Annual Report 2015

Bouwinvest Dutch Institutional **Office** Fund N.V.

Bouwinvest

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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

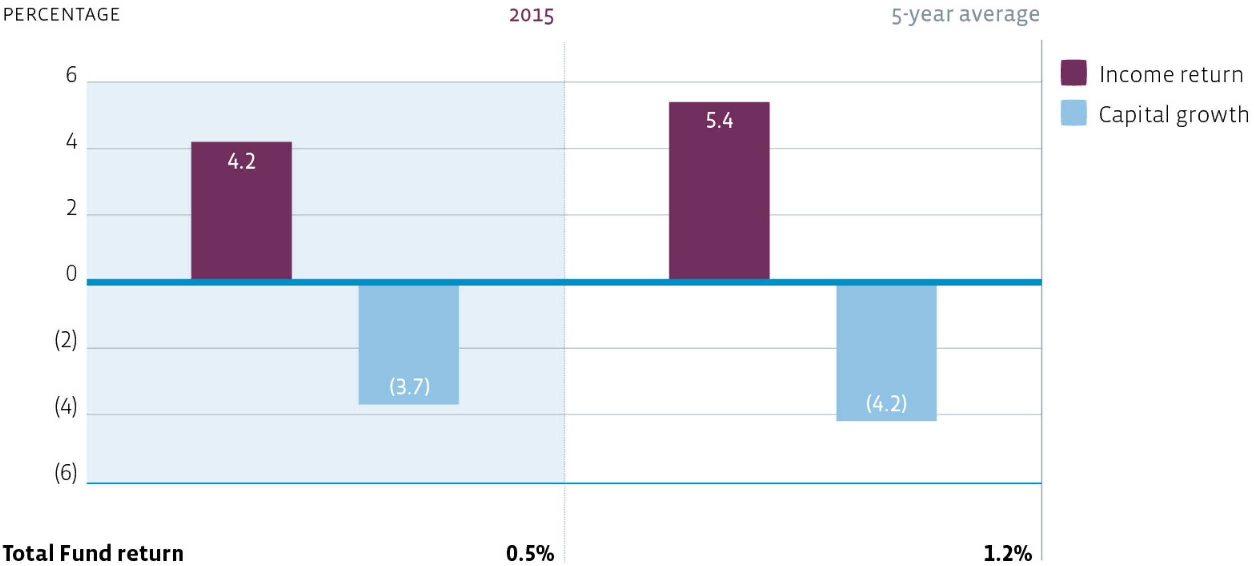
- Accelerated optimisation of the portfolio
- Dividend return of 4.2%
- Sale of 15 non-core assets
- Started upgrade of Plaza in WTC The Hague
- Completion of redevelopment Valina offices in Amsterdam
- First foreign investor as French insurance firm invests € 10 million through advisor Amundi Real Estate
- Total new and renewed leases of 43,353 m^2 and an annual rent of € 6.5 million
- Rent in arrears of 1.2%
- GRESB 'Green Star' status for second successive year

Performance per share	2015	2014
Dividends (in €)	88.22	129.43
Net earnings (in €)	15.06	3.01
Net asset value IFRS (in €, at year-end)	2,038.11	2,113.01
Net asset value INREV (in €, at year-end)	2,059.70	2,140.47

Statement of financial position	2015	2014
Total assets	567,043	579,982
Total shareholders' equity	554,723	565,113
Total debt from credit institutions	-	-

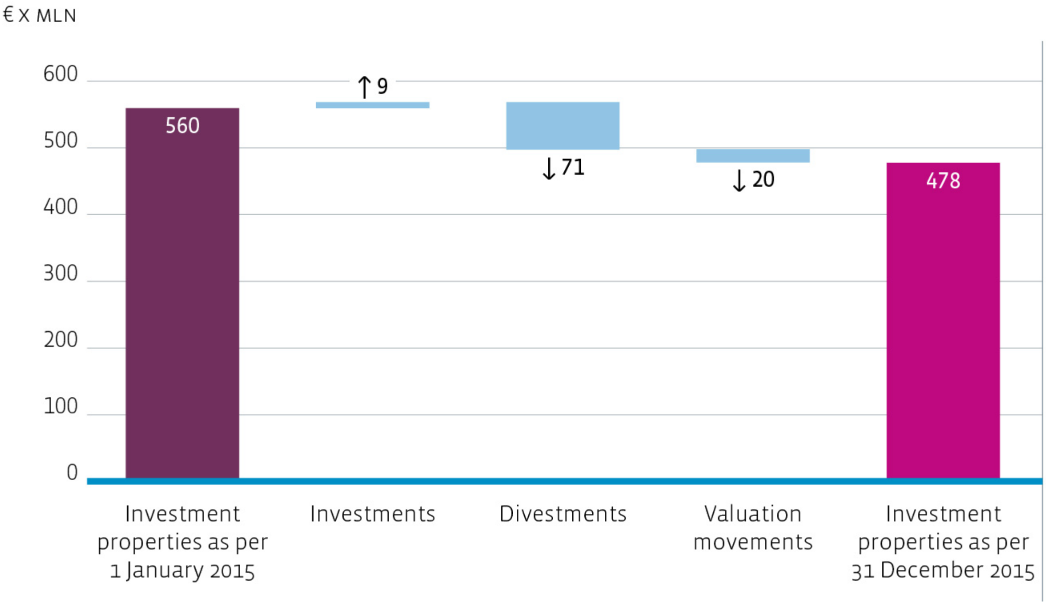
Result	2015	2014
Net result	4,034	612
Total Expense Ratio (TER)	0.58%	0.54%
Real Estate Expense Ratio (REER)	2.93%	2.25%

Fund return



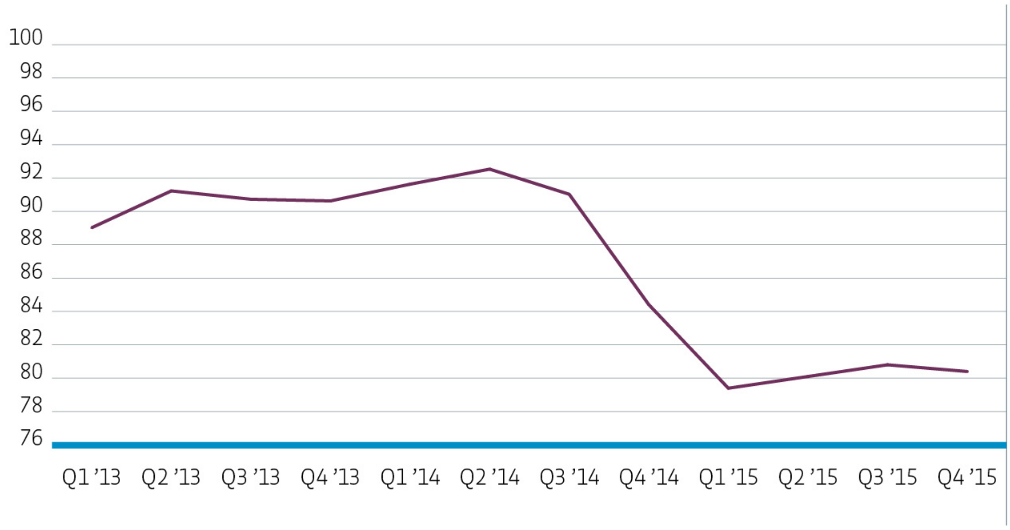
Property performance (all properties)

Portfolio movements



Financial occupancy rate

PERCENTAGE



Portfolio figures	2015	2014
Investment property	478,197	553,353
Investment property under construction	-	6,201
Gross initial yield	6.4%	8.2%
Total number of properties	16	30
Average monthly rent per square metre (in €)	178	169
Financial occupancy rate (average)	80.1%	89.9%
Sustainability (A, B or C label)	66.6%	85.5%

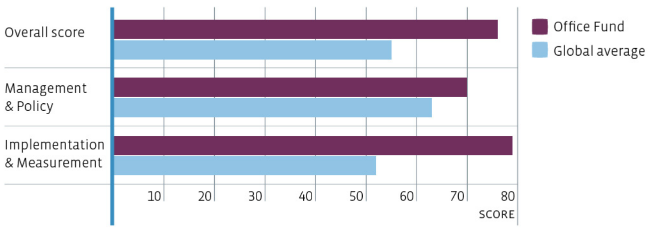
CSR key data

Fund sustainability performance

GRESB Green Star status

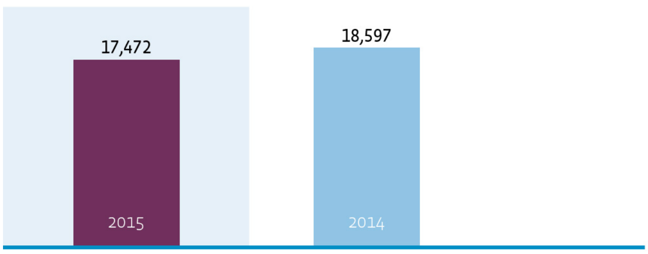
The Fund's performance in the GRESB benchmark

Global Real Estate Sustainability Benchmark 2015

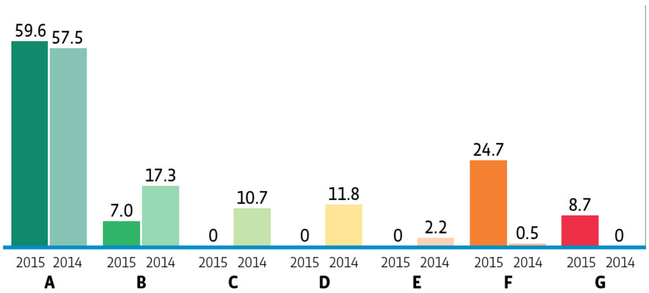


Energy consumption

Energy consumption (like-for-like, MWH)

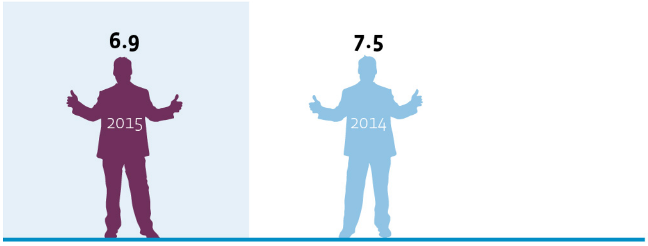


Distribution of energy labels by labelled floor space (m²) in %



Tenant engagement

Satisfaction scores tenant engagement survey



Participant rate tenant engagement survey

Sustainability highlights

- GRESB 'Green Star' classification for second successive year
- BREEAM InUse certification in progress for Arthur van Schendelstraat
- Full portfolio coverage energy certificates
- Linking up Beurshal WTC Rotterdam to adjacent thermal energy storage system
- 37% reduction in energy consumption Olympisch Stadion (Parking) with lighting system

Key facts

- 66.6% awarded a green energy label (A, B or C label)
- Average energy index 1.25
- Energy consumption fell by 6.0%

Key information over five years

All amounts in € thousands unless otherwise stated

	2015	2014	2013	2012	2011
Statement of financial position					
Total assets	567,043	579,982	477,308	509,516	538,794
Total shareholders' equity	554,723	565,113	469,201	501,187	531,765
Total debt from credit institutions	-	-	-	-	-
Performance per share					
Dividends (in €)	88.22	129.43	136.91	150.20	149.03
Net earnings (in €)	15.06	3.01	(6.29)	3.42	151.44
Net asset value IFRS (in €, at year-end)	2,038.11	2,113.01	2,341.19	2,505.94	2,658.82
Net asset value INREV (in €, at year-end)	2,059.70	2,140.47	2,341.69	2,506.94	2,660.32
Result					
Net result	4,034	612	(1,260)	683	30,289
Total Expense Ratio (TER)	0.58%	0.54%	0.58%	0.54%	0.57%
Real Estate Expense Ratio (REER)	2.93%	2.25%	1.70%	1.69%	1.92%
Fund return (% ROE)					
Income return	4.2%	5.7%	5.6%	5.9%	5.7%
Capital growth	(3.7)%	(5.6)%	(5.9)%	(5.8)%	0.1%
Total Fund return	0.5%	0.1%	(0.3)%	0.1%	5.8%
Portfolio figures					
Investment property	478,197	553,353	445,979	473,249	514,624
Investment property under construction	-	6,201	-	-	1,068
Gross initial yield	6.4%	8.2%	7.9%	7.6%	7.5%
Total number of properties	16	30	25	25	26
Average monthly rent per square metre (in €)	178	169	180	182	179
Financial occupancy rate (average)	80.1%	89.9%	90.4%	91.4%	92.3%
Sustainability (A, B or C label)	66.6%	85.5%	79.9%	85.5%	80.6%
Property performance (all properties)					
Direct property return	4.9%	6.6%	6.7%	6.8%	6.5%
Indirect property return	(3.4)%	(5.3)%	(6.1)%	(5.8)%	0.1%
Total property return	1.4%	1.3%	0.7%	1.0%	6.6%
IPD Property Index office real estate (all properties)					
Direct return IPD Property Index	6.0%	6.8%	6.8%	6.5%	7.0%
Indirect return IPD Property Index	(1.8)%	(3.3)%	(9.4)%	(8.5)%	(4.6)%
Total return IPD Property index	4.0%	3.3%	(3.3)%	(2.5)%	2.2%

The Office Fund at a glance

In 2015, the Bouwinvest Dutch Institutional Office Fund accelerated the excecution of its optimisation strategy, most notably through the sale of 15 non-core assets, with 14 of these sold as a portfolio. The Fund's intensified focus on multi-use office buildings in prime locations in core regions puts it in a good position to provide stable and predictable direct returns.

Fund characteristics

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

Fund management

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

Our vision of the Dutch office occupier market

Widespread construction before the last major financial crisis has left the Dutch office market with an oversupply of office space. Supply remains substantial, with vacant space of around 8.3 million m² lfa, or approximately 16% of total office space. On top of this, occupier demand for traditional Dutch office space is generally low, as companies aim to create a more flexible working environment. However, multifunctional, easily accessible, sustainable offices in prime locations in the big cities remain highly sought after. We believe that multi-functional environments, combining flexible working spaces, business networking opportunities, meeting places and leisure facilities will continue to meet today's and tomorrow's office requirements.

