

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

2017

Annual Report



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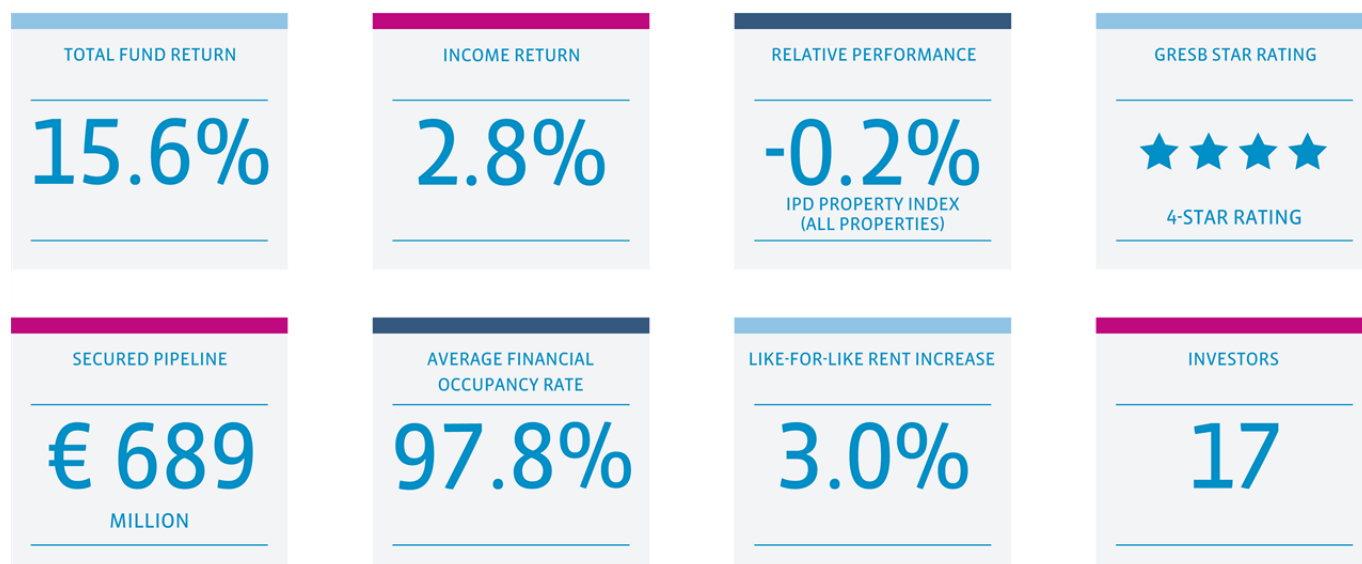
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2017 at a glance

Key information in 2017



Highlights 2017

- Total Fund return of 15.6%
- Three new investors
- Acquisition of 18 projects (1,156 residential units) for a total of € 300 million
- Investment property and investment property under construction, increased by 18.1% to € 4.6 billion
- Secured pipeline of € 689 million for 2018 - 2020
- Average financial occupancy rate of 97.8%
- GRESB rating improved to four stars (74 points; +9 in 2017)
- Underperformance IPD Property Index (all properties) with -0.2%-point

All amounts in € thousands, unless otherwise stated

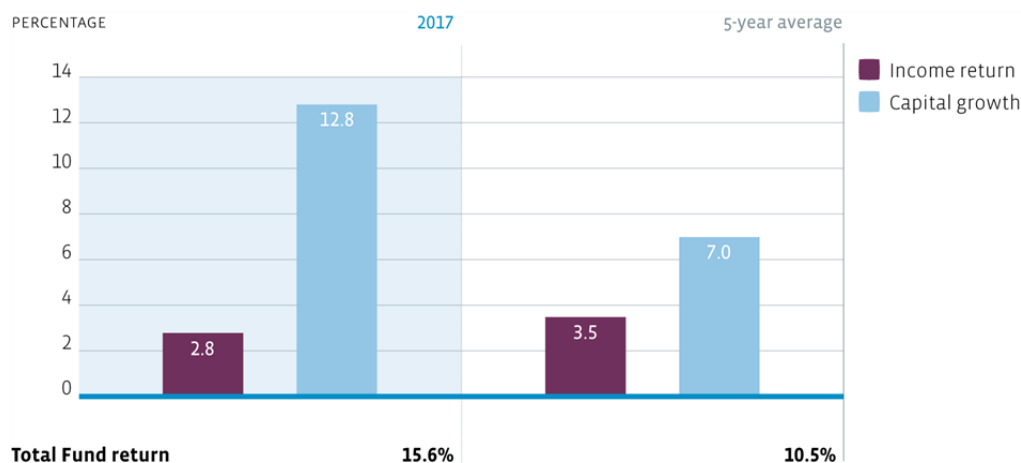
Performance per share	2017	2016
Dividends (in €)	90.82	94.03
Net earnings (in €)	508.28	569.66
Net asset value IFRS (in €, at year-end)	3,710.00	3,290.91
Net asset value INREV (in €, at year-end)	3,714.31	3,295.61

Statement of financial position	2017	2016
Total assets	4,783,924	4,016,566
Total shareholders' equity	4,751,642	3,995,034
Total debt from credit institutions	–	–

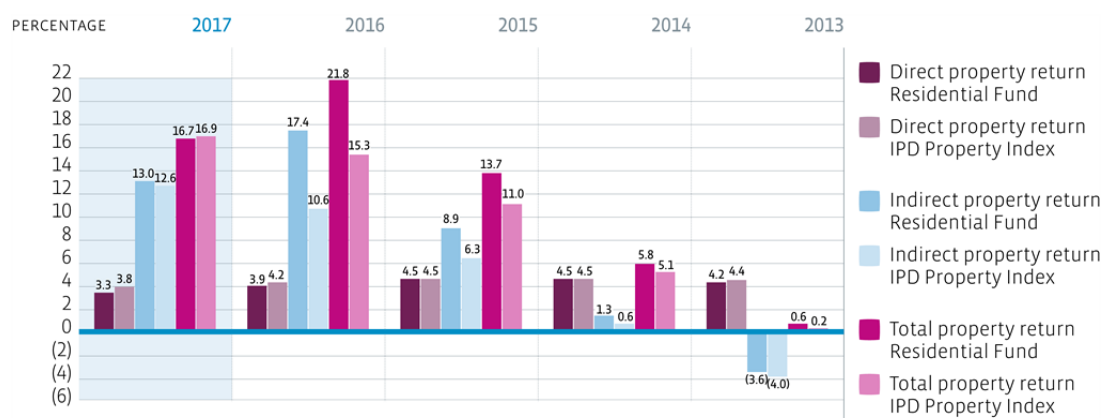
Result

	2017	2016
Net result	637,610	666,343
Total Expense Ratio (TER)	0.53%	0.53%
Real Estate Expense Ratio (REER)	1.26%	1.32%

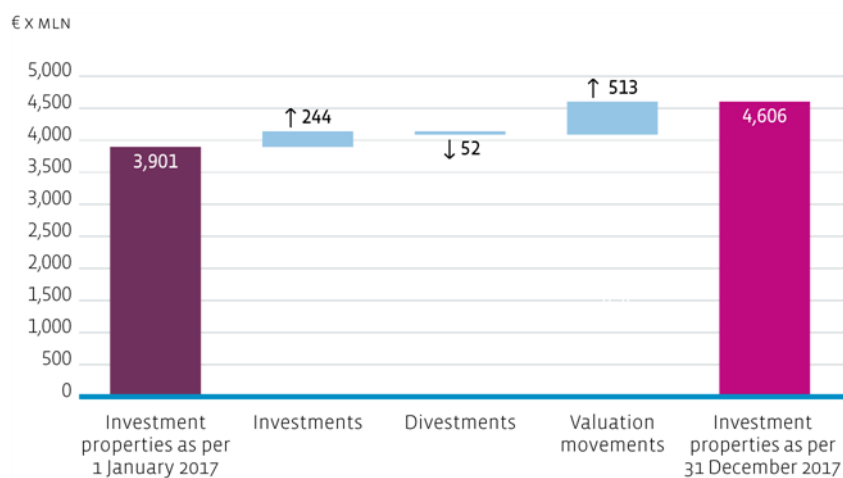
Fund return



Property performance (all properties)

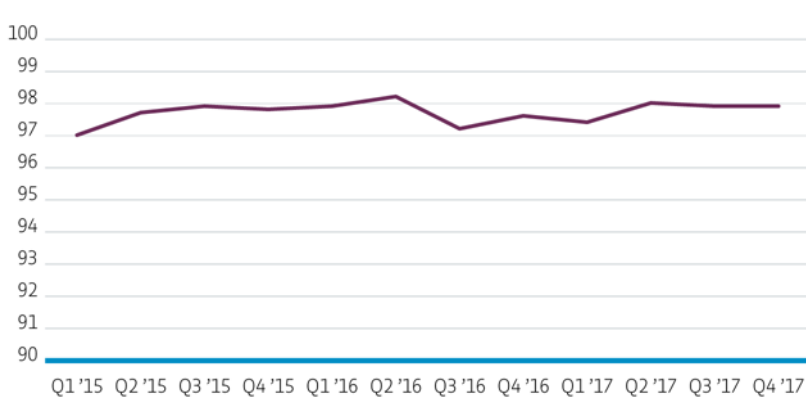


Portfolio movements



Financial occupancy rate

PERCENTAGE



Portfolio figures

	2017	2016
Investment property	4,143,094	3,547,470
Investment property under construction	463,040	353,078
Gross initial yield	4.6%	5.1%
Total number of residential units	16,172	15,329
Average monthly rent per unit (in €)	1,020	1,001
Financial occupancy rate (average)	97.8%	97.7%
Sustainability (A, B or C label)	94.6%	93.3%

Responsible investment key data

Fund and asset sustainability performance

Fund sustainability performance

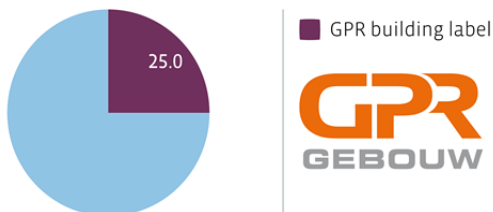


Participation & Score

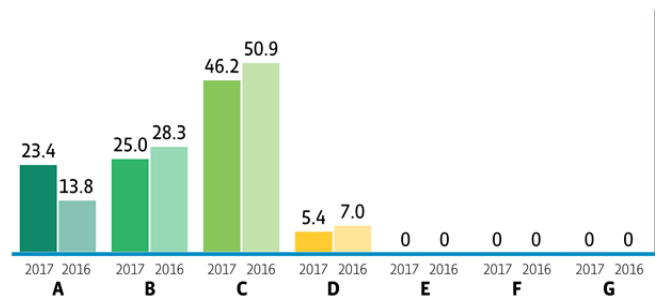


Asset sustainability performance

GPR building label (% of properties)

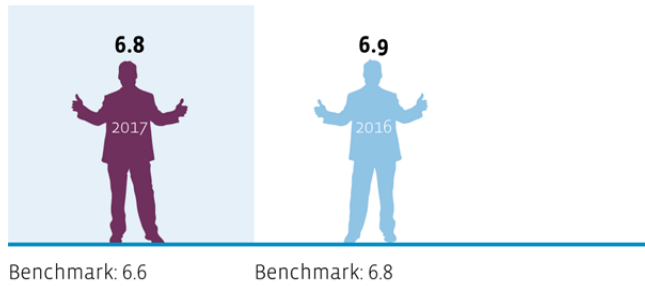


Distribution of energy labels by unit (%)



Community and stakeholder engagement

Satisfaction scores tenant engagement survey

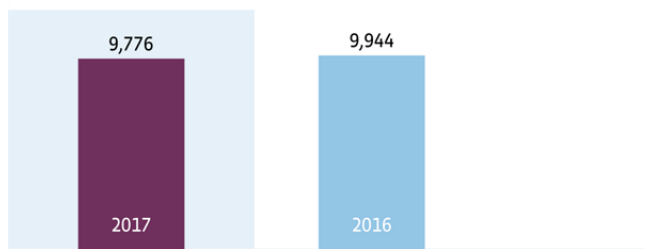


Participant rate tenant engagement survey

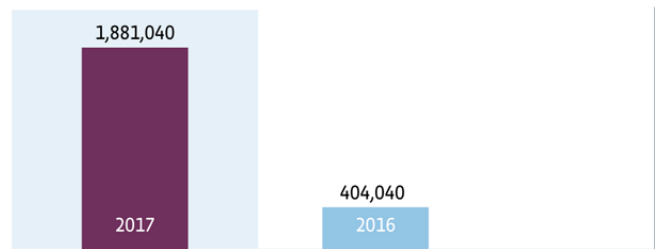


Environmental impact

Energy consumption (like-for-like, MWH)



On-site solar panels (Watt)



Highlights responsible investment 2017

- GRESB Rating improved to four stars (total of 74 points; +9 in 2017)
- Average energy index of the portfolio improved to 1.29
- 94.6% of assets awarded a green energy label (A,B or C label)
- Energy consumption fell by 1.7% to 9,776 MWH
- Further development of 'Live the Future' concept: 14 innovative smart DC lofts in Eindhoven (Strijp S)
- 25.0% of the investment properties have a sustainability label of 'GPR Gebouw'
- +1,4 MW (megawatts) of on-site renewable energy (solar) added to portfolio

Key information over five years

All amounts in € thousands, unless otherwise stated

	2017	2016	2015	2014	2013
Statement of financial position					
Total assets	4,783,924	4,016,566	3,170,333	2,727,725	2,609,004
Total shareholders' equity	4,751,642	3,995,034	3,151,198	2,715,283	2,599,612
Total debt from credit institutions	-	-	-	-	-
Performance per share					
Dividends (in €)	90.82	94.03	98.33	97.88	94.87
Net earnings (in €)	508.28	569.66	319.75	128.47	(0.93)
Net asset value IFRS (in €, at year-end)	3,710.00	3,290.91	2,823.04	2,602.68	2,572.97
Net asset value INREV (in €, at year-end)	3,714.31	3,295.61	2,823.04	2,602.68	2,573.56
Result					
Net result	637,610	666,343	347,475	133,154	(941)
Total Expense Ratio (TER)	0.53%	0.53%	0.53%	0.56%	0.57%
Real Estate Expense Ratio (REER)	1.26%	1.32%	1.40%	1.53%	1.62%
Fund return					
Income return	2.8%	3.4%	3.8%	3.9%	3.6%
Capital growth	12.8%	17.1%	8.6%	1.2%	(3.6)%
Total Fund return	15.6%	20.5%	12.5%	5.1%	0.0%
Portfolio figures					
Investment property	4,143,094	3,547,470	2,833,309	2,561,354	2,535,854
Investment property under construction	463,040	353,078	205,579	65,896	57,213
Gross initial yield	4.6%	5.1%	5.7%	6.0%	5.7%
Total number of residential units	16,172	15,329	14,455	14,181	14,467
Average monthly rent per unit (in €)	1,020	1,001	966	927	899
Financial occupancy rate (average)	97.8%	97.7%	97.6%	96.5%	96.4%
Sustainability (A, B or C label)	94.6%	93.3%	92.6%	92.3%	92.1%
Property performance (all properties)					
Direct property return	3.3%	3.9%	4.5%	4.5%	4.2%
Indirect property return	13.0%	17.4%	8.9%	1.3%	(3.6)%
Total property return	16.7%	21.8%	13.7%	5.8%	0.6%
IPD Property Index residential real estate (all properties)					
Direct return IPD Property Index	3.8%	4.2%	4.5%	4.5%	4.4%
Indirect return IPD Property Index	12.6%	10.6%	6.3%	0.6%	(4.0)%
Total return IPD Property Index	16.9%	15.3%	11.0%	5.1%	0.2%

The Residential Fund at a glance

Fund characteristics

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

Fund management

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

Our vision of the Dutch residential market

- Investors' appetite remains high
- Solid capital growth for standing investments and lower initial yields
- Polarisation - marked regional differences in housing demand
- Qualitative mismatch - single-person households and elderly are changing the market
- Qualitative mismatch especially in Randstad conurbation
- Urbanisation and ageing driven demographics
- Increasing competition on the acquisition side

Fund strategy

The Residential Fund aims to increase its assets under management to € 6.1 billion by 2020. This will be achieved through targeted acquisitions and a positive revaluation. Capitalising on key market developments, the Fund's acquisition strategy focuses on:

- The Fund's **core regions** with a specific focus on the Randstad and Brabantstad conurbations, and a preference for inner-city areas.
- The **liberalised rental sector**, with a focus on the **mid-rental segment** (rents between € 711 and € 1,250).
- **Apartments** for starters, one-person and two-person households and **family homes**
- **'Lifecycle-proof'** homes or residential environments for elderly people.
- Homes with **above-average energy efficiency**.

The residential portfolio at a glance

Portfolio characteristics

- € 4.6 billion in Dutch residential properties (240 properties, 16,172 dwellings) at year-end 2017
- Focus on the Randstad, Brabantstad and Mid East conurbations and inner-city areas
- Focus on the liberalised rental sector
- Continuously high occupancy rate
- High percentage of green energy labels (A, B or C label)
- Four-star GRESB Rating

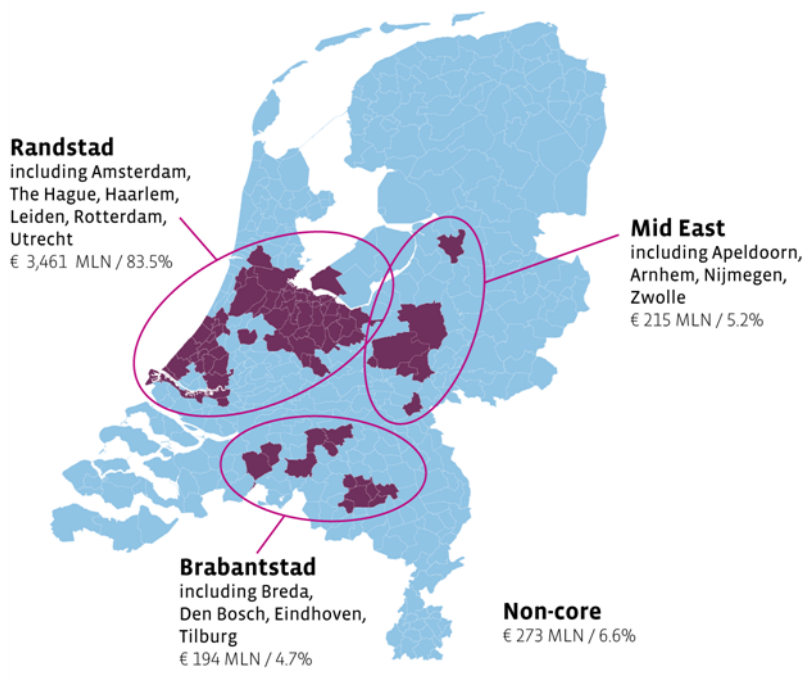
Core region policy

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

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

The target is for at least 80% of the total portfolio value to be in investment properties in the Fund's core regions. This currently stands at 93.4%.

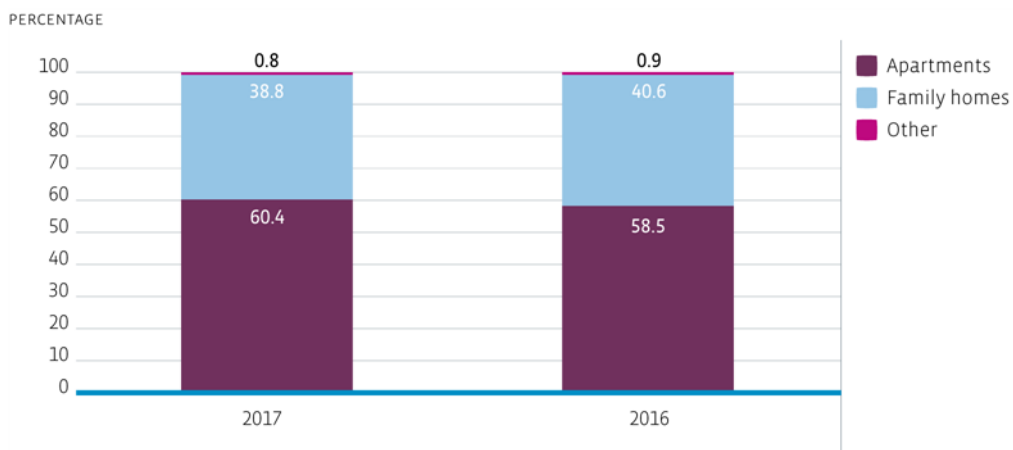
The Residential Fund's core regions based on market value excl. property under construction



Major segments

To meet its own diversification guidelines, the Fund strives for a healthy balance of family homes and apartments. Because we focus on urban areas, the proportion of apartments will continue to grow for the foreseeable future. In 2018, we will expand the diversification guidelines. One of these guidelines is that a minimum of 25% of the portfolio must consist of family homes.

