

Annual Report
2016

Bouwinvest Dutch Institutional
Residential Fund N.V.



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Management company profile

Bouwinvest Real Estate Investment Management

Bouwinvest Real Estate Investment Management B.V. (Bouwinvest) is one of the largest Dutch investment managers specialised in real estate for institutional investors. Bouwinvest's Amsterdam-based team of 136.6 FTEs manages total assets of € 8.5 billion, in five Dutch property sector funds and international real estate investments.

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

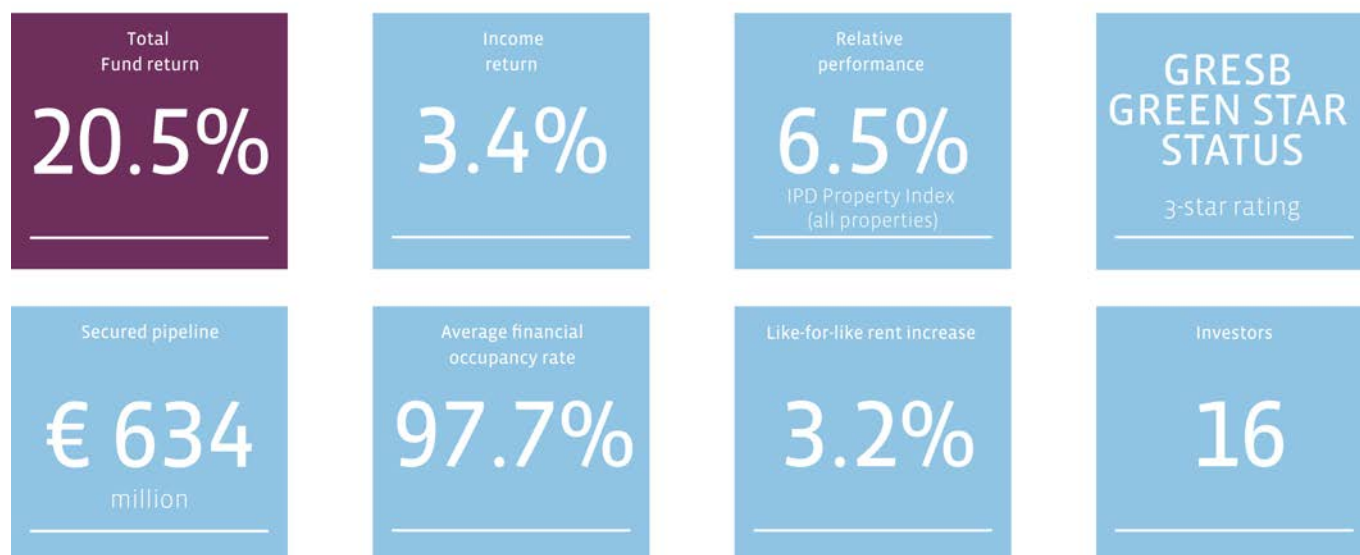
Bouwinvest is recognised as one of the leading real estate investment managers in the Netherlands. It has a solid track record of high-performance thanks to its in-depth knowledge of the Dutch and international real estate markets and best-in-class valuation and risk management policies.

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

In 2016, Bouwinvest's three main Dutch sector funds were awarded a GRESB Green Star sustainability rating for the third successive year.

2016 at a glance

Key information in 2016



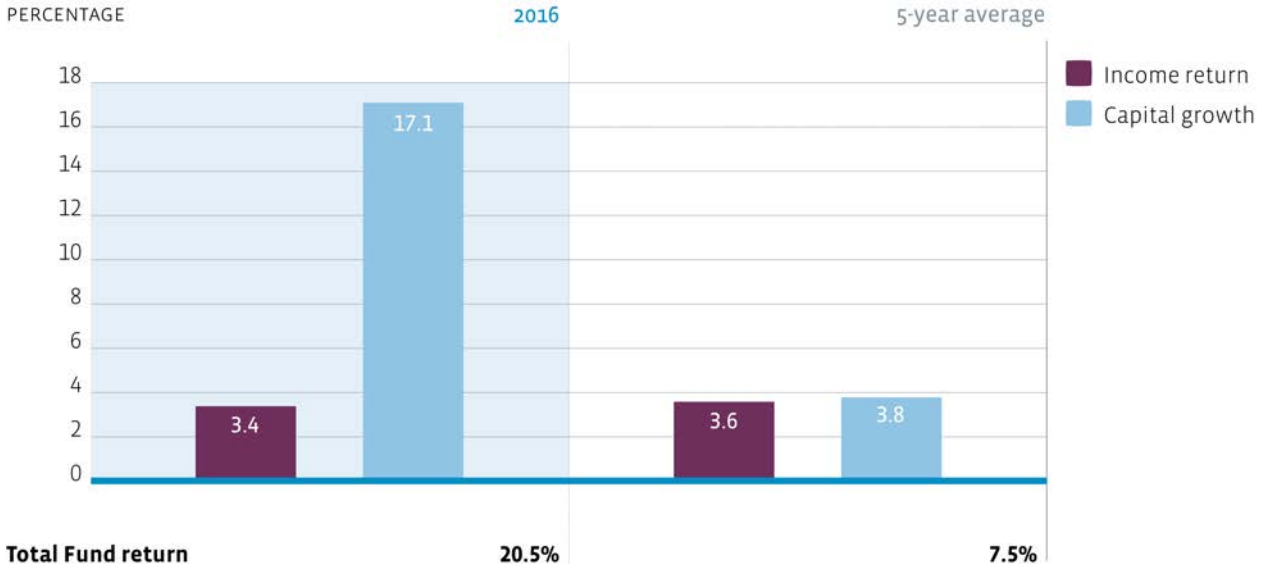
Highlights 2016

- All time high Total Fund return
- Outperformance IPD Property Index (all properties) for seventh consecutive year (6.5%-points)
- 6 new investors in the Fund
- Shares issued for € 290 million
- Acquisition of 11 projects (1,257 residential units) for a total of approximately € 255 million
- Continued high average financial occupancy rate of 97.7%
- Secured pipeline of over € 634 million for 2017 - 2019
- GRESB Green Star status for third successive year

