholders to be held on 18 April 2016.

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 its distributable profit. The Fund met its obligations related to value added tax, transfer tax and other applicable taxes in their entirety in 2015.

AIFMD

Bouwinvest 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 B.V. 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

Recovery continues, demand set to rise further

The recovery seen in the residential real estate market in 2014 continued and firmed up in 2015, as house prices rose steadily throughout the year, especially in the Randstad, and approached pre-crisis levels. There are now some fears that the residential real estate market is overheating, especially in Amsterdam, where prices are still rising due to the absence of enough supply to meet owner-occupier demand. The number of transactions increased again last year, driven by domestic players and an increasing number of international investors looking to establish a foothold in the Dutch residential real estate market. We believe this interest will continue to drive up values in 2016 and beyond. The downside of this is that it will increase the competition for prime assets, especially in the inner city areas of the big cities.

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 despite the modest upturn in housing construction seen in 2015.
- The ongoing urbanisation will increase demand for liberalised rental sector homes in what the Fund has identified as its core regions.
- The effects of the measures taken by the Dutch government to create a level playing field in the housing market are already visible and the liberalised rental sector is now able to compete much more effectively with the regulated rental sector and the owner-occupier sector.
- Tenants with above-median incomes currently renting in the regulated sector are now faced with higher, income-related rent increases, which is encouraging more people to switch to the liberalised rental sector.
- Due to the lack of supply on the owner-occupier market, combined with the lack of readily available credit from banks, more and more people are choosing to rent in the liberalised rental sector.
- Financially troubled housing corporations are now focusing on their core mission, to provide affordable housing in the regulated sector, which also has increased demand for homes in the mid-rental liberalised sector and increases the potential for above-inflation rate rent increases.
- The residential rental market is now recognised as a mature and full-fledged alternative asset class and is attracting interest from domestic and foreign institutional investors.

The Fund is well positioned to take advantage of opportunities

We have a clear vision of what makes an interesting asset for the residential portfolio. Thanks to our comprehensive network of contacts with vendors, real estate developers, real estate agents and local government authorities, we are offered a constant and substantial flow of investment opportunities. This and our high-quality portfolio puts the Residential Fund in an excellent position to take advantage of the opportunities created by the current market conditions and trends. The Fund made some excellent acquisitions in 2015 and entered into commitments totalling € 466 million and we expect to acquire more high-quality homes in 2016 and 2017. We aim to sign agreements for up to € 600 million in the period through year-end 2018, taking our total assets under management to over € 4 billion. We have budgeted for disposals of around € 75 million in the same period. This is not a hard target and any decision to dispose of assets will be driven largely by the returns they generate.

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, including investments in the environmental and social sustainability of the homes in our portfolio. We will also continue to devote a great deal of attention to developing and maintaining close relationships with our tenants to maintain our high occupancy levels.

Amsterdam, the Netherlands, 14 March 2016

[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.



People

Liveability
Comfort
Security/safety
Health



Planet

Energy
Materials
Water
Waste



Profit

Facilities
Living environment
Accessibility
Flexibility

In 2015, 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

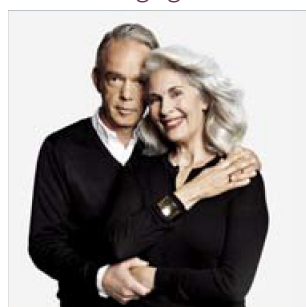
The focus of the Residential Fund's sustainability strategy is on reducing the environmental impact of its properties while enhancing comfort in cooperation with its tenants and other stakeholders. For example, our standard programme of requirements for acquisitions and renovations focuses on structural 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 in areas that we can control.

Scope	Tool	Targets
Fund	GRESB	Outperformance of the benchmark and 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



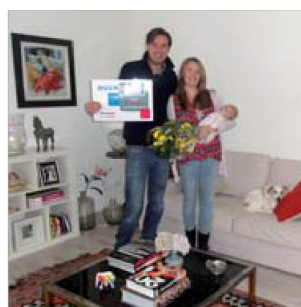
Customer-oriented rental approach

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 2015, 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 1,902, compared with 2,186 in 2014. The overall satisfaction score remained stable at 7.3 (2014: 7.4) and outperformed the benchmark (7.0).

We use the result of the surveys to draw up improvement plans. These plans may be specific action plans for a single property or aimed at improving the overall satisfaction. In addition, we send our tenants a letter with information on the outcome of the survey and the specific actions the property manager and our financial service department plan to take to improve service levels. Tenant satisfaction is an integral part of the service level agreements with our property managers.

Managing the supply chain

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.

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. Since 2014, the Fund started to include those criteria in the contracts for turn-key projects as well.

In 2015 we started a project together with IVBN and fellow fund managers to engage and assess suppliers of the Fund with a sustainability web tool. Current and future suppliers will be assessed on their sustainable commitments, policies and behavior.

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.

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 largest energy consuming assets and connections and installing LED lighting and relocating sensors, the Fund met this target. In 2015 the Fund managed to cut energy consumption by 4.0% (2014: 4.1%) contributing to a total cut in energy consumption of 10.4% in the period 2012-2015 on a like-for-like basis and achieved its target. To further improve monitoring, the Fund installed smart meters in all areas Bouwinvest has management control.

In 2015, the Fund set the following targets for the period 2016-2018:

- Energy: average annual reduction 2%
- GHG emissions: average annual reduction 2%
- Water: average annual reduction 2%
- Renewable energy: increase percentage renewable energy

The implementation of an Environmental Management System (EMS) will help us to achieve these targets.

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 CSR performance indicators in 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. In 2015 the solar panels installed in the pilot project 'Here comes the sun' in 2014 produced a total of 108,498 kWh on site renewable energy, avoiding 160,578 kg GHG emissions. 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.

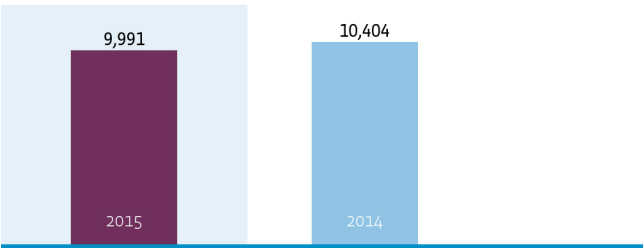
ZEN homes – Setting the standard

Bouwinvest has joined the ZEN (Zeer Energiezuinige Nieuwbouw – extremely energy-efficient new-build homes) platform, which aims to promote sustainability and make extreme energy efficiency the norm in new-build homes. Bouwinvest is the only liberalised sector rental home investor to have joined this initiative, which includes 40 companies from the construction industry and housing sector. As part of its sustainability drive, in June 2015 the Residential Fund and construction partner Dura Vermeer signed a contract for the construction and purchase of 200 homes in the Rijswijk Buiten residential development, close to the cities of Rijswijk, The Hague and Delft. All the homes will be in the liberalised mid-rental segment and come complete with state-of-the-art climate control systems. The homes will be fitted with solar panels, thermal energy systems and efficient ventilations installations. They will all have an energy efficiency coefficient of zero, a much higher standard than the 0.6 coefficient required for all new-build homes under current European environmental legislation. Construction on the first 43 homes started in 2015 and delivery is planned for 2016.

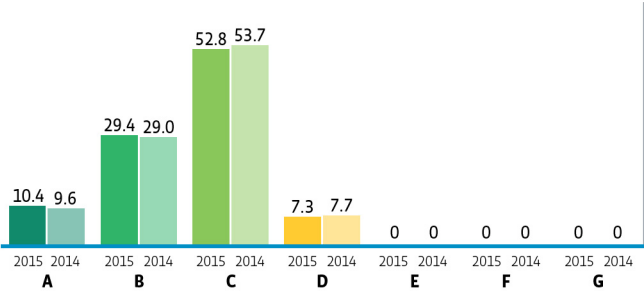
Transformation and re-purpose

Bouwinvest is currently involved in the transformation of the former Shell head office on Oostduinlaan in The Hague into a residential tower that will meet the very highest sustainability requirements. The project will result in 146 liberalised rental sector homes and is due for completion and delivery to the Residential Fund in the second half of 2016. One of the requirements set for the project was the maximum re-use of the existing materials.

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 2015, the Fund participated for the fourth time in the GRESB and improved its score slightly (after a 66% improvement in 2014), ranking 3rd out of 11 in its peer group

‘Green star’

Following the successful implementation of the action plan to enhance overall GRESB performance, in 2014 the Residential Fund emerged with a ‘Green Star’ classification, the highest category in the GRESB scoring system. In 2015, the Residential Fund was awarded Green Star status for the second year in a row.

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 2015, Bouwinvest welcomed eight new investors to its Residential 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 appropriately. Safeguarding 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
- Independent depositary appointed

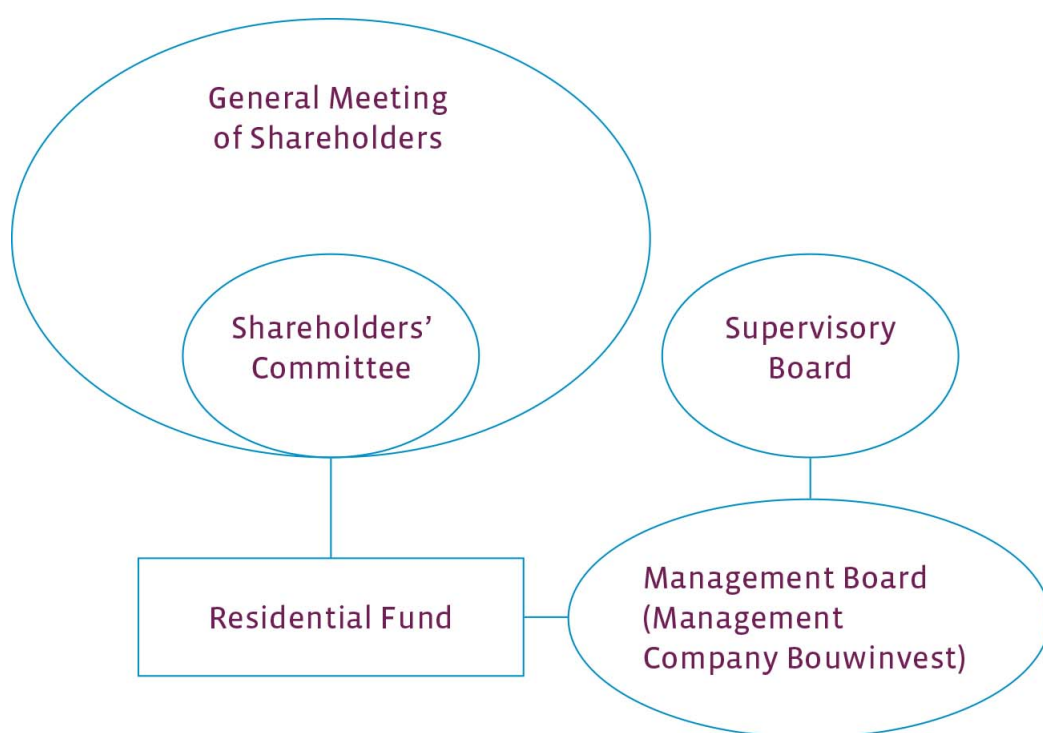
Rules and principles governing day-to-day business

- 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. The management company has a licence within the meaning of Article 2:65 of the Dutch Financial Supervision Act and is subject to supervision of the Dutch Financial Markets Authority (AFM) and, indirectly, by the Dutch Central Bank (DNB).