Portfolio composition by type of property based on market value



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

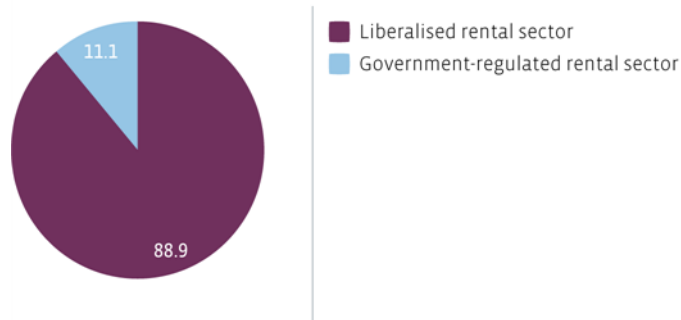
- Type of housing
- The indexation policy
- The rental segment
- Year of construction
- Regional spread with a focus on economically strong regions

Focus on liberalised rental sector

With an average monthly rent of € 1,020, the focus of the Fund continues to be on the mid-rental segment (€ 711 - € 1,250). The liberalised sector (rents of € 711 and above) is particularly interesting for the Fund, as demand is growing and supply is lagging, especially in the Netherlands' largest and most popular cities. Furthermore, demand is growing as a result of the recent sharp price increases in the owner-occupier market. To keep providing housing opportunities for mid-income households, more and more local governments are introducing new policies to encourage the construction of affordable housing. Nevertheless, the liberalised rental sector, with its high occupancy levels, remains an attractive market for institutional investors.

Portfolio composition by type of rent based on rental income

PERCENTAGE



Selection of principal properties

Existing portfolio (selection)

De Halve Maen

86 apartments, Amsterdam



De Heelmeesters

179 apartments, Amsterdam



Kop van Zuid

311 apartments & 19 family homes, Rotterdam



Meysters Buiten

49 apartments, Utrecht



Prinsenhof

205 apartments, The Hague



Rijswijk Buiten

43 family homes, Rijswijk



Added to the portfolio (selection)

Alverna

36 apartments, Aerdenhout



Nautique Living

403 apartments, Amsterdam



Het Hof

224 apartments, 's-Hertogenbosch



Loolaan

39 apartments, Apeldoorn



Noorderstreek

76 family homes, Tilburg



't Oog van Nuenen

25 family homes, Nuenen



Strijp S

96 apartments, Eindhoven



Zijdebalen

177 apartments, Utrecht



Vredenburgplein

42 apartments & 18 family homes, Utrecht



Portfolio pipeline (selection)

Het Dok

449 apartments, Amsterdam



Hof van Pampus

74 apartments, Hoofddorp



Little C

209 apartments, Rotterdam



Nieuwe A

48 family homes, Arnhem



Park Hoog Oostduin

146 apartments, The Hague



Pontsteiger

252 apartments, Amsterdam



State

262 apartments, Amsterdam



Vrij Werkeren

46 family homes, Zwolle



IJburg 1b

70 apartments, Amsterdam



Message from the chairman

Dear stakeholders,

Residential real estate is hot right now, but we see few signs that might bear out fears of overheating in hotspots like Amsterdam. The Residential Fund certainly had a good year, with a total return of 15.6%, which was above even our high expectations. This was thanks at least in part to our past and present focus on areas with a solid economic and demographic outlook. Plus the fact that despite fierce and growing competition we still managed to make a number of solid acquisitions, without any concessions to our high quality standards.

The flip side of the booming residential market is the growing problem of affordability that is affecting more and more people. Public and private sector players will have to work together to help alleviate this problem and set targets for new developments. So while we are very happy with the performance of our portfolio, we are also looking very keenly for solutions to the problems of supply bottlenecks and the difficulties people are facing in finding suitable and affordable homes. After all, these imbalances – as demand vastly outstrips supply – will result in even greater problems in the future if they are not addressed quickly and effectively.

Local authorities are now taking measures, including maximised rent increases and starting rents and restrictions on the sale of rental properties. This is creating a new environment for investors, some of whom may be more reluctant to invest until we have a clear picture of the impact of these and other measures. However, we firmly believe in inclusive urban environments that offer high-quality homes to people at every income level now and in the future.

One thing that is clear is that the shortage of residential properties will continue for the next few years. We will therefore continue to press for an increase in plan capacity, while protecting the green heart in the Randstad region and beyond. This is also one of the key drivers behind Holland Metropole, a public-private collaborative initiative to promote the four-city Holland Metropole region, improve transport links and create smaller urban centres between the major cities, relieving pressure on those cities and creating truly liveable environments right across the region. There is a real and growing need for liberalised sector homes, and more specifically mid-segment rental homes, which will continue to be our primary focus.

We managed to make 18 acquisitions valued at € 300 million last year. Most of these acquisitions were outside Amsterdam, as prices in the capital are currently often too high to meet our investment criteria. Other very popular cities, like Utrecht, are now following suit and prices are rising and margins are narrowing very quickly. This is why we are increasing our focus on opportunities in smaller cities, like Haarlem, Eindhoven and other cities with a very positive economic and demographic outlook. And it is also why we are in constant talks with local authorities and other residential market players across the country to find solutions to this burgeoning demand. And we did indeed manage to make some solid acquisitions outside the capital city last year. Highlights included the unique Little C project in Rotterdam and a major project involving 323 new-build homes in Utrecht and across the province of Brabant. We were less active in Amsterdam last year, although we did acquire the striking Het Dok project, increasing our presence in the upcoming Amsterdam North district.

All in all, we are positive on the Dutch residential market and we are convinced that we will continue find and acquire assets to add to our portfolio in the future. As at 31 december 2017, we have a total of 17 investors and the commitment of our anchor investor bpfbouw, so we have the resources, we have the expertise and we have the network to optimise our portfolio and generate healthy returns long into the future.

All that is left now is for me to thank our investors for their continued faith in our strategy and all our employees for their hard work and commitment to Bouwinvest in 2017.

Dick van Hal

Chairman of the Board of Directors

Report of the Board of Directors

Market developments and trends

Economy & politics

Positive outlook Dutch economy

In the course of 2017, the Dutch economy gained additional positive momentum. GDP growth was dominated by strong export figures, private investments and increased household spending. Housing market-related sectors have flourished in recent years, largely thanks to the very strong rebound in the housing market following the 2008 financial crisis.

Real GDP growth is expected to be around 3.2% and 3.1% in 2017 and 2018 respectively, according to forecasts from the Netherlands Bureau for Economic Policy Analysis (CPB). This is expected to be followed by lower growth rates in the subsequent two years (1.9% in 2019 and 1.5% in 2020). Unemployment has declined steadily to the current level of about 4.5% and is expected to decline further in the years ahead. Job growth is forecast to be positive in a whole range of sectors. Inflation is expected to increase somewhat, to a maximum level of about 2%, but will remain low from a historical perspective. Persistent low inflation is expected to boost consumer spending by an additional 1.5 - 2% annually. All in all, the economic outlook for the Netherlands is solid for the next few years, despite some international political uncertainty.

Brexit and ECB's monetary policy

The overall impact of the Brexit is still difficult to assess. So far, the direct consequences seem to be positive for the Netherlands, as we have already seen a string of announcements by international companies and institutions planning to move at least some of their offices to the Netherlands, with the relocation of the European Medicines Agency from London to Amsterdam being the most noteworthy. This will have a direct impact on the office real estate market, and possibly the residential and retail markets.

With respect to the European Central Bank's monetary easing policy, the previous programme to purchase a total amount of € 60-80 billion of public and private debt on a monthly basis in order to achieve an inflation level of 2%, was tapered off in early 2018, when the ECB cut its monthly purchases to € 30 billion.

New coalition introduces policies that could harm institutional investors

Following the Dutch general election in March 2017, a four-party coalition government, consisting of the Liberal VVD, the centrist D66, the Christian Democrat CDA and the Christian conservative CU party, was formed in October. The new coalition will have a majority of just one in the highly fragmented 13-party Dutch parliament.

In the coalition agreement, the newly-formed government announced that fiscal investment institutions (FIIs) will no longer be allowed to invest directly in real estate. The change is supposed to come into effect from the financial year 2020 onwards. Bouwinvest, together with other institutional investors, is currently trying to persuade the government not to implement this regulation. Additionally, Bouwinvest is investigating the potential consequences of such a change in fiscal legislation for the funds it manages and is assessing alternative structures to minimise the negative fiscal impact on investors in these funds.

Political impact on the residential market

With respect to the residential market, the government's new policies included a substantial set of new housing policies, including plans to remove obstructive legislation regarding housing developments, the provision of housing opportunities for mid-income households and special groups, such as the elderly, refugees, starters, students and the disabled. Other policies include the accelerated reduction of the rate at which mortgage holders can deduct interest from their tax bills. By 2023, home owners will be limited to a deduction of 37%, down from the current rate of 49.5%. As this will be compensated by a reduction of taxes levied on imputed income from home ownership, the net impact on the rental market and investments is expected to be zero.

On a local level, Amsterdam has put specific policies in place to encourage the construction of affordable housing, with more cities expected to follow, especially in the Randstad conurbation. The new policies state that 40% of homes built through 2025 are supposed to be rented out for a maximum of approximately € 970 (minimum € 711) or sold for mid-market prices. In addition, rent increases are restricted, while investors have an obligation for long-term commitments. Utrecht is following in Amsterdam's footsteps and in December 2017 also introduced a policy to support the construction of affordable rental homes.

Amsterdam has a long tradition of granting land subject to ground leases. Until recently, these transactions were executed subject to a system of continuous ground lease, under which the amount of the ground rent was adjusted in line with the actual land value every fifty or one hundred years. The new ground lease, mandatory for new developments and optional for current leasehold home owners, is a perpetual ground lease.

In such a case, the amount of ground rent is determined only once (and changes solely on the basis of inflation) and the leaseholder is allowed to buy out his payment obligations in a lump sum. The underlying idea behind the revision of the current system is to remove uncertainty about leasehold costs due to market unpredictability. Bouwinvest is assessing to what extent this will affect the value of the Fund's investments in Amsterdam. At year-end 2017, the Fund had exposure of € 1.6 billion in Amsterdam for a total of 6,531 residential units.

Demographics

Continuing population and household growth

On a national level, both the total population and the number of households are expected to continue to grow in the coming decades. The total population is set to increase by over 700,000 in the 10 years leading up to 2025. In this period, the number of households is projected to rise by almost 600,000 to 8.3 million. This demographic growth, however, will be very much concentrated in the 20 largest municipalities in the Netherlands, especially the main cities of the Randstad region. While household growth in the four largest cities of the Randstad conurbation will be a cumulative 11% in the years to 2025, the figure for the country as a whole is expected to be 7.7%.

Urbanisation and ageing major drivers

The growth in the number of households will be largely driven by the growth in one and two-person households, which in turn will be dominated by the growing number of elderly households. The number of people older than 75 years is expected to double over the next 25 years. As a result of this trend, the working population in the Netherlands will show virtually no growth over the coming years. However, the major Dutch cities will not be affected by this demographic trend, as the healthy and growing availability of employment opportunities will lead to a steady influx of (young) working people, especially in the cities of the Randstad region.

Demographic shifts in population, urbanisation and ageing are trends that will continue to have an impact on living, shopping, working, mobility and leisure. These trends make it even more important to align the products in the real estate investment market with the future demands of both users and investors.

Capital market

Strong increase in investment volumes

Given the low interest rate environment and the yield spread offered by real estate, investors' capital inflow into real estate markets remains strong. In 2017, around € 21.0 billion was invested in the Dutch real estate market, significantly more than the € 14.1 billion invested in the previous year. This increase in investment volume was driven by both domestic and international investors, although the market share of the latter group increased. A year-end breakdown is not available yet, but midway through the year international players had accounted for 67% of total investments, compared to 60% for the full year 2016. Strategies among investors differ. Domestic institutional investors largely prefer core fund investments, while US investors target more opportunistic funds (even without seed assets) and Asian investors focus primarily on large single asset deals. European investors tend to concentrate on existing assets, preferably combined in a portfolio, which enables them to achieve acquisition targets more quickly.

Positive expectations

We expect investors' appetite to remain high for real estate investments, despite the expected rise in interest rates. This is due to the fact that real estate continues to prove its value in terms of adding diversification to investment portfolios and the attractive yield and total return it offers compared to interest rates and other asset

classes. The highly transparent Dutch property market will remain a major destination for international investors eyeing European property markets.

Investment market

Investment volumes increase further

Since the financial crisis, the residential market has been among the best performers in the real estate sector. While mostly driven by a strong capital growth, residential investments deliver solid returns at low risk, with stable income returns. The housing market recovery and strong investor appetite for residential investments led to high indirect returns across the market in 2017.

Preliminary data for 2017 indicates that the residential sector accounted for an investment volume of close to € 5 billion, or around a quarter of total real estate investments. This is a further increase on the € 3.6 billion invested in residential property the previous year.

While residential investments are generally more dispersed over the Netherlands than other property categories, often instigated by portfolio sales, institutional investors continue to focus on the largest cities.

As the fundamentals for the Dutch residential market will remain strong, given the housing shortage in the Netherlands, the continuing interest from investors will put further downward pressure on initial yields, as long as interest rates remain low. Amsterdam leads the way with prime yields as low as 3.3%, approximately 50bps lower than other key cities like Utrecht and Rotterdam.

Nowadays, almost all transactions in the main cities are executed through tender processes, while 1-to-1 transactions are still possible in other, more regional, areas. This is a situation that favours domestic real estate players, like Bouwinvest, with a strong local network, local market know-how and a development background.

Liberalised rental segment most attractive

In the Netherlands, the liberalised rental sector accounts for just 10% of the housing stock. Properties in this sector are not subject to maximum rental levels and annual rent increases are also freely determined. Together with its very low vacancy levels, this makes the liberalised residential rental sector a very attractive market for institutional investors. While it may be a small segment of the market right now, demand is growing steadily as a result of the price increases in the owner occupier market. Additionally, rent increases imposed in the government-regulated (social housing) sector are slowly driving tenants towards the liberalised sector. Consequently, demand for liberalised sector rental homes is expected to double in the coming next decades, especially in the larger cities.

Occupiers market

Polarisation

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

Changing demand

Another trend that is changing housing demand is the ageing population. Between 2017 and 2030, the number of elderly is forecast to grow by some 875,000 households, an increase of 44%. Many retirees, especially those living in the larger cities, are expected to sell off their existing properties and rent smaller, higher-quality and low-maintenance homes. These so-called lifecycle-proof housing developments are built or refurbished according to a wide range of sustainability-related criteria, including energy use and general liveability. They are also future proof in terms of providing the right amenities when residents need assisted living or healthcare services.

Overall, the rising number of younger single-person households and the effects of the ageing population are creating a growing awareness among municipalities, developers and investors that demand for liberalised rental homes is set to grow rapidly in these city centres.

Sustainability and climate change

Global goals

The Paris Climate Agreement (COP21), the United Nations 2030 agenda for sustainable development and the Dutch Energy Agreement all marked the start of the race to curb global greenhouse gas (GHG) emissions in order to keep the global temperature rise below 2 degrees Celsius by 2050. At that point, all major business sectors should be operating in what will essentially be a zero carbon emission environment.

The built environment consumes around 40% of the world's energy and accounts for up to 30% of the world's annual GHG emissions. Additionally, the building industry is a large user of raw materials. It is therefore essential that the companies and people who manage global real estate assets play a significant role in finding solutions. This means that the building and construction sector has to move towards a completely zero carbon built environment by 2050. The Energy Performance of Buildings Directive (EPBD) applicable to European countries requires all new buildings to be near zero-energy by the end of 2020.

Sustainability and the residential market

In the coalition agreement, the new Dutch government announced it would be taking steps to improve the sustainability of the country's housing stock, with a particular focus on current housing stock. Multiple market initiatives focused on reducing the consumption of non-renewable energy (including gas) have already been launched, in part because future owner-occupiers and tenants are increasingly demanding these solutions.

Eight interconnected sustainability megatrends
most critical for the real estate sector over the next 15 to 20 years.

Low carbon economy	Urbanisation	Workforce transformation	Health and wellness
Technological innovation	Land and resource scarcity	Changing demographics	Transparency and social value

Technology and innovation

Property and technology

Proptech is an overarching term used for technological innovations in the property sector. Innovative proptech concepts include the creation of digital platforms for improved information and knowledge exchange, the use of virtual reality or augmented reality in the design and marketing of properties, the addition of sensors to buildings to obtain more insight into their usage and performance, advanced (big) data analytics for property selection, as well as the possible use of blockchain technology for smart rental contracts to speed up and simplify processes and cut overheads.

New construction process and materials

New materials are opening up possibilities and helping to increase sustainability. Overall, the trend is towards the re-use of building materials when redeveloping and constructing buildings in line with the circular economy concept. Additionally, we are seeing the rise of new building methods, sometimes on-site, such as 3D printing, but more often off-site. Drones can be used for inspection purposes, while robots can pour concrete and lay bricks.

Smart homes will increase efficiency and living comfort

Via the use of innovative technology, homes will increasingly collect their own energy, have near zero (or zero) GHG emissions, adapt to changes in the environment and communicate with tenants and society. This trend will boost tenant satisfaction and sustainability, plus financial performance. Additionally, blockchain technology will boost trust in smart rental contracts, which will speed up and simplify processes and cut overhead costs, while IT

solutions are being developed to improve the community-tenant-landlord relationship for the benefit of all parties.

The Fund's strategy

The Residential Fund has a well-defined growth strategy, as we believe the residential sector continues to offer good long-term investment opportunities, especially for investors with a liability hedge strategy. The Fund's target is to increase its net asset value (NAV) to € 6.1 billion in 2020. In addition to positive revaluations, the Fund will achieve this growth through targeted acquisitions of high-quality assets.

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

- The Fund's **core regions** with a specific focus on the Randstad, Brabantstad and Mid East conurbations, and a preference for urban areas.
- The **liberalised rental sector**, with a focus on the **mid-rental segment** (rents between € 711 and € 1,250).
- **Apartments** for starters, one-person and two-person households and **family homes**.
- **'Lifecycle-proof'** homes or residential environments for elderly people.
- Based on an increasing **focus on sustainability**, this strategy has now been defined at both Fund and asset levels.

Responsible investment strategy at Fund level:

- Our ambition is to be in the **leading group of sustainable real estate managers**. We want to set the standard in our sector and create and sustain stakeholder value through effective integration of material ESG issues that lower risks and future-proof our real estate investments.
- The Fund's long-term ambition is to retain its **four-star rating** according to the Global Real Estate Sustainability benchmark (GRESB).

Responsible investment strategy at asset level:

- Focus on assets with an **above-average sustainability performance** (environmental impact, stakeholder value and community engagement).

Diversification guidelines and investment restrictions

The Fund applies a defined set of Investment Restrictions in the execution of its strategy. The Fund will adhere to the following Investment Restrictions to focus on its core activity and to limit risks. In the Fund Plan 2018-2020, the Fund expanded its diversification guidelines slightly.

Diversification guidelines	Current portfolio	Conclusion
≥ 80% of investments invested in core regions	93.4% in core regions	Compliant
Investment restrictions		
< 5% invested in single investment property	There is no single investment property exceeding 5% of the total portfolio of € 4.6 billion	Compliant
< 10% invested in non-core (non-residential) properties	Investments in non-core properties are 0.8%	Compliant
< 10% pre-finance acquisitions	Investments under construction stand at 11.2%	Not compliant
No investments that will have a material adverse effect on the Fund's diversification guidelines	There were no investments in 2017 that have a material adverse effect on the Fund's diversification guidelines	Compliant

As a result of the substantial value growth of investments under construction, the percentage of pre-finance acquisitions ended slightly above the restriction percentage. This will change in the course of 2018 and the Fund will be compliant.

Portfolio developments 2017 in perspective

Portfolio composition at year-end 2017:

- A total of 16,172 homes (240 properties) across the Netherlands
- Total value investment properties of € 4.1 billion

Investments and divestments

Acquisitions

As a result of our active focus on the acquisition of new properties, we reached agreements on a total of 18 properties. More than 60% of the acquisitions in 2017 were in inner-city locations in the Randstad urban conurbation, with the remainder in other core regions:

- 773 apartments
- 383 family homes
- € 300 million investment volume

The assets we acquired in 2017 are described below.

IJburg 1b, Amsterdam

Rental range: € 712 - € 798 per month

Expected delivery date: 2018

The IJburg plot 1B (IvensStudios, www.ivenstudios.nl) project consists of an apartment building with 125 apartments. The Residential Fund has acquired 70 studios with an average floor space of 46 m².

Plot 1B is located on Amsterdam's Haveneiland-West at the junction of Joris Ivensstraat and Johan van der Keukenstraat near the western end of Haveneiland-West, close to IJburglaan. The building is handy for the fast tram to the Amsterdam city centre. Across the road from Plot 1B is the IJburg shopping centre with a wide range of shops, including two supermarkets. The project also looks out on a small park located behind the shopping centre.