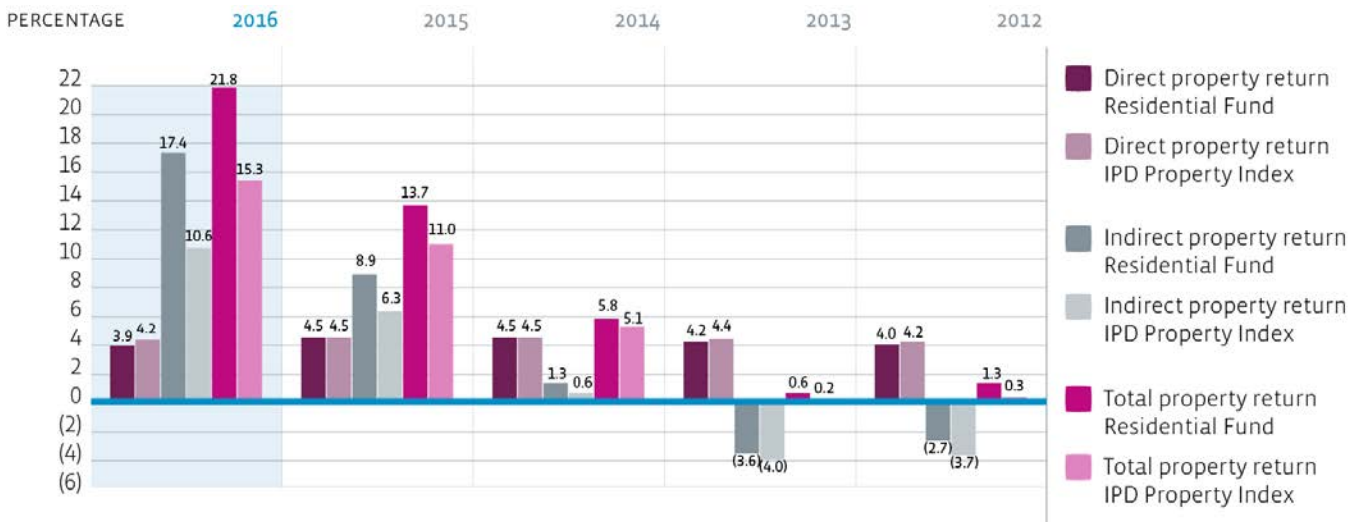
All amounts in € thousands, unless otherwise stated

Performance per share	2016	2015
Dividends (in €)	94.03	98.33
Net earnings (in €)	569.66	319.75
Net asset value IFRS (in €, at year-end)	3,290.91	2,823.04
Net asset value INREV (in €, at year-end)	3,295.61	2,823.04
Statement of financial position	2016	2015
Total assets	4,016,566	3,170,333
Total shareholders' equity	3,995,034	3,151,198
Total debt from credit institutions	-	-
Result	2016	2015
Net result	666,343	347,475
Total Expense Ratio (TER)	0.53%	0.53%
Real Estate Expense Ratio (REER)	1.32%	1.40%

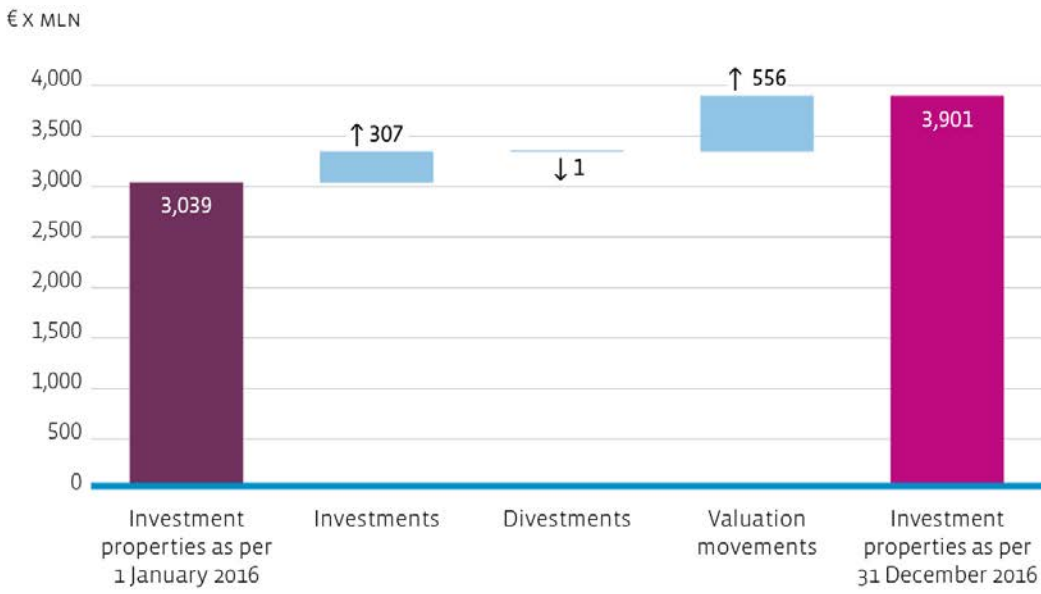
Fund return



Property performance (all properties)