Fund governance structure



Shareholders' Committee

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) and 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 2015, the Shareholders' Committee met twice to discuss the Fund Plan of the Residential Fund and to approve a related-party transaction, this being the Haarzicht project in Vleuten.

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).

Governance matrix

	General Meeting of Shareholders		Shareholders' Committee	
	Simple Majority vote (> 50%)	Double Majority vote	Approval rights	Consultation rights
Amendment of the strategy of the Fund		X		X
Liquidation, conversion, merger, demerger of the Fund		X		X
Dismissal and replacement of the Management Company		X		X
Amendment of the Management Fee of the Fund		X		X
Conflict of Interest on the basis of the Dutch Civil Code		X		X
Investments within the Hurdle Rate Bandwidth as specified in the Fund Plan			X	
Related Party Transaction			X	
Amendment or termination of the Fund Documents	X			X
Adoption of the Fund plan	X			X
Deviation from the valuation methodology of the Fund as set out in the Valuation Manual	X			X
Investments outside the Hurdle Rate Bandwidth as specified in the Fund Plan	X			X
Change of Control (of the Management Company)				X
Appointment, suspension and dismissal of managing directors of the Fund (with due observance to the rights mentioned under 3. here above).	X			X
Amendment to the Articles of Association of the Fund	X			
Adoption of the Accounts of the Fund	X			
Information rights on the basis of the Dutch Civil Code	X			
Authorising the management board to purchase own Shares	X			
Reducing the capital of the Fund	X			
Extending the five month term with regard to approval of the Accounts	X			
Providing the management board with the authority to amend the Articles of Association of the Fund	X			
Appointing a representative in the event of a Conflict of Interest	X			
Requesting to investigate the Accounts and the withdrawal thereof	X			
Approval of an Applicant Shareholder to become a Shareholder of the Fund	X			

The rights of the General Meetings of Shareholders and the Shareholders' Committee are further specified in the Information Memorandum of the Fund and the Fund Documents.

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. bpfBOUW holds 100% of the shares in Bouwinvest.

Board of Directors

Bouwinvest has a Board of Directors, consisting of one 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 does not directly apply to Bouwinvest as it is 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 additional rules that specifically 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, as well as 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 applicable financial regulations, codes of conduct and standards of good practice. The compliance officer reports to the Statutory Director on a monthly basis, as well as 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 Interest policy

Bouwinvest has a Conflicts of Interest 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 interest.

In 2015, there were no conflicts of interest as referred to in the Bouwinvest Conflicts of Interest 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 has a separate mandate from bpfBOUW for the management of international real estate investments, Bouwinvest Dutch Institutional Hotel Fund N.V. and Bouwinvest Dutch Institutional Healthcare Fund N.V.

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, indirectly, 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 relevant. 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 of any new members. This evaluation will take into account diversity criteria, including a balance of male and female.

Risk management

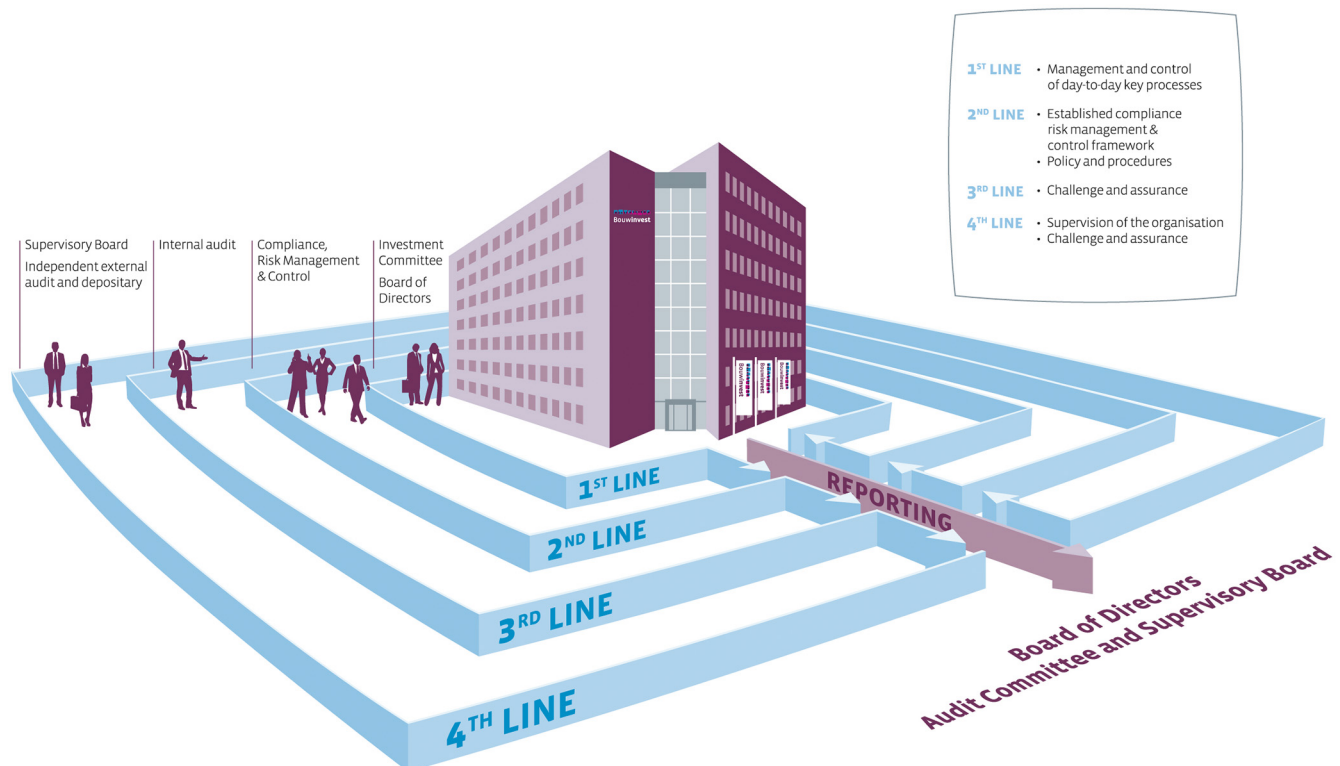
Risk management and compliance

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 Fund. In 2015, Bouwinvest continued to refine and enhance its risk and compliance capabilities. It also introduced new policies and renewed quarterly risk reporting formats for the Fund.

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 ensure that its risk management framework is 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 - Supervisory Board (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:

- Market risks
- Strategic risks
- Management risks

Market risks

Market risks relate to the Fund's exposure to adverse market developments. Such developments can affect both the Fund's direct and indirect return. The Fund's quarterly reports use the following Key Risk Indicators (KRIs) to reflect the Fund's current risk situation and future risk outlook:

- Occupancy
- Operational expenditure
- Counterparty risk
- Valuation movement

Occupancy

The occupancy KRI reflects the current and expected occupancy situation for the Fund. Occupancy depends on market demand, availability of competitive propositions and fund portfolio positioning in the market. Occupancy is an important driver for the Fund's expected direct return. Due to the significant impact this can have on the direct return, it can also have a considerable impact on the Fund's indirect return.

Operational expenditure

The Fund's direct return, its ability to pay out dividends to its shareholders, also depends on its expected expenditure. As in the case of the occupancy KRI, the direct return performance can also have a significant impact on the indirect performance. The operational expenditure KRI reflects cost performance compared to planned cost. On top of that, the Fund's quarterly reports include an asset manager outlook for cost performance.

Counterparty risk

Counterparty risk is the risk that parties the Fund has agreements with will default. This risk is largely determined by the ability of its tenants to fulfil their contractual obligations. For the Residential Fund, this risk is distributed over a large population of tenants and therefore quite stable and manageable. The most important mitigating measures are the income requirements for new tenants.

Valuation movement

The valuation movement KRI indicates the fund return driven by revaluations and it reflects the outlook for this indicator. All properties owned by the Fund are revalued by external appraisers either on a quarterly (standing properties) or on an annual (non-standing properties) basis. This revaluation is the most important driver for the Fund's indirect return.

Strategic risks

Strategic risks focus on the Fund's ability to fulfil its strategic goals. These goals focus primarily on sustainable long-term fund performance. The Fund's quarterly reports uses the following Key Risk Indicators (KRIs) to reflect the Fund's current risk situation and future risk outlook:

- Asset risk mix
- Regional mix
- Sustainability
- Acquisition and disposal

Asset risk mix

Different assets in the Fund's portfolio provide propositions with different levels of risk. Each property is accordingly scored in a risk return assessment model and appointed a risk category. In order to optimise fund return, while taking into account the Fund's risk appetite, fund goals are set for each of the three risk categories. The KRI for asset risk mix shows whether or not the Fund is able to match its portfolio to the risk appetite it is aiming for.