Optimisation strategy

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

The Fund's strategy focuses on:

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

The office portfolio at a glance

Portfolio characteristics

- 16 Dutch office properties at year-end 2015 (€ 478 million, 212,995 m²)
- Core region policy with a focus on prime locations in the four biggest cities
- Focus on multi-tenant assets

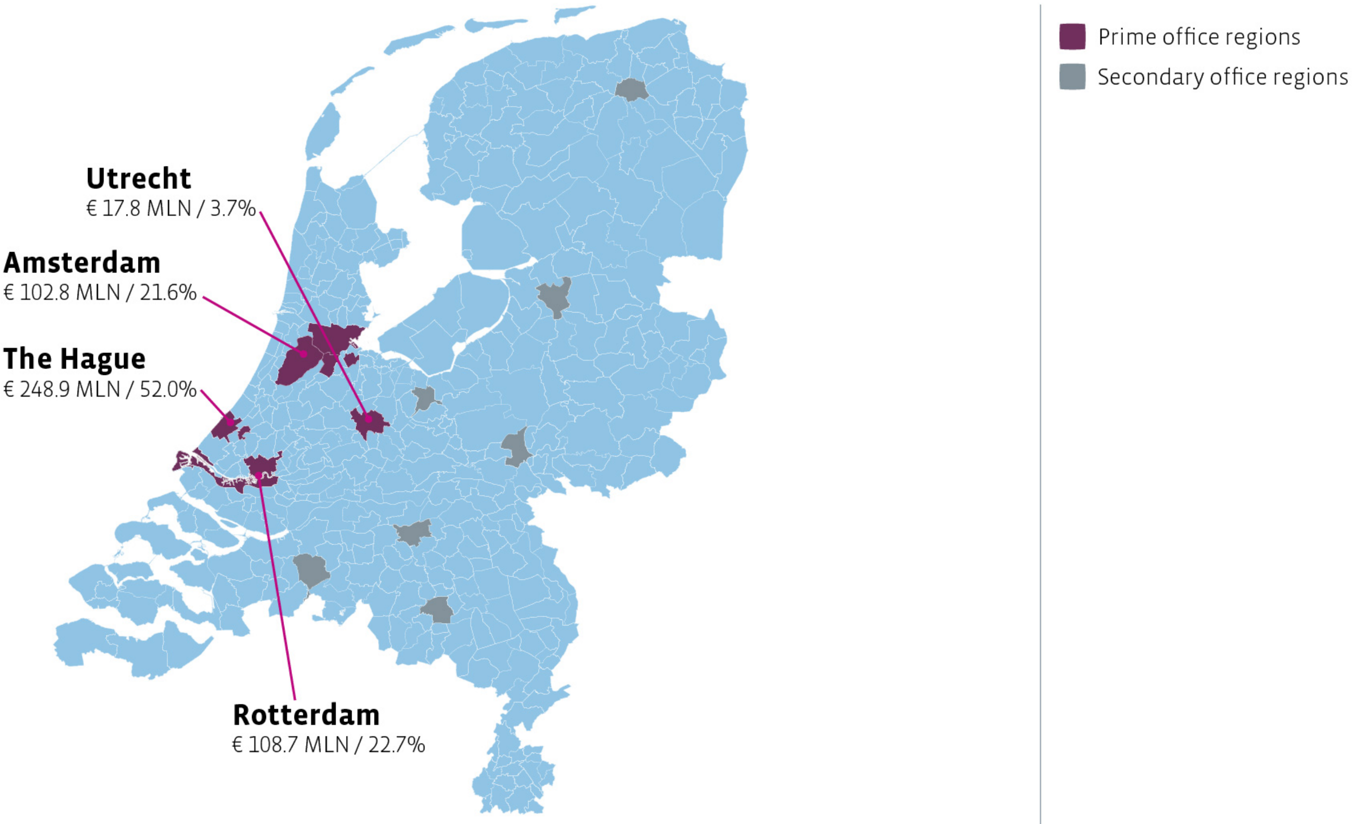
- GRESB Green Star for second successive year

Core region policy

The Fund has four primary core regions closely correlated to the trends towards urbanisation and a knowledge-based economy. These primary core regions are Amsterdam, Rotterdam, The Hague and Utrecht. The remaining nine regions are considered secondary.

The target is to have 80% of the total portfolio value invested in properties in these core regions. This currently stands at 100%.

The Office Fund's core regions based on book value



Major segment

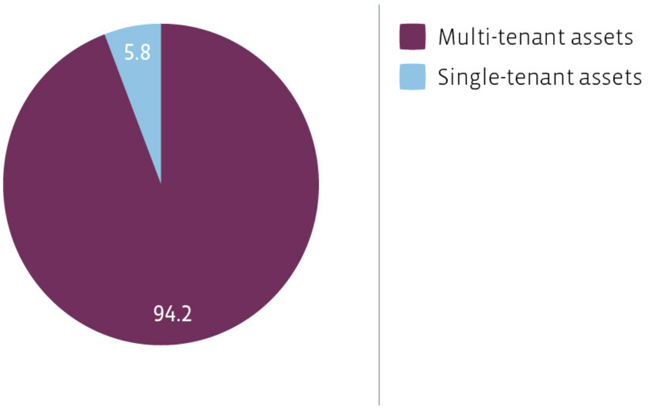
Multi-tenant assets

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

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

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

PERCENTAGE



Selection of principal properties

WTC
The Hague

WTC
Rotterdam

Citroën buildings
Amsterdam

CentreCourt
The Hague

Olympic Stadium
Amsterdam

De Lairessestraat
Amsterdam

Valina
Amsterdam

Maasparc
Rotterdam

Arthur van Schendelstraat
Utrecht

Message from the chairman

Dear stakeholders,

Last year was very much a year of transition for the Office Fund. The performance may seem a little disappointing, we failed to outperform the IPD index in 2015, but we took some significant steps towards achieving a portfolio composition that will truly reflect the office market of the future. One of the reasons for the underperformance this year was the devaluation of the CentreCourt building in The Hague, due largely to the fact that there is a risk that one of the current tenants, the Dutch government, will vacate the premises in 2017 or 2018. That said, we are still very positive on this building and we have already started looking for new tenants and planning investments in further improvements.

The office real estate market is currently undergoing a major shakeout as investors and office users look for the right balance. We have to accept that there is simply too much office space and that much of the current stock will never be used as office space again. A good deal of the current stock will either be demolished or put to some other use and this will take time. We expect this process to continue in the years ahead.

At the same time, there will always be a need for office space. The question is what kind of office space will be needed and where will it be in the future? We are firmly convinced that the best and most popular offices of the future will be in multi-tenant buildings in multifunctional environments in the four or five biggest cities in the Netherlands. This is due to the ongoing urbanisation trend. And in part to the demands of modern working environment, or the so-called New World of Work. Companies and people now need more flexibility. Employees can now work in a hotel, at home or at the office. But we believe that companies will always need a central point where people can meet each other face-to-face, as that is the only way to come up with the best creative and innovative ideas.

These offices also need to be in inspiring environments, which we believe will be multi-tenant buildings with additional facilities, such as restaurants, meeting rooms, parking facilities and good public transport links. And they will be in the kind of dynamic environments you find in centres of the bigger cities, or places like Amsterdam's Zuidas district. This is why we still believe in CentreCourt; it is a multi-tenant building in a multifunctional environment with excellent transport links.

And that is exactly where we are focusing with the Office Fund. We increased that focus last year, with the disposal of a package of office buildings we no longer see as core assets. And we invested a great deal of time and money in upgrades to a number of key properties in the portfolio, especially the World Trade Centres in The Hague and Rotterdam. Plus we worked on the plans for the Citroën buildings in Amsterdam. These are properties well worth investing in, because they are the future of the office sector: multi-tenant buildings in multifunctional and dynamic locations. This is how we build value in our portfolio, by investing in the right properties and then making them as future-proof as possible.

‘ The Fund’s optimisation has resulted in a portfolio composition that truly reflects the office market of the future ’

Dick van Hal,
Chairman of the Board of Directors

Once we have completed the optimisation of our office portfolio, we will return to solid direct returns, with rent increases around inflation rate, due to our focus on sustainable buildings in excellent locations. And of course our investments will boost indirect returns. Thanks to our continued commitment to this sector, we are one of the very few office funds available for investors who want to invest in a portfolio of Dutch offices without leverage, with a long-term focus, high sustainability requirements, and outstanding governance. Because we invest in our buildings, in the surrounding environment, in local infrastructure and we plan to stay invested for the next 20 years or more. This is why local authorities find us such an interesting partner.

We will see a rebalancing of the office market in the next few years, and our portfolio will be a very good reflection of that new balance. We will see a lot of office space disappear or change use in the shakeout, while top-notch offices in the right locations will be even more popular. But to take advantage of the opportunities in this market, you have to be a little anti-cyclical. If you wait too long, you miss the best opportunities, like the WTC in Rotterdam. Being ahead of the market puts you in a much better negotiating position for high-quality assets.

Many investors are still reluctant to invest in this market until they see where it is going. We believe we know where it is going and some investors share our faith in this market. This is something attested to by the fact that we welcomed our first foreign investor in the Office Fund last year. Major institutional investors – Dutch and international – are regaining their faith in the office market and once they do they will want to invest in solid portfolios of future-proof offices. That is exactly the kind of portfolio we will have.

I would like to close by thanking everyone who worked on the office 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 Office

S.F. (Bas) Jochims (1977, Dutch)

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

Market developments and trends

Economy and demographics

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 1.0% annually. Inflation is expected to remain low. The improved economic outlook creates a solid foundation for the Dutch real estate market.

Randstad 'winner' of changing demographics

The number of inhabitants in the Netherlands will continue to grow in the decades ahead. The current 16.9 million people will grow to 17.2 million in 2020. The majority of the growth will be in people above the age of 65. Bouwinvest focuses on Dutch regions with above-average demographic (and economic) growth. The major cities in the Randstad conurbation will see relatively higher growth, in line with the urbanisation trend.

Trends and developments in the office market

Fundamentals improve

Demand for office space is linked to economic growth and employment levels, so is very sensitive to economic cycles. After several lean years, economic growth has picked up and employment levels are rising in the Netherlands. Prospects for the office market now look promising, as rising employment levels will stimulate quantitative demand for office space in the coming years.

Oversupply on national level

In the early years of this century, the economic climate in the Netherlands was largely positive and employment growth was strong. This stimulated demand for office space and meeting this demand led to a major expansion of Dutch office stock. Many of these office development activities were 'at risk', meaning that they were built without any certainty that they would have a tenant or tenants. As a result of this widespread construction, the current Dutch office market now has to deal with an oversupply of office space, which is reflected in the long-term vacancy rate of 16% for the national office market.

Major differences between regions and locations

However, there are substantial regional differences in employment and consequently in the demand for office space. The highest demand for office space is concentrated in regions with employment well above the national average. Amsterdam, Utrecht, Rotterdam and The Hague, all located in the Randstad urban conurbation, are the most important cities. As the ageing population will also affect employment, this will exacerbate the regional differences in the office market. The Randstad will be less affected by this demographic trend. In this region, the continued availability of employment opportunities will lead to a steady flow of young people to urban centres, especially in the cities of the Randstad.

Multifunctional, multimodal and multi-tenant
Prime office locations include offices that are high-quality and multi-tenant, with excellent accessibility (by road and by public transport), located in regions with high employment. The concentration of end users in these multifunctional and multimodal accessible locations is leading to an increasing differentiation in the office market. While the market for desirable locations is stable or improving, there is also a group of locations that are gradually losing tenants. These are largely the opposites of the office locations referred to above: mono-functional, sub-optimally accessible areas with obsolete properties. This frequently involves motorway parks, or office locations in the satellite towns of the G4 cities (Amsterdam, The Hague, Rotterdam and Utrecht). This polarisation trend among occupiers and investors is expected to continue in the next few years.

Flexible use of office workplaces
The growing practice of working from various operating bases, rather than one fixed workplace, is one of the main trends in the Dutch office market. The main drivers of this trend are improved IT, the desire for cost cutting and increased traffic congestion. This has led to growing demand for office space located in urban areas, near public transport links. Multi-tenant office space is also increasingly popular, since tenants are looking for smaller office spaces throughout the Randstad, offering employees various operating bases. This flexible use of office workplaces is expected to remain a major trend in the Netherlands. This will lead to rising demand for multi-tenant office buildings located in urban areas. An additional benefit of multi-tenant office complexes is that they are less sensitive to economic fluctuations.

Sustainability
An increasing number of corporate tenants set great store by the environmental sustainability of their office environments. They also value social sustainability, such as pleasant areas where people enjoy meeting. Sustainable construction is often an integral part of the ambition: CO_2 neutrality is a frequent requirement for newly-developed offices, as well as high energy efficiency demands for upgrades or refurbishments of existing office buildings. As a result, various construction and real estate-related parties in the Netherlands have now entered into partnerships that focus on sustainable building. For example, The Dutch Green Building Council (DGBC) has developed a system to measure the sustainability of buildings. Additionally, the Association of Institutional Property Investors in the Netherlands (IVBN) has developed guidelines for investments in sustainable buildings.

Focus and cooperation, excellent climate for transformation of office space
Developers, investors and local authorities are now making clear choices for 'winning' office locations, where investments and developments are focused. Government policy is aligned with market input and public-private cooperation is seen as a key factor in urban regeneration. At the same time, the climate for the transformation of existing (or former) offices is excellent, as the public and private sectors agree that transforming office space into residential property could help to alleviate the current oversupply. Developers and investors are now joining forces and are working with local authorities to identify and redevelop office space into residential units, such as student accommodation and starter homes for the rapidly growing number of single-person households.

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

Healthier outlook for central locations in big cities
Historically, offices located in the centres of big cities have shown the highest average positive growth in value. Over the coming decade, those offices are also expected to deliver above-average performance, with an improved supply/demand ratio, especially as these tend to match trends such as the growing demand for multifunctional, multi-user, flexible office space and sustainability more effectively.