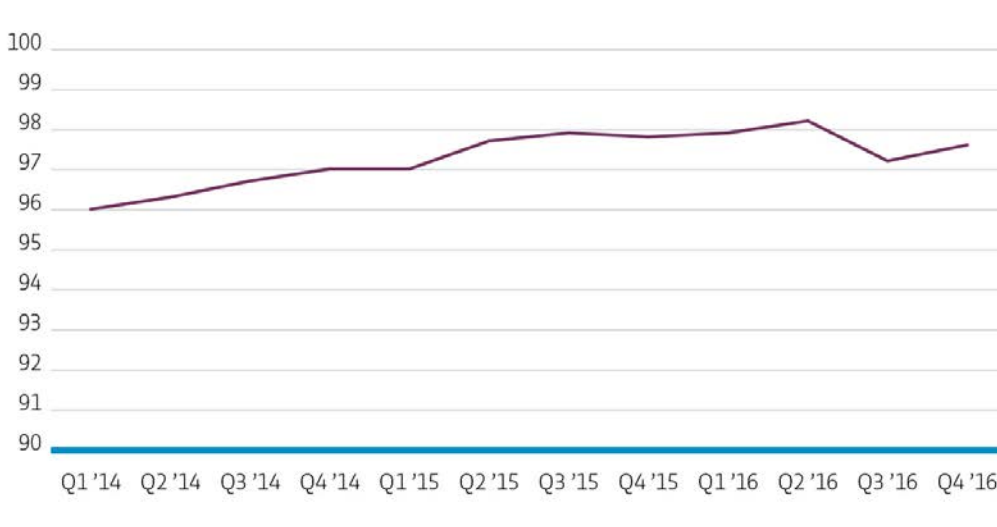


Portfolio movements



Financial occupancy rate

PERCENTAGE



Portfolio figures

	2016	2015
Investment property	3,547,470	2,833,309
Investment property under construction	353,078	205,579
Gross initial yield	5.1%	5.7%
Total number of residential units	15,329	14,455
Average monthly rent per unit (in €)	1,001	966
Financial occupancy rate (average)	97.7%	97.6%
Sustainability (A, B or C label)	93.3%	92.6%

CSR key data

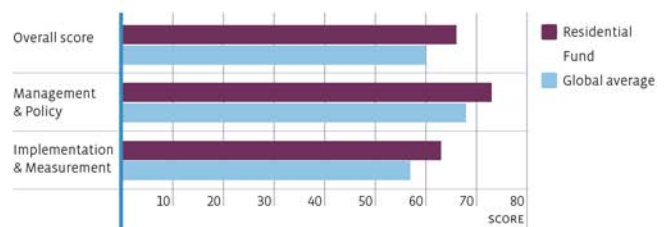
Fund sustainability performance

GRESB Green Star status



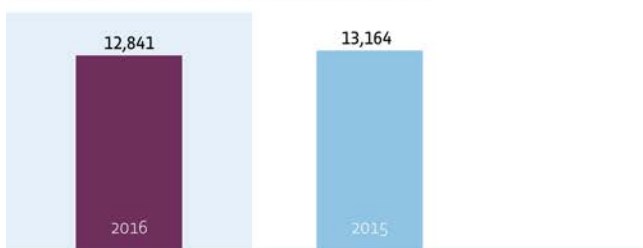
The Fund's performance in the GRESB benchmark

Global Real Estate Sustainability Benchmark 2016



Energy consumption

Energy consumption (like-for-like, MWH)

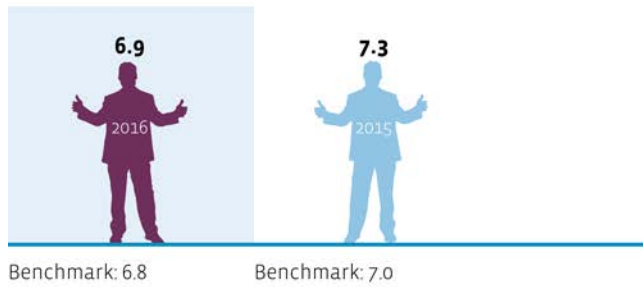


Distribution of energy labels by unit (%)



Tenant engagement

Satisfaction scores tenant engagement survey



Participant rate tenant engagement survey



Sustainability highlights

- GRESB Green Star classification for third successive year
- Acquisition first so called NOM-project (zero on the energy meter) project; 46 family homes Vrij Werkeren (Zwolle)
- Participation in Innovation Partnership exploring 'Free Living'
- Renewable energy: 764 family homes in proces of having solar panels installed
- Development 'Live the Future' concept; 14 innovative smart DC lofts in Eindhoven (Strijp S)

Key facts

- 537 high-efficiency central heating boilers installed
- 736,000 kWh on site renewable energy produced in 2016 avoiding 262,857 kg GHG emissions
- 93.3% awarded a green energy label (A,B or C label)
- Average energy index 1.32 (label C)
- Energy consumption fell by 2,5%