IJburg 1b

Amsterdam,
The Netherlands

KVL – Oosterwijk

Rental range: € 835 - € 1,205 per month

Expected delivery date: 2020

The 60 apartments in the project are located in the so-called KVL site in Oosterwijk. In its heyday, Koninklijke Verenigde Leder was the largest leather tanning company in Europe. The KVL went into slow decline in the 1970s and the factory finally closed in 2000. In the meantime, 17 years on, BPD is developing a new residential environment on this distinctive site, with (parts of) its industrial heritage reminding us of earlier times. The 60 apartments vary in size between 63 m² and 138 m², with an average floor space of 83 m².

**KVL**

Oisterwijk,
The Netherlands

Little C – Rotterdam

Rental range: € 950 - € 1,525 per month

Expected delivery date: 2020 - 2022

The Little C project offers a truly unique residential product. The 209 lofts of between 46 m² and 156 m² (average of 77 m²) have a higher than average ceiling height (net 2.9 m) and the special cast iron fire escapes and balconies give the buildings a typical New York architectural look. The project also includes the creation of a dynamic inner area for a number of commercial functions, including 8,500 m² of floor space for offices. The Daniël den Hoed house has also signed a contract for 30 short-stay residential units for the families of patients being treated at the nearby Erasmus University Medical Centre.

**Little C**

Rotterdam,
The Netherlands

Elias Beekman Kazerne – Ede

Rental range: € 820 - € 1,160 per month

Expected delivery date: 2018

The listed Elias Beekman building in Ede is a former army barracks that until 2010 was occupied by the Ministry of Defence. The barracks were opened in 1939. The Residential Fund has agreed to acquire a total of 64 liberalised sector rental apartments divided across four identical buildings. These apartments will have floor space varying from 76 m² to 119 m² (average of 84 m²). In addition to these four buildings, the project includes the transformation of two other existing buildings into residential blocks with a total of 32 owner-occupier homes. A residential care complex will be built in the centre of the plan, surrounded by the six residential blocks.

**Elias Beekman Kazerne**

Ede,
The Netherlands

Tudorpark – Hoofddorp

Rental range: € 715 - € 1,375 per month

Expected delivery date: 2019

The Residential Fund has signed a contract for the realisation of 134 homes in the Tudorpark project in Hoofddorp, which is part of the similarly named area development project. This includes 98 houses and 36 apartments. The houses vary from 125 m² to 138 m², while the apartments have an average floor space of 49.9 m².

The Tudorpark new-build project is located on the southern side of Hoofddorp. It is in the centre of the Randstad urban conurbation, close to Haarlem, Amsterdam, Amstelveen and Schiphol Airport. All the homes are different in the Tudorpark development, which in itself is enough to make this a very special new-build district. The extremely varied range of homes in terms of type, size and look will make Tudorpark an attractive place to live for numerous target groups. The houses in this district are being built in a distinctive English Tudor style, with typical steeply sloping roofs and flat roof tiles, rich ornamentation, varying and staggered façades, design chimney stacks and ornamental masonry.



Tudorpark
Hoofddorp,
The Netherlands

't Oog van Nuenen – Nuenen

Rental range: € 1,165 - € 1,320 per month

Delivery date: 2017

The 't Oog project in Nuenen is part of a much larger residential project recently realised in the centre of Nuenen. The 25 homes, varying in size from 128 m² to 157 m², are all located on Weverstraat and have south/south-west facing gardens. Behind the homes is a recently realised apartment complex, complete with an underground car park, which also includes the parking spaces for the 25 homes. The nearest supermarket is a five-minute walk away from the homes.



't Oog van Nuenen
Nuenen,
The Netherlands

Bellefleur – Culemborg

Rental range: € 895 - € 950 per month

Delivery date: 2017

The Bellefleur project is part of the Parijsch new-build district, which has a total capacity of around 1,100 homes, located to the west of Culemborg. This project is in line with the city of Culemborg's ambition to expand to 30,000 residents. The Bellefleur section of the project includes 23 family homes with floor space of 122 m², located in a spaciouly laid-out neighbourhood with a rural look and feel. The nearest shopping centre is a three-minute bike ride away, while the homes are just a 12-minute bike ride away from the centre of Culemborg. The shopping centre also houses various other amenities, including a sports hall and a health centre.



Bellefleur

Culemborg,
The Netherlands

De Kreek – Oosterhout

Rental range: € 885 - € 1,030 per month

Expected delivery date: 2018

This project involves the construction of 30 family houses built using mixed bricks to the north-west of Oosterhout, looking out over the village of Made. The 30 homes, which are part of a larger project, are located behind the screen of a broad verge with parking spaces, on a through road with excellent transport connections. These homes vary in size from 119 m² to 138 m². Both sports facilities and the countryside are just a stone's throw away. The nearest supermarket and the centre of Oosterhout are respectively a four-minute and a 12-minute bike ride away from the most distant house in the complex.



De Kreek

Oosterhout,
The Netherlands

Liverdonk – Helmond

Rental range: € 880 - € 955 per month

Expected delivery date: 2018

The Liverdonk project involves the realisation of 26 houses – varying in size from 104 m² to 111 m² – to the south-west of Helmond, just 500 metres from the Helmond Brandevoort railway station. The project is a three-minute bike ride from the centre of Brandevoort with a wide range of amenities, including two supermarkets, various other shops and a primary school. The current location of a large primary school, Mondomijn, is the site for the construction of around 300 homes in a new 'white village' within Brandevoort. The architectural style is derived from the 'white village' Thorn in the province of Central Limburg. The most striking feature of the new neighbourhood in the village of Brandevoort will be the white houses with red and anthracite-blue roofs.



Liverdonk

Helmond,
The Netherlands

Meijerijlaan – Eindhoven

Rental range: € 950 - € 1,075 per month

Expected delivery date: 2018

For this project, 24 family homes – varying in size from 112m² to 119m² – will be built on the site of a former school, complete with a private courtyard with parking facilities. A sport park is located across a through road and a shopping centre with two supermarkets and other amenities is just a six-minute walk away. The station and the city centre are a 10-minute drive from the new residential complex.



Meijerijlaan

Eindhoven,
The Netherlands

De Grassen – Vlijmen

Rental range: € 945 - € 1,125

Expected delivery date: phase 1: 2018, phase 2: 2020

The De Grassen project, to the north-east of Vlijmen, will be realised in several phases. Phase 1 consists of 23 family homes and Phase 2 will comprise 27 family homes (two separate purchase agreements). The homes will vary in size from 117 m² to 125 m². The homes are located in a spacious neighbourhood, with lots of green areas, just a few minutes' walk from the Engelermeer lake and within cycling distance of the city centre of Den Bosch. The homes are three minutes from the centre of Vlijmen with its supermarkets and other amenities. The A59 motorway is just a five-minute drive away by car.



De Grassen

Vlijmen,
The Netherlands

Van de Marckhof – Utrecht

Rental range: € 1,235 - € 1,540

Expected delivery date: 2018

The Utrecht district of Geuzenwijk is the existing urban site for the construction of 46 family homes – varying in size from 122 m² to 172 m² – built in the form of an urban block. Parking facilities are located in a private and enclosed courtyard. A supermarket and other amenities are a two-minute bike ride away, while Utrecht city centre is just a nine-minute bike ride away. Railway station Utrecht Zuilen is five minutes away.



Van de Marckhof

Utrecht,
The Netherlands

Kronehoef – Eindhoven

Rental range: € 870 - € 1,045

Expected delivery date: 2018

This project involves the realisation of 54 apartments adjacent to the Woenselse Markt shopping area north of Eindhoven central station, with enclosed, ground-level parking facilities (parking standard 1 to 1). The area plan development started in 2017, while these homes are currently in the initial design phase. The homes will be just a five-minute bike ride from Eindhoven central station. The adjacent Woenselse Markt, which the south-facing homes overlook, provides a wide range of retail and other amenities. The western section of the district is very much on the rise, thanks to large-scale demolition/new-build and transformation.



Kronehoef

Eindhoven,
The Netherlands

De Lunet – Breda

Rental range: € 840 - € 935

Expected delivery date: 2019

A former shopping centre on the Tramsingel in Breda, which is within walking distance of the city centre, is the location of a new-build project with around 175 apartments. The Residential Fund will acquire at least 45 of these apartments – varying in size from 50 m² to 100 m² – for rental in the liberalised rental sector, complete with parking spaces (1 on 1) in an enclosed ground-level parking facility.



De Lunet

Breda,
The Netherlands

Welgelegen Park – Apeldoorn

Rental range: € 770 - € 990

Expected delivery date: 2018

The Welgelegen Park project in Apeldoorn consists of an apartment building with 31 liberalised sector rental apartments varying in size from 67 m² to 93 m², 23 family houses varying in size from 102 m² to 126 m² and a minimum of 54 private parking spaces at ground level.

Welgelegen is a district on the eastern side of the Apeldoorn canal. The centre of Apeldoorn is located on the other side of the canal. The neighbourhood is close to a wide range of amenities, shops, the local Dutch Rail train station and access roads.



Park Welgelegen

Apeldoorn,
The Netherlands

Het Dok – Amsterdam

Rental range: € 710 - € 1,965

Expected delivery date: 2020

Het Dok project on the NDSM docklands site consists of 449 liberalised sector rental apartments (304 of which were acquired in 2016), 100 parking spaces and 2,270 m² of commercial space. The apartments vary in size from 50 m² to 106 m².

Het Dok project is located in the NDSM docklands development area. The area has a marked industrial look and feel with a wide range of functions, and is currently being transformed into an urban residential, work and leisure district. The total redevelopment of the NDSM docklands area covers around 440,000 m² of mixed-use real estate, including residential, work, retail, food & beverage, culture, leisure, social amenities and parking facilities.



Het Dok

Amsterdam,
The Netherlands

Rijswijk – Buiten

Rental range: € 875 - € 1,145

Expected delivery date: 2020

Rijswijk Buiten is the new residential area located on the south-west side of Rijswijk. The Sion section of the project includes the development of 38 family houses varying in size from 99 m² to 116 m² and 59 apartments varying in size from 59 m² to 89 m² for the Residential Fund. Sustainability is one of the main ambitions of the Rijswijk Buiten development. For instance, all the homes realised to date have been built as EPC=0 (energy neutral) homes. The neighbourhood has been designed to appeal to a wide range of target groups. The area includes homes for families, (starter) two-income households and retired residents. The Residential Fund already owns 43 houses in the neighbourhood.



Rijswijk Buiten

Rijswijk,
The Netherlands

Investments

In 2017 the following properties were added to the portfolio.

Properties added to the portfolio

Property	City	No. of residential units
Zijdebalen I	Utrecht	104
Zijdebalen II	Utrecht	73
Vredenburgplein	Utrecht	49
Blok 61 (Strijp S)	Eindhoven	96
Noorderstreek	Tilburg	76
De Rokade (Loolaan)	Apeldoorn	39
Nautique Living	Amsterdam	403
t Oog van Nuenen	Nuenen	25
Mijn Paleis	Den Bosch	224
Landgoed Alverna	Aerdenhout	36
Bellefleur	Culemborg	23

Divestments

Following our annual hold-sell analysis, Bouwinvest decided to sell the properties below.

The following aspects play an important role in the decision to sell:

- Sustainability
- Product/market combination
- Indexation policy
- Location

In 2017, the Fund sold the following properties:

Properties sold

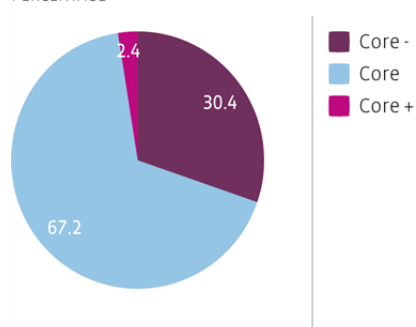
Property	City	No. of residential units
Residence Maasweerd	Venlo	47
Schepelweyen	Valkenswaard	45
De Horden	Wijk bij Duurstede	76
De Heeze II	Apeldoorn	10
De Heeze III	Apeldoorn	10
De Heeze IV	Apeldoorn	10
A dwinger	Groningen	24
Haags Modehuis	The Hague	74

Risk-return profile

In 2017, active asset management of the current portfolio and acquisitions ensured further optimisation of the Fund's risk-return profile. The Residential Fund has a well-balanced risk profile, with the focus on low-risk assets in the Fund's core regions.

Portfolio composition by risk category based on market value

PERCENTAGE



Portfolio diversification

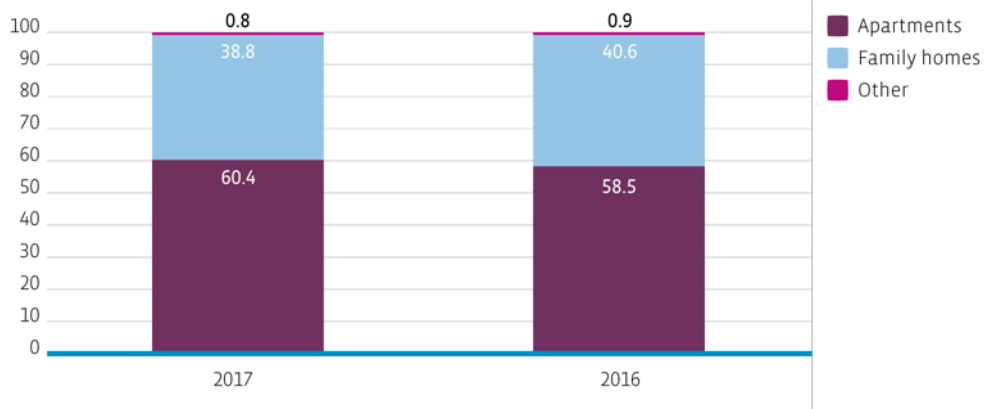
At year-end 2017, the Fund's total portfolio consisted of a total of 240 properties containing 16,172 homes across the Netherlands.

Type of property

The Fund aims for a balanced mix of family homes and apartments, catering for the needs of couples, single occupiers and families alike. In 2017, the Fund bought and sold both family homes and apartments. Compared with 2016, the proportion of apartments in the total portfolio had increased at year-end 2017 (2017: 60.4%; 2016: 55.4%). Because we focus on inner-city areas, the proportion of apartments will continue to grow for the foreseeable future.

Portfolio composition by type of property based on market value

PERCENTAGE

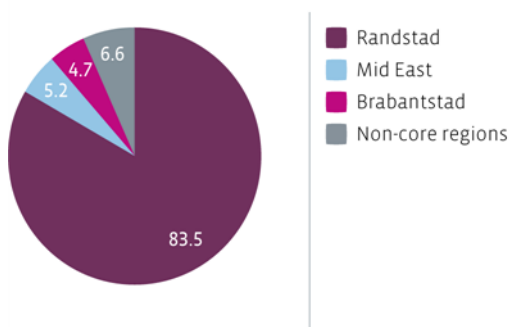


Core regions

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

Due to revaluations, together with acquisitions and divestments in 2017, over 93% of the portfolio value was located in these core regions, with by far the greatest part (83.5%) located in the core region of the Randstad urban conurbation.

Portfolio composition by core region based on market value



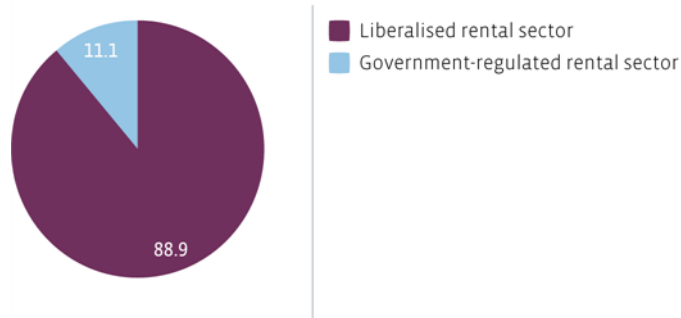
The Fund constantly refines its long-term regional focus. This involves anticipating and responding to long-term trends that may affect the value of the portfolio, such as the growth in the number of households, the ageing population and steadily increasing urbanisation. The Fund's core regions include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

Rental segments

As a result of active asset management, investments and divestments, the percentage of liberalised rental homes in the portfolio increased very slightly to 88.9% in 2017, from 88.7% in 2016.

Portfolio composition by type of rent based on rental contract

PERCENTAGE

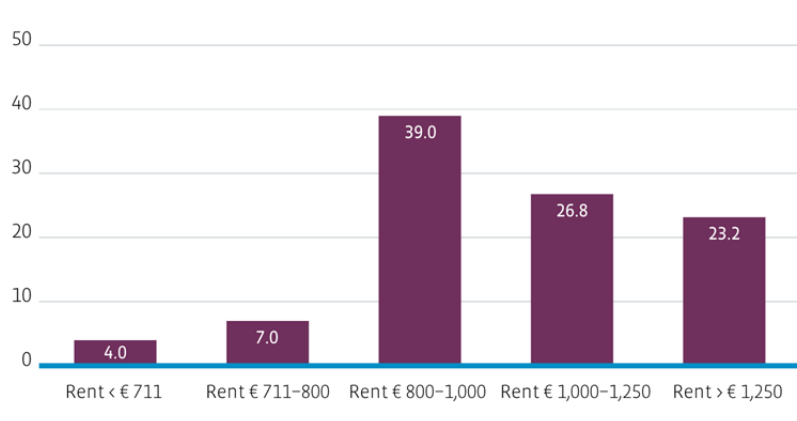


Price level

With an average monthly rent of € 1,020, the Fund's focus continues to be on the mid-rental segment. Approximately 75% of the portfolio has a monthly rent of between € 711 and € 1,250. With the acquisition of 1,156 homes in 2017, mostly in the mid-rental segment, the Fund is well represented in a segment that is in high demand due to the current economic conditions. Individuals, couples and families who do not qualify for government-regulated rental housing are still finding it difficult to buy due to the sharp rise in house prices and the lack of affordable supply, especially in the Randstad. In addition, the rental market gives customers greater flexibility, which is becoming more important as people switch jobs more frequently than ever before. The Residential Fund's continuing focus on the mid-rental segment has given it a solid portfolio of prime properties perfect for this target group.

Portfolio composition by price level based on rental income

PERCENTAGE

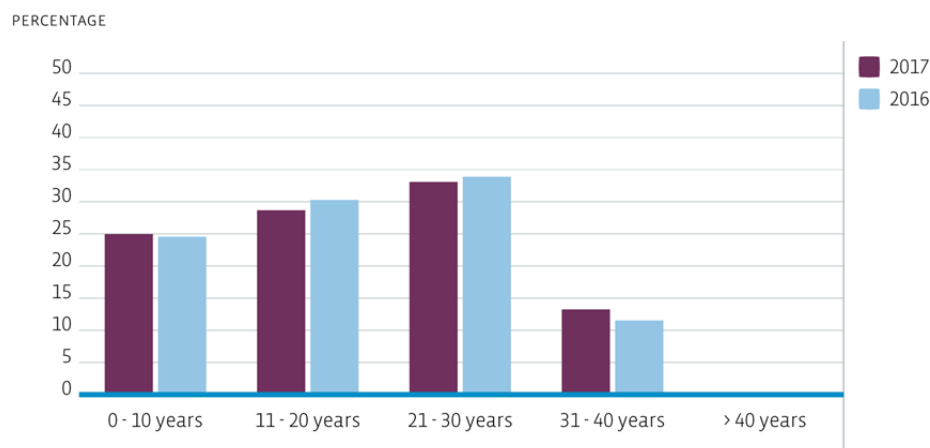


Age

As a result of the refreshment of our portfolio in 2017, the weighted average age of the portfolio decreased slightly compared to year-end 2016 (17.9 years in 2017 versus 18.0 years in 2016).

Although we have increased our disposal target for the coming years, the weighted average age of the portfolio is expected to increase in the future, due to the ageing of the total portfolio. Older assets that still generate good returns are held in the portfolio and are kept up-to-date through refurbishments, including new bathrooms and/or kitchens, together with measures designed to increase energy efficiency and cut carbon emissions.

Portfolio composition by age as a percentage of market value

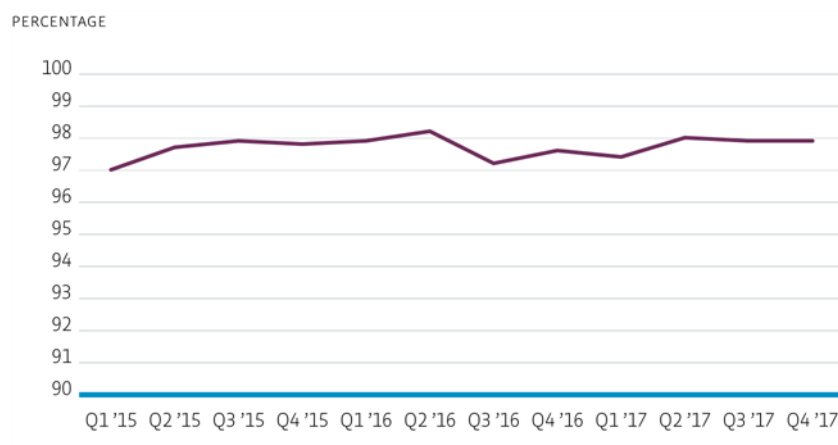


Financial occupancy

A key element of Bouwinvest's active asset management is the aim to realise an optimal fit to tenants' needs by engaging with the evolving housing desires identified by our marketing and asset management teams. Bouwinvest has therefore divided the tenant population of the portfolio into six specific customer segments. These segments differ significantly and are based on lifestyle, housing ambition and housing preferences.