Prime assets attractively priced, yields still attractive

The overall weak fundamentals were offset by the market's continued 'flight to quality', resulting in increasing competition for prime assets. Rental contribution to capital growth will be limited in the next few years. Despite a continued hardening of prime yield levels in Amsterdam, where yields fell to 5.5%, prime yields are still relatively attractive, certainly when compared to fixed income investments. The yield gap with the risk-free rate is still high. Prime yield levels in Amsterdam are also attractive when compared to other international core markets, such as London, Paris or Munich. On the Dutch market, a large proportion of invested capital is focused on Amsterdam, with strong interest in Rotterdam, The Hague and Utrecht. Continued interest in prime assets will continue to drive yields down, and investors may be forced to consider second tier cities and attractively priced secondary locations.

Implications for the Office Fund

- Continuing focus on multifunctional locations with excellent transport links
- Active acquisition strategy focusing on central locations in the four big cities of the Randstad
- Divestment of non-core assets has freed up funds for investment and future acquisitions
- Strong focus on the enhancement of existing core assets
- Active approach to improve energy efficiency and sustainability

The Fund's optimisation strategy

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

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

Strategic actions in 2015

- Divestment of 15 non-core assets
- Renovation of the Plaza at WTC The Hague
- Preparations for the redevelopment of the Citroën buildings in Amsterdam
- Reorganisation of the property management for WTC Rotterdam
- Continued active asset management approach led to extended leases with major tenants
- Continued roll-out of smart energy partnerships and tools
- Partnerships with councils and corporate sector to improve and promote business districts
- Investment in property upgrades to support new lettings

Portfolio developments 2015 in perspective

Portfolio composition at year-end 2015:

- 16 properties across the Netherlands
- 212,995 m² of lettable floor space
- Total value investment property € 478 million

Diversification guidelines and investment restrictions

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

Diversification guidelines	Current portfolio	Conclusion
≥ 80% of investments invested in core regions	100.0% in core regions	Compliant
≥ 90% of investments invested in low or medium risk categories	100.0% in low and medium risk	Compliant
Investment restrictions when the total investments of the Fund are › € 750 million		
‹ 15% invested in single investment property	There are two investment properties exceeding 15% (*)	N/A
‹ 10% invested in non-core office properties	7.9% concerns non-core office properties (2 public parking assets)	Compliant
‹ 10% pre-finance acquisitions	There are no investments under construction	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

(*) The total value of investment property in the Fund is € 478 million, so the restriction is not yet applicable.

Investments, divestments and redevelopments

In 2015, the fund divested a portfolio of non-core assets for € 70.5 million, which was a major step in the optimisation of the Fund's portfolio. in the same period, the Fund invested a total of € 9.6 million in redevelopments, renovations and sustainability upgrades.

Acquisitions

The Fund made no acquisitions in the year under review.

Divestments

The Fund divested 15 non-core assets, of which one was a single asset transaction in February (Brabantse Poort, Nijmegen), while 14 assets were sold as a portfolio in December. The wall of money entering the Dutch market, largely from foreign investors, made it an opportune time to accelerate the Fund's divestment plans for the coming years. This divestment effectively enabled the Fund to optimise the portfolio in one fell swoop and we do not foresee any further divestments in the foreseeable future, unless the pricing of any offer sufficiently attractive. Earlier in 2015, Brabantse Poort in Nijmegen was sold to neighbouring owner and occupier Bovemij.

Divestments

Asset	City	m^2
Maincourt	AMSTERDAM	5,247
Maasplaza	DORDRECHT	4,566
Schutterveste	LEIDEN	5,883
De Geusselt	MAASTRICHT	6,879
De Geusselt	MAASTRICHT	4,390
De Geusselt	MAASTRICHT	11,012
Brabantse Poort	NIJMEGEN	5,848
De Witte Keizer	ROTTERDAM	3,221
Eastpoint	ROTTERDAM	4,929
Prinsenland III	ROTTERDAM	1,296
ZEN Building	UTRECHT	5,953
Europe Palace	ZOETERMEER	11,296
Cultuurhuis	ZWOLLE	4,443
Schoolkantoren	ZWOLLE	1,720
Schoolkantoren	ZWOLLE	1,720

Optimising the risk-return profile

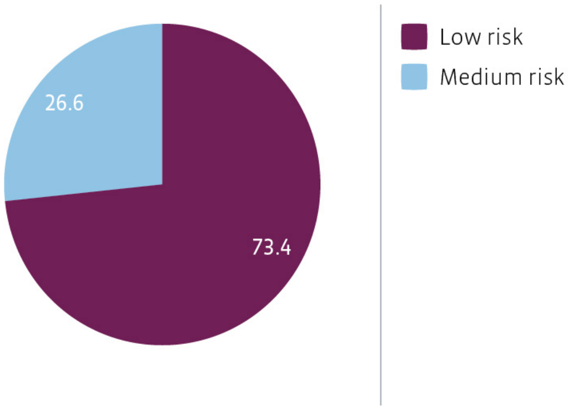
In terms of risk diversification, at least 90% of the investments must be low or medium risk.

The target risk and the actual risk allocation as at year-end 2015 are shown in the figure below. Every year, all properties are assessed separately. The divestment of 15 non-core office buildings resulted in the elimination of the high-risk category. As a result, the Fund was classified as 100% low to medium risk and as such was consistent with the framework of the Fund conditions.

Future redevelopment investments related to the WTC Rotterdam and Citroën buildings will further lower the risk profile of the Fund.

Portfolio composition by risk category based on book value

PERCENTAGE



Diversification

Focus on central locations in core regions

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

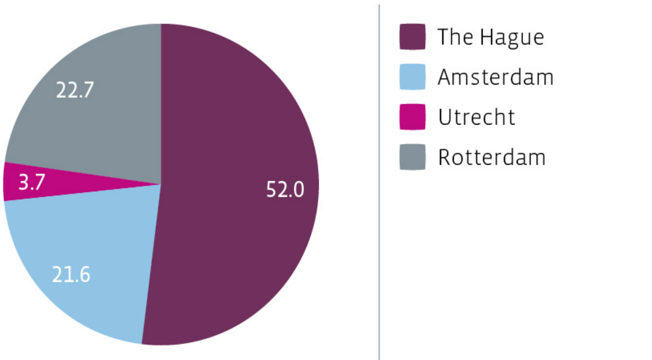
- Population growth
- Employment opportunities
- Development in stock
- Vacancy rates
- Volatility of value development

At year-end 2015, 100% of the Fund's assets were located in the four prime office regions; Amsterdam, Rotterdam, The Hague and Utrecht. The divestment of 15 non-core assets led to the elimination of investments in both non-core and secondary core regions.

The 2014 acquisitions in Amsterdam and Rotterdam improved the diversification, reducing the share of the portfolio in The Hague.

Portfolio composition by core region based on book value

PERCENTAGE



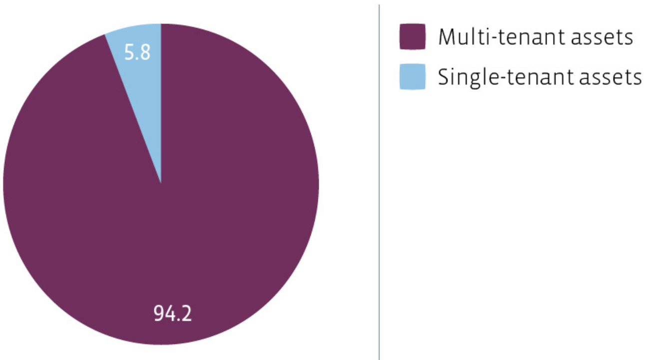
Focus on multi-tenant, multifunctional, multimodal office concepts

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

The divestment of single tenant assets Maincourt (Amsterdam) and Europe Palace (Zoetermeer) increased the share of multi-tenant assets in the portfolio composition to 94.2% (93.2% in 2014).

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

PERCENTAGE

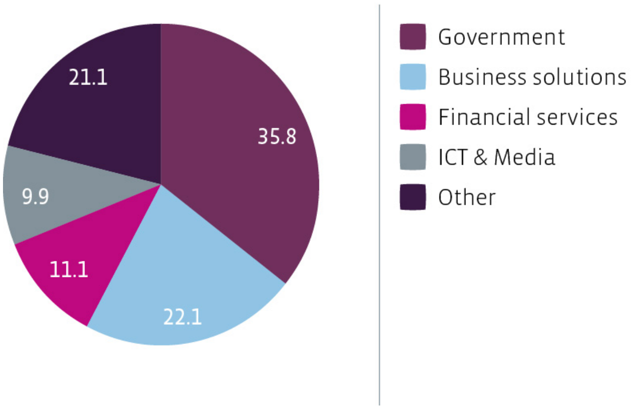


Tenant mix

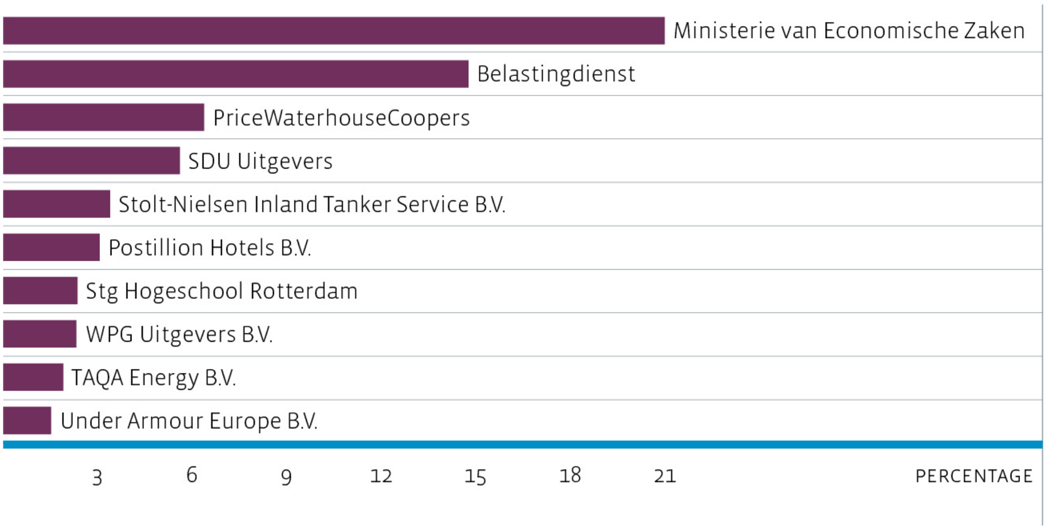
All tenants are considered to have a low debtors risk. The top ten tenants account for a total of 62.4% (2014: 53.0%) of the theoretical rent. The Fund negotiated leases with a number of new and existing tenants in 2015, closing leases for 33,965 m² of office space and annual rent of € 4.2 million. We maintain close relationships with all tenants to ensure satisfied customers.

Portfolio composition by tenant sector as a percentage of rental income

PERCENTAGE



The Office Fund's top 10 tenants



Another consequence of the divestment of 15 non-core assets is that Bouwinvest, Nationale Politie and DHL Finance Service no longer belong to the top 10 tenants. New tenant WPG Uitgevers, which leases all of the redeveloped Valina office buidling (Amsterdam) is new in this top 10. Stg Hogeschool Rotterdam expanded its leased spaces and has risen in the top 10.

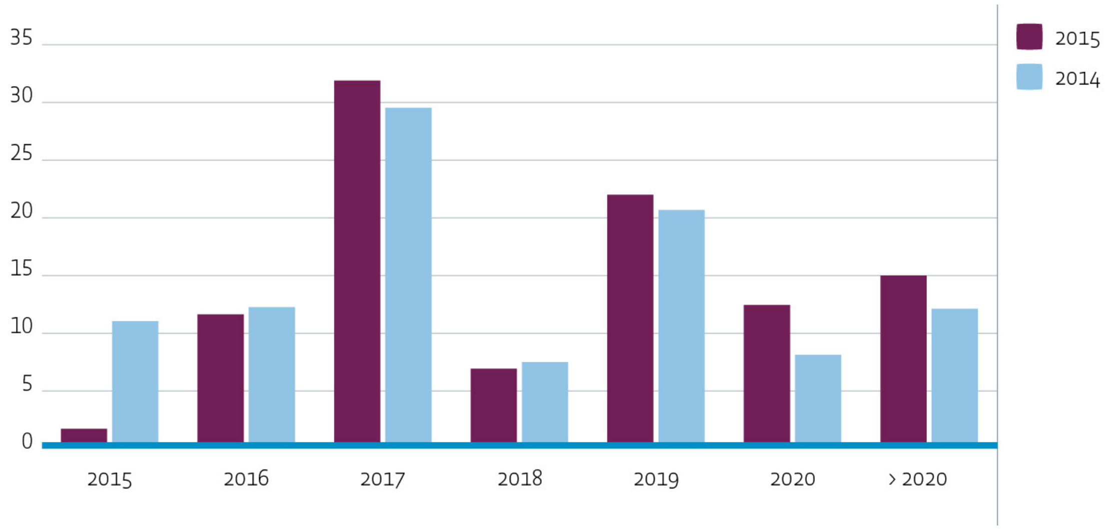
Expiry dates

The relatively high percentage of expiry dates in 2017 and 2019 is a result of the potential termination of leases with two large tenants. The average remaining lease term stood at 3.2 years, marginally lower than the 3.8 years at year-end 2014.

Close relationships with tenants enable the Fund to propose lease extensions at the right time. However, lease endings are taken into account and the Fund anticipates this to attract new tenants.

Expiry rates as a percentage of rental income

PERCENTAGE



Active asset management – building value

Bouwinvest devotes a great deal of attention to maintaining high occupancy levels by developing close relationships with tenants and property managers. Thanks to its excellent customer focus, knowledge, experience and a broad network, the Fund is able to respond (pro-actively) to users' changing requirements for office space. Thanks to this pro-active approach, in-house expertise and a focus on sustainable partnerships with public and private parties, Bouwinvest is able to add value to its assets. The Fund frequently acquires and transforms previously underperforming assets into high-quality office complexes that meet the needs of today's – and tomorrow's – office tenants.