Key information over five years

All amounts in € thousands, unless otherwise stated

	2016	2015	2014	2013	2012
Statement of financial position					
Total assets	4,016,566	3,170,333	2,727,725	2,609,004	2,686,859
Total shareholders' equity	3,995,034	3,151,198	2,715,283	2,599,612	2,675,679
Total debt from credit institutions	-	-	-	-	-
Performance per share					
Dividends (in €)	94.03	98.33	97.88	94.87	92.96
Net earnings (in €)	569.66	319.75	128.47	(0.93)	18.79
Net asset value IFRS (in €, at year-end)	3,290.91	2,823.04	2,602.68	2,572.97	2,675.68
Net asset value INREV (in €, at year-end)	3,295.61	2,823.04	2,602.68	2,573.56	2,676.88
Result					
Net result	666,343	347,475	133,154	(941)	18,790
Total Expense Ratio (TER)	0.53%	0.53%	0.56%	0.57%	0.56%
Real Estate Expense Ratio (REER)	1.32%	1.40%	1.53%	1.62%	1.51%
Fund return					
Income return	3.4%	3.8%	3.9%	3.6%	3.4%
Capital growth	17.1%	8.6%	1.2%	(3.6)%	(2.8)%
Total Fund return	20.5%	12.5%	5.1%	0.0%	0.6%
Portfolio figures					
Investment property	3,547,470	2,833,309	2,561,354	2,535,854	2,597,675
Investment property under construction	353,078	205,579	65,896	57,213	60,146
Gross initial yield	5.1%	5.7%	6.0%	5.7%	5.6%
Total number of residential units	15,329	14,455	14,181	14,467	14,580
Average monthly rent per unit (in €)	1,001	966	927	899	838
Financial occupancy rate (average)	97.7%	97.6%	96.5%	96.4%	96.9%
Sustainability (A, B or C label)	93.3%	92.6%	92.3%	92.1%	91.1%
Property performance (all properties)					
Direct property return	3.9%	4.5%	4.5%	4.2%	4.0%
Indirect property return	17.4%	8.9%	1.3%	(3.6)%	(2.7)%
Total property return	21.8%	13.7%	5.8%	0.6%	1.3%
IPD Property Index residential real estate (all properties)					
Direct return IPD Property Index	4.2%	4.5%	4.5%	4.4%	4.2%
Indirect return IPD Property Index	10.6%	6.3%	0.6%	(4.0)%	(3.7)%
Total return IPD Property Index	15.3%	11.0%	5.1%	0.2%	0.3%

The Residential Fund at a glance

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

Fund characteristics

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

Fund management

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

Our vision of the Dutch residential market

- Promising long-term outlook
- Stable, inflation-hedged income returns
- Interesting opportunities for value growth
- Performance mainly driven by demographic developments, affordability and income development
- Demand for rental homes in the mid-rental segment remains high and is still growing
- Yield compression as a result of the increasing interest in the Dutch residential market
- High competition on the acquisition side in core regions
- Continued shortage in housing market offers long-term investment potential

Our approach

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

Acquisitions

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

Divestments

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

Fund strategy: Quality & Growth

The Residential Fund aims to increase its assets under management to € 4.9 billion by 2019. 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 conurbation, and a preference for inner-city areas.
- **The liberalised rental sector**

The liberalised rental sector (rents of € 711 and up) is especially interesting for the Fund, as it is a growing segment within the total residential market.

- **The mid-rental sector**
With an average monthly rent of € 1,001, the focus of the Fund continues to be on the mid-rental segment (rents between € 711 and € 1,250).
- **Starter homes, homes for one-person and two-person households and family homes**
Apart from the fact that there is an unanswered and growing demand for rental housing for smaller households in the large cities, we also see a large demand for family homes in the Fund's core regions.
- **'Lifecycle-proof' homes or residential environments for elderly people**
Although the rental market is often already very suitable for seniors, thanks to its flexibility, we have adapted additional 'lifecycle-proofing' of certain properties.
- **Homes with above-average energy-efficiency**
The Fund's sustainability-related ambitions are focused on increasing the sustainability performance and attractiveness of its properties, and by doing so, increasing the value of the Fund's property portfolio.

The residential portfolio at a glance

Portfolio characteristics

- € 3.9 billion in Dutch residential properties
- Focus on the Randstad conurbation and inner-city areas
- Focus on the liberalised rental segment
- Continuously high occupancy rate
- Continuous outperformance of IPD Property Index
- High percentage of green energy labels (A, B or C label)
- 15,329 Dutch residential properties/ 237 assets in operation at year-end 2016
- GRESB Green Star