Regional mix

Regional and geographic developments can have a significant impact on future market conditions. Bouwinvest conducts continuous research into the dynamics of regional population growth and economic development. The Fund focuses its investment activities based on this research, while trying to spread its investments geographically to avoid volatility that may be due to regional concentration. The regional mix KRI focuses on the Fund's ability to attain the regional distribution it is aiming for.

Sustainability

To ensure that the Fund is future proof and able to provide long-term stable returns, the Fund is set sustainability goals. This KRI will show whether or not the Fund is currently able to meet its sustainability goals.

Acquisition and disposal

To meet investor demand, the Fund aims for a portfolio of a certain size. The acquisition and disposal KRIs show the Fund's (expected) ability to meet its portfolio size targets.

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:

- Fund-specific legal or regulatory risk
- Fund manager continuity and reputation

Fund-specific legal or regulatory risk

This aim of this KRI is to enable fund management to notify investors of any large regulatory or legal circumstances that may affect or are already affecting fund performance. To minimise any legal or regulatory irregularities, Bouwinvest has an experienced legal staff.

Fund manager continuity and reputation

Bouwinvest is responsible for the fund management organisation. If Bouwinvest sees any threats to its functioning as a fund manager, for instance in terms of damaged reputation or threatened continuity, this KRI will be used to inform investors. In 2015, Bouwinvest devoted extra attention to the subject of integrity. This resulted in a company-wide training programme and the completion of an elaborate Integrity Risk Analysis. Going forward, Bouwinvest as a manager will continue to aim for the highest possible standards of integrity.

To control operational and integrity risks, there is a management agreement in place that determines the responsibilities of Bouwinvest as the Residential Fund's management company. Bouwinvest's 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.

Alternative Investment Fund Managers Directive (AIFMD)

In early 2014, Bouwinvest was one of the first parties in the Netherlands to obtain an AFM licence as required by the AIFMD. This licence allows Bouwinvest's real estate funds to manage funds that are open for institutional investors other than bpfBOUW. The AIFMD specifies certain transparency and integrity-related requirements for Alternative Investment Funds. In 2015, Bouwinvest continued to optimise its reporting processes and streamlined its cooperation with depositary Intertrust Depositary Services B.V. Bouwinvest foresees no AIFMD-related challenges for 2016.

Monitoring and reporting

The monitoring 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 2015. These improvements enable management to act in a timely manner to counteract or mitigate risk.

Financial statements

Statement of comprehensive income

All amounts in € thousands, unless otherwise stated

	Note	2015	2014
Gross rental income	6	162,614	156,049
Service charge income	6	4,057	4,038
Other income		600	671
Revenues		167,271	160,758
Service charge expenses		(4,451)	(4,560)
Property operating expenses	7	(41,014)	(40,922)
		(45,465)	(45,482)
Net rental income		121,806	115,276
Profit (loss) on sales of investment property		280	(869)
Positive fair value adjustment completed investment property	12	213,877	43,865
Negative fair value adjustment completed investment property	12	(923)	(17,090)
Fair value adjustments on investment property under construction	13	27,384	5,796
Net valuation gain (loss) on investment property		240,338	32,571
Administrative expenses	8	(14,949)	(13,865)
Result before finance result		347,475	133,113
Finance income	9	-	41
Net finance result		-	41
Result before tax		347,475	133,154
Income taxes	10	-	-
Result for the year		347,475	133,154
Items that will not be reclassified subsequently to comprehensive income		-	-
Items that may be reclassified subsequently to comprehensive income		-	-
Total comprehensive income for the year, net of tax		347,475	133,154
Net result attributable to shareholders		347,475	133,154
Total comprehensive income attributable to shareholders		347,475	133,154
Distributable result	19	106,857	101,452
Pay-out ratio	19	100%	100%

Statement of financial position

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2015	2014
Assets			
Non-current assets			
Investment property	12	2,833,309	2,561,354
Investment property under construction	13	205,579	65,896
		3,038,888	2,627,250
Current assets			
Trade and other current receivables	14	1,638	2,359
Cash and cash equivalents	15	129,807	98,116
		131,445	100,475
Total assets		3,170,333	2,727,725
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		1,116,243	1,043,265
Share premium		1,731,157	1,611,635
Revaluation reserve		198,564	43,694
Retained earnings		(242,241)	(116,465)
Net result for the year		347,475	133,154
Total equity	16	3,151,198	2,715,283
Current liabilities			
Trade and other payables	17	19,135	12,442
Total liabilities		19,135	12,442
Total equity and liabilities		3,170,333	2,727,725

Statement of changes in equity

For 2015, before appropriation of result, all amounts in € thousands

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2015	1,043,265	1,611,635	43,694	(116,465)	133,154	2,715,283
Comprehensive income						
Net result	-	-	-	-	347,475	347,475
Total comprehensive income	-	-	-	-	347,475	347,475
Other movements						
Issued shares	72,978	119,522	-	-	-	192,500
Appropriation of result	-	-	-	133,154	(133,154)	-
Dividends paid	-	-	-	(104,060)	-	(104,060)
Movement revaluation reserve	-	-	154,870	(154,870)	-	-
Total other movements	72,978	119,522	154,870	(125,776)	(133,154)	88,440
Balance at 31 December 2015	1,116,243	1,731,157	198,564	(242,241)	347,475	3,151,198

* See explanation dividend restrictions [Note 16](#) [on page 62].

For 2014, before appropriation of result, all amounts in € thousands

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

* See explanation dividend restrictions [Note 16](#) [on page 62].

Statement of cash flows

All amounts in € thousands

	Note	2015	2014
Operating activities			
Rental receipts		165,729	158,730
Service charge receipts		2,501	2,442
Operating payments		(50,214)	(51,946)
Service charge payments		(2,783)	(3,032)
VAT received (paid)		(682)	(1,506)
Interest received		-	42
Cash flows from operating activities		114,551	104,730
Investment activities			
Proceeds from sale of investment property	12	6,258	116,394
Payments of investment property	12	(237)	(652)
Payments of investment property under construction	13	(177,321)	(117,354)
Cash flows from investment activities		(171,300)	(1,612)
Finance activities			
Proceeds from the issue of share capital		192,500	84,000
Dividends paid		(104,060)	(101,483)
Cash flows from finance activities		88,440	(17,483)
Net increase in cash and cash equivalents		31,691	85,635
Cash and cash equivalents at beginning of year		98,116	12,481
Cash and cash equivalents at end of year	15	129,807	98,116

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 Bedrijfstakpensioenfonds voor de Bouwnijverheid (93.8%). Bouwinvest is a minority shareholder for (0.2%). As of January 2015, we have welcomed three new shareholders to the Fund.

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.

The Statutory Director will present the annual report to the Annual General Meeting of Shareholders on 18 April 2016, 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 2015 was a normal calendar year from 1 January to 31 December 2015.

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, subsections 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 2015, 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 2015.

- Amendments to IAS 19 Defined Benefit Plans: Employee Contribution;
- Amendments to IFRSs Annual Improvements to IFRSs 2010-2012 Cycle; and
- Amendments to IFRSs Annual Improvements to IFRSs 2011-2013 Cycle.

The application of these amendments has had no material impact on the disclosures in the Fund's financial statements.

New and amended standards and interpretations, effective for financial years beginning on or after 1 January 2016

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:

- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations, effective 1 January 2016
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants, effective 1 January 2016

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

New and amended standards and interpretations not yet adopted by the European Union

The standards, amended standards and interpretations that have not yet been adopted by the European Union are not yet being applied by the Fund.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15
- IFRS 16 Leases

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

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, which are measured at fair value as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The principal accounting policies are set out below.

The preparation of financial statements in 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 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.

2.5 Prepayments

Prepayments are stated at cost less any accumulated impairment losses.

2.6 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.

2.7 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.

2.8 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.

2.9 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.

2.10 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.

2.11 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.

2.12 Other income

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

2.13 Finance income and expenses

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

2.14 Cash flow statement

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

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

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

2.15 Earnings per share

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

2.16 Income taxes

Based on its status as an FII, the Fund is subject to Dutch corporate income tax at a rate of 0%. See Note 10.

3 Financial risk management

3.1 Financial risk factors

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

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

Market risk

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 related interest rate risks. The interest rate risk related to bank balances is mitigated by bank deposits.

(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:

	2015	2014
Trade and other receivables, net of provision for impairment (Note 14)		
Rent receivables from tenants	1,023	1,694
Other financial assets	615	665
Cash and cash equivalents (Note 15)	129,807	98,116

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:

	2015	2014
Trade and other current receivables		
Neither past due nor impaired	-	-
Total neither past due nor impaired	-	-
Past due but not impaired		
Less than 30 days overdue	378	-
30 to 90 days overdue	614	665
Total past due but not impaired	992	665
Individually determined to be impaired (gross)		
30 days to 90 days overdue	1,121	2,238
90 to 180 days overdue	1,387	1,364
Total individually determined to be impaired (gross)	2,508	3,602
Less: impairment provision	(1,862)	(1,908)
Total trade and other current receivables, net of provision for impairment	1,638	2,359

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 2015 was as follows:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	Total
Assets				
Trade and other receivables	378	1,260	-	1,638
Liabilities				
Tenant deposits	-	-	6,111	6,111
Trade payables	9,964	-	-	9,964
Other financial liabilities	916	136	2,008	3,060

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

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	Total
Assets				
Trade and other receivables	121	2,238	-	2,359
Liabilities				
Tenant deposits	-	-	4,673	4,673
Trade payables	4,183	-	-	4,183
Other financial liabilities	833	818	1,935	3,586

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 2015, and 31 December 2014, 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		2015		2014	
	Note	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables (level 2)	14	1,638	1,638	2,359	2,359
Cash and cash equivalents (level 1)	15	129,807	129,807	98,116	98,116
Financial liabilities measured at amortised cost and other payables (level 2)	17	(19,135)	(19,135)	(12,442)	(12,442)
		112,310	112,310	88,033	88,033

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 is increased in accordance with the risks involved in property investments. The whole investment property portfolio is appraised on a quarterly basis 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	2015	2014
Region		
Randstad	2,342,698	2,106,875
Mid East	154,766	141,155
Brabantstad	83,438	73,711
Non-core regions	252,407	239,613
Total	2,833,309	2,561,354

6 Gross rental income and service charge income

	2015	2014
Theoretical rent	167,986	163,179
Incentives	(1,378)	(1,431)
Vacancies	(3,994)	(5,699)
Total gross rental income	162,614	156,049

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 (2014: € 4.0 million) income receivable from tenants for the services of utilities, caretakers, etc. when the Fund acts as principal.