We are convinced that this marketing approach combined with high-quality housing products at the best locations, is the main reason that almost all new properties added to the portfolio were fully let before completion and the overall financial occupancy rate is a very satisfying 97.8%.

Financial occupancy rate



Financial performance in 2017

Total return

The Fund realised a total return of 15.6% in 2017 (2016: 20.5%), consisting of 2.8% income return (2016: 3.4%) and 12.8% in capital growth (2016: 17.1%). The total return came in at € 637.6 million, compared with € 666.3 million in 2016, while the Fund's NAV was 19.0% higher at € 4,752 million, from € 3,995 million in 2016. The capital growth is less than the nominal growth, as the nominal growth also consists of additional capital called. The main drivers for income return and capital growth are explained in more detail below.

Income return

The income return increased to € 113.9 million from € 110.0 million in 2016, an increase of € 3.9 million or 3.6%. This growth is the balance of increased net rental income from assets and increased fund and finance costs. A total of € 8.9 million of the higher net rental income came from existing assets. € 5.0 million of the net rental income growth was absorbed by higher fund and finance costs.

Existing assets at the start of 2017 contributed an additional € 6.1 million, or 4.7%, to the net rental income growth compared to 2016. Without the financial loss as a result of a fire in Het Kwartier, Amsterdam, on 28 February 2017, the net rental income would have been € 2.2 million higher, hence 1.7% less growth of the net rental income. The addition of 11 assets to the investment portfolio added € 3.2 million to the net rental income, a growth of 2.5% compared to 2016.

In 2017, the Fund incurred € 0.7 million in costs, mainly advertising and letting costs, for properties that are due to come into operation in the first half of 2018, such as Pontsteiger (Amsterdam) and Oostduinlaan (The Hague). These costs had a negative impact of 0.5% on net rental income.

The increase of net rental income from existing assets is the net result of the yearly rent increase per July 2017, which came in at an average of 2.9%, the increase in rent as result of the uplift in market rent levels at tenant changes, a slight increase of the occupancy rate and cost controls related to property operating expenses. By tendering maintenance activities and through the use of smart long-term maintenance schemes, the Fund was able to keep the maintenance costs at the lowest possible level, enabling the Fund to maintain the quality level of the investments.

Fund costs (administrative expenses) were higher in 2017, mainly as a result of the higher management fee, which is directly related to the growth of the Fund's NAV. Compared to 2016, the Fund incurred more advisory costs related to further improvement of the sustainability of the portfolio.

The Fund's income return as percentage fell to 2.8% from 3.4% in 2016. This is to a large extent the result of the high NAV of the Fund at the start of 2017, which is the result of a substantial inflow of capital of € 290 million in 2016 and the considerable value growth of the portfolio of € 556.2 million during 2016. The inflow of capital in 2017, which amounted to € 227.5 million, also had a negative impact on the income return, albeit to a lesser extent. The capital inflow in 2017 was needed to pay for the properties under construction. Without capital inflow, the income return would have been 2.9%.

Capital growth

The capital growth of € 513.4 million in 2017 was 7.7% lower than the € 556.2 million capital growth in 2016. This capital growth is the result of the value growth of the portfolio, which is the result of a combination of increased net rental income as described above, higher vacant values driven by higher demand from the owner-occupier market and continued high investor appetite leading to yield compression. In addition to the increased value of investment properties, properties under construction also contributed to the value growth of the portfolio. Value growth in the Netherlands was the highest in the Randstad. The fact that almost 85% of the Fund's portfolio is located in the Randstad region played a major role in the higher valuations. At the same time, areas outside the Randstad have also shown significant value growth. The Fund's capital growth as percentage came in at 12.8% in 2017, compared to 17.1% in 2016. This was largely due to the above-mentioned value growth of the portfolio.

Property performance

The total property return for 2017 came in at 16.7% (2016: 21.8%), consisting of a 3.3% direct property return (2016: 3.9%) and a 13.0% indirect property return (2016: 17.4%), which was lower than the IPD Property Index return of 16.9%. The reason for these returns are explained under fund income return and fund capital growth.

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. For example, INREV includes cash, the fee costs and administrative costs in the calculation of the income return (INREV). Furthermore, the amortisation of acquisition is treated differently by INREV and IPD.

Capital Management

Leverage

In accordance with the Information Memorandum, the Fund will be financed solely with equity and will have no leverage, but may borrow a maximum of 3% of the balance sheet total for liquidity management purposes.

In 2017, the Fund was financed solely with equity and did not use any loan capital for liquidity management purposes.

Treasury management

For treasury management purposes, the Fund acted accordingly to Bouwinvest's treasury policy in 2017, to manage liquidity and financial risks for the Fund. The main objectives of the treasury management activities were to secure shareholders' dividend pay-out, assure other obligations can be met and to manage the Fund's cash position.

At year-end 2017, the Fund had € 75.3 million freely available in cash and € 100 million in a 30-day deposit.

In 2017, the Fund's cash position increased by € 61.1 million, as compared to year-end 2016. In 2017, the Fund paid out € 108.5 million in dividend to its shareholders. Also in 2017, the Fund made four capital calls for a total amount of € 227.5 million.

Interest rate and currency exposure

In 2017, the Fund's bank balances were affected by negative interest rate developments. In order to minimise the impact of the negative interest rates on its bank balances, in 2017 the Fund used 30-day bank deposits.

As the Fund had no external loans and borrowings, nor any foreign currency exposure in 2017, the Fund had no exposure to interest rate risks or currency exposure risks.

Dividend and dividend policy

The Bouwinvest Board of Directors proposes to pay a dividend of € 90.82 per share for 2017 (2016: € 94.03), 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, 75.8% was paid out in 2017, with the final quarterly instalment paid out in March 2018. The remainder of the distribution over 2017 will be paid out in a final instalment on 26 April 2018, following approval by the Annual General Meeting of Shareholders to be held on 18 April 2018.

Tax

The Fund qualifies as a fiscal investment institution (FII) under Dutch law and is as such subject to corporate tax at a rate of zero percent. Being an FII, the Fund is obliged to distribute hundred percent its fiscal profits each year. To meet this distribution obligation, the Fund proposed to pay out hundred percent of its direct result which equals its fiscal profits.

The Fund met its obligations related to value added tax, transfer tax and other applicable taxes in their entirety in 2017.

Outlook

Housing market remains under pressure

The forecast growth in number of households will remain a major long-term factor in the increasing demand for homes. Add to this the fact that new developments are still failing to keep pace with the increase in demand, the pressure on the residential market will only increase. As the forecast residential demand will be very much focused on the largest cities in the Randstad region and the Brabantstad conurbation, this pressure is becoming increasingly uneven across the Netherlands.

Specifically for the liberalised rental market, there is still a major lack of supply, especially in the mid-rental segment, and this is also increasing pressure on this segment of the market. However, affordability, in both the rental and the owner-occupier market is likely to become a major issue in the years ahead and Bouwinvest is therefore monitoring this situation very closely.

Yield compression continues

Investor demand for residential property remains very high and it is only the lack of suitable supply that is keeping investment volumes down. This large demand is putting further pressure on initial yields, especially in the largest cities, where we could well see further compression.

This makes it increasingly difficult for institutional investors to buy residential property in these cities, as it is becoming more and more difficult to meet their internal investment hurdles. Institutional investors have therefore increased their focus on new-build residential projects and this is likely to continue in the period ahead.

Sustainability goes mainstream

Newly developed homes will, almost without exception, be very sensitive towards sustainability and reduced energy use and carbon emissions. Using innovative technology, homes will increasingly generate their own energy and have near zero (or zero) GHG emissions. An increasing amount of existing stock is currently being adapted to these new demands, as future owner-occupiers and tenants are increasingly demanding energy-saving solutions.

The Fund is well positioned for the future

Bouwinvest has a clear vision of what makes an interesting asset for its residential portfolio. Thanks to our comprehensive network of contacts with vendors, real estate developers, real estate agents and, last but not least, local municipalities, we are offered a constant and substantial flow of investment opportunities. However, the market is changing.

The enthusiasm of developers to sell to investors, partly as a result of shortages, is declining. Comparable owner-occupier homes are generating higher returns, or developers are looking to maximise profits and are therefore choosing to sell to investors via tenders. Institutional parties in particular are focusing en masse on the same areas (i.e. the Randstad and Brabantstad urban conurbations) and products (mid-rental segment), because that mix offers the most favourable investment perspectives. We therefore expect the Fund to face continuing fierce competition for the foreseeable future.

On the other hand, we note that the Fund has a substantial pipeline of over € 690 million. The pipeline has been largely created in a fiercely competitive environment, as mentioned above. In addition to the purchase price, other criteria also play an important role, such as trust, expertise, efficient decision-making and our long term focus. This, combined with our perseverance and continuing focus on high-quality homes, sustainability and the mid-rental segment, we are confident that we will achieve our targets for the period 2018 to 2020.

Adding value through active asset management

In addition to our acquisitions, we will continue to optimise our standing portfolio through active asset management aimed at maintaining and increasing the value of that portfolio. Our focus will be on the environmental and social sustainability of the homes in our portfolio. We will also continue to devote a great deal of attention to developing and maintaining close relationships with our tenants and our property managers to maintain our high occupancy levels.

Amsterdam, 19 March 2018

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 & Risk*

Allard van Spaandonk, *Managing Director Dutch Investments*

Stephen Tross, *Managing Director International Investments*

Responsible fund and asset management

Introduction

Bouwinvest aims to provide a solid return on real estate investments for institutional investors and their beneficiaries and to do this in a responsible manner. What this means is that we take a long-term view and environmental, social and governance (ESG) criteria play a significant role in our investment strategy. We have integrated social, environmental, and/or ethical considerations in our core business strategy and operations to create more value for our stakeholders and generate better risk-adjusted financial returns for our investors. Sustainable and socially responsible investments and business operations play a key role in booking growth in a controlled manner, future-proofing our organisation and real estate investments and are a key factor in the role we want to play in tackling the challenges we all face today and in the future. In other words, we see sustainability as an inherent part of our corporate mission and our license to operate.

The Fund addresses a wide range of environmental and social issues, risks and opportunities during the various investment stages (from acquisition to management through to disposal). By identifying and managing those issues that are expected to impact investment performance and generate long-term business value, we seek to protect returns over the long term and future-proof our portfolio.

‘It’s our ambition to stay in the leading group of sustainable Real Estate Funds.’



Fund & asset sustainability

- Global Real Estate Sustainability Benchmark (GRESB)
- Green asset certificates
- Energy labels (EPA)



Community & stakeholder engagement

- Tenant engagement and satisfaction
- Procurement
- Safety
- Community & stakeholder management



Environmental impact

- Energy
- Renewable energy
- Water
- Waste
- GHG emissions

We believe that green buildings can help combat climate change, as well as generate numerous other wider social, economic, environmental and health benefits. Acting responsibly is therefore an integral part of the Fund’s investment strategy and we are certain it lowers risks, increases returns and increases lettable space.

Sustainability ambition and strategy

Our ambition is to be in the leading group of sustainable real estate funds. We want to set the standard in our sector and create and sustain stakeholder value through effective integration of material ESG issues that lower risks and future-proof our real estate investments. The Fund has a responsible investment focus on environmental impact, stakeholder value and community engagement.

We aim for above-average sustainability performance at Fund and asset level.

Our long-term strategy to achieve this goal is based on three main pillars:

- Increased Fund and building sustainability performance
- Increased community and stakeholder engagement
- Reduced environmental impact

Summary of responsible Fund and asset management

ESG strategy	Category	ESG targets 2017	Results 2017
Increased fund and building sustainability performance	Fund	GRESB 4-star rating in 2019	Achieved: GRESB 4-star rating in 2017
		Improvement of overall GRESB score	Achieved: Increased total GRESB score by +9 points to 74 points
	Asset	100% GPR-building label 2019	On track: Coverage 25% in 2017. A total of 65 labels with an average score of 6.3
		100% green (A, B, C) portfolio in 2018	On track: Green portfolio up by 13 bps to 94.6; in total 559 improved labels; 130 D labels improved to a green label; 493 D labels still to be improved in 2018
Increased community and stakeholder engagement	People	Tenant satisfaction rate > 7	Not Achieved: Average tenant satisfaction rating 6.8
Reduced environmental impact	Environment	Yearly reduction of energy consumption (like-for-like) by 2%	Not achieved: Like-for-like energy reduction of 1.7%
		Installed solar panels (WP)	Solar panels newly built property: EGW 565.900 kWh; APP 562.400 kWh Solar panels standing portfolio: EGW 1.163.700 kWh; APP 51.000 kWh
		75% of acquisitions have on-site renewable energy	Achieved: Over 90% of the acquisitions have on-site renewable energy

The 2017 results will be explained in more in detail in the following sections.

Increased fund and asset sustainability performance

Sustainability performance at Fund level

Benchmarking based on GRESB enables the Residential Fund to improve sustainability. It provides us with the information we need to report the performance and targets within our assets on a regular basis. We use the GRESB tool to report annually on the Fund's CSR performance. We can therefore add new objectives or actions following the assessment.

In 2014, the Fund was awarded Green Star status in the annual GRESB assessment. The Fund has retained this status to this day. In 2016, GRESB introduced a new star-rating system, which is based on the GRESB score and its quintile position relative to the GRESB universe. In 2017, the Fund was awarded four-star status (on a scale of 1-5). This was mainly thanks to the improvement of the score on the following subjects: Management, Policy & Disclosure, Risks & Opportunities and Building Certifications. Last year, our overall score increased to 74 from 66 in 2016, but still resulted in a slight decrease of the overall end-chart.

Furthermore, we acquired 163 homes with an energy index of zero.

Sustainability performance at asset level

The Fund uses GPR Building software to measure and assess the overall sustainability of its buildings. The GPR software provides data on the sustainability of residential real estate. The software assesses the building policy, the design, the realisation of the building, plus any renovations if relevant. The GPR software reports on five performance indicators: Energy, Environment, Health, Quality of Use and Future value, and assigns a score for each performance indicator on a scale of 1 to 10. When used on existing buildings, GPR makes it very easy to see any quality improvements following sustainability measures. This in turn makes it very easy to compare various scenarios and the outcome of any measures.

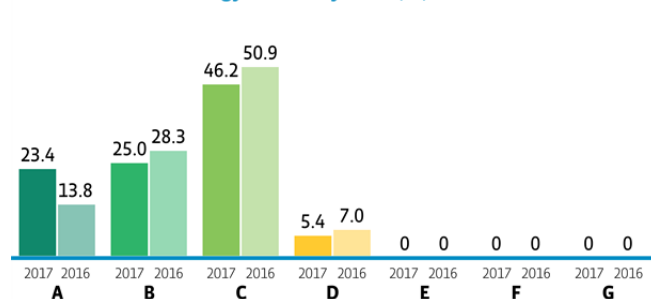
In 2017, 25% of the portfolio (65 properties) received a GPR label with an average score of 6.3.

Another target related to the sustainability at asset level is to achieve a 100% green portfolio (EPC label A, B or C) in 2018.

In 2017, the number of assets that qualified for a green energy label increased by 1.3% to a total of 94.6%. We were able to improve the sustainability of 130 homes with a D label, so they now qualify for a green label. The distribution of energy labels in the portfolio is shown below.

Distribution of energy labels in the portfolio

Distribution of energy labels by unit (%)



Increased community and stakeholder engagement

Cooperation and engagement with our tenants and other stakeholders is an essential part of our sustainability strategy. We firmly believe that we can achieve the most by working with all our clients and other stakeholders, sharing ideas and devising innovative solutions to the challenges we all face.

Tenant engagement and satisfaction

	2017	Benchmark IVBN 2017
Satisfaction residence	7.5	7.3
Satisfaction living environment	7.6	7.6
Satisfaction property manager	6.7	6.4
Handling of repair requests	7.2	7.0
Complaint handling	4.8	4.8
Respondents	939	1,994

In 2017, we again conducted a tenant satisfaction survey to identify our tenants' concerns and priorities. The survey covered topics such as the service level of the property managers, quality of the properties and the living environment. In 2017, we chose another company to conduct the survey. As the survey itself also changed, a comparison with the previous year is less relevant. Of the tenants that were asked to participate, 42% responded. The overall satisfaction score declined to 6.8 (2016: 6.9) but outperformed the IVBN benchmark (6.6).

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

Procurement

Bouwinvest has Service Level Agreements with its property managers, who are assessed each quarter on topics related to administrative management, technical management (including sustainability), commercial management and tenant satisfaction.

To promote and increase sustainable procurement, we launched a project with IVBN (Association of Institutional Property Investors in the Netherlands) and a number of fellow fund managers to engage and assess the Fund's suppliers using a sustainability web tool. Current and future suppliers will be assessed on their sustainable commitments, policies and behaviour.

Safety

The Residential Fund applies 'Bewuste Bouwers' sustainable building criteria to all new-build projects and redevelopments. These criteria ensure that the contractor deals with the concerns of local residents, and addresses safety and environmental issues during the construction phase.

Community and stakeholder engagement management

What do our tenants want? Are they happy to live in our homes? Now, but in the future too? A home is more than bricks and mortar. We are more than happy to listen to our tenants, to learn about their needs and requirements, for now and in the future. One of the ways we do this is by conducting surveys via our regular tenants' panel, a panel of 1,700 residents who rent from Bouwinvest. The aim of these annual surveys is to gain insight into what is on their minds right now, but also what our (potential) tenants' wishes are.

Surveys conducted in 2017:

- Mobility: parking wishes for cars, bikes, electric vehicles and car sharing.
- Living in the city: how small a residence does our tenant want and what are the requirements?
- Customer journey: the customer journey of someone looking for a home: what steps do they take to find a home, what are positive and uncertain aspects of that journey, and who plays a key role in this?

All these surveys provided us with greater insight. We use the results to optimise our processes and products and that in turns helps us create added value for home-seekers and tenants, and all our stakeholders.

Reduced environmental impact

Focus on material topics

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

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 for which the Fund is responsible for purchasing and managing energy consumption. The Fund reports on energy consumption (electricity, heating and gas: the energy components) for apartment buildings, which translates to greenhouse gas emissions.

The Fund has set clear targets for the reduction of its environmental impact in the period 2017-2018:

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

By selecting and focusing on the top 50 largest energy consuming assets and connections and installing LED lighting and relocating sensors, the Fund is on track to meet this target. In 2017, the Fund managed to cut electricity consumption by 0.5% (2016: 6.9%) and total energy consumption by 1.7% (2016: 4.0%), both on a like-for-like basis. The Fund purchases renewable electricity for common areas, while property managers are required to deliver sustainable alternatives for repairs and replacements based on the Total Cost of Ownership (TCO) principle. The Fund's standard programme of requirements includes water-saving fittings, while we are also investigating the potential use of water buffering and partly recycled (non-drinking) water, for instance for the maintenance of green areas. This puts the Fund among the most sustainable residential funds in the Netherlands.

The Fund's ambition to increase the coverage and transparency of its environmental impact according to INREV sustainability guidelines is reflected in the summary of key ESG data. For more detailed information on the key

performance indicators, please see the Responsible investing performance indicators at the end of this annual report.

Pilots

In 2017, Bouwinvest initiated a collaboration with Nuuka, a building process analytics software company. The Nuuka tool makes buildings smart, leading to improved efficiency, security, and environmental performance. We started a pilot project with Nuuka in WTC The Hague and Nieuwe Vaart (Utrecht), both projects in the Bouwinvest Dutch Office Fund. The Nuuka system will help us to improve our insight into the environmental footprint of the assets in our portfolio. If this pilot is successful and also suitable for residential investments, this system will be applied across the entire residential portfolio to improve our sustainable asset management.

In line with the Fund's strategy, we always keep a very close eye on innovative trends and developments, especially those that might help us achieve the Fund's main (sustainability) goals. In 2017, we therefore selected several services and projects in which we see added value for our tenants and other stakeholders. We are running pilots for each of these services within our portfolio.

ParkBee

ParkBee has developed smart technology that opens up private car parks to the public, thus making them part of the sharing economy. The service enables us to offer parking at a special rate for tenant's visitors and others, as well as to generate extra income by optimising the occupancy rate of our parking facilities. Customers enter our garages by using the leading smartphone apps Parkmobile and Parkline, which also do the billing for the service. Income is shared on a monthly basis between Parkbee and Bouwinvest. Parkbee contributes to a more sustainable urban environment by reducing the number of drivers (and cars) searching for parking spaces and through the more efficient use of the built environment.

Urbee

Urbee aims for a more sustainable city with lower CO₂ emissions by building an e-bike-sharing network. Especially in urban areas, 80% of car rides are shorter than 20 km. This makes the Urbee service the perfect alternative to a car or other forms of motorised transport. Via Urbee, we can offer our tenants a sustainable means of transport at a reasonable price.