WTC The Hague

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

In 2015, the Fund initiated several measures to further optimise WTC The Hague, including the renovation of the Plaza area, to make it a more pleasant and dynamic business meeting place and improve the image and positioning of the building as a whole.

Last year, the WTC International Business Club once again teamed up with the WestHolland Foreign Investment Agency, the Dutch Council for Trade Promotion, the Chamber of Commerce and The Hague city council to organise a number of networking and business promotion events.

Citroën buildings Amsterdam

The Fund initiated preparations for the renovation and remodelling of the Citroën buildings in Amsterdam via an architect selection process. This resulted in a Provisional Design for the new multi-user business complex, based on a cost-benefit analysis for an investment proposal that will be submitted for approval in early 2016. Thanks to the iconic status of the building, plus its excellent location, we were able to arrange a number of temporary leases for pop-up art galleries and restaurants throughout the year. We are already seeing a growing interest in long-term leases for the buildings once the renovations have been completed.

WTC Rotterdam

The Fund reorganised the property management for the WTC in Rotterdam, selecting a number of new partners to realise various improvements to the building. Since Postillion's takeover of the WTC Congress & Event Centre, business meeting activities have improved and Postillion will play a major role in the co-creation of an attractive business/meeting place, which will support new branding and positioning efforts and help increase new lettings and lease renewals.

The upgrades to the building include a new company restaurant and the addition of a roof-top bar and restaurant open to the general public. We have also initiated the renovation of the Beurshal entrance area, to enhance the image and positioning of this striking section of the building. Linking up to a thermal energy storage system in an adjacent building has also enabled us to improve the sustainability of the building. We are currently conducting a feasibility study into the possibility of converting a part of the building into a hotel.

New leases and lease renewals

The five-year average outperformance of the IPD Property Index is mainly the result of active asset management, which led to a total of new and renewed leases of 33,965 m² and an annual rent of € 4.2 million.

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

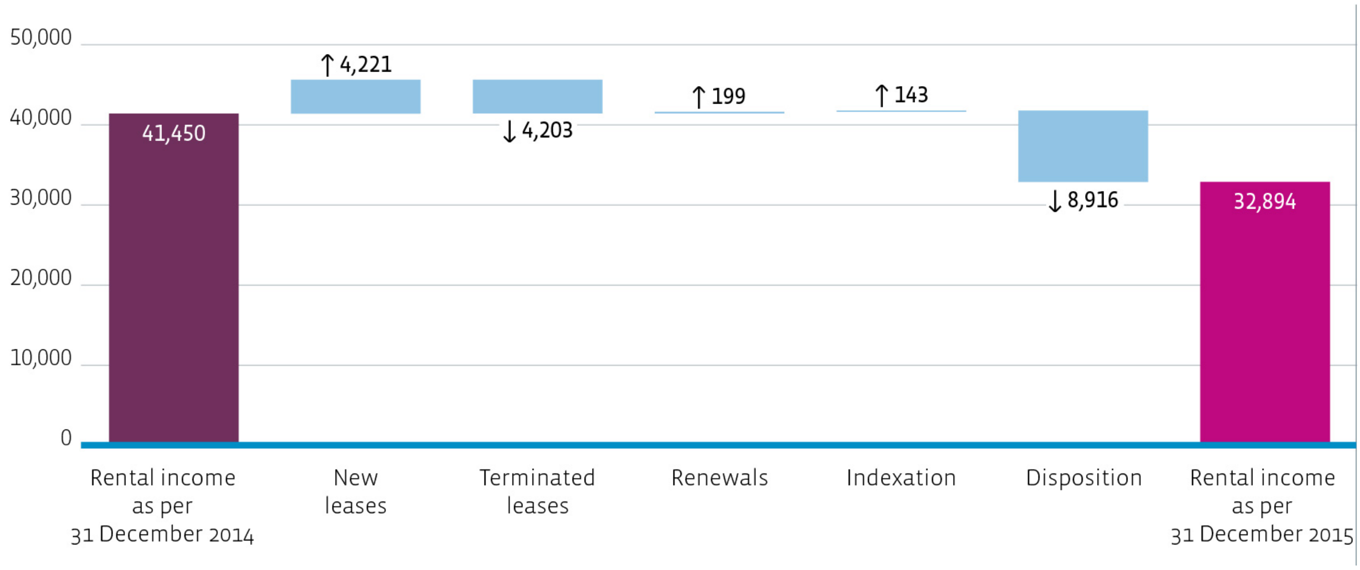
New and renewed leases include:

- Stichting Hogeschool Rotterdam for WTC Rotterdam (5,838 m²);
- WPG Uitgevers for Valina (Amsterdam, 3,716 m²);
- Under Armour Europe B.V. for Olympic Stadium (Amsterdam, 1,410 m²);
- Several smaller lettings for WTC Rotterdam (1,621 m²);
- Several temporary leases for the Citroën building (Amsterdam, 9,205 m²);

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

Movement in annual rent in 2015

€ X THOUSAND



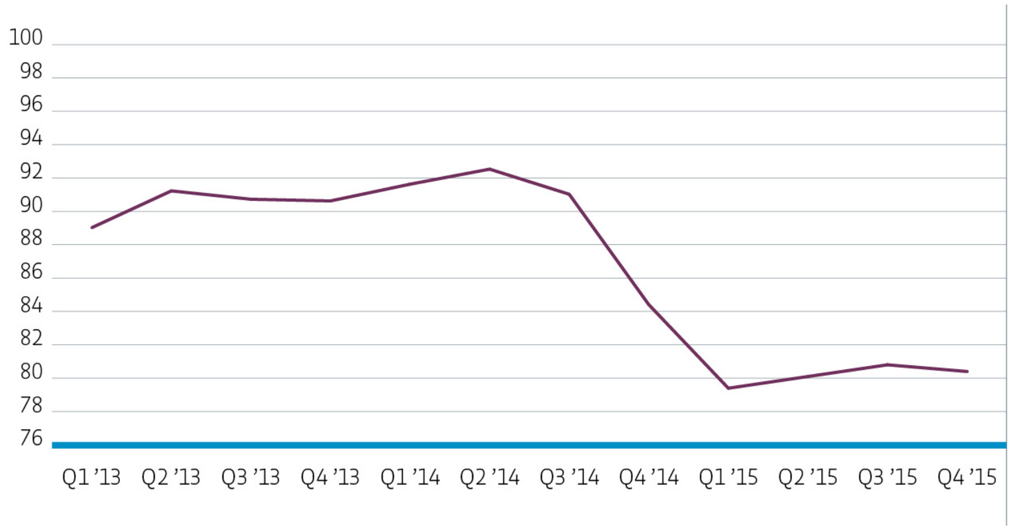
Financial occupancy

A lease with KPN for WTC The Hague (11,361 m²) ended in the fourth quarter of 2014 and these spaces were fully vacant in the first quarter of 2015. This led to a drop in the occupancy rate in 2014 and a further decrease in 2015. Finding new tenants for this building has proven challenging due to the competition on the office market in The Hague. The renovation of the Plaza area of the WTC will make the complex more attractive and encourage new leases or lease renewals. The Stichting Max Havelaar lease for Arthur van Schendelstraat (Utrecht) following improvements in the sustainability of the office building has led to a great deal of interest from like-minded organisations in the non-profit sector. The Fund is currently in negotiations on a number of leases.

The (relatively) low occupancy for WTC Rotterdam when it was acquired at year-end 2014 has led to a further increase in the Fund's vacancy rate. Measures taken in 2015 resulted in several new and renewed leases in 2015 and are likely to result in more leases in 2016. The Citroën buildings acquired in 2014 will remain vacant for the following one and a half years, while the Fund redevelops the buildings. We did negotiate a number of temporary leases for 2015 and we foresee full occupancy for this complex once the renovation is complete. We are already in negotiations with a number of parties for office space in the multi-user Citroën buildings.

Financial occupancy rate

PERCENTAGE

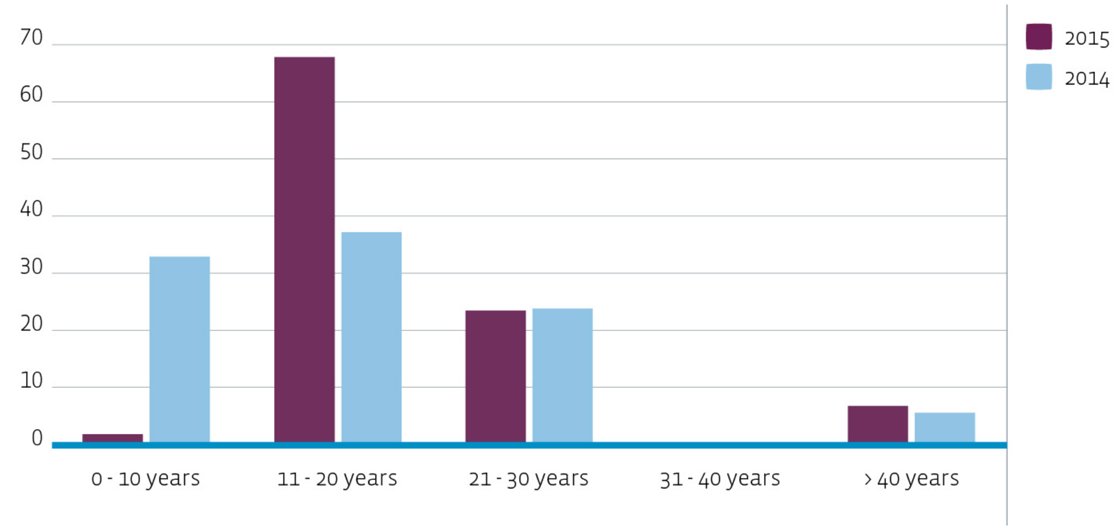


Asset optimisation

Although the buildings in the Fund's portfolio are relatively young, a large part is now more than 10 years old. The lay-out of these buildings therefore generally needs to be updated and modernised to keep the building lettable in today's market. The Fund has upgraded a number of empty spaces prior to closing new lease contacts. The renovation and letting of the Valina office building in Amsterdam and ongoing upgrades to the WTC complexes in The Hague and Rotterdam are perfect examples of this approach. As mentioned elsewhere, the improved sustainability of the Arthur van Schendelstraat office building in Utrecht and the subsequent lease taken out by the Stichting Max Havelaar has led to a great deal of interest in office space in this building from other non-profit organisations.

Portfolio composition by age based on book value

PERCENTAGE



More important than age is the asset's distinctive character, its location and return prognosis. Following the 2014 acquisition of four existing buildings, two of which have a listed status, the average age of the portfolio has risen accordingly.

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

Area promotion

As part of our ongoing drive to forge sustainable partnerships with various stakeholders, Bouwinvest has always been involved in numerous area organisations, such as the Olympic Stadium area in Amsterdam and the New Centre project in The Hague. Bouwinvest teamed up with The Hague city council and a number other companies to found the Green Business Club Beatrixkwartier. The aim of the club is the promotion of The Hague as an attractive city and the sustainable development of the Beatrixkwartier district. The idea is to improve facilities and amenities, which will include initiatives on both social and environmental fronts. One of the first initiatives – launched in 2015 – was the transformation of an under-used parcel of land into a pop-up park for the employees of local businesses and the area's residents.

Financial performance in 2015

Direct return

The Fund booked an income return (ROE) of 4.2% in 2015, 1.5%-points lower than in 2014. This decrease was a result of both a lack of rental income for Citroën buildings (Amsterdam) due to preparations for the redevelopment and substantial operating expenses to support new lettings.

The direct property return came in at 4.9%, 1.1%-points lower than the direct return IPD Property Index (all properties) of 6.0% for 2015.

Indirect return

The indirect fund return of (3.7)% was higher than the (5.6)% in 2014, but still negative.

The Fund booked an indirect property return of (3.4)% in 2015, which was higher than the (5.3)% reported in 2014, and an underperformance of the 2015 indirect return IPD Property Index (all properties) of (1.8)%.
The underperformance was mainly the result of a substantial decrease of value anticipating possible lease endings.

Total return

The Fund's total return on equity (ROE) came in at 0.5% in 2015, 0.4%-point higher than the 0.1% reported in 2014.

The Fund's total property return for 2015 came in at 1.4%, which was higher than the 2014 return of 1.3%, but underperformed the total property return IPD Property Index (all properties) of 4.0%.

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 threated differently by INREV and IPD.

Rent

Secured rent will be 52.4% of the 2015 gross rental income (year-end 2014: 77%) until 2018 (three-year horizon). In accordance with the market conditions, the like-for-like rent decreased (11.0)% (2014: 0.4%).

The average financial occupancy fell slightly, to 80.1% in 2015 from 89.9% in 2014. Rent in arrears came in at 1.2% of the gross rental income for 2015, which was fairly in line with 2014 (0.9%).

Acquisitions

The Fund made no acquisitions in 2015.

Divestments

The Fund divested Brabantse Poort in Nijmegen in Q1 and a portfolio of 14 non-core office buildings in Q4 2015. The total proceeds from divestments were € 70.5 million, which led to a profit on disposals of € 0.5 million.

Financing

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

Treasury management

The Fund had € 9.8 million in freely available cash and € 77.0 million in a 30-day deposit as at 31 December 2015, mainly as a result of the divestment of 15 non-core assets.

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 € 88.22 per share for 2015 (2014: € 129.43 per share), 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, 81.8% 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 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 said 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 Office Fund. On 17 February 2014, Bouwinvest was among the first Dutch institutions to obtain the AIFMD licence. Under the 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

Multifunctional and sustainable - the future of the office sector

The Fund's main focus in the years ahead will be to optimise its portfolio, by investing in sustainable and multifunctional buildings that can accommodate multiple tenants or can be refitted to do so. These office buildings will be in good locations with sufficient other facilities, such as day-care centres, shops, cafes, and other leisure facilities. They will also offer easy access by road, public transport and by bike. The Fund will only make an acquisition when it may rely on stable and predictable returns or if it believes it can add value. It does this through its active asset management approach and through renovations and refits aimed at making buildings more sustainable, environmentally, socially and in terms of their fit with changing business needs.