7 Property operating expenses

	2015	2014
Taxes	7,419	7,048
Insurance	184	189
Maintenance	18,961	19,757
Valuation fees	395	470
Property management fees	2,966	2,984
Promotion and marketing	792	962
Letting and lease renewal fees	4,001	3,636
Other operating expenses	5,481	5,293
Addition to provision for bad debts	815	583
Total property operating expenses	41,014	40,922

In 2015, € 0.5 million (2014: € 0.5 million) of the maintenance expenses related to unlet properties.

8 Administrative expenses

	2015	2014
Management fee Bouwinvest	14,318	13,274
Audit fees	34	32
Marketing fees	163	25
Other administrative expenses	418	449
Legal fees	16	85
Total administrative expenses	14,949	13,865

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

	2015	2014
Interest income	-	41
Total finance income	-	41

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 2015. The effective tax rate was therefore 0%.

11 Employee benefits expense

The Residential Fund has no employees.

12 Investment property

	2015	2014
At the beginning of the year	2,561,354	2,535,854
Transfers from investment property under construction	65,022	114,467
Investments	237	652
Total investments	65,259	115,119
Disposals	(6,258)	(116,394)
Net gain (loss) from fair value adjustments on investment property (like-for-like)	203,215	32,536
Net gain (loss) from fair value adjustments on investment property	9,739	(5,761)
In profit or loss	212,954	26,775
In other comprehensive income	-	-
Transfers out of level 3	-	-
Total investment property (level 3) at the end of the year	2,833,309	2,561,354

The Fund's investment properties are valued by an external valuation expert on a quarterly basis. On 31 December 2015, 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 2015, and 1 January 2015, 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 transfer from investment property under construction	2015	2014
Randstad	54,379	87,924
Mid East	5,370	12,928
Brabantstad	5,510	14,267
Non-core regions	-	-
Total investments and transfer from investment property under construction	65,259	115,119
Disposals	2015	2014
Randstad	(5,497)	(68,312)
Mid East	-	(4,297)
Brabantstad	(117)	-
Non-core regions	(644)	(43,785)
Total disposals	(6,258)	(116,394)

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

2015

	Randstad	Mid East	Brabantstad	Non-core regions	Total
Current average rent (€/unit)	996	805	878	796	966
Estimated rental value (€/unit)	1,021	823	903	813	976
Gross initial yield	5.6%	6.4%	5.8%	6.6%	5.7%
Net initial yield	4.2%	4.9%	4.8%	4.7%	4.3%
Current vacancy rate (no rental units)	1.4%	1.2%	1.5%	2.5%	1.5%
Current financial vacancy rate	2.3%	2.3%	1.2%	3.1%	2.4%
Long-term vacancy rate	2.5%	2.5%	2.5%	3.6%	2.6%
Long-term growth rental rate	2.1%	2.0%	2.0%	2.0%	2.1%
Average 10-year inflation rate (IPD Nederland)					1.5%

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-year inflation rate (IPD Nederland)					1.9%

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 € 213,877 (2014: € 43,865) 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 2015, the Fund had unprovisioned contractual obligations for future repairs and maintenance of € 0.5 million (2014: € 2.7 million). Direct operating expenses recognised in profit or loss include € 0.4 million (2014: € 0.5 million) relating to investment property that was vacant. Investment property includes buildings held under finance leases of which the carrying amount is nil (2014: nil).

Sensitivity analysis

The appraisal of the portfolio implies a net initial yield of 4.3% (2014: 4.3%). If the yields used for the appraisals of investment properties on 31 December 2015 had been 100 basis points higher (2014: 100 basis points higher) than was the case at that time, the value of the investments would have been 21.1% lower (2014: 18.9% lower). In this situation, the Fund's shareholders' equity would have been € 616 million lower (2014: € 499 million lower).

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

	2015		2014	
Change rental rates	- 5%	5%	- 5%	5%
Value of the investment property change	(162,808)	118,346	(131,965)	131,965
	2015		2014	
Change net initial yield	- 25 bps	+ 25 bps	- 25 bps	+ 25 bps
Value of the investment property change	173,537	(154,602)	163,453	(145,439)

13 Investment property under construction

	2015	2014
At the beginning of the year	65,896	57,213
Investments	177,321	117,354
Transfers to investment property	(65,022)	(114,467)
Net gain (loss) from fair value adjustments on investment property under construction	27,384	5,796
In profit or loss	27,384	5,796
In other comprehensive income	-	-
Transfers out of level 3	-	-
At the end of the year	205,579	65,896
	2015	2014
Investment property under construction at fair value	205,579	65,896
Investment property under construction at amortised cost	-	-
As at 31 December	205,579	65,896

The Fund has an agreement with Bouwinvest Development B.V., which develops part of the investment property for the Fund. Investment property under construction developed by Bouwinvest Development B.V. relates to Feniks & Het Baken (Amsterdam), Stadionplein (Amsterdam) en Vlondertuinen ('s-Hertogenbosch). The other property under construction is being developed by third parties. For a list of the investment property under construction and investment commitments, see [Note 20](#) [on page 64].

The total gain (loss) for the year included an unrealised gain of € 30,867 (2014: € 10,722) 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	2015	2014
Randstad	167,307	85,474
Mid East	1,793	8,549
Brabantstad	6,708	2,974
Non-core regions	1,513	20,357
Total investments	177,321	117,354
Transfers to investment property	2015	2014
Randstad	54,142	(87,664)
Mid East	5,370	(12,536)
Brabantstad	5,510	(14,267)
Non-core regions	-	-
Total transfers to investment property	65,022	(114,467)

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

2015

	Randstad	Mid East	Brabantstad	Total
Gross initial yield	4.5% - 5.6%	N/A	5.5% - 5.6%	4.5% - 5.6%
Net initial yield	3.2% - 4.8%	N/A	4.4% - 5.1%	3.2% - 5.1%
Long-term vacancy rate	5.3%	N/A	2.5%	4.8%
Long-term growth rental rate	2.5%	N/A	2.2%	2.4%
Average 10-year inflation rate (IPD Nederland)	1.5%	N/A	1.5%	1.5%
Estimated average development profit on completion	49.4%	N/A	22.5%	45.0%
Estimated average percentage of completion	3.8%	N/A	7.1%	4.3%
Current average rent (€/m ²)	13.92	N/A	11.92	13.51
Construction costs (€/m ²)	3,145.42	N/A	2,363.64	2,983.36

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-year 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 ²)	12.47	6.98	7.34	11.62
Construction costs (€/m ²)	2,774.83	1,405.06	1,747.21	2,575.16

14 Trade and other current receivables

	2015	2014
Trade receivables	1,023	1,694
Group companies Bouwinvest	1	-
Other receivables	614	665
Balance as at 31 December	1,638	2,359

15 Cash and cash equivalents

	2015	2014
Bank deposits	100,000	-
Bank balances	29,807	98,116
Balance as at 31 December	129,807	98,116

The bank balances of € 29.8 million are freely available to the Fund as at 31 December 2015 and the bank deposits of € 100.0 million have a 30 days' notice period.

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

For 2015, before appropriation of result

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2015	1,043,265	1,611,635	43,694	(116,465)	133,154	2,715,283
Comprehensive income						
Net result	-	-	-	-	347,475	347,475
Total comprehensive income	-	-	-	-	347,475	347,475
Other movements						
Issued shares	72,978	119,522	-	-	-	192,500
Appropriation of result	-	-	-	133,154	(133,154)	-
Dividends paid	-	-	-	(104,060)	-	(104,060)
Movement revaluation reserve	-	-	154,870	(154,870)	-	-
Total other movements	72,978	119,522	154,870	(125,776)	(133,154)	88,440
Balance at 31 December 2015	1,116,243	1,731,157	198,564	(242,241)	347,475	3,151,198

* See explanation dividend restrictions in this Note.

For 2014, before appropriation of result

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

* See explanation dividend restrictions in this Note.

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
Opening balance at 1 January 2015	1,043,265	1,043,265	1,611,635	2,654,900
Dividends paid	-	-	-	-
Issued shares	72,978	72,978	119,522	192,500
Balance at 31 December 2015	1,116,243	1,116,243	1,731,157	2,847,400
Opening balance at 1 January 2014	1,010,353	1,010,353	1,560,547	2,570,900
Dividends paid	-	-	-	-
Issued shares	32,912	32,912	51,088	84,000
Balance at 31 December 2014	1,043,265	1,043,265	1,611,635	2,654,900

Issued capital

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

As at 31 December 2015, in total 1,116,243 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 2015 was determined at the individual property level.

17 Trade and other payables

	2015	2014
Trade payables	9,964	4,183
Rent invoiced in advance	2,008	1,935
Tenant deposits	6,111	4,673
VAT payable	136	818
Other payables	916	833
Balance as at 31 December	19,135	12,442

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.

	2015	2014
Net result attributable to shareholders	347,475	133,154
Weighted average number of ordinary shares	1,086,707	1,036,492
Basic earnings (€ per share)	319.75	128.47

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 2015, € 104.1 million (2014: € 101.5 million) was paid as dividend. The payment of a dividend over 2015 of € 98.33 (2014: € 97.88) per share as at year-end 2015, amounting to a total dividend of € 106.9 million (2014: € 101.5 million), is to be proposed at the Annual General Meeting of Shareholders on 18 April 2016. These financial statements do not reflect this dividend payable.

The dividend proposal for 2015 has not been accounted for in the financial statements. The dividend for 2015 will be paid in cash.