Hello Energy

Hello Energy creates new ways to help believers and sceptics support a worldwide sustainable energy transition. It offers a narrow-casting solution, which we use as a tool to engage tenants in our sustainability goals. The interface shows the energy use of the building, the production of renewable energy by solar panels, news, public transport information and weather forecasts, but can also be used by our property managers to inform tenants of upcoming events.

Corporate governance

Bouwinvest Dutch Institutional Residential Fund N.V. (the Residential Fund) was established in 2010. Stichting Bedrijfstakpensioenfonds voor de Bouwnijverheid (bpfBOUW, the pension fund for the construction industry) is the Residential Fund's anchor investor. In 2017, Bouwinvest welcomed three new investors to its Residential Fund. The Fund has a transparent governance structure, which ensures effective and efficient management, combined with proper checks and balances. The Fund's governance structure consists of a General Meeting of Shareholders, a Shareholders' Committee and a Board of Directors.

Fund governance

The Residential Fund is governed in a robust framework with systems and processes to manage risks appropriately. Safeguarding the interests of our investors, integrity and transparency play a key role in the Fund's governance principles:

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

Rules and principles governing day-to-day business

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

Structure of the Fund

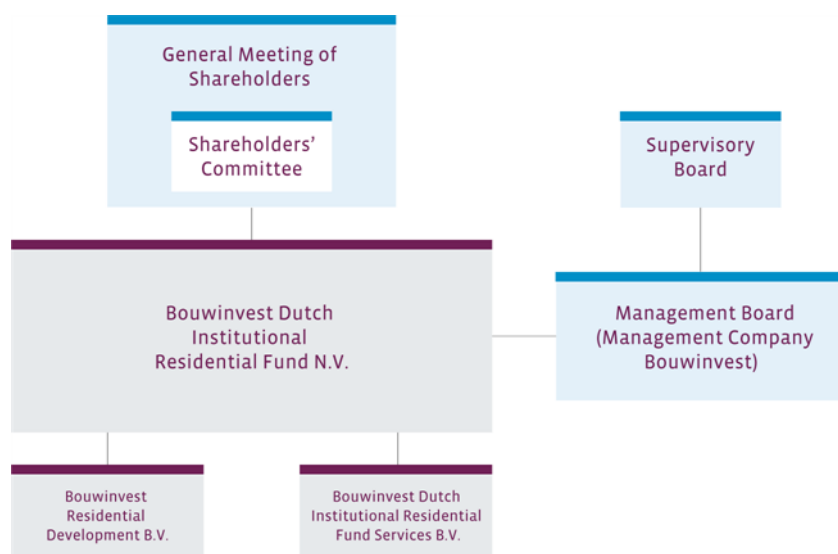
The Residential Fund is structured as an investment company with variable capital, as defined in article 2:76a of the Dutch Civil Code, with its corporate seat in Amsterdam, the Netherlands. It is a fiscal investment institution (FII) within the meaning of Article 28 of the Dutch Corporate Income Tax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

Subsidiaries

The Fund owns a taxable subsidiary, Bouwinvest Dutch Institutional Residential Fund Services B.V., which renders services that are ancillary to the renting activities of the Fund. When these services go beyond mere investment, they are performed by a taxable subsidiary of the Fund. By structuring these ancillary activities in this way, the Fund remains compliant with the investment criteria of the FII regime.

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

Fund governance structure



Shareholders' Committee

The Shareholders' Committee comprises a maximum of five shareholders: one representative of each of the four shareholders with the largest individual commitment and one member to represent the collective interests of all other shareholders. The Shareholders shall appoint the members of the Shareholders' Committee for a period of one year as of the annual general meeting.

Role of the Shareholders' Committee

The role of the Shareholders' Committee is to approve certain specified resolutions by the management company and to be consulted with regard to certain resolutions specified in the Terms and Conditions. The responsibility for proper performance of its duties is vested in the Shareholders' Committee collectively. In 2017, the Shareholders' Committee met once to discuss the Fund Plan and had a conference call about amendments to the Fund documentation.

General Meeting of Shareholders

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

Governance matrix

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

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

Anchor investor

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

Management company

Bouwinvest is charged with the management and administration of the Fund. It is authorised to conduct any and all business activities related to the entire real estate investment process to achieve the Fund's investment objectives. Bouwinvest believes responsible business practices are a vital element in achieving the targeted return on investment. Bouwinvest is structured as a private limited company. bpfBOUW holds 100% of the shares in Bouwinvest.

Board of Directors

Bouwinvest has a Board of Directors, consisting of one Statutory Director, also Chairman of the Board, and three managing directors: the Managing Director Finance & Risk, 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 management 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.

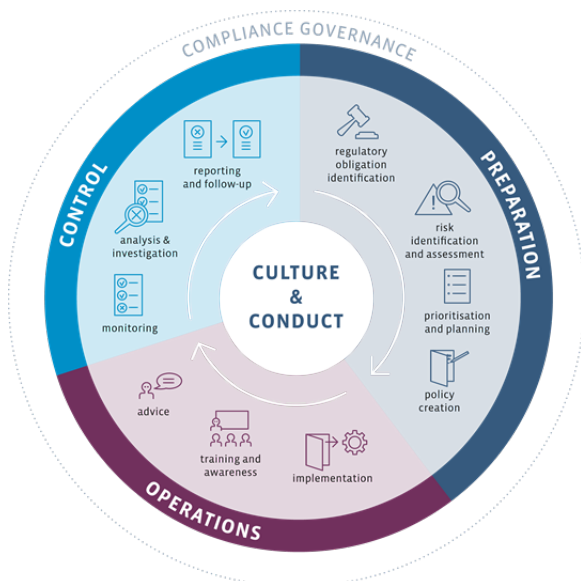
Code of Conduct

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 to deal with the reporting and investigation of unethical behaviour. All employees receive code of conduct training.

Compliance

Bouwinvest has a dedicated Compliance function that identifies, assesses, advises on, monitors and reports on the company's compliance risks. For the planning, execution and reporting of all compliance activities, the compliance function employs the Bouwinvest Compliance Cycle. This cycle contains ten groups of activities that are key for the compliance function. The compliance risks 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.

Compliance cycle



Conflicts of Interest policy

Bouwinvest has a Conflicts of Interest policy. The purpose of this policy is to ensure that no material conflicts of interest occur that are damaging for investors in the fund, the fund or Bouwinvest. The policy also describes how

Bouwinvest should act with respect to the allocation of different investment opportunities over the respective funds and clients. The policy is intended to supplement but not replace any applicable Dutch laws governing conflicts of interest.

In 2017, 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.

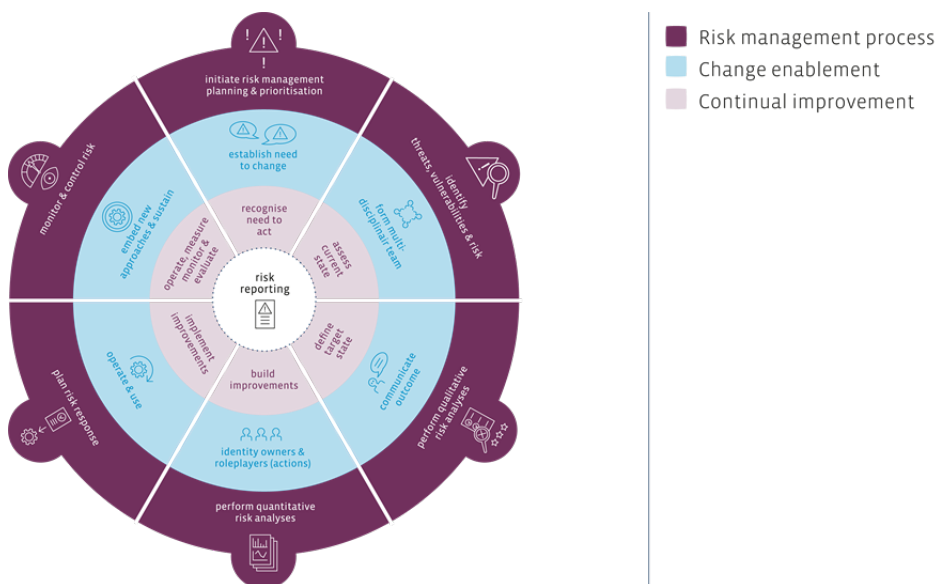
External auditor

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.

Risk management

Risk management and compliance

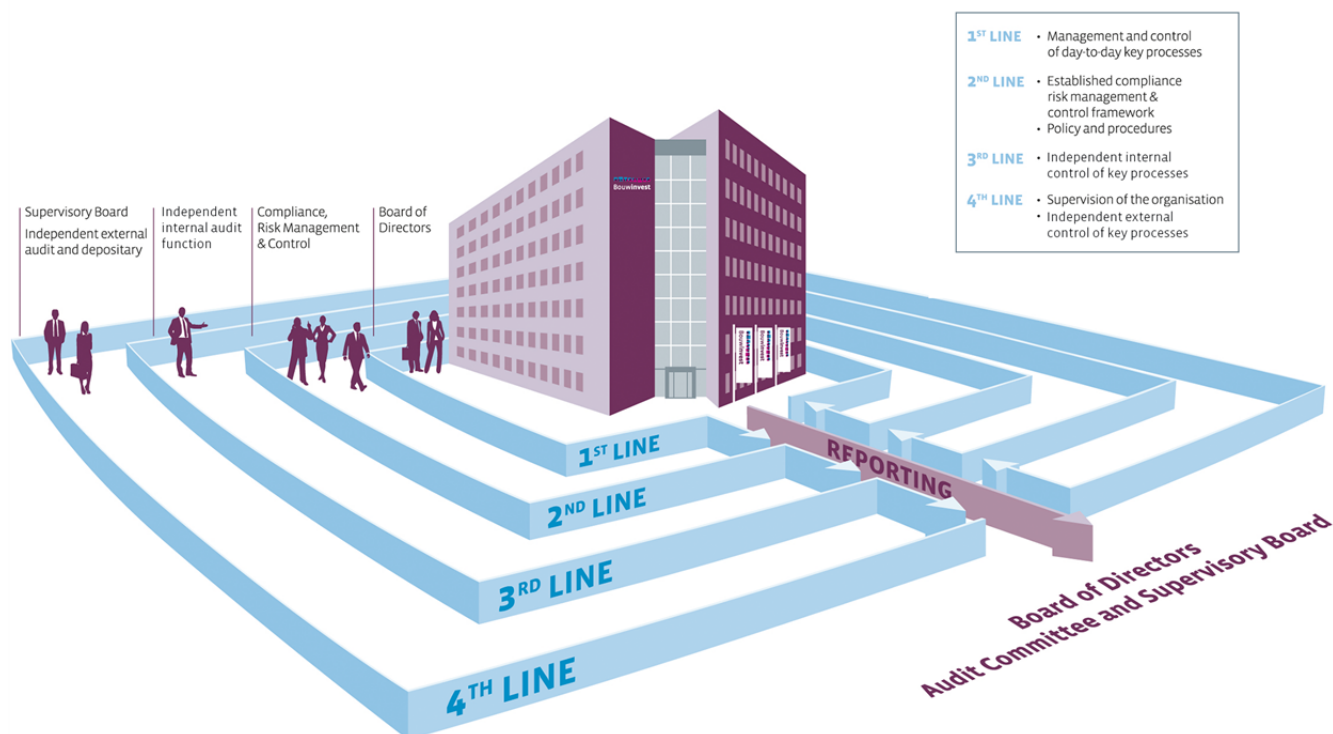
Risk management and compliance are independent functions within Bouwinvest. Their role is to identify, assess, advise on, monitor and report on financial, operational and compliance risks faced by the Fund. In 2017, Bouwinvest continued to refine and enhance its risk and compliance capabilities. It also introduced new policies and renewed quarterly risk reporting formats for the Fund.



Risk management framework

Bouwinvest has implemented a risk management framework based on 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 defence



Major risk factors and corrective measures

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

- Market risks
- Strategic risks
- Management risks

Market risks

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

- Occupancy
- Operational expenditure
- Counterparty risk
- Valuation movement

Occupancy

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

Operational expenditure

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

Counterparty risk

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

Valuation movement

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

Strategic risks

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

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

Asset risk mix

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

Regional mix

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

Sustainability

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

Acquisition and disposal

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

Management risks

This refers to the risk that Bouwinvest's management of the Residential Fund, including its management and control of the risks it faces, may in some way be inadequate or ineffective. This would affect the 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

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

Fund manager continuity and reputation

Bouwinvest is responsible for the fund management organisation. If Bouwinvest sees any threats to its functioning as a fund manager, for instance in terms of damaged reputation or threatened continuity, this KRI will be used to inform investors. Going forward, Bouwinvest as a manager will continue to aim for the highest possible standards of integrity.

To control operational and integrity risks, there is a management agreement in place that determines Bouwinvest's responsibilities as the Residential Fund's management company. Bouwinvest's ISAE 3402 certification provides investors with reassurance on the risk management, including risk definition and control measures, of all key processes of the company's day-to-day operations.

Alternative Investment Fund Managers Directive (AIFMD)

Since 2014, Bouwinvest has 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 2017, Bouwinvest continued to optimise its reporting processes and streamlined its cooperation with depositary Intertrust Depositary Services B.V.

Monitoring and reporting

Monitoring 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 2017. These improvements enable management to act in a timely manner to counteract or mitigate risk.

Financial statements

Consolidated statement of comprehensive income

All amounts in € thousands, unless otherwise stated

	Note	2017	2016
Gross rental income	6	192,464	175,507
Service charge income	6	4,939	4,362
Other income		850	701
Revenues		198,253	180,570
Service charge expenses		(5,130)	(4,521)
Property operating expenses	7	(55,840)	(47,730)
		(60,970)	(52,251)
Net rental income		137,283	128,319
Result on disposal of investment property		10,275	142
Positive fair value adjustments completed investment property	12	412,467	521,073
Negative fair value adjustments completed investment property	12	(33)	(4,200)
Fair value adjustments on investment property under construction	13	100,972	39,333
Net valuation gain (loss) on investment property		513,406	556,206
Administrative expenses	8	(22,700)	(18,016)
Result before finance result		638,264	666,651
Finance expenses	9	(641)	(308)
Net finance result		(641)	(308)
Result before tax		637,623	666,343
Income taxes	10	(13)	-
Result for the year		637,610	666,343
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		637,610	666,343
Net result attributable to shareholders		637,610	666,343
Total comprehensive income attributable to shareholders		637,610	666,343
Distributable result	19	113,930	109,994
Pay-out ratio	19	100%	100%

Consolidated statement of financial position

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2017	2016
Assets			
Non-current assets			
Investment property	12	4,143,094	3,547,470
Investment property under construction	13	463,040	353,078
		4,606,134	3,900,548
Current assets			
Trade and other current receivables	14	2,480	1,853
Cash and cash equivalents	15	175,310	114,165
		177,790	116,018
Total assets		4,783,924	4,016,566
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		1,280,767	1,213,959
Share premium		2,084,133	1,923,441
Revaluation reserve		1,177,093	681,336
Retained earnings		(427,961)	(490,045)
Net result for the year		637,610	666,343
Total equity	16	4,751,642	3,995,034
Current liabilities			
Trade and other payables	17	32,282	21,532
Total liabilities		32,282	21,532
Total equity and liabilities		4,783,924	4,016,566

Consolidated statement of changes in equity

For 2017, before appropriation of profit, all amounts in € thousands

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2017	1,213,959	1,923,441	681,336	(490,045)	666,343	3,995,034
Comprehensive income						
Net result	-	-	-	-	637,610	637,610
Total comprehensive income	-	-	-	-	637,610	637,610
Other movements						
Issued shares	66,808	160,692	-	-	-	227,500
Appropriation of result	-	-	-	666,343	(666,343)	-
Dividends paid	-	-	-	(108,502)	-	(108,502)
Movement revaluation reserve	-	-	495,757	(495,757)	-	-
Total other movements	66,808	160,692	495,757	62,084	(666,343)	118,998
Balance at 31 December 2017	1,280,767	2,084,133	1,177,093	(427,961)	637,610	4,751,642

* See explanation dividend restrictions in Note 16.

For 2016, before appropriation of profit, all amounts in € thousands

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2016	1,116,243	1,731,157	198,564	(242,241)	347,475	3,151,198
Comprehensive income						
Net result	-	-	-	-	666,343	666,343
Total comprehensive income	-	-	-	-	666,343	666,343
Other movements						
Issued shares	97,716	192,284	-	-	-	290,000
Appropriation of result	-	-	-	347,475	(347,475)	-
Dividends paid	-	-	-	(112,507)	-	(112,507)
Movement revaluation reserve	-	-	482,772	(482,772)	-	-
Total other movements	97,716	192,284	482,772	(247,804)	(347,475)	177,493
Balance at 31 December 2016	1,213,959	1,923,441	681,336	(490,045)	666,343	3,995,034

* See explanation dividend restrictions in Note 16.

Consolidated statement of cash flows

All amounts in € thousands

	Note	2017	2016
Operating activities			
Net result		637,610	666,343
Adjustments for:			
Valuation movements		(513,406)	(556,206)
Result on disposal of investment property		(10,651)	(142)
Net finance result		641	308
Movements in working capital		9,728	2,182
Cash flow generated from operating activities		123,922	112,485
Interest paid		(641)	(308)
Cash flow from operating activities		123,281	112,177
Investment activities			
Proceeds from disposal of investment property		62,705	1,076
Payments of investment property	12	(3,086)	(6,196)
Payments of investment property under construction	13	(240,753)	(300,192)
Cash flow from investment activities		(181,134)	(305,312)
Finance activities			
Proceeds from the issue of share capital		227,500	290,000
Dividends paid		(108,502)	(112,507)
Cash flow from finance activities		118,998	177,493
Net increase/(decrease) in cash and cash equivalents		61,145	(15,642)
Cash and cash equivalents at beginning of year		114,165	129,807
Cash and cash equivalents at end of year	15	175,310	114,165

Notes to the consolidated financial statements

All amounts in € thousands, unless otherwise stated

1 General information

The Residential Fund (Chamber of Commerce number 34366452) 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 residential real estate in the Netherlands.

The Fund owns two taxable subsidiaries, Bouwinvest Residential Development B.V. (Chamber of Commerce number 70315809) and Bouwinvest Dutch Institutional Residential Fund Services B.V. (Chamber of Commerce number 67492711). These subsidiaries perform activities that might go beyond mere 'investing'. By having these activities performed by these subsidiaries the Fund remains compliant with the investment criteria of the Fiscal Investment Institution-regime. Bouwinvest Residential Development B.V. (Residential Development) performs development activities for the investment portfolio of the Fund while Bouwinvest Dutch Institutional Residential Fund Services B.V. (Residential Fund Services) renders services that are ancillary to the renting activities of the Fund.

The Fund's active portfolio management is supported by the supply of (re)developed properties by Residential Development and third parties.

The Statutory Director will present the annual report to the Annual General Meeting of shareholders on 18 April 2018, 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 2017 was a normal calendar year from 1 January to 31 December 2017.

2.1 Basis of preparation

Statement of compliance

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

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

Statement of comprehensive income

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

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

In 2017, 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 mandatory for accounting periods that begin on or after 1 January 2017.

- Amendments to IAS 7: Disclosure Initiative
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

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 2018 Standards issued but not yet effective

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

- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15, effective 1 January 2018
- IFRS 9 Financial Instruments, effective 1 January 2018
- IFRS 16 Leases
- Amendments to IAS 40: Transfers of Investment Property
- Clarifications to IFRS 15 Revenue from Contracts with Customers
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions
- Annual Improvements to IFRS Standards 2014-2016 Cycle
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

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 Fund is not yet applying the standards, amended standards and interpretations that have not yet been adopted by the European Union:

- Annual Improvements to IFRS Standards 2015-2017 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRS 17 Insurance Contracts
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Prepayments Features with Negative Compensation
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
- Amendments to IAS 19 Plan Amendments, Curtailment or Settlement

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

Preparation of the financial statements

The consolidated 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 Basis of consolidation

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

The following entities are included in the consolidated financial statements:

- Bouwinvest Residential Development B.V. (100%), established 15 December 2017
- Bouwinvest Dutch Institutional Residential Fund Services B.V. (100%), established 15 December 2016

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

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

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

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

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

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

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

2.3 Investment property

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

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

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

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

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

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

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

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

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

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

2.4 Investment property under construction

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

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

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

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

After the first instalment for the project under construction, an external valuation expert values the project each quarter. Gains and losses arising from changes in fair values are included in the statement of comprehensive income in the year in which they arise.

The Residential Fund has an agreement with Bouwinvest Development B.V. Investment property is not developed within the Residential Fund but within Bouwinvest Development B.V. When entering into the contract, the rental risk is transferred to the Fund; the remaining risks remain with the developer. The paid instalments are therefore recognised as investment property under construction. Bouwinvest Residential Development B.V. was established as from December 2017.