Diversified portfolio

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

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

Core region policy

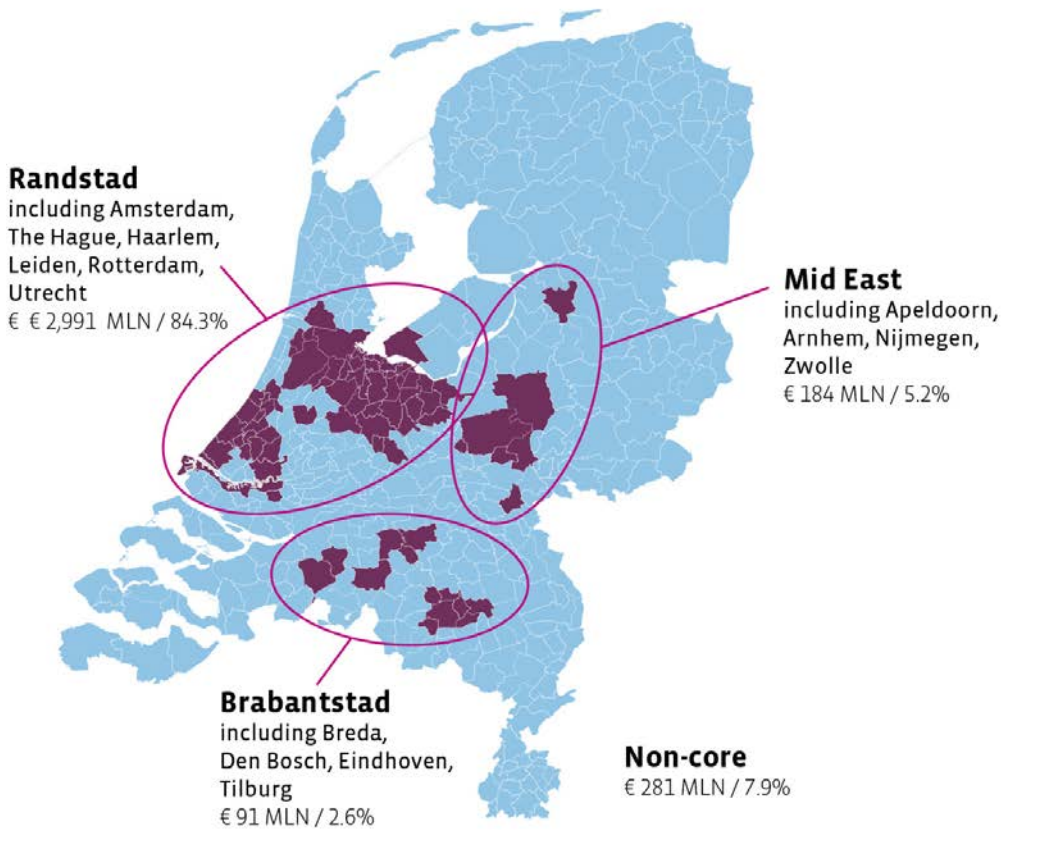
To identify the most attractive municipalities for residential investments, the Fund considers the following indicators:

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

The target is for at least 80.0% of the total portfolio value to be in investment properties in the Fund's core regions.

This currently stands at 92.1%.

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

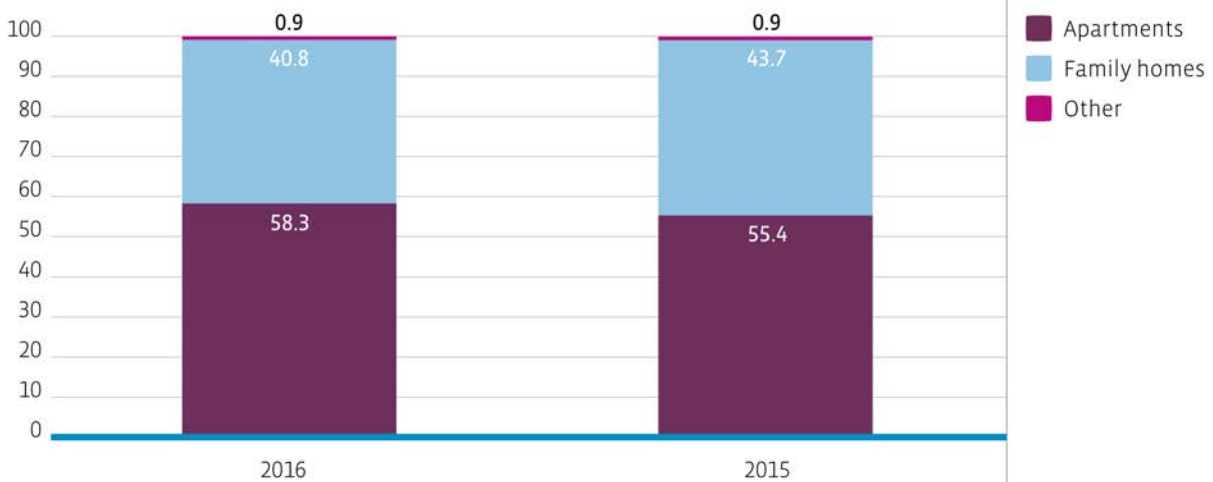


Major segments

To meet its own diversification guidelines, the Fund strives for a healthy balance of family homes and apartments. Because we focus on inner-city areas, the proportion of apartments will continue to grow in the near future.

Portfolio composition by type of property based on market value

PERCENTAGE

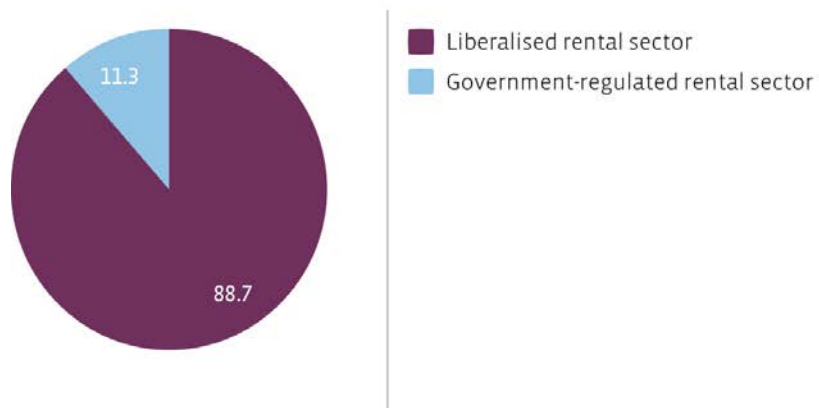


Focus on liberalised rental sector

With an average monthly rent of € 1,001, the focus of the Fund continues to be on the mid-rental segment. The liberalised sector (rents of € 711 and above) is particularly interesting for the Fund because demand is growing and supply is lagging, especially in the Netherlands' largest and most popular cities. In addition, the liberalised rental market has in recent years become more competitive vis-a-vis the owner-occupier market. This is widely recognised as the best residential segment in which to invest.