20 Contingent liabilities and assets

As at 31 December 2015, the Fund's total future commitments amounted to € 692 million (2014: € 401 million). These commitments are made up as follows:

Investment commitments	2016	2017	> 2018
De Statendam, Amsterdam	2		
Haarlemmerweg, Amsterdam *		17	93
Jeruzalem, Amsterdam	7		
Kop Weespertrekvaart, Amsterdam		41	15
Nautique Living, Amsterdam	53	43	9
Pontsteiger, Amsterdam	30	30	9
Rivers, Amsterdam	1		
Stadionplein, Amsterdam	6		
Summertime, Amsterdam	30		
Loolaan, Apeldoorn	6	4	
Paleiskwartier, Den Bosch	19	18	
T&D locatie, Deventer	5		
Picuskade, Eindhoven	8	5	
Picus Kadeblok, Eindhoven	7	1	
Blok 61, Eindhoven	8	3	
Villa Industria, Hilversum	16		
Nieuw Nachtegaalplein, Nijmegen	6	8	
Onder Onnes, Nijmegen	9		
Rijswijk Buiten, Rijswijk	7		
Up:Town, Rotterdam	17	15	
Oostduinlaan, The Hague	14	34	
Verbunt terrein, Tilburg	10	2	
Haarzicht, Utrecht		18	11
Veemarkt, Utrecht	1		
Vredenburgplein, Utrecht	5	2	3
Zijdebalen, Utrecht	24	20	
	291	261	140

* The commitment for Haarlemmerweg (Amsterdam) does not include the commitment for the second half of this project. The back-up of € 109.5 million can be invoked, in part or in full, when the developer fails to sell, in part or in full, the second half of this project. The chance that this back-up will be invoked has been assessed and is considered unlikely given the current and expected market conditions in Amsterdam.

The Fund has a contractual agreement with Bouwinvest 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 € 14.3 million (2014: € 13.3 million) fee was paid to Bouwinvest in 2015.

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 2015.

The Fund has an agreement with Bouwinvest Development B.V., which develops part of the investment property for the Fund. In 2015, € 17 million (2014: € 49 million) was paid to Bouwinvest Development B.V. with regard to the projects Feniks & Het Baken (Amsterdam), Stadionplein (Amsterdam) en Vlondertuinen (Den Bosch).

22 Management fee

Bouwinvest is the manager and the Statutory Director of the Fund. The management fee paid for the year 2015 amounted to € 14.3 million (2014: € 13.3 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 five funds of which the Residential Fund, Office Fund and Retail Fund are under supervision of the Dutch Financial Markets Authority (AFM). Bouwinvest also has a separate mandate from bpfBOUW for the management of international real estate investments and manages Bouwinvest Development B.V. 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 2015 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 2015 by Deloitte Accountants B.V. and the Deloitte Network in respect of activities for the Residential Fund.

	2015	2014
Audit of the financial statements	34	32
Other audit engagements	-	-
Tax advisory services	-	-
Other non-audit services	-	-
Total fees	34	32

24 Subsequent events

As of January 2016, five Dutch pension funds committed for a total of € 152.5 million and shares were issued for € 80.0 million.

Signing of the Financial Statements

Amsterdam, the Netherlands, 14 March 2016

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 20 of the Residential Fund's Articles of Association. This specific article is quoted below.

20.1

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

20.2

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

20.3

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

20.4

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

20.5

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

20.6

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

Appropriation of profit 2014

The Annual General Meeting of Shareholders on 20 April 2015 adopted and approved the 2014 financial statements of the Residential Fund. A dividend of € 97.88 (in cash) per share has been paid. The profit for 2014, amounting to € 133.2 million, was incorporated in the retained earnings.

Proposal for profit appropriation 2015

The management of the Fund proposes to the General Meeting of Shareholders that a dividend of € 98.33 (in cash) per share be paid for 2015. Of the net result for 2015 amounting to € 347.5 million, € 347.5 million will be incorporated in the retained earnings.

Subsequent events

As of January 2016, five Dutch pension funds committed for a total of € 152.5 million and shares were issued for € 80.0 million.

Independent auditor's report

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

Report on the audit of the financial statements 2015

Our opinion

We have audited the financial statements 2015 of Bouwinvest Dutch Institutional Residential Fund N.V., based in Amsterdam.

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 at 31 December 2015, and of its result for 2015 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The statement of financial position as at 31 December 2015.
- The following statements for 2015:
 - The statements of comprehensive income, changes in equity and cash flows.
- The notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of Bouwinvest Dutch Institutional Residential Fund N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

Materiality

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

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 30 million. The materiality is based on 1% of total equity. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Materiality overview	
Materiality level	€ 30 million
Basis for group materiality level	1% of total equity
Threshold for reporting misstatements	€ 1.5 million

We agreed with the board of directors that misstatements in excess of € 1.5 million as indicated above, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matters

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

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

Key audit matter	How the key audit matter was addressed in the audit
Valuation of investment property The valuation of investment property contains an inherent estimation uncertainty (see also notes 4.1, 12 and 13 of the notes to the financial statements).	<p>Using the underlying external appraisal reports we have verified the value of the investment property. We have likewise reconciled the rental data applied with the financial accounting records. On the basis of IAS 40, we have reviewed the Fair Value concept as applied by the appraisers.</p> <p>Likewise, we have critically reviewed the relevant factors influencing the appraisal value of an object and discussed these with the external appraisers and the responsible client personnel.</p> <p>We have additionally engaged internal property experts to review a selection of the property.</p> <p>We have performed an additional test on the reliability of the estimation by comparing the valuation with the revenues effectively realized upon sale.</p>
Acquisition and sale of investment property Considering acquisition and sale of investment property is a significant part of Bouwinvest Dutch Institutional Residential Fund N.V.'s operations, we have performed specific audit procedures on accounting for acquisitions and sales (see also notes 12 and 13 of the notes to the financial statements).	<p>We have audited, by test of details, the accounting for acquisitions and sales of property on the basis of the related acquisition and sale contracts, deeds of transfer, and the proposals for investments and sales.</p> <p>We have also established the correctness of the authorization for each transaction.</p>

Responsibilities of management for the financial statements

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

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The board of directors is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

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

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

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

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a

material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

We provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on other legal and regulatory requirements

Report on the Report of the Board of Directors and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Report of the Board of Directors and other information):

- 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 the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the Report of the Board of Directors, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the shareholders as auditor of Bouwinvest Dutch Institutional Residential Fund N.V., as of the audit for year 2012 and have operated as statutory auditor ever since that date.

Amsterdam, March 14, 2016

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 of 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 2015 figures	Actual impact on 2014 figures
NAV per the IFRS financial statements				
Reclassification of certain IFRS liabilities as components of equity	X	X	Yes	Yes
Effect of reclassifying shareholder loans and hybrid capital instruments				
1 (including convertible bonds) that represent shareholders long term interests in a vehicle	X	X	N/A	N/A
2 Effect of dividends recorded as a liability which have not been distributed	X	X	N/A	N/A
NAV after reclassification of equity-like interests and dividends not yet distributed	X	X	N/A	N/A
Fair value of assets and liabilities	X	X	N/A	N/A
3 Revaluation to fair value of investment properties	X	X	N/A	N/A
4 Revaluation to fair value of self-constructed or developed investment property	X	X	N/A	N/A
5 Revaluation to fair value of investment property held for sale	X	X	N/A	N/A
6 Revaluation to fair value of property that is leased to tenants under a finance lease	X	X	N/A	N/A
7 Revaluation to fair value of real estate held as inventory	X	X	N/A	N/A
8 Revaluation to fair value of other investments in real assets	X	X	N/A	N/A
9 Revaluation to fair value of indirect investments not consolidated	X	X	N/A	N/A
10 Revaluation to fair value of financial assets and financial liabilities	X	X	N/A	N/A
11 Revaluation to fair value of construction contracts for third parties	X	X	N/A	N/A
12 Set-up costs	X	X	N/A	Yes
13 Acquisition expenses	X	X	N/A	N/A
14 Contractual fees	X	X	N/A	N/A
Effects of the expected manner of settlement of sales/vehicle unwinding	X	X	N/A	N/A
15 Revaluation to fair value of savings of purchaser's costs such as transfer taxes	X	X	N/A	N/A
16 Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments	X	X	N/A	N/A
17 Effect of subsidiaries having a negative equity (non-recourse)	X	X	N/A	N/A
Other adjustments	X	X	N/A	N/A
18 Goodwill	X	X	N/A	N/A
19 Non-controlling interest effects of INREV adjustments	X	X	N/A	N/A
INREV NAV	X	X	Yes	Yes

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

Statement of financial position in accordance with INREV valuation principles

Before appropriation of result, all amounts in € thousands

As at 31 December	2015			2014		
	IFRS	Adjustment	INREV	IFRS	Adjustment	INREV
Assets						
Non-current assets						
Investment property	2,833,309	-	2,833,309	2,561,354	-	2,561,354
Investment property under construction	205,579	-	205,579	65,896	-	65,896
	3,038,888	-	3,038,888	2,627,250	-	2,627,250
Current assets						
Trade and other current receivables	1,638	-	1,638	2,359	-	2,359
Cash and cash equivalents	129,807	-	129,807	98,116	-	98,116
	131,445	-	131,445	100,475	-	100,475
Total assets	3,170,333	-	3,170,333	2,727,725	-	2,727,725
Equity and liabilities						
Equity attributable to the owners of the Fund						
Total equity	3,151,198	-	3,151,198	2,715,283	-	2,715,283
Current liabilities						
Trade and other payables	11,016	-	11,016	5,834	-	5,834
Rent invoiced in advance	2,008	-	2,008	1,935	-	1,935
Tenant deposits	6,111	-	6,111	4,673	-	4,673
Total liabilities	19,135	-	19,135	12,442	-	12,442
Total equity and liabilities	3,170,333	-	3,170,333	2,727,725	-	2,727,725