2.5 Financial instruments

Financial assets

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

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

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

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

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

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

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through the statement of comprehensive income, 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 the statement of comprehensive income, 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 initially recognised at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

2.6 Prepayments

Prepayments are stated at cost less any accumulated impairment losses.

2.7 Cash and cash equivalents

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

2.8 Issued capital

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

2.9 Trade and other payables

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

Tenant deposits

The Residential Fund obtains deposits from tenants as a guarantee for the return of the property at the end of the lease term in a specified good condition or for the lease payments for a period ranging from 1 to 12 months. Such

deposits are treated as financial assets in accordance with IAS 39 and they are initially recognised at fair value. The deposit is subsequently measured at amortised cost.

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

2.10 Dividend distribution

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

2.11 Rental income

Rental income from investment property leased out under operating leases is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Rent incentives granted by the Fund to its tenants are recognised as an integral part of the total rental income. The rent incentives are included in investment property.

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

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

2.12 Service charges, property operating expenses and administrative expenses

In the case of service contracts with third parties, service charges are recovered from tenants. Service charges in respect of vacant property are expensed. These mainly relate to gas, water, electricity, cleaning and security.

Property operating expenses comprise those costs that are directly attributable to the operation of properties, net of costs charged to tenants. These mainly relate to tax, insurance, leasehold, maintenance and professional fees. These are expensed as incurred. Administrative expenses are expenses that are not directly attributable to the operation of properties (including charged management costs not directly related to properties, office overheads, advice, valuation and audit fees, listing costs and marketing and promotion costs).

Service charges for which the Fund acts as a principal are presented in the statement of comprehensive income. Therefore, for those property investments for which the Fund is in full control of the service charges, the service charges invoiced to tenants and the corresponding expenses are shown separately on an accrual basis.

2.13 Other income

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

2.14 Finance income and expenses

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

2.15 Cash flow statement

Cash flows are stated according to the indirect method.

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

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

2.16 Earnings per share

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

2.17 Income taxes

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

3 Financial risk management

3.1 Financial risk factors

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

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

Market risk

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

(I) Foreign exchange risk

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

(II) Price risk

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

(III) Interest rate risk

As the Fund has no external loans and borrowings, it has no exposure to 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 Fund closely monitors the creditworthiness of tenants. When entering into a contract, the Fund checks their credit rating, while throughout the term of the contract the Fund keeps a close watch on the accounts receivable. Rents are in general also payable in advance and part of the rent payable is secured by means of bank guarantees or guarantee deposits. There are no significant credit risk concentrations.

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:

	2017	2016
Trade and other receivables, net of provision for impairment (Note 14)		
Rent receivables from tenants	1,908	949
Other financial assets	572	904
Cash and cash equivalents (Note 15)	175,310	114,165

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.

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

	2017	2016
Trade and other current receivables		
Neither past due nor impaired	572	343
Total neither past due nor impaired	572	343
Past due but not impaired		
Less than 30 days overdue	1,486	553
30 to 90 days overdue	-	561
Total past due but not impaired	1,486	1,114
Individually determined to be impaired (gross)		
30 days to 90 days overdue	-	743
More than 90 days overdue	2,356	1,707
Total individually determined to be impaired (gross)	2,356	2,450
Less: impairment provision	(1,934)	(2,054)
Total trade and other current receivables, net of provision for impairment	2,480	1,853

There is a significant concentration of credit risk with respect to cash and cash equivalents, as the Fund holds cash accounts with one financial institution. This financial institution has a credit rating of A (Standard & Poor's) and therefore the credit risk is mitigated.

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 (see 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 2017 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	2,058		422	2,480
Liabilities				
Tenant deposits	-	-	10,149	10,149
Trade payables	14,363	-	-	14,363
Other financial liabilities	5,356	29	2,385	7,770

The maturity analysis of financial instruments at 31 December 2016 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	896	957	-	1,853
Liabilities				
Tenant deposits	-	-	8,008	8,008
Trade payables	10,212	-	-	10,212
Other financial liabilities	1,297	-	2,015	3,312

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 2017 and 31 December 2016 are used to determine the related undiscounted cash flows.

3.2 Fair value estimation

The carrying amounts of the financial assets and liabilities and their fair values were as follows:

	Note	2017		2016	
		Carrying amount	Fair value	Carrying amount	Fair value
As at 31 December					
Loans and receivables (level 2)	14	2,480	2,480	1,853	1,853
Cash and cash equivalents (level 1)	15	175,310	175,310	114,165	114,165
Financial liabilities measured at amortised cost and other payables (level 2)	17	(32,282)	(32,282)	(21,532)	(21,532)
		145,508	145,508	94,486	94,486

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

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

The carrying amount 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.

These market values are based on valuations by independent external valuation experts. The valuation is based on an open market value, supported by market evidence in which assets can be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of the valuation, in accordance with the guidelines of 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 agreements, in order to cover the full period of existing lease agreements. The DCF analyses are based on calculations of the future rental revenue in accordance with the terms in existing lease agreements and estimations of the rental values when the agreements expire. The starting point for the estimation of the discount rate is the nominal interest rate for 10-year Dutch government bonds. This rate should be increased in accordance with the risks involved in property investments. The whole investment property portfolio is appraised on a quarterly basis by independent external appraisers.

5 Core regions

A spread by core regions is applied in the analysis of the valuation of the investment property portfolio. The Fund has invested in the following core regions: Randstad (Amsterdam, Utrecht, Rotterdam and The Hague), Mid East (Apeldoorn, Arnhem, Nijmegen and Zwolle) and Brabantstad (Breda, Eindhoven, Den Bosch and Tilburg).

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

Property valuation as at 31 December	2017	2016
Region		
Randstad	3,460,826	2,991,087
Mid East	214,941	184,451
Brabantstad	193,948	90,930
Non-core regions	273,379	281,002
Total	4,143,094	3,547,470

6 Gross rental income and service charge income

	2017	2016
Theoretical rent	197,895	180,677
Incentives	(1,073)	(1,042)
Vacancies	(4,358)	(4,128)
Total gross rental income	192,464	175,507

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

Service charge income amounted to € 4.9 million (2016: € 4.4 million) receivable from tenants for the services utilities, caretakers, etc. when the Fund acts as a principal.

7 Property operating expenses

	2017	2016
Taxes	7,869	7,669
Insurance	222	162
Maintenance	25,727	23,276
Valuation fees	476	748
Property management fees	3,438	3,136
Promotion and marketing	432	436
Letting and lease renewal fees	5,877	4,958
Other operating expenses	11,374	6,852
Addition to provision for bad debts	425	493
Total property operating expenses	55,840	47,730

In 2017, € 0.6 million (2016: € 0.5 million) of the maintenance expenses related to unlet properties.

8 Administrative expenses

	2017	2016
Management fee Bouwinvest	21,352	17,179
Audit fees	35	33
Marketing fees	113	106
Other administrative expenses	1,159	685
Legal fees	41	13
Total administrative expenses	22,700	18,016

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 expenses

	2017	2016
Finance expenses	641	308
Total finance expenses	641	308

The Fund had no external loans and borrowings during 2017. The Fund was subject to the negative interest rate development for its bank balances.

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.

In the autumn of 2017, the Dutch government announced it planned to close the Dutch FII regime for direct investments in real estate. This measure is supposed to come into effect as per 1 January 2020. However, an alternative fund structure, the so-called closed fund for joint account (besloten FGR), seems a good alternative for investors. For taxation purposes, the profits of such a fund are attributed to the investors rather than being taxed at fund level.

Given the potential tax costs (transfer tax) and the complexities of a restructuring plus the disadvantages of such an alternative structure (especially on the liquidity front) Bouwinvest supports all efforts that are being made to convince the government not to change the law in this respect.

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.

Bouwinvest Residential Development B.V., established December 2017, is a taxable subsidiary that carries out development activities for the Residential Fund. Since no services were recognised in 2017, the taxable profit was nil.

In December 2016, the Fund established a taxable subsidiary, Bouwinvest Dutch Institutional Residential Fund Services B.V., which renders services that are ancillary to the renting activities of the Fund. The profit before tax of Bouwinvest Residential Development B.V. was € 67.000, while the income tax amounted to € 13.000.

The Residential Fund met the requirements of an FII in 2017. The effective tax rate was 0% (2016: 0%).

11 Employee benefits expense

The Residential Fund has no employees.

12 Investment property

	2017	2016
At the beginning of the year	3,547,470	2,833,309
Transfers from investment property under construction	232,158	192,026
Investments	3,086	6,196
Total investments	235,244	198,222
Disposals	(52,054)	(934)
Net gain (loss) from fair value adjustments on investment property (like-for-like)	364,556	436,183
Net gain (loss) from fair value adjustments on investment property	47,878	80,690
In profit or loss	412,434	516,873
In other comprehensive income	-	-
Transfers out of level 3	-	-
Total investment property (level 3) at the end of the year	4,143,094	3,547,470

The Fund's investment properties are valued by independent external appraisers on a quarterly basis. On 31 December 2017, these properties were revalued by independent professionally qualified valuation experts with experience in the locations and categories of the investment properties valued (level 3). The carrying values of investment property as at 31 December 2017, and 1 January 2017, are in line with the valuations reported by the external valuation experts. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There was no change to the valuation technique during the year and there were no transfers between levels 2 and 3 during the year.

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

Investments and transfer from investment property under construction	2017	2016
Randstad	140,294	176,253
Mid East	14,979	14,960
Brabantstad	79,588	5
Non-core regions	383	7,004
Total investments and transfer from investment property under construction	235,244	198,222

Disposals	2017	2016
Randstad	(16,200)	(113)
Mid East	(3,183)	-
Brabantstad	-	-
Non-core regions	(32,671)	(821)
Total disposals	(52,054)	(934)

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

2017	Randstad	Mid East	Brabantstad	Non-core regions	Total
Current average rent (€/unit)	1,076	868	916	824	1,025
Estimated rental value (€/unit)	1,112	881	925	838	1,056
Gross initial yield	4.5%	5.5%	4.8%	5.8%	4.6%
Net initial yield	3.3%	4.0%	2.7%	4.1%	3.3%
Current vacancy rate (no rental units)	1.4%	0.9%	2.6%	0.8%	1.3%
Current financial vacancy rate	2.3%	1.5%	3.1%	1.6%	2.2%
Long-term growth rental rate	2.5%	2.2%	2.3%	2.1%	2.4%
Average 10-year inflation rate (IPD Nederland)					0.5%

2016	Randstad	Mid East	Brabantstad	Non-core regions	Total
Current average rent (€/unit)	1,056	830	896	811	1,001
Estimated rental value (€/unit)	1,088	845	917	825	1,032
Gross initial yield	4.9%	6.0%	5.4%	6.2%	5.1%
Net initial yield	3.5%	4.3%	4.5%	4.3%	3.6%
Current vacancy rate (no rental units)	1.4%	0.9%	1.7%	1.7%	1.4%
Current financial vacancy rate	2.3%	1.6%	1.2%	2.6%	2.3%
Long-term growth rental rate	2.3%	2.0%	2.0%	1.9%	2.2%
Average 10-year inflation rate (IPD Nederland)					1.0%

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

The net valuation gain (loss) for the year included a positive fair value adjustment of € 412.5 million (2016: € 521.1 million) relating to investment properties that were measured at fair value at the end of the reporting period.

As at 31 December 2017, the Fund had unprovisioned contractual obligations for future repairs and maintenance of € 1.5 million (2016: € 4.0 million). Direct operating expenses recognised in profit or loss include € 1.2 million (2016: € 1.1 million) relating to investment property that was vacant. Investment property includes buildings held under finance leases, the carrying amount of which is nil (2016: nil).

Sensitivity analysis

The appraisal of the portfolio implies a net initial yield of 3.3% (2016: 3.6%). If the yields used for the appraisals of investment properties on 31 December 2017 had been 100 basis points higher (2016: 100 basis points higher) than was the case at that time, the value of the investments would have been 25.5% lower ceteris paribus (2016: 23.8% lower). In this situation, the Fund's shareholders' equity would have been € 1.1 billion lower (2016: € 871 million lower).

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

	2017		2016	
Change rental rates	- 5%	5%	- 5%	5%
Value of the investment property change	(207,155)	207,155	(177,373)	177,373

	2017		2016	
Change net initial yield	- 25 bps	+ 25 bps	- 25 bps	+ 25 bps
Value of the investment property change	336,774	(289,680)	261,728	(228,074)

13 Investment property under construction

	2017	2016
At the beginning of the year	353,078	205,579
Investments	241,148	300,192
Transfers to investment property	(232,158)	(192,026)
Net gain (loss) from fair value adjustments on investment property under construction	100,972	39,333
In profit or loss	100,972	39,333
In other comprehensive income	-	-
Transfers out of level 3	-	-
At the end of the year	463,040	353,078

The property under construction is being developed by third parties. For a list of the investment properties under construction and investment commitments, see Note 20.

The net valuation gain (loss) for the year included a positive fair value adjustment of € 105,220 (2016: € 59,889) relating to investment properties under construction that are measured at fair value at the end of the reporting period.

The investment property under construction is valued by independent external appraisers.

	2017	2016
Investment property under construction at fair value	463,040	353,078
Investment property under construction at amortised cost	-	-
As at 31 December	463,040	353,078

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

Investments	2017	2016
Randstad	177,223	231,436
Mid East	29,647	21,062
Brabantstad	34,278	42,213
Non-core regions	-	5,481
Total investments	241,148	300,192

Transfers to investment property	2017	2016
Randstad	181,056	170,173
Mid East	14,902	14,890
Brabantstad	36,200	-
Non-core regions	-	6,963
Total transfers to investment property	232,158	192,026

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

2017	Randstad	Mid East	Brabantstad	Total
Gross initial yield	4.4%	4.0%	4.8%	4.5%
Net initial yield	3.9%	4.0%	4.2%	3.9%
Long-term growth rental rate	2.7%	2.5%	2.2%	2.7%
Average 10-year inflation rate (IPD Nederland)	0.5%	0.5%	0.5%	0.5%
Estimated average development profit on completion	34.7%	13.6%	3.8%	29.4%
Estimated average percentage of completion	64.4%	50.1%	44.0%	60.9%
Current average rent per unit (in €)	1,311	906	891	1,218
Construction costs (€/m ²)	3,273	1,797	2,126	2,929

2016	Randstad	Mid East	Brabantstad	Total
Gross initial yield	4.8%	4.9%	5.4%	4.9%
Net initial yield	4.2%	4.2%	4.6%	4.3%
Long-term growth rental rate	2.7%	2.3%	2.1%	2.6%
Average 10-year inflation rate (IPD Nederland)	1.0%	1.0%	1.0%	1.0%
Estimated average development profit on completion	20.3%	(0.6)%	7.6%	17.7%
Estimated average percentage of completion	54.9%	63.2%	66.7%	57.2%
Current average rent per unit (in €)	1,155	1,060	885	1,095
Construction costs (€/m ²)	3,298	2,636	2,126	2,993

14 Trade and other current receivables

	2017	2016
Trade receivables	1,908	949
VAT receivable	-	343
Other receivables	572	561
Balance as at 31 December	2,480	1,853

15 Cash and cash equivalents

	2017	2016
Bank deposits	100,000	100,000
Bank balances	75,310	14,165
Balance as at 31 December	175,310	114,165

The bank balances of € 75.3 million are freely available to the Fund as at 31 December 2017. In order to minimise the costs of the negative interest rate on the bank balances, in 2017 the Fund used 30-day bank deposits. The bank deposits of € 100 million have a 30-day notice period.

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

For 2017, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2017	1,213,959	1,923,441	681,336	(490,045)	666,343	3,995,034
Comprehensive income						
Net result	-	-	-	-	637,610	637,610
Total comprehensive income	-	-	-	-	637,610	637,610
Other movements						
Issued shares	66,808	160,692	-	-	-	227,500
Appropriation of result	-	-	-	666,343	(666,343)	-
Dividends paid	-	-	-	(108,502)	-	(108,502)
Movement revaluation reserve	-	-	495,757	(495,757)	-	-
Total other movements	66,808	160,692	495,757	62,084	(666,343)	118,998
Balance at 31 December 2017	1,280,767	2,084,133	1,177,093	(427,961)	637,610	4,751,642

* See explanation dividend restrictions in this Note.

For 2016, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2016	1,116,243	1,731,157	198,564	(242,241)	347,475	3,151,198
Comprehensive income						
Net result	-	-	-	-	666,343	666,343
Total comprehensive income	-	-	-	-	666,343	666,343
Other movements						
Issued shares	97,716	192,284	-	-	-	290,000
Appropriation of result	-	-	-	347,475	(347,475)	-
Dividends paid	-	-	-	(112,507)	-	(112,507)
Movement revaluation reserve	-	-	482,772	(482,772)	-	-
Total other movements	97,716	192,284	482,772	(247,804)	(347,475)	177,493
Balance at 31 December 2016	1,213,959	1,923,441	681,336	(490,045)	666,343	3,995,034

* See explanation dividend restrictions in this Note.

Dividend restrictions

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

The revaluation reserve, being a legal reserve, cannot be freely distributed. Dividends are all payments from the free reserves. The free reserves consist of the share premium and retained earnings. 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 Fund's FII status, the distributable dividends are made from retained earnings insofar as the retained earnings – being the total amount of retained earnings and result for the year – are not negative. The remaining amount of legally required distributable dividends is subsequently made from the 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 2017	1,213,959	1,213,959	1,923,441	3,137,400
Dividends paid	-	-	-	-
Issued shares	66,808	66,808	160,692	227,500
Balance at 31 December 2017	1,280,767	1,280,767	2,084,133	3,364,900

Opening balance at 1 January 2016	1,116,243	1,116,243	1,731,157	2,847,400
Dividends paid	-	-	-	-
Issued shares	97,716	97,716	192,284	290,000
Balance at 31 December 2016	1,213,959	1,213,959	1,923,441	3,137,400

Issued capital

The authorised capital consists of five (5) million shares each with a nominal value of € 1,000. As at 31 December 2017, a total of 1,280,767 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 2017 was determined at the individual property level.

17 Trade and other payables

	2017	2016
Trade payables	14,363	10,212
Rent invoiced in advance	2,385	2,015
Tenant deposits	10,149	8,008
VAT payable	29	-
Other payables	5,356	1,297
Balance as at 31 December	32,282	21,532

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.

	2017	2016
Net result attributable to shareholders	637,610	666,343
Weighted average number of ordinary shares	1,254,449	1,169,722
Basic earnings (€ per share)	508.28	569.66

The 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 2017, the Fund paid out € 108.5 million (2016: € 112.5 million) as dividend. The payment of a dividend over 2017 of € 90.82 per share as at year-end 2017 (2016: € 94.03), amounting to a total dividend of € 113.9 million (2016: € 110.0 million), is to be proposed at the Annual General Meeting of shareholders on 18 April 2018. These financial statements do not reflect this dividend payable.

The dividend proposal for 2017 has not been accounted for in the financial statements. The dividend for 2017 will be paid in cash.

20 Contingent liabilities and assets

As at 31 December 2017, the Fund's total future commitments amounted to € 689 million (2016: € 634 million). These commitments are made up as follows:

Investment commitments	2018	2019	> 2020
Haarlemmerweg, Amsterdam *	38	40	32
Kop Weespertrekvaart, Amsterdam	18	4	
Nautique Living + E, Amsterdam	34	6	
Pontsteiger, Amsterdam	14		
TT Vasum, Amsterdam	48	44	33
Welgelegen Park, Apeldoorn	8	4	
Het Nieuwe A, Arnhem	5		
Saksen Weimarlaan, Arnhem	6		
Wickevoort, Cruquius	18	10	
Beeckmankazerne, Ede	6		
Picuskade, Eindhoven	9	4	
Picus Kadeblok, Eindhoven	8		
Tudorpark, Hoofddorp	27	12	
Hof Van Pampus, Hoofddorp	10	3	
Nieuw Nachtegaalplein, Nijmegen	5		
KVL, Oisterwijk	9		
Kop West, Purmerend	10		
Little C, Rotterdam	31	17	13
Uptown, Rotterdam	13	4	
Sion, Rijswijk	14	12	
Oostduinlaan, The Hague	13		
Haarzicht, Utrecht	11	18	
Zijdebalen, Utrecht	14	3	
Vrij Werkeren, Zwolle	7		
Zonnepanelen	2		
Other	33	18	1
	411	199	79

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

With regard to the sold properties, which were sold "as is", in the event that the Fund is found liable for a financial loss related to one of the sold properties which loss had its origin before the delivery of the properties to the buyer, the Fund's exposure to a claim will end one year after delivery of the properties and is limited to ten percent of the sales value of the property concerned.

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

21 Related parties

The Fund's subsidiaries and members of the Supervisory Board and Board of Directors of Bouwinvest and the other entities under management by Bouwinvest, qualify as related parties of the Residential Fund. The Fund paid Bouwinvest a fee of € 21.3 million in 2017 (2016: € 17.2 million).

Bouwinvest Development B.V. and bpfBOUW and the subsidiaries and investments held by bpfBOUW are also deemed related parties.

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

The members of the Bouwinvest Supervisory Board and Board of Directors held no personal interest in the Fund's investments in 2017.