Economy may boost demand for office space

The recovery of the Dutch economy firmed up in 2015 and according to forecasts is set to book steady growth of 1.5% to 2% in the years ahead. On top of this, unemployment continues to fall and consumer confidence is returning to pre-crisis levels. All of these trends are likely to have a positive impact on business activity and growth, which will in turn increase quantitative demand for office space in A1 locations in the main cities of the Netherlands. We do expect to see a continuation of the polarisation in the office market in 2016 and beyond, as secondary locations suffer the most from the growing surplus in office space. On a brighter note, we are seeing an increasing willingness in both the public and private sectors to consider the conversion of surplus office space to other uses, such as residential accommodation. This may help to reduce office vacancies in the long term.

Major differences between region and locations

Occupancy rates are expected to remain high in locations in the Randstad urban conurbation, such as the Beatrixkwartier and the city centre of The Hague, Amsterdam city centre, Amsterdam Zuidas and the IJ riverside location, the Utrecht Central Station area and the Rotterdam Central Business District. Although there is evidence of a growing risk appetite among foreign investors, due to the shortage of prime assets, most transactions still involve assets with safe long lease terms in established and thriving office locations. The Fund considers depreciated assets in prime locations with short remaining lease terms attractive new investments, as they are an opportunity to add value through targeted investments and active asset management.

Rental growth on the horizon

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

Building value

The Fund's focus will be on its occupancy rate, which will require heavy investments in a number of recent acquisitions, such as WTC Rotterdam and the Citroën buildings in Amsterdam, to improve their letting potential. The Fund's active asset management approach and targeted investments in the creation of future proof office buildings is how we build value for all our stakeholders, including our shareholders and our tenants. The year under review was a year of optimisation and consolidation, with the divestment of what we considered non-core assets and the ongoing renovation and refitting of the office buildings in our portfolio. We now expect an upward trend in both occupancy levels and direct and indirect returns from 2016 onwards.

Pro-active lease extensions

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

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

Amsterdam, the Netherlands, 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
Comfort
Productivity
Health
Safety

Planet
Energy
Materials
Water
Waste

Profit
Facilities
Flexibility
Accessibility
Attractiveness

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 their full potential and help realise Bouwinvest's ambitions.

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

Building value

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

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

Focus on material topics

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

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

Social performance

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

Tenant engagement

The Office Fund conducts an annual tenant satisfaction survey, which provides us with insight into the satisfaction of our tenants and highlights potential improvements. The overall score was 6.9 in 2015 (2014: 7.5). A comparison between the result in 2014 and 2015 is difficult. Firstly, an improved methodology was used to weigh scores based on lease size and remaining lease terms. Secondly, the survey was related to a complete different portfolio of assets, because sold assets were excluded and new assets Valina (Amsterdam) and WTC Rotterdam were added. Furthermore, some new and critical tenants had a major impact due to the low response on the survey. We are confident we can improve this score in the years ahead. Our planned investment projects will make a major contribution to improve results in the future.

Partnerships with tenants

Following the launch of so-called 'green leases' in 2013, we continued to incorporate sustainability clauses in lease proposals in 2015. The aim of these leases is to increase and enhance the information exchange between Bouwinvest and its tenants with the aim of improving environmental performance. In 2015, no green leases were signed.

The Arthur van Schendelstraat 550 case is a successful example of the value created with this approach. The Office Fund worked very closely with fair trade organisation Max Havelaar and micro-credit provider Oikocredit on the renovation and refitting of its Arthur van Schendelstraat building in Utrecht, with the aim of creating truly sustainable office suites. When Max Havelaar and Oikocredit approached Bouwinvest they had very clear demands regarding their future office space, as they wanted it to be a clear extension of the culture, working environment and identity of the two idealistic organisations. They wanted pleasant lighting, a healthy interior climate and they wanted to be close to Utrecht central station. Arthur van Schendelstraat fits the bill perfectly and the Office Fund and its future tenants set to work – in partnership – to put together a package of measures that would create offices that will meet sustainability standards long into the future. These measures included solar panels, a wide range of energy efficiency measures and the use of sustainable materials for the renovation. This has already helped improve the energy label for the building to B from D and further improvement is expected. Bouwinvest has also applied for a BREEAM NL In-Use certificate. The improvements in the sustainability of the office building has led to a great deal of interest from like-minded organisations in the non-profit sector. The Fund is currently in negotiations on a number of leases.

Managing the supply chain

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

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.

Partnerships with local government agencies

Citroën buildings in Amsterdam

The two iconic Citroën buildings, designed by Dutch architect Jan Wils, once housed the Citroën head office. The buildings are in a very culturally significant location, right next door to the city's 1928 Olympic Stadium at the southern entry to Amsterdam, the Stadionplein. The Noordgebouw (northern building) is a listed building and Bouwinvest Development is redeveloping the two buildings – some 25,000 m² – and converting them for multifunctional use. Bouwinvest has been working closely with the Amsterdam city council, local businesses and tenants, plus young designers to give the iconic buildings a much-needed facelift and convert the two into a multi-tenant office complex with additional amenities, in what will be one of the city's top locations.

In 2015, Bouwinvest successfully launched a number of temporary initiatives in the two Citroën buildings. The prestigious restaurateur Baut transformed the southern of the two Citroën buildings into bar-restaurant BAUTZUID, which ran through December of 2015. Meanwhile the northern building hosted two pop-up initiatives, the Kunsthal Citroën art gallery and Restaurant Citroën.

In 2015, the Citroën Buildings were also the focal point of the PK AWARD. Bouwinvest teamed up with the Centre for Architecture in Amsterdam (Arcam) for this year's PK AWARD, which is aimed at giving young designers a helping hand in their careers. The first PK AWARD has been won by Ivar van der Zwan. The challenge for the 2015 PK AWARD was to design an interior for the historic north building of the iconic Citroën complex. The PK AWARD is the successor to the Piet Kranenberg Ring, a real estate award previously presented at the Provada Dutch real estate trade fair to designers judged to have made the most creative contribution to the transformation of existing building structures, or districts, in Amsterdam. Transformation remains the central theme of the PK AWARD.

The redevelopment of the Citroën buildings will add the final touch to the total development of Amsterdam's Stadionplein, giving the southern entry to the city the cachet it deserves. This acquisition is fully in line with the Bouwinvest Office Fund strategy, with its focus on inner-city redevelopment.

Green Business Club

Bouwinvest is one of the founding partners of the Green Business Club for the Beatrixkwartier district in The Hague. The company teamed up with The Hague city council, Post NL, construction company BAM and MN Services to launch this initiative in December 2014. Two of the Office Fund's top assets, The WTC The Hague and CentreCourt are both located in the city's Beatrixkwartier district. The aim of this initiative is to improve the sustainability and environmental performance of the area and office buildings in the district, and to breathe new life into the area by making it a lively meeting place for people who live and work in the area. In 2015, the initiatives of the Green Business Club included a pop-up park, financed and maintained by the members of the club, which was converted into an ice-skating rink in December. The club also conducted a survey into the sustainability required of business and private users, while club members PostNL and MN purchased electric charging points for their shared parking facilities.

Environmental performance

Monitoring performance

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

In 2012, the Fund set a target to reduce energy consumption by at least 10% in 2015. In 2015 the Fund managed to cut energy consumption by 6.1% (2014: 4.8%) contributing to a total cut in energy consumption of 7.2% in the period 2012-2015 on a like for like basis. The increase in energy consumption in 2013 and the disposition of the 15 assets (and therefore not included in the like-for-like comparison) explains we only partly achieved our ambitious target.

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%

- Waste: increase recycling percentage
- Renewable energy: increase percentage renewable energy

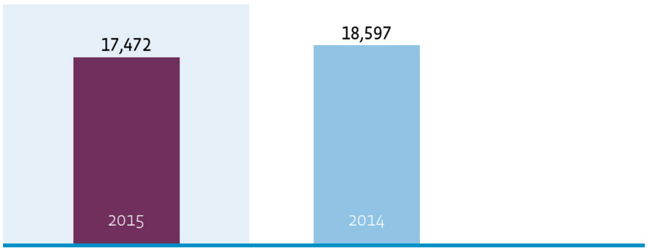
The implementation of an Environmental Management System (EMS) will help us to achieve these targets. Furthermore, we aim to increase the use of renewable energy.

The Fund has been actively tracking water consumption in multi-tenant assets since 2012. Data is provided by the property manager and based on invoices and manual visual readings. The Fund tracked waste management for its entire managed real estate portfolio in 2015. The focus is on those assets which the Fund is responsible for and can influence the waste handled on site and mostly involves multi-tenant office assets. No waste is sent directly to landfill.

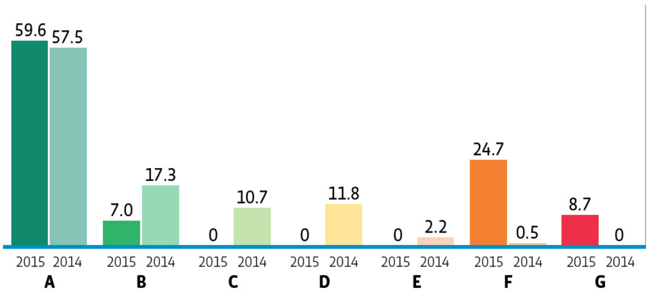
The Fund's ambition to increase the coverage and therefore the transparency of its environmental impact according to INREV sustainability guidelines is reflected in the summary of key CSR data. For more detailed information please see the CSR performance indicators in the Annual Report of the management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

Energy consumption in offices

Energy consumption (like-for-like, MWH)



Distribution of energy labels by labelled floor space (m²) in %



Energy management

Although we take a broad view of sustainability, the environmental focus of our sustainability strategy has been on enhancing the energy efficiency of the properties in the portfolio and cutting service costs.

In 2015, the Fund performed energy assessments for the non-labelled assets and 2014 acquisitions in the portfolio. This now results in a 100% coverage of energy labels. Together with the divestment of 15 non-core assets, this also explains the difference in the distribution of energy labels to last year.

The distribution of energy labels will improve the coming years as a result of upcoming renovations and refitting of the 2014 acquisitions, the non-green energy label assets. By taking energy efficiency measures during the redevelopment of the Citroën Buildings, for example heat and cold storage (WKO), the installation of low energy LED lighting systems combined with presence detectors and solar panels, the energy label will improve significantly.

Since 2011, Bouwinvest has been closely monitoring the electricity use at 13 of its office properties via smart meters. An energy dashboard on a dedicated website measures and shows the electricity consumption on a fifteen-minute basis, enabling Bouwinvest, property managers and tenants to monitor energy use and costs. This has helped us to cut energy use by 10.1% at the assets included in the energy dashboard.

Practical measures: energy-efficient lighting

In 2014 the Fund replaced 1,356 fixtures in the Olympisch Stadion Parking with new energy-efficient lighting and connected the lights to motion sensors. Lighting is switched back from 100% to 30% if there is no 'movement'. This not only saves energy, but also extends the durability. In 2015, the new lighting system helped out energy consumption by 37% (210,467 kWh).

Benchmarking

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

Benchmarking based on the Global Real Estate Sustainability Benchmark (GRESB) gives the Office Fund greater insight into the opportunities to improve the sustainability performance measured at Fund level. In 2015, the Office Fund participated for the fourth time in the GRESB assessment and improved its score slightly (after an 85% improvement in 2014).

'Green star'

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

Corporate governance

Bouwinvest Dutch Institutional Office Fund N.V. (the Office Fund) was established in 2010. Stichting Bedrijfstakpensioenfonds voor de Bouwnijverheid (bpfBOUW, the pension fund for the construction industry) is the Office Fund's anchor investor. In 2015, Bouwinvest welcomed one new investor to its Office Fund. The Fund has a transparent governance structure, which ensures effective and efficient management, combined with proper checks and balances. Until 4 January 2016, the Fund had a Supervisory Board. The Fund's governance structure consists of a General Meeting of Shareholders, a Shareholders' Committee and a Board of Directors.

Fund governance

The Office 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

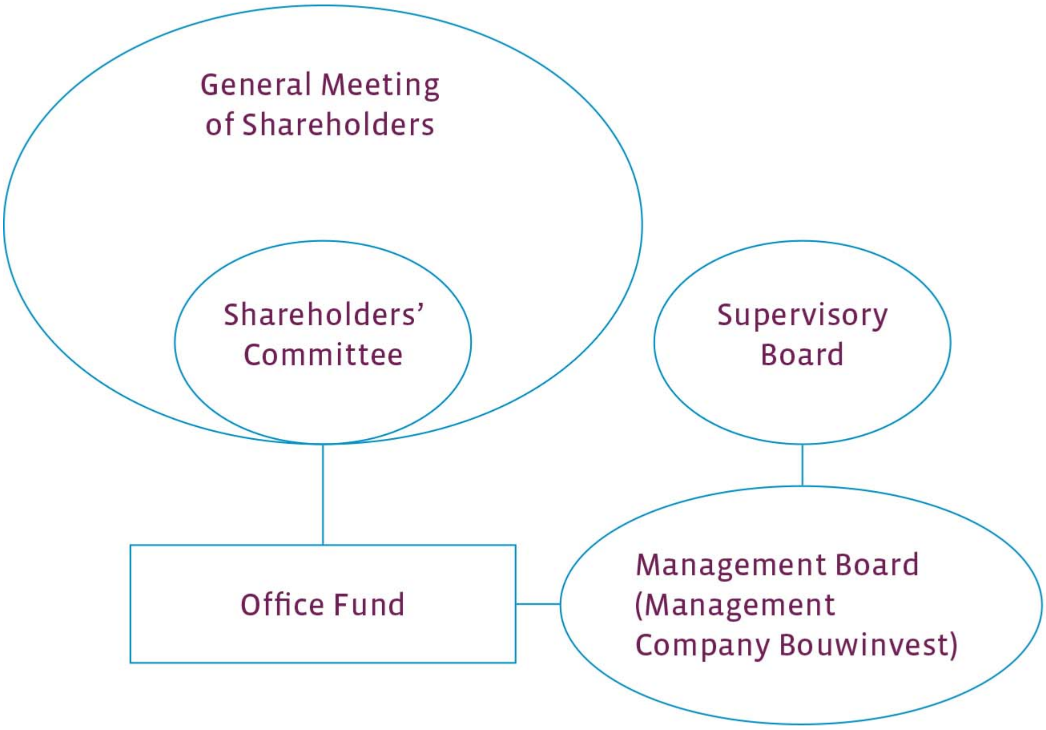
Rules and principles governing day-to-day business

- 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 Office Fund is structured as an investment company with variable capital, as defined in article 2:76a of the Dutch Civil Code, with its corporate seat in Amsterdam, the Netherlands. It is a fiscal investment institution (FII) within the meaning of Article 28 of the Dutch Corporate Income Tax Act 1969. Bouwinvest Real Estate Investment Management B.V. (Bouwinvest) is the Fund's Statutory Director and management company, subject to the terms of the management agreement. 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 Office Fund can establish a 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. Until March 2016, a Shareholders' Committee was not yet established.