Portfolio composition by type of rent based on rental income

PERCENTAGE



Selection of principal properties

Existing portfolio (selection)



Borneo
Amsterdam



CityPrince
The Hague



De Halve Maen
Amsterdam



Meyster's Buiten
Utrecht



Park Lentseveld
Nijmegen



De Vlondertuinen
Rosmalen

Added to the portfolio in 2016 (selection)



Jeruzalem
Amsterdam



Nieuw Nachtegaalplein
Nijmegen



Rivers
Amsterdam



Stadionplein
Amsterdam



T&D Kwartier
Deventer



Veemarkt
Utrecht

Portfolio pipeline (selection)



Het Nieuwe A
Arnhem



Hof Van Pampus
Hoofddorp



Kop West
Purmerend



Landgoed Alverna Villa II
Aerdenhout



De Werf
Amsterdam



Parc Valere
Helmond



Picuskade
Eindhoven



Pontsteiger
Amsterdam



Saksen Weimarlaan
Arnhem



State
Amsterdam



Vrij Werkeren
Zwolle



Vredenburgplein
Utrecht

Message from the chairman

Dear stakeholders,

Last year was an exceptional year for the Residential Fund, as we recorded a total return of 20.5%. This was way above the sector average and 14.2% higher than our own forecast of 6.3%. This very high return was largely due to the capital growth of 17.1%, which also exceeded our expectations. A large part of this was due to real estate market trends that led to a major upsurge in house prices, especially in Amsterdam and in our other core regions.

These included ongoing urbanisation, combined with a drastic shortage of housing in major urban centres in the Netherlands, especially in the big four cities (Amsterdam, Rotterdam, Utrecht and The Hague). On top of this, positive macro-economic developments – rising employment, higher business and consumer confidence – and the very low interest rate climate had a huge impact on mortgage uptake. This in turn boosted the prices of owner-occupier homes by almost 8.9% on a national level and by over 23% in Amsterdam. And because our valuations are directly correlated to the owner-occupier market, we saw values rise strongly right across the portfolio, but especially in our core market of Amsterdam.

Values have also been lifted by the increasing interest in Dutch residential real estate among both domestic and foreign investors. Back in 2012 nobody was interested, even though the fundamentals were exactly the same as they are now – urbanisation, housing shortages, low interest rates, etc. Our current portfolio is so strong precisely because we continued to invest in homes in what we identified as core regions, and they are the ones that are now delivering the strongest performance in both direct and indirect returns. The increasing demand and the housing shortage have led to an overheating market, especially in Amsterdam and Utrecht. What we are seeing is that people are already looking outside the big cities, due to the sharp increases in both house prices and rents. The best solution would be to build more houses! This is why our policy is to help accelerate planning permission for new-build residential projects in and around our core cities. There is a lot of land destined for homes right now, but getting building permits takes too long. So we are working with local councils and other sector organisations to speed up the process, which we think will lead to the more rapid addition of housing stock in high-pressure locations. We believe the market is reaching a new balance and that returns will be more stable in the years ahead. One thing is certain and that is that demand for liberalised sector rental homes is only going to increase.

The Residential Fund also had a very good year on the acquisitions front, despite the fact that we are operating in an ever more fiercely competitive market. Last year, we added € 307 million to the portfolio, while making no concessions to our quality and return requirements. We also welcomed six new investors, taking the total to 16 investors in January 2017. We currently have a solid and well-balanced pipeline of € 630 million and the commitment of investors put us in a strong position to continue to invest in top-quality properties in the years ahead.

Our biggest residential investment in the Netherlands in 2016 was TT Vasum located nearby the NDSM Werf in Amsterdam containing 304 apartments. The Fund also made some excellent acquisitions outside Amsterdam, giving us a very nice spread across our core regions and putting us in a strong position to respond to mega trends that are affecting the residential real estate sector. And of course we saw 15 outstanding projects added to the portfolio last year, almost all of them fully-let upon completion. We will continue to look for good acquisitions in the next three years and beyond and we are confident that we will be able to meet our return targets in the years ahead.

All that is left is for me to express my gratitude to our investors for their continued trust and all our employees for their dedication and commitment to Bouwinvest.

Dick van Hal

Chairman of the Board of Directors

Report of the Board of Directors

Composition of the Board of Directors



Chairman of the Board of Directors and Statutory Director

D.J. (Dick) van Hal (1958, Dutch)

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



Managing Director Finance

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

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



Managing Director Dutch Investments

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

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



Head of Dutch Residential Investments

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

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

Market developments and trends

Economy and demographics

Dutch economy shrugs off potential impact of Brexit vote

Despite the initial fears triggered by the Brexit vote, the Dutch economy continued its steady recovery in 2016 and economic growth with a level above 2% actually outpaced earlier projections. This economic growth was driven by rising business confidence and as a consequence a rise in business investments, on the back of a steady rise in manufacturing output and continuing export growth. The main negative uncertainties relate to events outside the Netherlands. The uncertainty triggered by the Brexit vote and the recent U.S. elections, plus a potential economic slowdown in China, may put a damper on growth and confidence, while geopolitical tensions in various parts of the world continue to pose a risk to the global economy.

Population growth continues

Recent decades have seen strong population growth and it is expected to continue in the coming years. The total population and the number of households are expected to continue growing until 2040, stimulating overall consumer spending. The current population is expected to increase from 16.9 to 17.6 million by 2025, while the number of households is set to rise by 70,000 each year from the current 7.7 million to 8.3 million by 2025 and 8.6 million by 2040. The largest growth is set to be in single-person households, which are expected to increase from 2.9 million to 3.3 million by 2025.