22 Management fee

Bouwinvest is the manager and the Statutory Director of the Fund. The management fee paid for the year 2017 amounted to € 21.4 million (2016: € 17.2 million).

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

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 subject to the 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 Article 107 of the AIFMD, is disclosed in the 2017 annual report 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 2017 by Deloitte Accountants B.V. and the Deloitte Network in respect of activities for the Residential Fund.

	2017	2016
Audit of the financial statements	35	33
Other audit engagements	-	-
Tax advisory services	-	-
Other non-audit services	-	-
Total fees	35	33

24 Subsequent events

As of January 2018, one Dutch pension fund committed for a total of € 300 million and shares were issued for € 70 million.

Company balance sheet

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2017	2016
Assets			
Non-current assets			
Investment property		4,143,094	3,547,470
Investment property under construction		463,040	353,078
Financial assets	3	56	-
		4,606,190	3,900,548
Current assets			
Trade and other current receivables		2,550	1,853
Cash and cash equivalents		175,308	114,145
		177,858	115,998
Total assets		4,784,048	4,016,546
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		1,280,767	1,213,959
Share premium		2,084,133	1,923,441
Revaluation reserve		1,177,093	681,336
Retained earnings		(427,961)	(490,045)
Net result for the year		637,610	666,343
Total equity	4	4,751,642	3,995,034
Current liabilities			
Trade and other payables		32,406	21,512
Total liabilities		32,406	21,512
Total equity and liabilities		4,784,048	4,016,546

Company profit and loss account

All amounts in € thousands, unless otherwise stated

	2017	2016
Profit of participation interests after taxes	54	-
Other income and expenses after taxes	637,556	666,343
Result for the year	637,610	666,343

Notes to the company financial statements

All amounts in € thousands, unless otherwise stated

1 Summary of significant accounting policies

1.1 General

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

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

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

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

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

1.2 Financial assets

Subsidiaries

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

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

Recognition of losses

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

2 Financial risk management

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

3 Financial assets

	2017	2016
As per 1 January	-	-
Acquisitions and capital contributions	2	-
Net result for the year	54	-
As per 31 December	56	-

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

- Bouwinvest Residential Development B.V., Amsterdam

Bouwinvest Residential Development B.V. redevelops investment properties for Bouwinvest Dutch Institutional Residential Fund N.V.

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

For 2017, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2017	1,213,959	1,923,441	681,336	(490,045)	666,343	3,995,034
Comprehensive income						
Net result	-	-	-	-	637,610	637,610
Total comprehensive income	-	-	-	-	637,610	637,610
Other movements						
Issued shares	66,808	160,692	-	-	-	227,500
Appropriation of result	-	-	-	666,343	(666,343)	-
Dividends paid	-	-	-	(108,502)	-	(108,502)
Movement revaluation reserve	-	-	495,757	(495,757)	-	-
Total other movements	66,808	160,692	495,757	62,084	(666,343)	118,998
Balance at 31 December 2017	1,280,767	2,084,133	1,177,093	(427,961)	637,610	4,751,642

* See explanation dividend restrictions in Note 16 of the consolidated financial statements.

For 2016, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2016	1,116,243	1,731,157	198,564	(242,241)	347,475	3,151,198
Comprehensive income						
Net result	-	-	-	-	666,343	666,343
Total comprehensive income	-	-	-	-	666,343	666,343
Other movements						
Issued shares	97,716	192,284	-	-	-	290,000
Appropriation of result	-	-	-	347,475	(347,475)	-
Dividends paid	-	-	-	(112,507)	-	(112,507)
Movement revaluation reserve	-	-	482,772	(482,772)	-	-
Total other movements	97,716	192,284	482,772	(247,804)	(347,475)	177,493
Balance at 31 December 2016	1,213,959	1,923,441	681,336	(490,045)	666,343	3,995,034

* See explanation dividend restrictions in Note 16 of the consolidated financial statements.

Issued capital

The authorised capital comprises 1 million shares each with a nominal value of € 1,000. As at 31 December 2017, a total of 1,280,767 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 2017 was determined at the individual property level.

Appropriation of profit 2017

The Annual General Meeting of shareholders on 12 April 2017 adopted and approved the 2016 financial statements of the Residential Fund. A dividend of € 94.03 (in cash) per share was paid. Of the profit for 2016 amounting to € 666.3 million, € 666.3 million was incorporated in the retained earnings.

Proposal for profit appropriation 2018

The management of the Fund proposes to the General Meeting of shareholders that a dividend of € 90.82 (in cash) per share is to be paid. Of the profit for 2017 amounting to € 637.6 million, € 637.6 million will be incorporated in the retained earnings.

5 Employee benefits expense

The Residential Fund has no employees.

6 Remuneration

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

Signing of the Financial Statements

Amsterdam, 19 March 2018

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 & Risk*

Allard van Spaandonk, *Managing Director Dutch Investments*

Stephen Tross, *Managing Director International Investments*

Other information

Articles of Association related to the appropriation of profit

Appropriation of profit is provided for in Article 20 of the 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.

Independent auditor's report

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

Report on the audit of the financial statements 2017 included in the annual report

Our opinion

We have audited the accompanying financial statements 2017 of Bouwinvest Dutch Institutional Residential Fund N.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Bouwinvest Dutch Institutional Residential Fund N.V. as at 31 December 2017, and of its result and its cash flows for 2017 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Bouwinvest Dutch Institutional Residential Fund N.V. as at 31 December 2017, and of its result for 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at 31 December 2017.
2. The following statements for 2017: the consolidated statements of comprehensive income, changes in equity and cash flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company balance sheet as at 31 December 2017.
2. The company profit and loss account for 2017.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of Bouwinvest Dutch Institutional Residential Fund N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 47 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	€ 47 million
Basis for materiality level	1% of total equity
Threshold for reporting misstatements	€ 2,350 thousand

We agreed with the Board of Directors that misstatements in excess of € 2,350 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

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

Our group audit mainly focused on significant group entities.

We have performed all audit procedures ourselves for all group entities.

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

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 Investment property and investment property under construction are important accounts balances in the statement of financial position and are valued at fair value. The valuations of these investment properties are based on external valuations. The valuation of investment property contains an inherent estimation uncertainty (see also notes 4.1, 12 and 13 of the notes to the financial statements).	We have obtained an understanding of the key controls, including the involvement of the external valuation experts by management, surrounding the valuation process. 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.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Report of the Board of Directors
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code
- Other additional information, among others: Responsible fund and asset management, Corporate governance and Risk management.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

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

Description of responsibilities regarding the financial statements

Responsibilities of management 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. 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 frameworks 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.

Our responsibilities for the audit of the financial statements

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

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

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

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included 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.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Amsterdam, March 19, 2018

Deloitte Accountants B.V.

Signed on the original: J. Holland

INREV valuation principles and INREV adjustments

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

Note	Total	Per share	Actual impact on 2017 figures	Actual impact on 2016 figures
NAV per the IFRS financial statements				
Reclassification of certain IFRS liabilities as components of equity	X	X	Yes	Yes
1 Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders long term interests in a vehicle	X	X	N/A	N/A
2 Effect of dividends recorded as a liability which have not been distributed	X	X	N/A	N/A
NAV after reclassification of equity-like interests and dividends not yet distributed	X	X	N/A	N/A
Fair value of assets and liabilities	X	X	N/A	N/A
3 Revaluation to fair value of investment properties	X	X	N/A	N/A
4 Revaluation to fair value of self-constructed or developed investment property	X	X	N/A	N/A
5 Revaluation to fair value of investment property held for sale	X	X	N/A	N/A
6 Revaluation to fair value of property that is leased to tenants under a finance lease	X	X	N/A	N/A
7 Revaluation to fair value of real estate held as inventory	X	X	N/A	N/A
8 Revaluation to fair value of other investments in real assets	X	X	N/A	N/A
9 Revaluation to fair value of indirect investments not consolidated	X	X	N/A	N/A
10 Revaluation to fair value of financial assets and financial liabilities	X	X	N/A	N/A
11 Revaluation to fair value of construction contracts for third parties	X	X	N/A	N/A
12 Set-up costs	X	X	N/A	N/A
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

INREV adjustments

All amounts in € thousands, unless otherwise stated

Note	Total 2017	Per share 2017	Total 2016	Per share 2016
NAV as per the financial statements	4,751,642	3,710.00	3,995,034	3,290.91
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	4,751,642	3,710.00	3,995,034	3,290.91
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	5,526	4.31	5,700	4.70
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	4,757,168	3,714.31	4,000,734	3,295.61
Number of shares issued	1,280,767		1,213,959	
Number of shares issued taking dilution effect into account	1,280,767		1,213,959	
Weighted average INREV NAV	4,369,877		3,550,460	
Weighted average INREV GAV	4,394,122		3,568,407	
Total Expense Ratio (NAV)	0.53%		0.53%	
Total Expense Ratio (GAV)	0.53%		0.53%	
Real Estate Expense Ratio (GAV)	1.26%		1.32%	

Notes to the INREV adjustments

All amounts in € thousands, unless otherwise stated

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 2017, no dividends are recorded as a liability, no adjustment is included.

3 Revaluation to fair value of investment property

After initial recognition, investment property is valued at fair value under the fair value option of IAS 40. Therefore no adjustment had to be made as per 31 December 2017.

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 2017.

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 2017, 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 2017, 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 2017, 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 2017, 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 2017, 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 2017, 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 2017, no adjustment had been made since the Fund has no construction contracts of third parties.

Adjustments to reflect the spreading of one-off costs

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

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

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

12 Set-up costs

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

As per 31 December 2017, the set-up costs of the Fund have been amortised, so no adjustment had been made per 31 December 2017.

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.

Most of the acquisitions are realised via a turn-key agreement with a development company. Since these acquisitions can be purchased free of transfer-tax normally the acquisition price is higher than if transfer-taxes is supposed to be paid separately. The valuation methodology is the net valuation after deduction of acquisition costs for a potential buyer. At initial recognition and during the payment of instalments, a part of the revaluation result will include the effect of the difference of the purchase price and the net valuation after deduction of acquisition costs for a potential buyer. This difference is taken into account in the INREV NAV as a separate item in the INREV adjustment with respect to acquisition costs.

Capitalised acquisition costs as per 31 December 2016	5,700
Acquisition costs 2017	1,609
Amortisation acquisition costs in 2017	(1,783)
Adjustment NAV (excluding tax)	5,526

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 financial position 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 financial position 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 2017, 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 2017, no adjustment had been made since the Fund has no subsidiaries with a negative equity.

18 Goodwill

Upon the acquisition of an entity that is determined to be a business combination, goodwill may arise as a result of a purchase price allocation exercise. A major component of such goodwill in property vehicles often 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 2017, 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 2017, no adjustment had been made since the Fund holds no minority interests.

Independent auditor's report

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

Report on the INREV adjustments

Our Opinion

We have audited the accompanying INREV adjustments 2017 of Bouwinvest Dutch Institutional Residential Fund N.V., based in Amsterdam.

In our opinion the INREV adjustments are prepared, in all material respects, in accordance with the accounting policies selected and disclosed by the fund, i.e. INREV valuation principles, as set out on page 84 up to and including page 90.

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 INREV adjustments" section of our report.

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

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

Description of responsibilities for the INREV adjustments

Responsibilities of management for the INREV adjustments

Management is responsible for the preparation of the INREV adjustments in accordance with the accounting policies selected and disclosed by the fund (INREV valuation principles) as set out on page 84 up to and including page 90.

Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the INREV adjustments that are free from material misstatement, whether due to fraud or error.

Our responsibilities for the audit of the INREV adjustments

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 material errors and fraud.

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 INREV adjustments. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional 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 INREV adjustments, 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.
- Evaluating the overall presentation, structure and content of the INREV adjustments, including the disclosures.
- Evaluating whether the INREV adjustments represent the underlying transactions and events free from material misstatement.

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

Amsterdam, March 19, 2018

Deloitte Accountants B.V.

Signed on the original: J. Holland

Shareholders' information & Client Management

Legal and capital structure

Bouwinvest Dutch Institutional Residential Fund N.V. is a public limited liability company incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands. The Fund is structured as an investment company with variable capital, as defined in article 2:76a of the Dutch Civil Code. 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

As of January 2018, one new investor committed for a total of €300 million.

Name shareholder	Number of shares at year-end 2017
Shareholder A	1,121,824
Shareholder B	36,783
Shareholder C	24,922
Shareholder D	20,685
Shareholder E	19,598
Shareholder F	17,596
Shareholder G	10,264
Shareholder H	8,065
Shareholder I	5,866
Shareholder J	4,124
Shareholder K	3,222
Shareholder L	2,932
Shareholder M	2,567
Shareholder N	2,319
Total	1,280,767

Dividend

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

The Board of Directors proposes to pay a dividend of € 90.82 per share for 2017 (2016: € 94.03), which corresponds to a pay-out ratio of 100%. It is proposed that the dividend will be paid in cash, within the constraints imposed by the company's fiscal investment institution (FII) status. Of this total dividend, 75.8% was paid out in the course of 2017.

The fourth instalment was paid on 6 March 2018. The rest of the distribution over 2017 will be paid in one final instalment following the Annual General Meeting of shareholders on 18 April 2018.

Shareholders' calendar

6 March 2018	Payment interim dividend fourth quarter 2017
18 April 2018	Annual General Meeting of Shareholders
26 April 2018	Payment of final dividend 2017
15 May 2018	Payment interim dividend first quarter 2018
14 August 2018	Payment interim dividend second quarter 2018
13 November 2018	Payment interim dividend third quarter 2018
5 December 2018	General Meeting of Shareholders
26 February 2019	Payment interim dividend fourth quarter 2018

Investor relations

Client management

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 Portal.

In addition to the regular information outlined above, Bouwinvest organised a number of investor relations activities in 2017, including road shows, property tours, a seminar 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 client management activities, please visit the corporate website at Bouwinvest.nl. You can also contact the Client Management department at ir@bouwinvest.nl or Karen Huizer, Director Client Management: +31 (0)20 677 1598.

Enclosure

Management company profile

Bouwinvest Real Estate Investment Management B.V. (Bouwinvest) is one of the largest Dutch institutional real estate investment managers. Bouwinvest strives to achieve risk-adjusted returns on behalf of its pension fund clients. Bouwinvest manages €9.4 billion in assets within five Dutch property sector funds and international real estate investments in Europe, North America and the Asia-Pacific region.

With 65 years experience and a heritage rooted in the pension and construction industries, Bouwinvest understands the needs of long-term institutional investors and the dynamics of real estate investment markets. In the Netherlands we invest directly, while internationally Bouwinvest partners with real estate operators who have a proven track record and share our investment philosophy.

The combination of a strong domestic focus and a well-diversified global portfolio gives Bouwinvest a broad perspective on the real estate investment markets and allows us to identify the best investment opportunities.

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 Chairman of IVBN (Dutch Association of Institutional Investors in Real Estate).



Managing Director Finance & Risk

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

Arno van Geet joined Bouwinvest as Managing Director Finance & Risk 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. Since 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. Allard is a member of the Management Board of the NEPROM (Dutch association of project development companies).



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.



Director Dutch Residential Investments

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

Michiel de Bruine has been Director Dutch Residential Investments since 2006. He is responsible for the Bouwinvest Dutch Institutional Residential Fund. He has over twenty years' experience in real estate asset management. Michiel gained his residential real estate experience with several companies, including Dynamis ABC Residential, where he worked as an account manager and as regional manager for Amsterdam and Utrecht. Michiel studied Law at the Vrije Universiteit in Amsterdam. Michiel is member of the Supervisory Board of Hello Zuidas and member of the Executive Committee of the ULI Netherlands.

Contact information

Bouwinvest

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Depository

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The Netherlands

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KPMG Meijburg & Co
Laan van Langerhuize 9
1186 DS Amstelveen
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Legal adviser and Fund notary

De Brauw Blackstone Westbroek N.V.
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1082 MD Amsterdam
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Real estate notary

De Brauw Blackstone Westbroek
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External appraisers

CBRE Valuation & Advisory Services B.V.
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Colliers International Netherlands B.V.
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1082 VA Amsterdam
The Netherlands

Cushman & Wakefield
Gustav Mahlerlaan 362-364
1082 ME Amsterdam
The Netherlands

MVGM Vastgoedtaxaties B.V.
Van Asch van Wijckstraat 55
3811 LP Amersfoort
The Netherlands

Glossary

Assets under management

Assets under management is defined as the net asset value of the funds, as per the chosen valuation principles of the funds, that Bouwinvest manages as investment manager.

Capital growth

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

INREV NAV

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

Investment property

Property that is fully operational on the reporting date

Investment property under construction

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

Lease incentive

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

Like-for-like gross rental income

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

Net asset value (NAV)

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

Net initial yield

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

Net rental income

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

Passing rent

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

Pay-out ratio of distributable earnings

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

Responsible investing performance indicators

Fund and asset sustainability performance

Impact area	Indicator	Measure	Units of measure	2017	2016	% change
Benchmark, certificates and labels	GRESB	Star rating	stars	4	3	33%
	GRESB	Overall score (GRI-CRESS: CRE8)	#	74	66	12%
	EPA	EPC labels coverage (GRI-CRESS: CRE8)	%	100%	100%	0%
		Green labelled by unit (A, B or C label)	%	94.6%	93.3%	1%
		Average energy index	#	1.29	1.32	-2%
		Number of DUO Labels	#	N/A	N/A	N/A
	BREEAM	Green Building Certificates (BREEAM or GPR) (GRI-CRESS: CRE8)	%	25.0%	1.1%	2173%

Stakeholder engagement performance

Impact area	Indicator	Measure	Units of measure	2017	2016	% change
Tenant engagement	Leases	Number of new leases	#	3635	3208	13%
		Number of green leases	#	0 of 17,210	0 of 15,523	0%
	Tenant satisfaction	Response rate (GRI: PR5)	%	42%	23%	83%
		Average total score (GRI: PR5)	#	6.8	6.7	1%

Due to the change of methodology in 2017, the 2016 tenant satisfaction score has been adjusted to the current methodology

Environmental impact performance

Impact area	Indicator	Measure	Units of measure	2017 (Abs)	2016 (abs)	% change (Lfl)
Energy	Electricity	Total landlord-obtained electricity (GRI: EN4)	MWh	8,226	8,089	0.5%
	Gas	Total gas consumption (GRI: EN3)		4,170	4,366	-4.5%
	District heating and cooling	Total district heating and cooling (GRI: EN4)		0	0	0
	Total	Total energy consumption from all sources (GRI: EN4)		12,396	12,454	-1.7%
	Energy intensity	Building energy intensity (GRI-CRESS: CRE1) Energy and associated GHG disclosure coverage	kWh/m ² /year	15.6 215 of 240	16.0 226 of 237	-1.7%
GHG emissions	Direct	Scope 1 (GRI: EN15)	tonnes CO ₂ e	807	845	-4.5%
	Indirect	Scope 2 (GRI: EN16)		4,327	4,255	0.5%
	Total	Total GHG emissions (GRI: EN16) Scope 1 and 2		5,134	5,099	-0.6%
		Total GHG emissions after compensation		807	845	-4.5%
	GHG emissions intensity	GHG intensity from building energy (GRI-CRESS: CRE3)	kg CO ₂ e/m ² /year	6.5	6.5	-0.6%
Water	Total	Total water consumption (GRI: EN8)	m ³	N/A	N/A	N/A
	Water intensity	Building water intensity (GRI-CRESS: CRE2)	m ³ /m ² /year	N/A	N/A	N/A
Waste	Total	Total waste collected (GRI: EN22)	tonnes	N/A	N/A	N/A
		Recycling rate	%	N/A	N/A	N/A

Reporting of performance indicators

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

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

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

For the managed portfolio (scope 1 and 2), Bouwinvest reports on total energy consumption including all direct energy sources (gas, fuel oil) and indirect energy sources (electricity, district heating and district cooling). To calculate Greenhouse Gas (GHG) emissions, country and energy source-specific emission factors have been applied. Emission factors change over time. For this annual report, the most recently available factors for 2017 are used (source: www.co2emissiefactoren.nl).