Statement of comprehensive income in accordance with INREV valuation principles

All amounts in € thousands, unless otherwise stated

As at 31 December	2015			2014		
	IFRS	Adjustment	INREV	IFRS	Adjustment	INREV
Gross rental income	162,614	-	162,614	156,049	-	156,049
Service charge income	4,057	-	4,057	4,038	-	4,038
Other income	600	-	600	671	-	671
Revenues	167,271	-	167,271	160,758	-	160,758
Service charge expenses	(4,451)	-	(4,451)	(4,560)	-	(4,560)
Property operating expenses	(41,014)	-	(41,014)	(40,922)	-	(40,922)
	(45,465)	-	(45,465)	(45,482)	-	(45,482)
Net rental income	121,806	-	121,806	115,276	-	115,276
Profit (loss) on sales of investment property	280	-	280	(869)	-	(869)
Positive fair value adjustment	241,261	-	241,261	49,661	-	49,661
Negative fair value adjustment	(923)	-	(923)	(17,090)	-	(17,090)
Net valuation gain (loss) on investment property	240,338	-	240,338	32,571	-	32,571
Administrative expenses	(14,949)	-	(14,949)	(13,865)	(600)	(14,465)
Result before finance expense	347,475	-	347,475	133,113	(600)	132,513
Finance income	-	-	-	41	-	41
Net finance expense	-	-	-	41	-	41
Result before tax	347,475	-	347,475	133,154	(600)	132,554
Income taxes	-	-	-	-	-	-
Net result	347,475	-	347,475	133,154	(600)	132,554
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	347,475	-	347,475	133,154	(600)	132,554
Net result attributable to shareholders	347,475	-	347,475	133,154	(600)	132,554
Total comprehensive income attributable to shareholders	347,475	-	347,475	133,154	(600)	132,554
Earnings per share (€)						
Basic earnings per share	319.75	-	319.75	128.47	(0.58)	127.89
Diluted earnings per share	319.75	-	319.75	128.47	(0.58)	127.89

Statement of changes in equity in accordance with INREV valuation principles

All amounts in € thousands

For 2015, before appropriation of result

	Issued capital	Share premium	Revaluation reserve	Retained earnings	Net result for the year	Total equity
Balance according to IFRS at 1 January 2015	1,043,265	1,611,635	43,694	(116,465)	133,154	2,715,283
Changes according to INREV at 1 January 2015	-	-	-	600	(600)	-
Balance at 1 January 2015	1,043,265	1,611,635	43,694	(115,865)	132,554	2,715,283
Comprehensive income						
Net result	-	-	-	-	347,475	347,475
Total comprehensive income	-	-	-	-	347,475	347,475
Other movements						
Issued capital	72,978	119,522	-	-	-	192,500
Appropriation of result	-	-	-	132,554	(132,554)	-
Dividends paid	-	-	-	(104,060)	-	(104,060)
Movement revaluation reserve	-	-	154,870	(154,870)	-	-
Changes according to INREV	-	-	-	-	-	-
Total other movements	72,978	119,522	154,870	(126,376)	(132,554)	88,440
Balance at 31 December 2015	1,116,243	1,731,157	198,564	(242,241)	347,475	3,151,198

For 2014, before appropriation of result

	Issued capital	Share premium	Revaluation reserve	Retained earnings	Net result for the year	Total equity
Balance according to IFRS at 1 January 2014	1,010,353	1,560,547	28,712	941	(941)	2,599,612
Changes according to INREV at 1 January 2014	-	-	-	1,200	(600)	600
Balance at 1 January 2014	1,010,353	1,560,547	28,712	2,141	(1,541)	2,600,212
Comprehensive income						
Net result	-	-	-	-	133,154	133,154
Total comprehensive income	-	-	-	-	133,154	133,154
Other movements						
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)
Total other movements	32,912	51,088	14,982	(118,006)	941	(18,083)
Balance at 31 December 2014	1,043,265	1,611,636	43,694	(115,865)	132,554	2,715,283

Notes to the INREV financial statements

All amounts in € thousands, unless otherwise stated

Note	Total 2015	Per share 2015	Total 2014	Per share 2014
NAV as per the financial statements	3,151,198	2,823.04	2,715,283	2,602.68
Reclassification of certain IFRS liabilities as components of equity				
1 Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders long term interests in a vehicle	-	-	-	-
2 Effect of dividends recorded as a liability which have not been distributed	-	-	-	-
NAV after reclassification of equity-like interests and dividends not yet distributed	3,151,198	2,823.04	2,715,283	2,602.68
Fair value of assets and liabilities				
3 Revaluation to fair value of investment properties	-	-	-	-
4 Revaluation to fair value of self-constructed or developed investment property	-	-	-	-
5 Revaluation to fair value of investment property held for sale	-	-	-	-
6 Revaluation to fair value of property that is leased to tenants under a finance lease	-	-	-	-
7 Revaluation to fair value of real estate held as inventory	-	-	-	-
8 Revaluation to fair value of other investments in real assets	-	-	-	-
9 Revaluation to fair value of indirect investments not consolidated	-	-	-	-
10 Revaluation to fair value of financial assets and financial liabilities	-	-	-	-
11 Revaluation to fair value of construction contracts for third parties	-	-	-	-
12 Set-up costs	-	-	-	-
13 Acquisition expenses	-	-	-	-
14 Contractual fees	-	-	-	-
Effects of the expected manner of settlement of sales/vehicle unwinding				
15 Revaluation to fair value of savings of purchaser's costs such as transfer taxes	-	-	-	-
16 Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments	-	-	-	-
17 Effect of subsidiaries having a negative equity (non-recourse)	-	-	-	-
Other adjustments				
18 Goodwill	-	-	-	-
19 Non-controlling interest effects of INREV adjustments	-	-	-	-
INREV NAV	3,151,198	2,823.04	2,715,283	2,602.68
Number of shares issued	1,116,243		1,043,265	
Number of shares issued taking dilution effect into account	1,116,243		1,043,265	
Weighted average INREV NAV	2,918,117		2,657,747	
Weighted average INREV GAV	2,931,948		2,668,665	
Total Expense Ratio (NAV)	0.53%		0.56%	
Total Expense Ratio (GAV)	0.52%		0.56%	
Real Estate Expense Ratio (GAV)	1.40%		1.53%	

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 2015, no dividends are recorded as a liability, so 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 2015.

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 2015.

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 2015, 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 2015, 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 2015, 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 2015, 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 2015, 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 2015, 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 2015, no adjustment had been made since the Fund has no construction contracts for third parties.

Adjustments to reflect the spreading of one-off costs

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

In practice, there are many other ways in which vehicles address such issues for pricing, valuation, or other purposes including using bid-ask spreads for issue premium or redemption discounts on the NAV calculated on the basis of set percentages, the capitalisation and amortisation of such costs over different time periods or, indeed, not taking into account such costs at all in the calculation of the vehicle NAV. 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 recovered.

As per 31 December 2015, the set-up costs of the Fund have been amortised, so no adjustment had been made per 31 December 2015.

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) and it is not expected that the capitalised acquisition costs can be utilised with the sale of units of the Fund.

Most of the acquisitions are realised via a turn-key agreement with a development company. Since these acquisitions can be purchased free of transfer-tax normally the acquisition price is higher than if transfer-taxes should be paid separately. The valuation methodology is the net valuation after deduction of acquisition cost for a potential buyer. At initial recognition and during the instalments a part in the revaluation result will include the effect of the difference of the purchase price and the net valuation after deduction of acquisition cost for a potential buyer. This difference is not taken into account in the INREV NAV as a separate item in the INREV adjustment in respect to Acquisition expenses.

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 2015, 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 2015, 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 2015, no adjustment had been made since the Fund has no goodwill recognised in the Statement of financial position.

19 Non-controlling interest effects of INREV 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 2015, 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 2015 of Bouwinvest Dutch Institutional Residential Fund N.V., Amsterdam, in accordance with INREV Valuation Principles as set out on page 71 up to and including page 79, which comprise the statement of financial position as per December 31, 2015, the statements of comprehensive income and changes in equity for the year then ended and notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

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

Auditor's responsibility

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

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

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial overviews in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial overviews.

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

Opinion

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

Basis of accounting

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

Amsterdam, March 14, 2016

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 2015, we welcomed three shareholders in the Fund. Furthermore, as of January 2016, five Dutch pension funds committed for a total of € 152.5 million.

Name shareholder	Number of shares at year-end 2015
Shareholder A	1,046,752
Shareholder B	19,598
Shareholder C	19,494
Shareholder D	15,492
Shareholder E	9,683
Shareholder F	2,905
Shareholder G	2,319
Total	1,116,243

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 € 98.33 per share for 2015 (2014: € 97.88), 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, 76.9% was paid out in 2015. The fourth instalment was paid on 2 March 2016. The remainder of the distribution over 2015 will be paid in one final instalment following the Annual General Meeting of Shareholders on 18 April 2016.

Financial calendar

2 June 2015	Payment interim dividend first quarter 2015, € 25.22 per share
1 September 2015	Payment interim dividend second quarter 2015, € 24.87 per share
1 December 2015	Payment interim dividend third quarter 2015, € 25.50 per share
2 March 2016	Payment interim dividend fourth quarter 2015, € 17.72 per share
18 April 2016	Annual General Meeting of Shareholders
26 April 2016	Payment of final dividend 2015, € 4.43 per share
31 May 2016	Payment interim dividend first quarter 2016
30 August 2016	Payment interim dividend second quarter 2016
29 November 2016	General Meeting of Shareholders
8 December 2016	Payment interim dividend third quarter 2016
7 March 2017	Payment interim dividend fourth quarter 2016

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 2015, including our traditional investor relations seminar in May, road shows, property (sailing) tours and one-on-one meetings with (potential) investors, plus we attended several high-profile real estate conferences to present the management organisation, its strategy and its vision on real estate to (potential) investors.

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

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Glossary

Assets under management

Assets under management is defined as the net asset value of the funds as per the chosen valuation principles that the manager manages for itself and its clients.

Capital growth

Capital growth as a percentage is equal to the net result (INREV) minus the distributable result, divided by the INREV NAV at the beginning of the period, plus any capital calls (time-weighted) and less any distributed dividends/capital distributions (time-weighted).

Direct property return

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

Distributable result

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

Estimated rental value

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

Financial occupancy rate

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

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 (passing)

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

Gross initial yield (market)

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

Gross rental income

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

Income return

Income return as a percentage is equal to the distributable result, divided by the INREV NAV at the beginning of the period, plus any capital calls (time-weighted) and less any distributed dividends/capital distributions (time-weighted).

Indirect property return

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

INREV NAV

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

Investment property

Property that is fully operational on the reporting date.