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.

General Meeting of Shareholders

Shareholders of the Office Fund must be qualified institutional investors within the meaning of section 1:1 of the Dutch Financial Markets Supervision Act (FMSA). General Meetings of Shareholders are held at least once a year to discuss the annual report, adopt the financial statements and discharge the Statutory Director of the Fund for its management. Shareholder approval is required for resolutions that have a substantial impact on the Office 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 Office Fund.

Management company

Bouwinvest is charged with the management and administration of the Fund. It is authorised to conduct any and all business activities related to the entire real estate investment process to achieve the Fund's investment objectives. Bouwinvest believes responsible business practices are a vital element in achieving the targeted return on investment. Bouwinvest is structured as a private limited company. 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

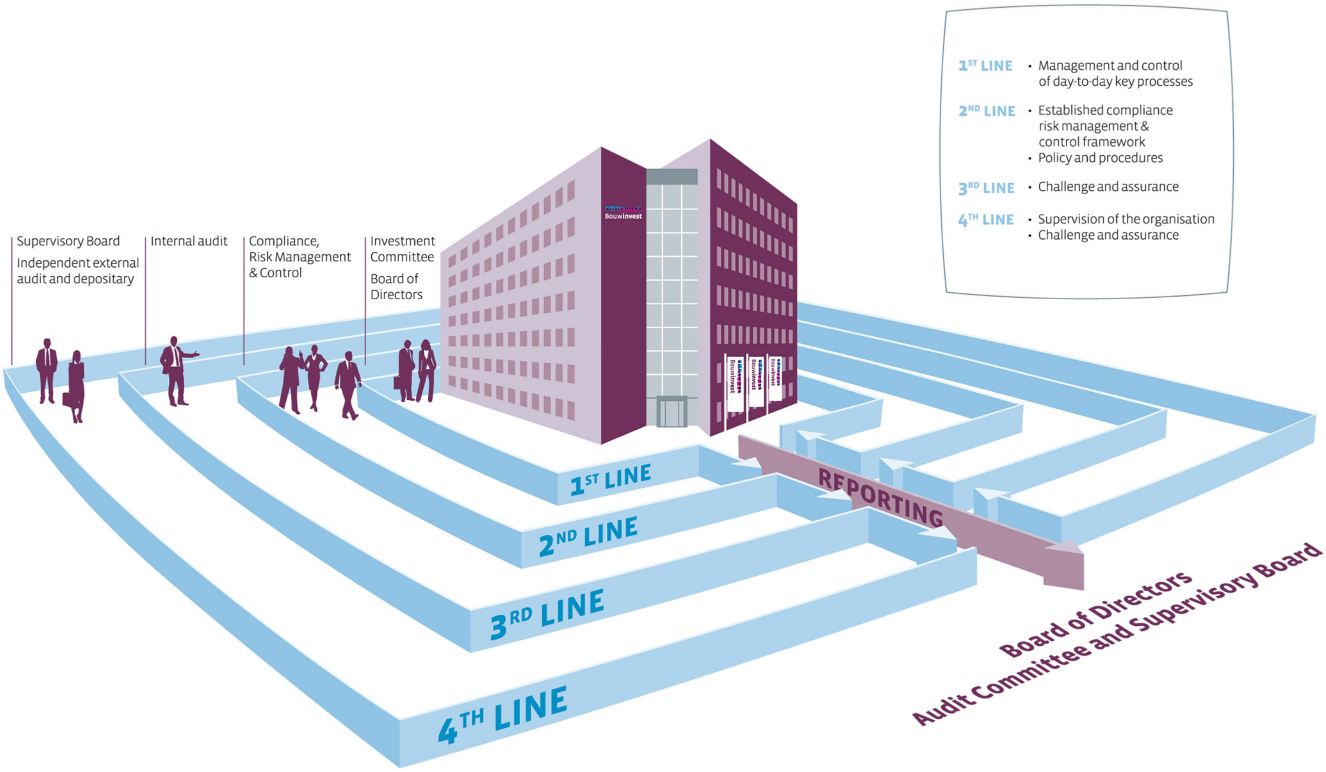
Risk management and compliance

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 Office Fund, we distinguish the following risk clusters:

- Market risks
- Strategic risks
- Management risks

Market risks

Market risks focus on the Fund's exposure to adverse market developments. Such developments can affect both the Fund's direct and indirect return. In the Fund's quarterly reporting the following Key Risk Indicators (KRIs) are shown to reflect the Fund's current risk situation and future risk outlook:

- Occupancy
- Operational expenditure
- Remaining lease term
- 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 expected direct return of the Fund. Because of its importance for direct return it can also affect the Fund's indirect return considerably.

Operational expenditure

The Fund's direct return, its ability to pay out dividends to its shareholders, is also dependent on its expected expenditure. As mentioned with the occupancy KRI the direct return performance has a considerable effect on the indirect performance as well. The Operational expenditure KRI reflects cost performance compared to planned cost. On top of that the quarterly fund report shows an asset manager outlook for cost performance.

Remaining lease term

In commercial real estate like that of the Office Fund leases are contracted with a fixed term. The average weighted remaining lease term serves as a KRI to reflect the uncertainty of future direct returns. The outlook for this KRI indicates whether the asset manager expects this uncertainty to increase or decrease.

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 Office Fund, this risk is mitigated by active credit management and critical tenant selection.

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 revaluated by external appraiser 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 fulfill its strategic goals. These goals focus primarily on sustainable long term fund performance. In quarterly fund reporting the following Key Risk Indicators (KRIs) are shown to reflect the Fund’s current risk situation and future risk outlook:

- Asset risk mix
- Regional Mix
- Multi-tenant mix
- Sustainability
- Acquisition and disposition

Asset risk mix

Different assets in the Fund’s portfolio provide propositions differing in riskiness. Each property is scored in a risk return assessment model and appointed a risk category accordingly. In order to optimise fund return while considering 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 development can be of important influence on future market conditions. Bouwinvest is constantly researching the dynamics in regional population growth and economic development. The Fund is focusing its investment activities based on this research while trying to spread its investments geographically to avoid volatility that may be caused by regional concentration. The regional mix KRI focuses on the ability of the Fund to attain the regional distribution it is aiming for.

Multi-tenant mix

Based on analysis and investment beliefs the Office Fund has specific strategic goals regarding the type of assets it aims to own. More specifically the Fund is focusing its asset management on leasing out properties to multiple smaller tenants instead of to large single tenants. The Multi-tenant mix KRI focuses on the ability of the Fund to attain the tenant mix it is aiming for.

Sustainability

To ensure the Fund will be a future-proof fund which is able to provide long-term stable returns goals are set for the sustainability of the fund. This KRI will show whether or not the Fund is currently able to meet its sustainability goals.

Acquisition and disposition

In order to meet investor demand the Fund aims for a portfolio of a certain size. The acquisition and disposition 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 Office Fund, including its management and control of the risks it faces, may in some way be inadequate or ineffective. This would affect the 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 KRI is meant for fund management to be able to notify investors of any large regulatory or legal circumstances that may affect or are already affecting fund performance. To prevent as much legal or regulatory irregularities as possible Bouwinvest has an experienced legal staff.

Fund manager continuity and reputation

The fund management organisation is a responsibility of Bouwinvest. If Bouwinvest sees any threats to its functioning as a fund manager, for instance in damaged reputation or threatened continuity, this KRI will be used to inform investors. In 2015 the subject of integrity has attracted extra attention within Bouwinvest. This has resulted in a companywide training program and the completion of an elaborate Integrity Risk Analysis. Going forward Bouwinvest as a manager will continue to aim for having the highest possible integrity standard.

To control operational and integrity risks, there is a management agreement in place that determines the responsibilities of Bouwinvest as the Office 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	41,999		37,920	
Service charge income	6	7,814		6,640	
Other income		704		1,805	
Revenues			**50,517**		**46,365**
Service charge expenses		(10,601)		(8,466)	
Property operating expenses	7	(13,063)		(9,107)	
			(23,664)		**(17,573)**
Net rental income			**26,853**		**28,792**
Profit (loss) on sales of investment property			**535**		-
Positive fair value adjustment investment property	12	8,664		1,216	
Negative fair value adjustment investment property	12	(29,275)		(26,414)	
Fair value adjustments on investment property under construction	13	477		(477)	
Net valuation gain (loss) on investment property			**(20,134)**		**(25,675)**
Administrative expenses	8		(3,221)		(2,526)
Result before finance result			**4,033**		**591**
Finance income	9	1		21	
Net finance result			**1**		**21**
Result before tax			**4,034**		**612**
Income taxes	10		-		-
Result for the year			**4,034**		**612**
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			**4,034**		**612**
Net result attributable to shareholders			4,034		612
Total comprehensive income attributable to shareholders			**4,034**		**612**
Distributable result	19		23,633		26,287
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	478,197	553,353
Investment property under construction	13	-	6,201
		478,197	**559,554**
Current assets			
Trade and other current receivables	14	2,078	1,824
Cash and cash equivalents	15	86,768	18,604
		88,846	**20,428**
Total assets		**567,043**	**579,982**
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		272,175	267,445
Share premium		277,334	292,063
Revaluation reserve		5,214	5,605
Retained earnings		(4,034)	(612)
Net result for the year		4,034	612
Total equity	16	**554,723**	**565,113**
Current liabilities			
Trade and other payables	17	12,320	14,869
Total liabilities		**12,320**	**14,869**
Total equity and liabilities		**567,043**	**579,982**

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	**267,445**	**292,063**	**5,605**	**(612)**	**612**	**565,113**
Comprehensive income						
Net result	-	-	-	-	4,034	4,034
Total comprehensive income	**-**	**-**	**-**	**-**	**4,034**	**4,034**
Other movements						
Issued share	4,730	5,270	-	-	-	10,000
Appropriation of result	-	-	-	612	(612)	-
Dividends paid	-	(19,999)	-	(4,425)	-	(24,424)
Movement revaluation reserve	-	-	(391)	391	-	-
Total other movements	**4,730**	**(14,729)**	**(391)**	**(3,422)**	**(612)**	**(14,424)**
Balance at 31 December 2015	**272,175**	**277,334**	**5,214**	**(4,034)**	**4,034**	**554,723**

* See explanation dividend restrictions Note 16[on page 61] .

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

* See explanation dividend restrictions Note 16[on page 61] .

Statement of cash flows

All amounts in € thousands

	Note	2015	2014
Operating activities			
Rental receipts		46,405	40,392
Service charge receipts		9,308	9,237
Operating payments		(22,831)	(10,094)
Service charge payments		(11,404)	(8,702)
VAT received (paid)		160	164
Interest received		1	21
Cash flows from operating activities		**21,639**	**31,018**
Investment activities			
Proceeds from sale of investment property		70,531	-
Payments of investment property	12	(8,103)	(131,400)
Payments of investment property under construction	13	(1,479)	(3,749)
Cash flows from investment activities		**60,949**	**(135,149)**
Finance activities			
Proceeds from the issue of share capital		10,000	144,000
Repayment of share premium		-	(22,000)
Dividends paid		(24,424)	(26,700)
Cash flows from finance activities		**(14,424)**	**95,300**
Net increase/ (decrease) in cash and cash equivalents		68,164	(8,831)
Cash and cash equivalents at beginning of year		18,604	27,435
Cash and cash equivalents at end of year	15	**86,768**	**18,604**

Notes to the financial statements

All amounts in € thousands unless otherwise stated.

1 General information

The Office Fund is a public limited liability company incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands. The Fund was formed for the purpose of providing shareholders with a rate of return by acquiring, managing, adding value to and disposing of a diversified real estate portfolio through investments in office real estate in the Netherlands. The anchor shareholder is Stichting Bedrijfstakpensioenfonds voor de Bouwnijverheid (97.9%). Bouwinvest, manager of the Fund, is a minority shareholder. In 2015, the Fund welcomed the first foreign institutional investor.

The Fund's active portfolio management is supported by the supply of redeveloped properties by Bouwinvest Development B.V. and third parties.

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 IFRS5 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 under construction or being developed for future use as investment property is presented under 'Investment property under construction'.

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

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

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

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

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

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

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

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

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

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

2.3 Investment property under construction

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

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

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

- The provisions of the construction contract
- The stage of completion
- Whether the project/property is standard (typical for the market) or non-standard
- The level of reliability of cash inflows after completion
- The development risk specific to the property
- Past experience with similar construction projects
- Pre-let percentage
- Status of construction permits

Starting one year before completion of the project, an external valuation expert values the project twice a year. Gains and losses arising from changes in fair values are included in the statement of comprehensive income in the year in which they arise.

Investment property is not developed within the Office Fund but via external parties or 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 Office Fund’s financial assets consist of loans and receivables.

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

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

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

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

Financial liabilities

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

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

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

2.5 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 Fund obtains deposits from tenants as a guarantee for the return of the property at the end of the lease term in a specified good condition or for the lease payments for a period ranging from 1 to 12 months. Such deposits are treated as financial assets in accordance with IAS 39 and they are initially recognised at fair value. The deposit is subsequently measured at amortised cost.