Trends and developments in the residential market

Quantitative gap - Urbanisation

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

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

In addition to the quantitative shortage, the qualitative gap between housing supply and demand is also set to widen, due in part to the increasing number of smaller households and – forecasts are predicting that the G4 cities will see 20% to 40% more single-person households over the next 15 years, with an average expectation of 28%. For Amsterdam, this implies an increase of over 70,000 single-person households. On a national level, the number of single-person households is set to grow by approximately 600,000. Starters moving into their first home will find it increasingly difficult to enter the owner-occupier market, due to persistently low levels of available financing, and they will be looking for good quality rental property.

Another trend that is changing housing demand is the ageing population. Between 2016 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 is creating a growing awareness among municipalities, developers and investors that demand for multi-family, liberalised rental homes is set to grow rapidly in these city centres.

A more level playing field

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

Liberalised rental segment most attractive

The liberalised rental sector accounts for a mere 6% of the total Dutch housing stock. This may be a small segment of the market right now, but demand is growing steadily. Fewer people are willing or able to enter the owner-occupier market, either because they cannot afford to buy in the current market or the need for flexibility. While the low interest rate environment is making mortgages less expensive it has also helped lift house prices to above pre-crisis levels, sparking fears of overheating on the owner-occupier market and more or less preventing first-time buyers from entering the market. On top of this rent increases now being imposed in the regulated sector for people who earn more than the limit set for regulated rental homes are slowly driving tenants towards the liberalised sector. Consequently, demand for liberalised sector rental homes is expected to double in the next thirty years, with demand growing the hardest in the larger cities.

Increasing demand for liberalised sector homes

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

Because the demand is so high, there is a side-effect. In the large cities, especially in Amsterdam, rental levels increase rapidly which can result in the fact that for certain groups, rental levels become too high. Local governments will more and more set new rules concerning the annual rent increase for newly built properties, even in the liberalised rental segment.

New leasehold conditions Amsterdam

Currently the municipality of Amsterdam is in a process of renewing the current leasehold conditions. Concept lease hold conditions have been published, which has led to quite some response and turmoil. The reaction of the municipality on this turmoil was that the municipality will review and analyse all reactions and that this may lead to an adjusted concept. At this moment it's unclear what the final version of the lease hold conditions will encompass and if and to what extent these possibly adjusted lease hold conditions will affect the value of the investments of the Fund in Amsterdam. The Fund has € 1.6 billion exposure at year-end 2016 in Amsterdam for in total 6.531 residential units. Bouwinvest is monitoring this matter closely and possible steps to mitigate any loss of investment values will depend on the outcome of the new leasehold conditions.

Implications for residential real estate

Strong demand for Dutch real estate investments

After climbing to their highest level since 2007 in 2015, Dutch real estate investment volumes came in at € 13.5 billion in 2016, which is about 9% higher than the level in 2015. Of this figure about € 3.5 billion was invested in residential real estate, which is 21% higher than the total residential investments in 2015. Foreign investors now account for around 55% of the total investment volume and are showing continued interest in the investment market. With interest rates in the U.S. slowly increasing and real estate prices in other key markets such as London, Paris and Munich having already increased, investment momentum is picking up in continental Europe, including the Dutch real estate markets. More risk-seeking investors have become more active on both the buy and sell side. Supported by the economic recovery across the country, prices of secondary locations are expected to increase. However, the continuing interest of both Dutch and international investors is quickly pushing up prices. This trend is expected to continue in the coming years. For core investors, it is now essential to have the right relationships in the market and to be a partner in the early stages of development or buying processes, as this enables them to select the right assets for an attractive risk-return profile. Compared to more opportunistic competitors, investors with in-depth real estate knowledge and active asset management teams will be the ones that can add value and that will therefore outperform in the long run.

Liquidity rises sharply in residential investment market

Investment and liquidity in the residential real estate investment market is currently at its highest point since the onset of the 2008 crisis and once again showed a big year-on-year increase in 2016. Last year saw a marked increase in the number of new investors, both institutional and private. While domestic players are still very active and their investments are also increasing, foreign investors now account for the majority of residential investments and their share of the market is set to increase in the years ahead. This has already increased competition for attractive investment properties and has resulted in continued yield compression. However, this will also have a positive impact on portfolio valuations and boost indirect returns. The biggest challenge is simply finding and securing high-quality liberalised sector residential assets, as production is nowhere near rapid enough to keep up with the sharp increase in demand. Thanks to the high levels of competition, investors have now broadened their view. Secondary markets are therefore expected to develop in line with the top of the market in the near future, albeit to a slightly lesser extent.

Strong outlook Dutch residential investments

Low interest rates and more than healthy risk premiums make the Dutch residential sector an interesting proposition for investors. Further downward pressure on initial yields is expected to drive capital growth for residential investments in the near future, while strong economic and demographic fundamentals will drive steady rental income growth. The overall outlook for Dutch residential investments remains highly positive.

The Fund's quality & growth strategy

The Residential Fund has a well-defined growth strategy, as we believe the residential sector continues to offer good long-term investment opportunities, especially for investors with a liability hedge strategy. The Fund's target is to increase its net asset value (NAV) to € 4.9 billion in 2019 from the current € 3.9 billion. In addition to the positive revaluations, the Fund will achieve this growth through targeted acquisitions of high quality assets.