Investment property under construction

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

Lease incentive

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

Like-for-like gross rental income

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

Net asset value (NAV)

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

Net initial yield

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

Net rental income

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

Passing rent

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

Pay-out ratio of distributable earnings

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

Real Estate Expense Ratio (REER)

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

Theoretical rent

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

Total Expense Ratio (TER)

The total expense ratio reflects the total fund expenses of the current reporting period as a percentage of the weighted average Net Asset Value (NAV) over the period. The TER is backwardlooking and includes the management fee, administrative expenses and valuation fees.

Total fund return (INREV)

Total fund return (INREV) as a percentage is equal to the net result (INREV) divided by the INREV NAV at the beginning of the period, plus any capital calls (time-weighted) and less any distributed dividends/capital distributions (time-weighted).

Transactions

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

Properties 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 2015
ALPHEN AAN DEN RIJN	Cauberg	37	37	1989	Freehold	Randstad	493
ALPHEN AAN DEN RIJN	Kerk en Zanen	77	12	1990	Freehold	Randstad	848
AMERSFOORT	Vathorst I	39	0	2010	Freehold	Randstad	472
AMERSFOORT	Vathorst II	55	0	2012	Freehold	Randstad	690
AMSTELVEEN	Middenhoven	52	0	1985	Freehold	Randstad	561
AMSTELVEEN	Westwijk I	68	30	1990	Freehold	Randstad	1,075
AMSTELVEEN	Westwijk III	54	0	1990	Freehold	Randstad	654
AMSTELVEEN	Westwijk VI	36	36	1990	Freehold	Randstad	644
AMSTELVEEN	Westwijk VII	28	0	1990	Freehold	Randstad	293
AMSTELVEEN	Westwijk VIII	75	0	1991	Freehold	Randstad	887
AMSTELVEEN	Westwijk IX	40	7	1993	Freehold	Randstad	542
AMSTERDAM	Buitenveldert I	150	12	1986	Leasehold	Randstad	1,716
AMSTERDAM	Buitenveldert II	126	0	1986	Leasehold	Randstad	1,266
AMSTERDAM	Buitenveldert III	84	0	1986	Leasehold	Randstad	926
AMSTERDAM	Sloten I	91	0	1991	Leasehold	Randstad	1,047
AMSTERDAM	Kon. Wilhelminaplein I	96	102	1991	Leasehold	Randstad	1,214
AMSTERDAM	Kon. Wilhelminaplein II	123	93	1991	Leasehold	Randstad	1,382
AMSTERDAM	Sloten II	64	0	1991	Leasehold	Randstad	737
AMSTERDAM	Sloten III	16	0	1991	Leasehold	Randstad	154
AMSTERDAM	Sloten IV	180	112	1991	Leasehold	Randstad	1,955
AMSTERDAM	Sloten V	24	24	1991	Leasehold	Randstad	365
AMSTERDAM	Sloten VI	6	0	1992	Leasehold	Randstad	81
AMSTERDAM	Sloten VII	96	0	1992	Leasehold	Randstad	1,002
AMSTERDAM	Sloten VIII	148	0	1993	Leasehold	Randstad	1,609
AMSTERDAM	Sloten IX	4	0	1993	Leasehold	Randstad	36
AMSTERDAM	Sloten X	215	0	1993	Leasehold	Randstad	2,586
AMSTERDAM	Sloten XI	16	0	1993	Leasehold	Randstad	133
AMSTERDAM	Sloten XII	113	0	1993	Leasehold	Randstad	1,228
AMSTERDAM	Sloten XIII	24	0	1993	Leasehold	Randstad	202
AMSTERDAM	Sloten XIV	30	0	1993	Leasehold	Randstad	469
AMSTERDAM	Sloten XV	50	50	1993	Leasehold	Randstad	621
AMSTERDAM	Map I	17	0	1994	Leasehold	Randstad	191
AMSTERDAM	Map II	72	0	1994	Leasehold	Randstad	719
AMSTERDAM	Map III	49	49	1994	Leasehold	Randstad	520
AMSTERDAM	Java Eiland I	155	108	1996	Freehold	Randstad	2,324
AMSTERDAM	Java Eiland II	155	94	1996	Freehold	Randstad	1,891

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 2015
AMSTERDAM	Java Eiland III	118	73	1997	Freehold	Randstad	1,463
AMSTERDAM	Java Eiland IV	37	29	1997	Freehold	Randstad	489
AMSTERDAM	Java Eiland V	91	81	1997	Freehold	Randstad	1,363
AMSTERDAM	Java Eiland VI	70	67	1997	Freehold	Randstad	1,110
AMSTERDAM	Java Eiland VII	48	0	1997	Freehold	Randstad	571
AMSTERDAM	Java Eiland VIII	32	0	1996	Freehold	Randstad	737
AMSTERDAM	Borneo Eiland I	173	0	1998	Leasehold	Randstad	2,685
AMSTERDAM	Borneo Eiland II	207	164	1998	Leasehold	Randstad	2,623
AMSTERDAM	Koploper	176	87	2004	Leasehold	Randstad	4,385
AMSTERDAM	Koploper, offices	5	0	2004	Leasehold	Randstad	278
AMSTERDAM	Vaandeldrager	110	93	2004	Leasehold	Randstad	2,653
AMSTERDAM	Vaandeldrager, offices	0	0	2004	Leasehold	Randstad	194
AMSTERDAM	Winnaar	129	105	2004	Leasehold	Randstad	2,803
AMSTERDAM	Winnaar, offices	0	0	2004	Leasehold	Randstad	227
AMSTERDAM	De Heelmeesters I	98	114	2013	Leasehold	Randstad	1,551
AMSTERDAM	De Heelmeesters II	81	66	2013	Leasehold	Randstad	1,265
AMSTERDAM	De Heelmeesters, offices	0	0	2013	Leasehold	Randstad	453
AMSTERDAM	Overhoeks De Halve Maen	86	86	2014	Leasehold	Randstad	1,327
AMSTERDAM	Feniks Studenten	342	0	2014	Leasehold	Randstad	1,445
AMSTERDAM	Het Baken Starters	130	65	2014	Leasehold	Randstad	1,434
AMSTERDAM	Geinwijk I	66	0	1997	Leasehold	Randstad	641
ZUIDOOST							
AMSTERDAM	Geinwijk II	36	0	1997	Leasehold	Randstad	331
ZUIDOOST							
APELDOORN	De Heeze I	24	3	1980	Freehold	Mid East	228
APELDOORN	De Heeze II	10	0	1980	Freehold	Mid East	67
APELDOORN	De Heeze III	10	0	1980	Freehold	Mid East	67
APELDOORN	De Heeze IV	10	0	1980	Freehold	Mid East	68
APELDOORN	De Maten I	144	0	1982	Freehold	Mid East	1,387
APELDOORN	t Fort-Vlieger	20	0	2001	Freehold	Mid East	172
APELDOORN	t Fort-Hof	44	0	2001	Freehold	Mid East	411
APELDOORN	t Fort-Hof, parking	0	77	2001	Freehold	Mid East	13
APELDOORN	t Fort-Donjon	24	0	2001	Freehold	Mid East	205
APELDOORN	t Fort-Ruit	13	0	2001	Freehold	Mid East	120
ARNHEM	Molenbeke	37	37	2014	Freehold	Mid East	406
ASSEN	Peelo I	92	27	1981	Freehold	Non-core regions	733
BERKEL EN RODENRIJS	Parkwijk-Oost	72	72	2013	Freehold	Randstad	855
BREDA	BREDA	1	0	1965	Freehold	Brabantstad	4
DEURNE	Dunantweg	26	20	1989	Freehold	Non-core regions	284
DIEMEN	Noord VII	29	8	1989	Freehold	Randstad	369
DIEMEN	Noord I	20	20	1990	Freehold	Randstad	344

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 2015
DIEMEN	Noord II	54	54	1990	Freehold	Randstad	912
DIEMEN	Noord VIII	54	0	1990	Freehold	Randstad	471
DIEMEN	Noord X	108	14	1991	Freehold	Randstad	1,346
DIEMEN	Noord XI	22	0	1991	Freehold	Randstad	320
DIEMEN	West I	24	3	1992	Freehold	Randstad	261
DIEMEN	West II	45	6	1992	Freehold	Randstad	501
DIEMEN	West III	106	8	1993	Freehold	Randstad	1,354
DIEMEN	West IV	109	71	1993	Freehold	Randstad	1,291
DIEMEN	Noord XIII	36	4	1994	Freehold	Randstad	440
DIEMEN	Noord XV	44	0	1994	Freehold	Randstad	630
DIEMEN	Noord XIV I	24	24	1994	Freehold	Randstad	393
DIEMEN	Noord XIV II	10	10	1994	Freehold	Randstad	162
EDE GLD	Kraatsweg I	51	0	1980	Freehold	Mid East	509
EDE GLD	West Ede	116	0	1981	Freehold	Mid East	1,138
EDE GLD	De Laren	30	0	2015	Freehold	Mid East	320
EINDHOVEN	Gijzenrooi	55	40	1989	Freehold	Brabantstad	640
EINDHOVEN	Blixembosch	44	28	1989	Freehold	Brabantstad	537
GOUDA	Groenhovenpark	220	0	1983	Freehold	Non-core regions	2,138
GOUDA	Mammoet Oost	96	7	1983	Freehold	Non-core regions	1,077
GRONINGEN	Hoornse Meer III	104	48	1991	Freehold	Non-core regions	1,142
GRONINGEN	Hoornse Park	34	0	1992	Freehold	Non-core regions	397
GRONINGEN	A dwinger	24	0	2001	Freehold	Non-core regions	318
HAARLEM	Zuiderpolder I	72	4	1987	Freehold	Randstad	737
HAARLEM	Zuiderpolder II	48	0	1990	Freehold	Randstad	493
HAARLEM	Mauve I	24	24	2013	Freehold	Randstad	393
HAARLEM	Mauve II	50	57	2013	Freehold	Randstad	792
HAARLEM	Rosorum Residentie	0	23	2013	Freehold	Randstad	608
HELMOND	Mierlo Hout	41	37	1986	Freehold	Brabantstad	423
HELMOND	Brandevoort	60	0	2013	Freehold	Brabantstad	690
HENGEL OV	Hasseler Es	39	0	1982	Freehold	Non-core regions	336
HOEK VAN HOLLAND	Mercatorweg	33	4	1989	Leasehold	Randstad	344
HOOGVEEN	Hoogeveen	64	0	1982	Freehold	Non-core regions	434
HOOGLAND	De Ham	58	18	1989	Freehold	Randstad	627
HOOGVLIET ROTTERDAM	Endenhout	42	0	1988	Leasehold	Randstad	405
HOOGVLIET ROTTERDAM	Maaskwadrant	120	123	2003	Leasehold	Randstad	1,170
HUIZEN	De Hoftuin	28	28	2006	Freehold	Randstad	323
KATWIJK	't Duyfrak I	54	0	2010	Freehold	Randstad	733
KATWIJK	't Duyfrak II	42	42	2010	Freehold	Randstad	508
KOOG AAN DE ZAAAN	Westerkoog	151	0	1983	Freehold	Randstad	1,620