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

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

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

2.11 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

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

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

(I) Foreign exchange risk

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

(II) Price risk

The Fund has no significant exposure to price risk as it does not hold any equity securities or commodities. The Fund is not exposed to price risk other than in respect of financial instruments, such as property price risk, including property rental risk.

(III) Interest rate risk

As the Fund has no external loans and borrowings, it has no exposure to 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 by checking their credit rating and keeping a close watch on the accounts receivable. Rents are in general also payable in advance and part of the rent payable is secured by means of bank guarantees or guarantee deposits. There are no significant credit risk concentrations.

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

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

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

	2015	2014
Trade and other receivables, net of provision for impairment (Note 14)		
Rent receivables from lessees	202	343
Other financial assets	1,876	1,481
Cash and cash equivalents (Note 15)	86,768	18,604

Deposits refundable to tenants may be withheld by the Fund in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract.

Of the other financial assets, € 0.5 million (2014: € 0.7 million) relate to reclaimable VAT.

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

	2015	2014
Trade and other current receivables		
Neither past due nor impaired	1,449	1,481
Total neither past due nor impaired	**1,449**	**1,481**
Past due but not impaired		
Less than 30 days overdue	473	-
30 to 90 days overdue	-	-
Total past due but not impaired	**473**	**-**
Individually determined to be impaired (gross)		
30 days to 90 days overdue	43	363
90 to 180 days overdue	344	98
Total individually determined to be impaired (gross)	**387**	**461**
Less: impairment provision	(231)	(118)
Total trade and other current receivables, net of provision for impairment	**2,078**	**1,824**

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	473	1,605	-	2,078
Liabilities				
Tenant deposits	-	-	847	847
Trade payables	1,909	-	-	1,909
Other financial liabilities	7,834	1,730	-	9,564

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

	Demand and less than 1 month	From 1 to 3 months	From3 to 12 months	Total
Assets				
Trade and other receivables	-	343	1,481	1,824
Liabilities				
Tenant deposits	-	-	182	182
Trade payables	4,891	-	-	4,891
Other financial liabilities	5,721	4,075	-	9,796

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 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	2,078	2,078	1,824	1,824
Cash and cash equivalents (level 1)	15	86,768	86,768	18,604	18,604
Financial liabilities measured at amortised cost and other payables (level 2)	17	(12,320)	(12,320)	(14,869)	(14,869)
		76,526	**76,526**	**5,559**	**5,559**

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

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

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

3.3 Capital risk management

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

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

4 Critical accounting estimates and judgements

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

4.1 Critical accounting estimates and assumptions

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

Principal assumptions underlying management's estimation of fair value property portfolio

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

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

Market values are based on valuations by independent external valuation experts. The valuation is based on an open market value, supported by market evidence in which assets can be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of the valuation, in accordance with the guidelines of the IPD Nederland (IPD Property Index) applicable in the Netherlands. The valuations are based on a discounted cash flow (DCF) analysis of each property, combined – where necessary – with valuations based on market evidence. The DCF analyses are adjusted to existing lease terms in order to cover the full period of existing leases. The DCF analyses are based on calculations of the future rental revenue in accordance with the terms in existing leases, and estimations of the rental values when the lease expires. The starting point for the estimation of the discount rate is the nominal interest rate for 10-year Dutch government bonds. This rate should be increased in accordance with the risks involved in property investments. The whole investment property portfolio is appraised on a quarterly basis by external appraisers. The valuations are executed by external independent valuation experts.

5 Core regions

A spread by core regions is applied in the analysis of the valuation of the investment property portfolio. Amsterdam, Rotterdam, The Hague and Utrecht are considered prime office regions in 2015. Secondary core regions are: Amersfoort, Amstelveen, Arnhem, Breda, Eindhoven, Groningen, Haarlemmermeer, 's-Hertogenbosch and Zwolle. The Fund is currently active in four of these 13 regions, namely Amsterdam, Rotterdam, Utrecht and The Hague.

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

Property valuation as at 31 December	2015	2014
Region		
Amsterdam	102,826	95,772
Rotterdam	108,677	114,806
Utrecht	17,809	24,155
The Hague	248,885	271,419
Non-core regions	-	47,201
Total	**478,197**	**553,353**

6 Gross rental income and service charge income

	2015	2014
Theoretical rent	56,213	44,675
Incentives	(3,222)	(2,283)
Vacancies	(10,992)	(4,472)
Total gross rental income	**41,999**	**37,920**

The future contractual rent from leases in existence on 31 December 2015, until the end of the contract (accounted for on the basis of the minimum rent) can be analysed as follows:

	2015	2014
First year	30,273	38,490
Second to fifth year	64,128	95,708
More than five years	12,089	17,954

Service charge income represents € 7.8 million (2014: € 6.6 million) income receivable from tenants for the services utilities, caretakers, etc. when the Fund acts as principal.

7 Property operating expenses

	2015	2014
Taxes	1,691	1,173
Insurance	211	152
Maintenance	3,640	3,118
Valuation fees	102	67
Property management fees	1,247	1,017
Letting and lease renewal fees	2,603	1,151
Other operating expenses	3,257	2,421
Addition to provision for bad debts	312	8
Total property operating expenses	**13,063**	**9,107**

In 2015, € 0.2 million (2014: € 0.2 million) of the maintenance expenses related to unlet properties.

8 Administrative expenses

	2015	2014
Management fee Bouwinvest	3,077	2,317
Audit fees	29	23
Other administrative expenses	99	121
Legal fees	3	33
Other Fund expenses	13	32
Total administrative expenses	**3,221**	**2,526**

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
Finance income	1	21
Total finance income	**1**	**21**

10 Income taxes

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

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

An FII is obliged to be engaged exclusively in portfolio investment activities, i.e. it may not (partly) conduct an active trade or business. Whether an activity is characterised as a portfolio investment activity or as a business activity for Dutch tax purposes depends on all the relevant facts and circumstances. Additional rules apply for real estate development activities related to the FII's own real estate portfolio. In this respect, an FII may engage in development activities for its own real estate portfolio, provided that the property development is carried out within a taxable subsidiary that carries out the development activities on behalf of the FII. Improvements to existing properties do not qualify as development activities provided that the capital expenditure is less than 30% of the value of the property as determined by the Dutch Valuation of Immovable Property Act (Wet waardering onroerende zaken) prior to the improvements.

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

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

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

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

The Office Fund met the requirements of an FII in 2015. The effective tax rate was therefore 0%.

11 Employee benefits expense

The Office Fund has no employees.

12 Investment property

		2015		2014
At the beginning of the year		**547,528**		**441,326**
Transfer from investment property under construction		8,157		-
Investments		8,103		131,400
Disposals		(69,489)		-
Net gain (loss) from fair value adjustments on investment properties (like for like)	(23,037)		(17,856)	
Net gain (loss) from fair value adjustments on investment properties	2,426		(7,342)	
In profit or loss		**(20,611)**		**(25,198)**
In other comprehensive income		-		-
Transfers out of level 3		-		-
Total investment property (level 3)		**473,688**		**547,528**
Lease incentives		4,509		5,825
At the end of the year		**478,197**		**553,353**

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 who hold a recognised relevant professional qualification and had recent experience in the locations and categories of the investment properties valued. The carrying values of investment property as at 31 December 2015, and 1 January 2015, are in line with the valuations reported by the external valuation experts.

The lease incentives granted are included in the total fair value of investment properties. For the year 2015 the amount of lease incentives is € 4.5 million (2014: € 5.8 million).

Investments	2015	2014
Amsterdam	9,963	29,673
Rotterdam	1,154	97,738
Utrecht	2,455	645
The Hague	2,683	2,748
Non-core regions	5	596
Total investments	**16,260**	**131,400**

Disposals	2015	2014
Amsterdam	(6,889)	-
Rotterdam	(9,258)	-
Utrecht	(7,182)	-
The Hague	-	-
Non-core regions	(46,160)	-
Total disposals	**(69,489)**	-

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

2015

	Amsterdam	Rotterdam	Utrecht	The Hague	Total
Current average rent (€/m²)	148	165	171	198	178
Current average rent (€/PP)	1,983	3,720	1,226	1,719	2,138
Estimated rental value (€/m²)	154	163	166	185	172
Estimated rental value (€/PP)	1,971	4,143	1,400	1,754	2,233
Gross initial yield	4.3%	6.4%	3.6%	7.5%	6.4%
Net initial yield	2.4%	6.0%	(0.1)%	5.4%	4.6%
Current vacancy rate (LFA m²)	47.3%	26.1%	69.6%	13.3%	26.2%
Current vacancy rate (PP)	80.3%	56.9%	47.7%	19.4%	44.8%
Current vacancy rate (financial)	22.2%	18.4%	67.9%	15.3%	19.7%
Long-term vacancy rate	2.2%	11.3%	19.0%	11.4%	9.5%
Long-term growth rental rate	1.6%	1.8%	0.6%	1.4%	1.5%
Average 10-year inflation rate (IPD Nederland)					1.5%

2014

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

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

The total gain (loss) for the year included an unrealised gain of € 8,664 (2014: € 1,216) relating to investment properties that are measured at fair value at the end of the reporting period.

As at 31 December 2015, the Fund had unprovisioned contractual obligations for future repairs and maintenance of € 3.2 million (2014: € 3.2 million).

Direct operating expenses recognised in profit or loss include € 0.9 million (2014: € 0.6 million) relating to vacant investment property. 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 4.6% (2014: 6.3%). 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 23.2% lower (2014: 13.7% lower). In this situation, the Fund's shareholders' equity would have been € 119 million lower (2014: € 63 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	(23,910)	23,910	(23,193)	23,193

	2015		2014	
Change net initial yield	– 25 bps	+ 25 bps	– 25 bps	+ 25 bps
Value of the investment property change	27,454	(24,626)	19,163	(17,700)

13 Investment property under construction

	2015	2014
At the beginning of the year	**6,201**	**-**
Investments	1,479	6,678
Net gain (loss) from fair value adjustments on investment property under construction	477	(477)
In profit or loss	**477**	**(477)**
In other comprehensive income	-	-
Transfer to investment property	(8,157)	-
Transfers out of level 3	-	-
At the end of the year	**-**	**6,201**

	2015	2014
Investment property under construction at fair value	-	6,201
Investment property under construction at amortised cost	-	-
As at 31 December	**-**	**6,201**

Investment property is not developed within the Office Fund but via external parties or within Bouwinvest Development B.V.

The total gain (loss) for the year included an unrealised gain of € 477 (2014: loss of € 477) relating to investment property under construction that is 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
Amsterdam	1,479	6,678
Total investments	**1,479**	**6,678**

14 Trade and other current receivables

	2015	2014
Trade receivables	202	343
Reclaimable VAT	543	704
Group companies Bouwinvest	427	-
Other receivables	906	777
Balance as at 31 December	**2,078**	**1,824**

15 Cash and cash equivalents

	2015	2014
Bank deposits	77,000	-
Bank balances	9,768	18,604
Balance as at 31 December	**86,768**	**18,604**

The bank balances of € 9.8 million are freely available to the Fund as at 31 December 2015 and the bank deposits of € 77.0 million have a 30-day notice period.

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

For 2015, before appropriation of result

Attributable to owners of the Fund

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2015	**267,445**	**292,063**	**5,605**	**(612)**	**612**	**565,113**
Comprehensive income						
Net result	-	-	-	-	4,034	4,034
Total comprehensive income	**-**	**-**	**-**	**-**	**4,034**	**4,034**
Other movements						
Issued share	4,730	5,270	-	-	-	10,000
Appropriation of result	-	-	-	612	(612)	-
Dividends paid	-	(19,999)	-	(4,425)	-	(24,424)
Movement revaluation reserve	-	-	(391)	391	-	-
Total other movements	**4,730**	**(14,729)**	**(391)**	**(3,422)**	**(612)**	**(14,424)**
Balance at 31 December 2015	**272,175**	**277,334**	**5,214**	**(4,034)**	**4,034**	**554,723**

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

* See explanation dividend restrictions in this Note.

Dividend restrictions

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

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

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

	Number of shares in fully paid up equivalents	Paid-up share capital	Share premium	Total share capital and share premium
Opening balance at 1 January 2015	**267,445**	**267,445**	**292,063**	**559,508**
Issued shared	4,730	4,730	5,270	10,000
Dividends paid	-	-	(19,999)	(19,999)
Balance at 31 December 2015	**272,175**	**272,175**	**277,334**	**549,509**
Opening balance at 1 January 2014	**200,411**	**200,411**	**262,366**	**462,777**
Issued shared	67,034	67,034	76,966	144,000
Repayment of share premium	-	-	(22,000)	(22,000)
Dividends paid	-	-	(25,269)	(25,269)
Balance at 31 December 2014	**267,445**	**267,445**	**292,063**	**559,508**

Issued capital

The authorised capital comprises 1 million shares, each with a nominal value of € 1,000. As at 31 December 2015, in total 272,175 shares had been issued and fully paid up.

Share premium

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

Revaluation reserve

The revaluation reserve relates to the revaluation of the property investments. The (unrealised) positive or negative difference between the cumulative increase or decrease in the fair value of the investment property owned at the end of the year has been included in the revaluation reserve. The revaluation reserve as at year-end 2015 was determined at the individual property level.

17 Trade and other payables

	2015	2014
Trade payables	1,909	1,346
Rent invoiced in advance	7,834	5,721
Tenant deposits	847	182
Bouwinvest Development B.V.	-	3,545
Other payables	1,730	4,075
Balance as at 31 December	**12,320**	**14,869**

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

18 Earnings per share

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

	2015	2014
Net result attributable to shareholders	4,034	612
Weighted average number of ordinary shares	267,886	203,090
Basic earnings per share (€ per share)	15.06	3.01

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

19 Dividends per share

In 2015, € 24.4 million (2014: € 26.7 million) was paid as dividend. The payment of a dividend over 2015 of € 88.22 (2014: € 129.43) per share as at year-end 2015, amounting to a total dividend of € 23.6 million (2014: € 26.3 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 had unprovisioned contractual obligations for future repairs and maintenance of € 3.2 million (2014: € 3.2 million). The total future commitments as at 31 December 2015 amounted to nil (2014: € 5.4 million).