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

Properties overview

Municipality	Street name/ property name	No. of residential units	No. of parking units	Year of construction	Land ownership	Core region	Theoretical gross annual rent as per 31 December 2017
AERDENHOUT	Landgoed Alverna	36	36	2016	Freehold	Randstad	873
ALPHEN AAN DEN RIJN	Cauberg	37	37	1989	Freehold	Randstad	505
ALPHEN AAN DEN RIJN	Kerk en Zanen	77	12	1990	Freehold	Randstad	891
AMERSFOORT	Vathorst I	39	0	2010	Freehold	Randstad	495
AMERSFOORT	Vathorst II	55	0	2012	Freehold	Randstad	716
AMSTELVEEN	Middenhoven	52	0	1985	Freehold	Randstad	606
AMSTELVEEN	Westwijk I	68	30	1990	Freehold	Randstad	1,124
AMSTELVEEN	Westwijk III	54	0	1990	Freehold	Randstad	683
AMSTELVEEN	Westwijk VI	36	36	1990	Freehold	Randstad	663
AMSTELVEEN	Westwijk VII	28	0	1990	Freehold	Randstad	315
AMSTELVEEN	Westwijk VIII	75	0	1991	Freehold	Randstad	960
AMSTELVEEN	Westwijk IX	40	7	1993	Freehold	Randstad	581
AMSTERDAM	Buitenveldert I	150	12	1986	Leasehold	Randstad	1,878
AMSTERDAM	Buitenveldert II	126	0	1986	Leasehold	Randstad	1,387
AMSTERDAM	Buitenveldert III	84	0	1986	Leasehold	Randstad	1,005
AMSTERDAM	Sloten I	91	0	1991	Leasehold	Randstad	1,119
AMSTERDAM	Kon. Wilhelminaplein I	96	102	1991	Leasehold	Randstad	1,290
AMSTERDAM	Kon. Wilhelminaplein II	123	93	1991	Leasehold	Randstad	1,443
AMSTERDAM	Sloten II	64	0	1991	Leasehold	Randstad	784
AMSTERDAM	Sloten III	16	0	1991	Leasehold	Randstad	170
AMSTERDAM	Sloten IV	180	112	1991	Leasehold	Randstad	2,056
AMSTERDAM	Sloten V	24	24	1991	Leasehold	Randstad	376
AMSTERDAM	Sloten VI	6	0	1992	Leasehold	Randstad	83
AMSTERDAM	Sloten VII	96	0	1992	Leasehold	Randstad	1,086
AMSTERDAM	Sloten VIII	148	0	1993	Leasehold	Randstad	1,734
AMSTERDAM	Sloten IX	4	0	1993	Leasehold	Randstad	39
AMSTERDAM	Sloten X	215	0	1993	Leasehold	Randstad	2,793
AMSTERDAM	Sloten XI	16	0	1993	Leasehold	Randstad	147
AMSTERDAM	Sloten XII	113	0	1993	Leasehold	Randstad	1,293
AMSTERDAM	Sloten XIII	24	0	1993	Leasehold	Randstad	216
AMSTERDAM	Sloten XIV	30	0	1993	Leasehold	Randstad	498
AMSTERDAM	Sloten XV	50	50	1993	Leasehold	Randstad	647
AMSTERDAM	Map I	17	0	1994	Leasehold	Randstad	203
AMSTERDAM	Map II	72	0	1994	Leasehold	Randstad	773
AMSTERDAM	Map III	49	49	1994	Leasehold	Randstad	546
AMSTERDAM	Java Eiland I	155	108	1996	Freehold	Randstad	2,582
AMSTERDAM	Java Eiland II	155	94	1996	Freehold	Randstad	2,083
AMSTERDAM	Java Eiland III	118	73	1997	Freehold	Randstad	1,591
AMSTERDAM	Java Eiland IV	37	29	1997	Freehold	Randstad	551
AMSTERDAM	Java Eiland V	91	81	1997	Freehold	Randstad	1,511
AMSTERDAM	Java Eiland VI	70	67	1997	Freehold	Randstad	1,208

AMSTERDAM	Java Eiland VII	48	0	1997	Freehold	Randstad	634
AMSTERDAM	Java Eiland VIII	32	0	1996	Freehold	Randstad	775
AMSTERDAM	Borneo Eiland I	173	0	1998	Leasehold	Randstad	2,900
AMSTERDAM	Borneo Eiland II	207	164	1998	Leasehold	Randstad	2,983
AMSTERDAM	Koploper	176	87	2004	Leasehold	Randstad	4,626
AMSTERDAM	Koploper, offices	5	0	2004	Leasehold	Randstad	280
AMSTERDAM	Vaandeldrager	110	93	2004	Leasehold	Randstad	2,838
AMSTERDAM	Vaandeldrager, offices	0	0	2004	Leasehold	Randstad	200
AMSTERDAM	Winnaar	129	105	2004	Leasehold	Randstad	3,050
AMSTERDAM	Winnaar, offices	0	0	2004	Leasehold	Randstad	235
AMSTERDAM	De Heelmeesters I	98	114	2011	Leasehold	Randstad	1,681
AMSTERDAM	De Heelmeesters II	81	66	2011	Leasehold	Randstad	1,361
AMSTERDAM	De Heelmeesters, offices	0	0	2013	Leasehold	Randstad	460
AMSTERDAM	Overhoeks De Halve Maen	86	86	2014	Leasehold	Randstad	1,412
AMSTERDAM	Feniks Studenten	342	0	2014	Leasehold	Randstad	1,453
AMSTERDAM	Het Baken Starters	130	65	2014	Leasehold	Randstad	1,542
AMSTERDAM	Rivers I	25	0	2015	Leasehold	Randstad	425
AMSTERDAM	Rivers II	50	51	2015	Leasehold	Randstad	919
AMSTERDAM	Summertime 11	94	76	2016	Leasehold	Randstad	1,193
AMSTERDAM	Summertime 12	103	74	2016	Freehold	Randstad	1,347
AMSTERDAM	Summertime, offices	0	0	2016	Leasehold	Randstad	245
AMSTERDAM	Stadionplein	100	86	2015	Leasehold	Randstad	1,859
AMSTERDAM	Jeruzalem	24	13	2015	Leasehold	Randstad	473
AMSTERDAM	Statendam	108	114	2014	Leasehold	Randstad	1,588
AMSTERDAM	De Werf A, Nautique Living	403	0	2017	Freehold	Randstad	2,594
AMSTERDAM ZUIDOOST	Geinwijk I	66	0	1997	Leasehold	Randstad	678
AMSTERDAM ZUIDOOST	Geinwijk II	36	0	1997	Leasehold	Randstad	351
APELDOORN	De Heeze I	24	3	1980	Freehold	Mid East	241
APELDOORN	De Maten I	144	0	1982	Freehold	Mid East	1,451
APELDOORN	t Fort-Vlieger	20	0	2001	Freehold	Mid East	183
APELDOORN	t Fort-Hof	44	0	2001	Freehold	Mid East	429
APELDOORN	t Fort-Hof, parking	0	77	2001	Freehold	Mid East	11
APELDOORN	t Fort-Donjon	24	0	2001	Freehold	Mid East	216
APELDOORN	t Fort-Ruit	13	0	2001	Freehold	Mid East	126
APELDOORN	Loolaan	39	39	2016	Freehold	Mid East	512
ARNHEM	Molenbeke	37	37	2014	Freehold	Mid East	432
ASSEN	Peelo I	92	27	1981	Freehold	Non-core regions	773
BERKEL EN RODENRIJS	Parkwijk-Oost	72	72	2012	Freehold	Randstad	899
BREDA	BREDA	1	0	1965	Freehold	Brabantstad	4
Culemborg	Bellefleur, Culemborg	23	0	2017	Freehold	Mid East	250
DEURNE	Dunantweg	26	20	1989	Freehold	Non-core regions	291
DEVENTER	T&D kwartier EGW	30	15	2016	Freehold	Non-core regions	312

DEVENTER	T&D kwartier MGW	11	0	2016	Freehold	Non-core regions	99
DIEMEN	Noord VII	29	8	1989	Freehold	Randstad	391
DIEMEN	Noord I	20	20	1990	Freehold	Randstad	363
DIEMEN	Noord II	54	54	1990	Freehold	Randstad	960
DIEMEN	Noord VIII	54	0	1990	Freehold	Randstad	508
DIEMEN	Noord X	108	14	1991	Freehold	Randstad	1,423
DIEMEN	Noord XI	22	0	1991	Freehold	Randstad	338
DIEMEN	West I	24	3	1992	Freehold	Randstad	279
DIEMEN	West II	45	6	1992	Freehold	Randstad	540
DIEMEN	West III	106	8	1993	Freehold	Randstad	1,428
DIEMEN	West IV	109	71	1993	Freehold	Randstad	1,363
DIEMEN	Noord XIII	36	4	1994	Freehold	Randstad	465
DIEMEN	Noord XV	44	0	1994	Freehold	Randstad	659
DIEMEN	Noord XIV I	24	24	1994	Freehold	Randstad	419
DIEMEN	Noord XIV II	10	10	1994	Freehold	Randstad	172
EDE GLD	Kraatsweg I	51	0	1980	Freehold	Mid East	532
EDE GLD	West Ede	116	0	1981	Freehold	Mid East	1,178
EDE GLD	De Laren	30	0	2014	Freehold	Mid East	341
EINDHOVEN	Gijzenrooi	55	40	1989	Freehold	Brabantstad	663
EINDHOVEN	Blixembosch	44	28	1989	Freehold	Brabantstad	557
EINDHOVEN	Blok61 (Strijp S)	96	58	2017	Freehold	Brabantstad	938
GOUDA	Groenhovenpark	220	0	1981	Freehold	Non-core regions	2,213
GOUDA	Mammoet Oost	96	7	1983	Freehold	Non-core regions	1,109
GRONINGEN	Hoornse Meer III	104	48	1991	Freehold	Non-core regions	1,203
GRONINGEN	Hoornse Park	34	0	1992	Freehold	Non-core regions	417
HAARLEM	Zuiderpolder I	72	4	1987	Freehold	Randstad	792
HAARLEM	Zuiderpolder II	48	0	1990	Freehold	Randstad	513
HAARLEM	Mauve I	24	24	2011	Freehold	Randstad	412
HAARLEM	Mauve II	50	57	2011	Freehold	Randstad	835
HAARLEM	Rosorum Residentie	0	23	2014	Freehold	Randstad	612
HELMOND	Mierlo Hout	41	37	1986	Freehold	Brabantstad	436
HELMOND	Brandevoort	60	0	2013	Freehold	Brabantstad	716
HENGELO OV	Hasseler Es	39	0	1982	Freehold	Non-core regions	355
HILVERSUM	Villa Industria, Gashouder I	32	22	2016	Freehold	Randstad	351
HILVERSUM	Villa Industria, Gashouder II	48	43	2016	Freehold	Randstad	601
HILVERSUM	Villa Industria - Pakhuizen	10	20	2016	Freehold	Randstad	169
HILVERSUM	Villa Industria - Entreegebouw	16	12	2016	Freehold	Randstad	180
HOEK VAN HOLLAND	Mercatorweg	33	4	1989	Leasehold	Randstad	344
HOOGVEEN	Hoogeveen	64	0	1982	Freehold	Non-core regions	441
HOOGLAND	De Ham	58	18	1989	Freehold	Randstad	664

HOOGVLIET ROTTERDAM	Endenhout	42	0	1988	Leasehold	Randstad	430
HOOGVLIET ROTTERDAM	Maaskwadrant	120	123	2003	Leasehold	Randstad	1,219
HUIZEN	De Hofuin	28	28	2006	Freehold	Randstad	332
KATWIJK	't Duyfrak I	54	0	2010	Freehold	Randstad	775
KATWIJK	't Duyfrak II	42	42	2010	Freehold	Randstad	527
KOOG AAN DE ZAAN	Westerkoog	151	0	1983	Freehold	Randstad	1,709
LEIDSCHEIDAM	Heuvelzijde I	87	24	1997	Freehold	Randstad	1,457
LEIDSCHEIDAM	Heuvelzijde II	92	0	1997	Freehold	Randstad	1,315
LEIDSCHEIDAM	Heuvelzijde III	76	15	1998	Freehold	Randstad	887
LELYSTAD	De Tjalk	121	13	1984	Freehold	Non-core regions	1,059
LENT	Laauwik	22	0	2012	Freehold	Mid East	276
LENT	Park Lentseveld	26	0	2014	Freehold	Mid East	306
MAASTRICHT	Eyldergaard	63	63	1986	Freehold	Non-core regions	657
MAASTRICHT	Boschstraat Oost	196	0	1987	Freehold	Non-core regions	1,751
MAASTRICHT	Belvedere Haven	57	66	2008	Freehold	Non-core regions	638
MAASTRICHT	Belvedere Haven, retail	0	0	2008	Freehold	Non-core regions	43
MAASTRICHT	Cour Renoir I	73	110	2009	Freehold	Non-core regions	907
MAASTRICHT	Cour Renoir II	14	14	2009	Freehold	Non-core regions	165
NIEUWEGEIN	Fokkesteeg	78	0	1981	Freehold	Randstad	826
NIEUWEGEIN	Batau Noord I	176	16	1981	Freehold	Randstad	1,853
NIEUWEGEIN	Batau Noord II	64	0	1981	Freehold	Randstad	682
NIEUWEGEIN	Batau Noord III	40	0	1987	Freehold	Randstad	442
NIEUWEGEIN	Galecop I	36	0	1995	Freehold	Randstad	401
NIEUWEGEIN	Galecop II	36	0	1996	Freehold	Randstad	401
NIJMEGEN	Onder Onnes EGW	35	0	2016	Freehold	Mid East	398
NIJMEGEN	Onder Onnes MGW	11	0	2016	Freehold	Mid East	116
NIJMEGEN	Nieuw Nachtegaalplein I	29	0	2016	Freehold	Mid East	330
NUENEN	Langakker I	104	26	1983	Freehold	Brabantstad	1,043
NUENEN	Centrum Oost	59	10	1985	Freehold	Brabantstad	618
Nuenen	t Oog Nuenen	25	25	2017	Freehold	Brabantstad	358
OOSTERHOUT NB	Dommelbergen II	32	3	1987	Freehold	Brabantstad	316
PIJNACKER	MarquantPlus	78	78	2014	Freehold	Randstad	811
PIJNACKER	Boszoom	57	0	2014	Freehold	Randstad	690
RIJSWIJK	De Strijp	30	0	1996	Freehold	Randstad	303
RIJSWIJK	RijswijkBuiten 'de Tuinen van Sion'	43	0	2015	Freehold	Randstad	457
ROERMOND	Oranjelaan	87	40	1983	Freehold	Non-core regions	800
ROSENDAAL	Tolberg	40	16	1986	Freehold	Non-core regions	394
ROSENDAAL	Watermolen	20	20	1987	Freehold	Non-core regions	216
ROSMALEN	De Vlondertuinen	25	0	2014	Freehold	Brabantstad	291

ROTTERDAM	Keizershof	44	2	1984	Leasehold	Randstad	529
ROTTERDAM	Oosterflank	102	0	1985	Leasehold	Randstad	1,127
ROTTERDAM	Zevenkamp IV	126	0	1985	Leasehold	Randstad	1,381
ROTTERDAM	Noordelijk Niertje	112	68	1988	Leasehold	Randstad	1,919
ROTTERDAM	Prinsenland I	138	0	1991	Leasehold	Randstad	1,610
ROTTERDAM	Prinsenland II	99	0	1990	Leasehold	Randstad	1,063
ROTTERDAM	Oostplein	69	44	1991	Freehold	Randstad	903
ROTTERDAM	Oostplein, retail	0	0	1991	Freehold	Randstad	47
ROTTERDAM	Grindweg	38	38	1992	Leasehold	Randstad	771
ROTTERDAM	Prinsenland III	70	68	1994	Leasehold	Randstad	851
ROTTERDAM	Prinsenland IV	18	18	2010	Leasehold	Randstad	228
ROTTERDAM	Kop van Zuid I	19	19	1995	Leasehold	Randstad	347
ROTTERDAM	Kop van Zuid II	311	175	1995	Leasehold	Randstad	3,558
ROTTERDAM	Prinsenvakbuurt	60	8	1995	Leasehold	Randstad	750
ROTTERDAM	De Witte Keizer	107	137	2005	Freehold	Randstad	1,688
SASSENHEIM	Wasbeek	64	10	1982	Freehold	Randstad	712
's-HERTOGENBOSCH	Paleiskwartier	224	188	2015	Freehold	Brabantstad	2,608
THE HAGUE	Bomenbuurt	42	0	1990	Freehold	Randstad	462
THE HAGUE	CentreCourt	122	0	2002	Freehold	Randstad	1,540
THE HAGUE	Riethof I	56	0	2003	Leasehold	Randstad	705
THE HAGUE	Riethof II	60	60	2003	Leasehold	Randstad	648
THE HAGUE	Prinsenhof	205	0	2006	Leasehold	Randstad	3,159
THE HAGUE	Landouwen I	29	29	2006	Freehold	Randstad	350
THE HAGUE	Landouwen II	29	29	2006	Freehold	Randstad	350
THE HAGUE	Landouwen III	29	29	2006	Freehold	Randstad	350
THE HAGUE	Landouwen IV	29	29	2006	Freehold	Randstad	350
THE HAGUE	Landouwen V	29	29	2006	Freehold	Randstad	349
THE HAGUE	Cityprince	50	45	2015	Freehold	Randstad	576
THE HAGUE	Cityprince COG	0	0	2015	Freehold	Randstad	21
TILBURG	De Noorderstreek	76	76	2016	Freehold	Brabantstad	806
UTRECHT	3 FNV	3	0	1940	Freehold	Randstad	20
UTRECHT	Langerak I	10	0	1999	Freehold	Randstad	111
UTRECHT	Langerak II	20	0	1999	Freehold	Randstad	219
UTRECHT	Parkwijk Noord	89	60	2002	Freehold	Randstad	1,152
UTRECHT	Parkwijk Zuid veld 22	91	87	2003	Leasehold	Randstad	1,047
UTRECHT	Parkwijk Zuid veld 25	70	70	2003	Leasehold	Randstad	781
UTRECHT	Terwijde 14/15 I	38	38	2004	Freehold	Randstad	423
UTRECHT	Terwijde 14/15 II	67	67	2004	Freehold	Randstad	751
UTRECHT	Langerak III	80	80	2005	Leasehold	Randstad	1,006
UTRECHT	Dichterswijk	124	123	2005	Leasehold	Randstad	1,903
UTRECHT	Parkwijk Het Zand	98	1	2005	Leasehold	Randstad	1,304
UTRECHT	Tuinpark I	74	71	2006	Leasehold	Randstad	1,025
UTRECHT	Tuinpark II	187	197	2006	Leasehold	Randstad	2,381
UTRECHT	Boemerang, offices	0	18	2006	Leasehold	Randstad	219
UTRECHT	De Bongerd I	33	33	2009	Leasehold	Randstad	430
UTRECHT	De Bongerd II	38	38	2010	Leasehold	Randstad	475
UTRECHT	Terwijde Zuid	100	106	2009	Leasehold	Randstad	1,354
UTRECHT	Meyster's Buiten I	25	25	2015	Leasehold	Randstad	299
UTRECHT	Meyster's Buiten II	24	24	2015	Leasehold	Randstad	346
UTRECHT	Veemarkt I	45	45	2015	Leasehold	Randstad	720

UTRECHT	Veemarkt Portiek	47	47	2016	Leasehold	Randstad	561
UTRECHT	Veemarkt City	65	50	2016	Leasehold	Randstad	664
UTRECHT	Zijdebalen I	104	94	2015	Freehold	Randstad	1,494
UTRECHT	Zijdebalen II	73	44	2015	Freehold	Randstad	1,052
UTRECHT	Vredenburgplein	49	0	2017	Leasehold	Randstad	962
VALKENSWAARD	Brouwerhof Zuid	116	4	1983	Freehold	Non-core regions	1,094
VELDHOVEN	Heikant Oost III	58	6	1987	Freehold	Brabantstad	611
VELSERBROEK	B3	46	4	1989	Freehold	Randstad	531
VELSERBROEK	Bastion	110	0	1992	Freehold	Randstad	1,346
VENLO	Hagerhof West	80	11	1980	Freehold	Non-core regions	700
VENLO	Craneveld	35	35	1986	Freehold	Non-core regions	381
ZAANDAM	Westerwatering IV	24	24	1990	Leasehold	Randstad	346
ZOETERMEER	Buytenwegh de Leyens I	81	0	1984	Freehold	Randstad	894
ZOETERMEER	Buytenwegh de Leyens II	50	0	1985	Freehold	Randstad	576
ZOETERMEER	Stadscentrum	71	0	1987	Freehold	Randstad	702
ZOETERMEER	Stadscentrum, retail	0	0	1987	Freehold	Randstad	57
ZOETERMEER	Rokkeveen	91	9	1988	Freehold	Randstad	1,049
ZOETERMEER	Rokkeveen Rad	244	0	1988	Freehold	Randstad	2,415
ZWIJNDRECHT	Heer Oudelands Ambacht II	38	11	1987	Freehold	Non-core regions	426
ZWOLLE	Stadshagen I	33	0	1998	Freehold	Mid East	317
ZWOLLE	Stadshagen II	138	0	1998	Freehold	Mid East	1,321
ZWOLLE	Stadshagen III	64	0	1999	Freehold	Mid East	511
ZWOLLE	Stadshagen IV	12	0	2000	Freehold	Mid East	134
ZWOLLE	Stadshagen V	21	0	2000	Freehold	Mid East	184
ZWOLLE	Stadshagen Haven	37	0	2002	Freehold	Mid East	470
ZWOLLE	Bewegingshuis	93	95	2005	Freehold	Mid East	1,027
ZWOLLE	Schoolwoningen	24	30	2005	Freehold	Mid East	341
ZWOLLE	Havezate	57	0	2013	Freehold	Mid East	665
		16,172	6,583				202,469

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