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 2015
LEIDSCHEENDAM	Heuvelzijde I	87	24	1997	Freehold	Randstad	1,383
LEIDSCHEENDAM	Heuvelzijde II	92	0	1997	Freehold	Randstad	1,275
LEIDSCHEENDAM	Heuvelzijde III	76	15	1998	Freehold	Randstad	856
LELYSTAD	De Tjalk	121	13	1984	Freehold	Non-core regions	987
LENT	Laauwik	22	0	2012	Freehold	Mid East	260
LENT	Park Lentseveld	26	0	2014	Freehold	Mid East	287
MAASTRICHT	Eyldergaard	63	63	1986	Freehold	Non-core regions	631
MAASTRICHT	Boschstraat Oost	196	0	1987	Freehold	Non-core regions	1,668
MAASTRICHT	Belvedere Haven	57	66	2008	Freehold	Non-core regions	631
MAASTRICHT	Belvedere Haven, retail	0	0	2008	Freehold	Non-core regions	45
MAASTRICHT	Cour Renoir I	73	105	2009	Freehold	Non-core regions	883
MAASTRICHT	Cour Renoir II	14	0	2009	Freehold	Non-core regions	161
NIEUWEGEIN	Fokkesteeg	78	0	1981	Freehold	Randstad	789
NIEUWEGEIN	Batau Noord I	176	16	1981	Freehold	Randstad	1,772
NIEUWEGEIN	Batau Noord II	64	0	1981	Freehold	Randstad	650
NIEUWEGEIN	Batau Noord III	40	0	1988	Freehold	Randstad	418
NIEUWEGEIN	Galecop I	36	0	1995	Freehold	Randstad	386
NIEUWEGEIN	Galecop II	36	0	1996	Freehold	Randstad	386
NUENEN	Langakker I	104	26	1983	Freehold	Brabantstad	991
NUENEN	Centrum Oost	59	10	1985	Freehold	Brabantstad	590
OOSTERHOUT NB	Dommelbergen II	32	3	1987	Freehold	Brabantstad	304
PIJNACKER	Boszoom	57	0	2015	Freehold	Randstad	666
PIJNACKER	MarquantPlus	78	78	2015	Freehold	Randstad	777
RIJSWIJK	De Strijp	30	0	1996	Freehold	Randstad	288
ROERMOND	Oranjelaan	87	40	1983	Freehold	Non-core regions	791
ROSENDAAL	Tolberg	40	16	1986	Freehold	Non-core regions	378
ROSENDAAL	Watermolen	20	20	1987	Freehold	Non-core regions	208
ROSMALLEN	De Vlondertuinen	25	0	2015	Freehold	Brabantstad	281
ROTTERDAM	Keizershof	44	2	1984	Leasehold	Randstad	505
ROTTERDAM	Oosterflank	102	0	1985	Leasehold	Randstad	1,058
ROTTERDAM	Zevenkamp IV	126	0	1985	Leasehold	Randstad	1,295
ROTTERDAM	Noordelijk Niertje	112	68	1988	Leasehold	Randstad	1,821
ROTTERDAM	Prinsenland I	138	0	1991	Leasehold	Randstad	1,527
ROTTERDAM	Prinsenland II	99	0	1990	Leasehold	Randstad	1,027
ROTTERDAM	Oostplein	69	46	1991	Freehold	Randstad	856
ROTTERDAM	Oostplein, retail	0	0	1991	Freehold	Randstad	50
ROTTERDAM	Grindweg	38	38	1992	Leasehold	Randstad	736
ROTTERDAM	Prinsenland III	70	68	1994	Leasehold	Randstad	830

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 2015
ROTTERDAM	Prinsenland IV	18	18	1994	Leasehold	Randstad	215
ROTTERDAM	Kop van Zuid I	19	19	1995	Leasehold	Randstad	320
ROTTERDAM	Kop van Zuid II	311	175	1995	Leasehold	Randstad	3,260
ROTTERDAM	Prinsenvakbuurt	60	8	1995	Leasehold	Randstad	715
ROTTERDAM	De Witte Keizer	107	138	2005	Freehold	Randstad	1,686
SASSENHEIM	Wasbeek	64	10	1982	Freehold	Randstad	683
THE HAGUE	Bomenbuurt	42	0	1991	Freehold	Randstad	439
THE HAGUE	Haags Modehuis	74	0	1998	Freehold	Randstad	801
THE HAGUE	CentreCourt	122	0	2002	Freehold	Randstad	1,471
THE HAGUE	Riethof I	56	0	2003	Leasehold	Randstad	672
THE HAGUE	Riethof II	60	60	2003	Leasehold	Randstad	618
THE HAGUE	Prinsenhof	205	0	2006	Leasehold	Randstad	3,036
THE HAGUE	Landouwen I	29	29	2006	Freehold	Randstad	333
THE HAGUE	Landouwen II	29	29	2006	Freehold	Randstad	333
THE HAGUE	Landouwen III	29	29	2006	Freehold	Randstad	333
THE HAGUE	Landouwen IV	29	29	2006	Freehold	Randstad	333
THE HAGUE	Landouwen V	29	29	2006	Freehold	Randstad	333
THE HAGUE	Cityprince	50	50	2015	Freehold	Randstad	560
UTRECHT	3 FNV	3	0	1940	Freehold	Randstad	19
UTRECHT	Langerak I	10	0	1999	Freehold	Randstad	104
UTRECHT	Langerak II	20	0	1999	Freehold	Randstad	205
UTRECHT	Parkwijk Noord	89	61	2002	Freehold	Randstad	1,091
UTRECHT	Parkwijk Zuid veld 22	91	89	2003	Leasehold	Randstad	993
UTRECHT	Parkwijk Zuid veld 25	70	70	2003	Leasehold	Randstad	742
UTRECHT	Terwijde 14/15 I	38	76	2004	Freehold	Randstad	396
UTRECHT	Terwijde 14/15 II	67	134	2004	Freehold	Randstad	703
UTRECHT	Langerak III	80	80	2005	Leasehold	Randstad	953
UTRECHT	Dichterswijk	124	123	2005	Leasehold	Randstad	1,811
UTRECHT	Parkwijk Het Zand	98	0	2005	Leasehold	Randstad	1,239
UTRECHT	Tuinpark I	74	71	2006	Leasehold	Randstad	971
UTRECHT	Tuinpark II	187	197	2006	Leasehold	Randstad	2,274
UTRECHT	Boemerang, offices	0	18	2006	Leasehold	Randstad	217
UTRECHT	De Bongerd I	33	2	2009	Leasehold	Randstad	415
UTRECHT	De Bongerd II	38	38	2010	Leasehold	Randstad	459
UTRECHT	Terwijde Zuid	100	106	2009	Leasehold	Randstad	1,296
UTRECHT	Meyster's Buiten I	25	25	2015	Leasehold	Randstad	281
UTRECHT	Meyster's Buiten II	24	24	2015	Leasehold	Randstad	326
UTRECHT	Veemarkt I	45	146	2015	Leasehold	Randstad	682
VALKENSWAARD	Schepelweyen	45	22	1982	Freehold	Non-core regions	433
VALKENSWAARD	Brouwerhof Zuid	116	4	1983	Freehold	Non-core regions	1,042
VELDHOVEN	Heikant Oost III	58	6	1988	Freehold	Brabantstad	585
VELSERBROEK	B3	46	4	1989	Freehold	Randstad	506
VELSERBROEK	Bastion	110	0	1992	Freehold	Randstad	1,321

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 2015
VENLO	Hagerhof West	96	16	1980	Freehold	Non-core regions	815
VENLO	Residence Maasweerd	47	10	1983	Freehold	Non-core regions	397
VENLO	Craneveld	35	35	1986	Freehold	Non-core regions	375
WIJK BIJ DUURSTEDE	De Horden	76	2	1980	Freehold	Non-core regions	813
ZAANDAM	Westerwatering IV	24	24	1990	Leasehold	Randstad	333
ZOETERMEER	Buytenwegh de Leyens I	81	0	1984	Freehold	Randstad	862
ZOETERMEER	Buytenwegh de Leyens II	50	0	1985	Freehold	Randstad	564
ZOETERMEER	Stadscentrum	71	0	1987	Freehold	Randstad	676
ZOETERMEER	Stadscentrum, retail o	0	0	1987	Freehold	Randstad	56
ZOETERMEER	Rokkeveen	91	9	1988	Freehold	Randstad	998
ZOETERMEER	Rokkeveen Rad	244	0	1989	Freehold	Randstad	2,303
ZWIJNDRECHT	Heer Oudelands Ambacht II	38	11	1987	Freehold	Non-core regions	401
ZWOLLE	Stadshagen I	33	0	1998	Freehold	Mid East	296
ZWOLLE	Stadshagen II	138	0	1998	Freehold	Mid East	1,244
ZWOLLE	Stadshagen III	64	0	1999	Freehold	Mid East	475
ZWOLLE	Stadshagen IV	12	0	2000	Freehold	Mid East	127
ZWOLLE	Stadshagen V	21	0	2000	Freehold	Mid East	172
ZWOLLE	Stadshagen Haven	37	0	2002	Freehold	Mid East	443
ZWOLLE	Bewegingshuis	93	95	2005	Freehold	Mid East	988
ZWOLLE	Schoolwoningen	24	30	2005	Freehold	Mid East	332
ZWOLLE	Havezate	57	0	2013	Freehold	Mid East	631
		14,455	5,605			Totaal	171,180