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. The notice period is two years.

21 Related parties

The Office Fund and members of the Supervisory Board and Board of Directors of Bouwinvest Real Estate Investment Management B.V. (Bouwinvest) and the other entities under mangement by Bouwinvest, qualify as related parties of the Office Fund. The Fund paid Bouwinvest a € 3.1 million (2014: € 2.3 million) fee in 2015. bpfBOUW and the subsidiaries and investments held by bpfBOUW are also deemed related parties.

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

The members of the Supervisory Board and Board of Directors of Bouwinvest held no personal interest in the Fund's investments in 2015.

The Office Fund rented Maincourt to Bouwinvest for the amount of € 1.4 million in 2015 (2014: € 1.4 million).

22 Management fee

Bouwinvest is the manager and Statutory Director of the Fund. The management fee paid for the year 2015 amounted to € 3.1 million (2014: € 2.3 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.

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

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 Office Fund.

	2015	2014
Audit of the financial statements	23	23
Other audit engagements	6	-
Tax advisory services	-	-
Other non-audit services	-	-
Total fees	**29**	**23**

24 Subsequent events

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

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

As of 4 January 2016, the Articles of Association of the Office Fund were amended. Appropriation of profit is provided for in Article 20 of the new 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 Office Fund. A dividend of € 129.43 (in cash) per share has been paid. The result for 2014, amounting to € 0.6 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 € 88.22 (in cash) per share be paid for 2015. Of the result for 2015 amounting to € 4.0 million, € 4.0 million will be incorporated in the retained earnings.

Subsequent events

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

Independent auditor’s report

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

Report on the audit of the financial statements 2015

Our opinion

We have audited the financial statements 2015 of Bouwinvest Dutch Institutional Office 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 Office 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 Office 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 € 5.5 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	€ 5.5 million
Basis for group materiality level	1% of total equity
Threshold for reporting misstatements	€ 275 thousand

We agreed with the board of directors that misstatements in excess of € 275 thousand 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 and 12 of the notes to the financial statements).	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. 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. We have additionally engaged internal property experts to review a selection of the property. We have performed an additional test on the reliability of the estimation by comparing the valuation with the revenues effectively realized upon sale.
Sale of investment property Considering sale of investment property is a significant part of Bouwinvest Dutch Institutional Office Fund N.V.'s operations, we have performed specific audit procedures on accounting for sales (see also note 12 of the notes to the financial statements).	We have audited, by test of details, the accounting for sales of property on the basis of the related sale contracts, deeds of transfer, and the proposals for sales. We have also established the correctness of the authorization for each transaction.

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 Office 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 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	X	X	Yes	Yes
	Reclassification of certain IFRS liabilities as components of equity	X	X	N/A	N/A
1	Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders long term interests in a vehicle	X	X	N/A	N/A
2	Effect of dividends recorded as a liability which have not been distributed	X	X	N/A	N/A
	NAV after reclassification of equity-like interests and dividends not yet distributed	X	X	N/A	N/A
	Fair value of assets and liabilities	X	X	N/A	N/A
3	Revaluation to fair value of investment properties	X	X	N/A	N/A
4	Revaluation to fair value of self-constructed or developed investment property	X	X	N/A	N/A
5	Revaluation to fair value of investment property held for sale	X	X	N/A	N/A
6	Revaluation to fair value of property that is leased to tenants under a finance lease	X	X	N/A	N/A
7	Revaluation to fair value of real estate held as inventory	X	X	N/A	N/A
8	Revaluation to fair value of other investments in real assets	X	X	N/A	N/A
9	Revaluation to fair value of indirect investments not consolidated	X	X	N/A	N/A
10	Revaluation to fair value of financial assets and financial liabilities	X	X	N/A	N/A
11	Revaluation to fair value of construction contracts for third parties	X	X	N/A	N/A
12	Set-up costs	X	X	N/A	Yes
13	Acquisition expenses	X	X	Yes	Yes
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	478,197	-	478,197	553,353	-	553,353
Investment property under construction	-	-	-	6,201	-	6,201
	478,197	-	**478,197**	**559,554**	-	**559,554**
Current assets						
Trade and other current receivables	2,078	5,876	7,954	1,824	7,344	9,168
Cash and cash equivalents	86,768	-	86,768	18,604	-	18,604
	88,846	**5,876**	**94,722**	**20,428**	**7,344**	**27,772**
Total assets	**567,043**	**5,876**	**572,919**	**579,982**	**7,344**	**587,326**
Equity and liabilities						
Equity attributable to the owners of the Fund						
Total equity	**554,723**	**5,876**	**560,599**	**565,113**	**7,344**	**572,457**
Current liabilities						
Trade and other payables	3,639	-	3,639	8,966	-	8,966
Rent invoiced in advance	7,834	-	7,834	5,721	-	5,721
Tenant deposits	847	-	847	182	-	182
Total liabilities	**12,320**	**-**	**12,320**	**14,869**	**-**	**14,869**
Total equity and liabilities	**567,043**	**5,876**	**572,919**	**579,982**	**7,344**	**587,326**

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	41,999	-	41,999	37,920	-	37,920
Service charge income	7,814	-	7,814	6,640	-	6,640
Other income	704	-	704	1,805	-	1,805
Revenues	**50,517**	-	**50,517**	**46,365**	-	**46,365**
Service charge expenses	(10,601)	-	(10,601)	(8,466)	-	(8,466)
Property operating expenses	(13,063)	-	(13,063)	(9,107)	-	(9,107)
	(23,664)	**-**	**(23,664)**	**(17,573)**	**-**	**(17,573)**
Net rental income	**26,853**	-	**26,853**	**28,792**	-	**28,792**
Profit (loss) on sales of investment property	**535**	-	**535**	-	-	-
Positive fair value adjustment	8,664	-	8,664	1,216	-	1,216
Negative fair value adjustment	(28,798)	(1,468)	(30,266)	(26,891)	7,344	(19,547)
Net valuation gain on investment property	**(20,134)**	**(1,468)**	**(21,602)**	**(25,675)**	**7,344**	**(18,331)**
Administrative expenses	(3,221)	-	(3,221)	(2,526)	(100)	(2,626)
Result before finance expense	**4,033**	**(1,468)**	**2,565**	**591**	**7,244**	**7,835**
Finance income	1	-	1	21	-	21
Net finance expense	**1**	-	**1**	**21**	-	**21**
Result before tax	4,034	(1,468)	2,566	612	7,244	7,856
Income taxes	-	-	-	-	-	-
Net result	**4,034**	**(1,468)**	**2,566**	**612**	**7,244**	**7,856**
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	**4,034**	**(1,468)**	**2,566**	**612**	**7,244**	**7,856**
Net result attributable to shareholders	4,034	(1,468)	2,566	612	7,244	7,856
Total comprehensive income attributable to shareholders	**4,034**	**(1,468)**	**2,566**	**612**	**7,244**	**7,856**

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	**267,445**	**292,063**	**5,605**	**(612)**	**612**	**565,113**
Changes according to INREV at 1 January 2015	-	-	-	100	7,244	7,344
Balance at 1 January 2015	**267,445**	**292,063**	**5,605**	**(512)**	**7,856**	**572,457**
Comprehensive income						
Net result	-	-	-	-	4,034	4,034
Total comprehensive income	**-**	**-**	**-**	**-**	**4,034**	**4,034**
Other movements						
Issued share	4,730	5,270	-	-	-	10,000
Appropriation of result	-	-	-	7,856	(7,856)	-
Dividends paid	-	(19,999)	-	(4,425)	-	(24,424)
Movement revaluation reserve	-	-	(391)	391	-	-
Changes according to INREV	-	-	-	-	(1,468)	(1,468)
Total other movements	**4,730**	**(14,729)**	**(391)**	**3,822**	**(9,324)**	**(15,892)**
Balance at 31 December 2015	**272,175**	**277,334**	**5,214**	**3,310**	**2,566**	**560,599**

For 2014, before appropriation of result

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

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	**554,723**	**2,038.11**	**565,113**	**2,113.01**
	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	**554,723**	**2,038.11**	**565,113**	**2,113.01**
	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	5,876	21.59	7,344	27.46
14	Contractual fees	-	-	-	-
	Effects of the expected manner of settlement of sales/vehicle unwinding	-	-	-	-
15	Revaluation to fair value of savings of purchaser’s costs such as transfer taxes	-	-	-	-
16	Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments	-	-	-	-
17	Effect of subsidiaries having a negative equity (non-recourse)	-	-	-	-
	Other adjustments	-	-	-	-
18	Goodwill	-	-	-	-
19	Non-controlling interest effects of INREV adjustments	-	-	-	-
	INREV NAV	**560,599**	**2,059.70**	**572,457**	**2,140.47**
	Number of shares issued	272,175		267,445	
	Number of shares issued taking dilution effect into account	272,175		267,445	
	Weighted average INREV NAV	572,645		520,879	
	Weigthed average INREV GAV	587,045		532,367	
	Total Expense Ratio (NAV)	0.58%		0.54%	
	Total Expense Ratio (GAV)	0.57%		0.53%	
	Real Estate Expense Ratio (GAV)	2.93%		2.25%	

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 recovered with the sale of units of the Fund.

Capitalised acquisition costs as per 31 December 2014	7,344
Acquisition costs 2015	-
Amortisation acquisition costs in 2015	(1,468)
Adjustment NAV (excluding tax)	**5,876**

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 Office Fund N.V.

We have audited the accompanying financial overviews 2015 of Bouwinvest Dutch Institutional Office Fund N.V., Amsterdam, in accordance with INREV Valuation Principles as set out on page 69 up to and including page 77, 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 69 up to and including page 77 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 69 up to and including page 77 of the financial overviews in accordance with INREV Valuation Principles.

Basis of accounting

We draw attention to notes on page 69 up to and including page 77 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 Office Fund is structured as an investment company with variable capital, as defined in article 2:76a of the Dutch Civil Code, incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands. It is a fiscal investment institution (FII) within the meaning of Article 28 of the Dutch Corporate Income Tax Act 1969. Bouwinvest Real Estate Investment Management B.V. (Bouwinvest) is the Fund's Statutory Director and management company, subject to the terms of the management agreement. In February 2014, the management company obtained a licence within the meaning of Article 2:65 of the Dutch Financial Supervision Act and is now subject to the supervision of the Dutch Financial Markets Authority (AFM) and the Dutch Central Bank (DNB).

Shareholders

In 2015 a foreign investor became a new shareholder in the Fund. Due to the new shareholder, the Shareholders' Committee will be established in 2016.

Name shareholder	Number of shares at year-end 2015
Shareholder A	266,591
Shareholder B	4,730
Shareholder C	854
Total	**272,175**

Dividend

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

The Board of Directors proposes to pay a dividend of € 88.22 per share for 2015 (2014: € 129.43), 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, 81.8% was paid out during 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, € 23.10 per share
1 September 2015	Payment interim dividend second quarter 2015, € 25.24 per share
1 December 2015	Payment interim dividend third quarter 2015, € 23.98 per share
2 March 2016	Payment interim dividend fourth quarter 2015, € 12.62 per share
18 April 2016	Annual General Meeting of Shareholders
26 April 2016	Payment of final dividend 2015, € 3.15 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 total property portfolio plus the value of any further assets at market value as per the chosen valuation principles.

Gross initial yield (passing)
Passing rent divided by the gross capital value of the investment property including purchaser's transaction costs as per end of period.

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

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

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.

Payout ratio of distributable earnings
This is the distributed dividend in the reporting period divided by the distributable result 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.

WALT (average remaining lease time)
Weighted average duration of lease contracts based on rent to the shorter of the first tenant break or lease expiry.

Properties overview

Municipality	Street name/property name	Floor space (in m²)	No. of parking units	Year of construction /renovation	Land ownership	Core region	Theoretical gross annual rent as per 31 December 2015	Financial occupancy rate (average)
AMSTERDAM	De Lairessestraat	3,522	57	1998	Leasehold	Amsterdam	1,067	71.7%
AMSTERDAM	Valeriusplein	918	-	1917	Leasehold	Amsterdam	282	100.0%
AMSTERDAM	Olympisch Stadion (Offices)	13,391	-	1999	Leasehold	Amsterdam	2,546	90.8%
AMSTERDAM	Olympisch Stadion (Parking)	125	850	2001	Leasehold	Amsterdam	1,747	99.4%
AMSTERDAM	Citroën Zuidgebouw	6,358	20	1931	Leasehold	Amsterdam	572	16.5%
AMSTERDAM	Citroën Noordgebouw	12,095	47	1962	Leasehold	Amsterdam	910	9.1%
AMSTERDAM	Valina	3,716	14	2015	Leasehold	Amsterdam	763	100.0%
ROTTERDAM	WTC Rotterdam	51,421	-	1987	Freehold	Rotterdam	8,469	76.1%
ROTTERDAM	WTC Rotterdam (Parking)	-	235	1987	Freehold	Rotterdam	520	85.8%
ROTTERDAM	WTC Rotterdam (Parking Leeuwenstraat)	-	340	1987	Freehold	Rotterdam	1,687	97.5%
ROTTERDAM	Maasparc	6,356	30	2000	Freehold	Rotterdam	1,118	100.0%
THE HAGUE	CentreCourt (Offices)	39,823	-	2002	Freehold	The Hague	7,978	99.9%
THE HAGUE	CentreCourt (Parking)	-	670	2002	Freehold	The Hague	1,147	86.3%
THE HAGUE	WTC The Hague (Offices)	63,245	-	2004	Leasehold	The Hague	12,520	76.5%
THE HAGUE	WTC The Hague (Parking)	584	1,008	2004	Leasehold	The Hague	1,738	75.3%
UTRECHT	A. van Schendelstraat	11,441	111	1992	Freehold	Utrecht	2,090	32.1%
Total		**212,995**	**3,382**				**45,154**	**80.1%**

Bouwinvest