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

- The Fund's core regions, with a specific focus on the Randstad and Brabantstad conurbation, and a preference for inner-city areas
- The liberalised rental segment
- Mid-rental segment (rents of € 711 - € 1,250)
- Starter homes for one-person and two-person households and family homes
- 'Lifecycle-proof' homes or environments for elderly people
- Homes with above-average energy-efficiency

Strategic actions in 2016

- Reached agreement on investments of € 255 million in new properties
- 100% of acquisitions located in Bouwinvest's core regions
- Acquired 1.063 apartments in liberalised segment
- Acquired 194 family homes in liberalised segment

Portfolio developments 2016 in perspective

Portfolio composition at year-end 2016:

- A total of 15,329 properties across the Netherlands
- Total value investment properties of € 3,5 billion

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.

Diversification guidelines	Current portfolio	Conclusion
≥ 80% of investments invested in core regions	92.1% in core regions	Compliant
Investment restrictions		
< 5% invested in single investment property	There is no single investment property exceeding 5% of the total portfolio of € 3.9 billion	Compliant
< 10% invested in non-core (non-residential) properties	Investments in non-core properties are 0.9%	Compliant
< 10% pre-finance acquisitions	Investments under construction are < 10%	Compliant
No investments that will have a material adverse effect on the Fund's diversification guidelines	There have been no investments in 2016 that have a material adverse effect on the Fund's diversification guidelines	Compliant

Time to market: investments and divestments in 2016

The Fund is backed by its investors. This enabled the Fund to acquire some very high-quality housing products in Bouwinvest's core regions. Just over half of the acquisitions in 2016 were in inner-city locations in the Randstad urban conurbation, with the remainder in other core regions.

Investments

Acquisition of 11 projects for a total of € 255 million

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

- 1063 apartments
- 194 family homes
- € 255 million investment volume

The 11 acquisitions are described below.

Het Nieuwe A, Arnhem – 48 family homes

Rental range: € 850 - € 950 per month

This complex consists of 48 extremely energy efficient homes in Malburgen West district of Arnhem. Malburgen West has seen large scale area development in recent years, with large numbers of social homes demolished and replaced with new-build owner-occupier homes. This part of the neighbourhood now consists largely of owner-occupier homes and is conveniently located near the Rhine river and a park. Thanks to the nearby Nelson Mandela bridge, Arnhem city centre and the new train station are just a few minutes' walk away, or a short trip by bike, public transport or car. The homes have an EPC of 0 and are therefore very energy efficient. In addition to the solar panels on the roof, these homes have been fitted with solar panels on the facade.



Saksen Weimarlaan, Arnhem – 28 apartments

Rental range: € 900 - € 950 per month

This new residential neighbourhood has been built on the site of the former Saksen Weimar barracks in Arnhem North, with new buildings added to former Ministry of Defence barracks, which have been renovated and repurposed. These now include spaces for artists, a restaurant, various companies and residential tenants. One of the final new-build developments added to the complex is an apartment building, which the Fund has added to its pipeline located in the popular, wooded neighbourhood Klarenbeek in Arnhem North. This is a small-scale complex, with 28 three-room apartments of 80 m².



Landgoed Alverna Villa II, Aerdenhout – 36 apartments

Rental range: € 1,644 - € 2,126 per month

Landgoed Alverna is part of a redevelopment plan in the village of Aerdenhout, the municipality of Bloemendaal. The estate is located on the edge of the village and the local woods, close to the Heemstede-Aerdenhout train station and local shops. Villa II is finished to a high standard and includes 36 senior citizen's apartments on the ground floor and first three upper floors. The nine apartments per floor guarantees a high level of privacy and all the apartments have beautiful views across the Landgoed Alverna estate and the surrounding green areas. These are high-quality apartments with luxury kitchens complete with built-in appliances, luxury bathrooms and spacious balconies. All the apartments have separate storage rooms and a parking space in the basement. Villa II offers apartments varying in size from 109 m² to 148 m².



Hof Van Pampus, Hoofddorp – 74 apartments

Rental range: € 875 - € 1,033 per month

The Hof van Pampus apartment building is located in Hoofddorp in the municipality of Haarlemmermeer. The Hof van Pampus project contains 74 apartments with separate storage rooms on the ground floor, as well as 101 on-site parking spaces. The design is modern and spacious. The building has seven floors, with a higher section on the west side of the building. Most of the 74 homes will be three-room apartments, with five two-room apartments, with floor space ranging from 73 m² to 82 m².



Kop West, Purmerend – 74 apartments

Rental range: € 810 - € 1,145 per month

The Kop West apartment building is part of the Kop West area development (approx. 550 homes), west of the centre of the town of Purmerend, with amenities such as restaurants, cafes and shops just a stone's throw away. Kop West includes 74 apartments with 72 parking spaces in the ground-floor parking garage. Offering living areas of 58 m² to 106 m² this project is suitable for both starters and senior citizens. Kop West is also potentially very interesting to the large number of Purmerend residents currently living in social housing but whose income is outside the target range for such homes.



Wickevoort, Cruquius – 100 family homes

Rental range: € 1,254 - € 1,281 per month

Landgoed Wickevoort is an area development of around 750 family homes in Cruquius, in the Haarlemmermeer municipality. Given the rural character of the development, there is a clear tie-in with the growing desire for sustainability and ecological awareness among (residential) consumers. This gives Wickevoort a very distinctive character compared with existing residential environments in the region. The project provides 100 family homes of 125 m² divided across two phases of 50 homes each, all with an EPC of 0.



Parc Valere, Helmond – 75 apartments

Rental range: € 800 - € 930 per month

Parc Valere is a development near the centre of Helmond, in which every apartment has its own storage and parking in a closed parking garage. There is a courtyard garden to the rear of the building. The location is easy accessible by both car and public transport and is within easy walking distance of the Combicentrum shopping centre. The project includes 13 different types of apartments, with floor space varying from 83 - 110 m².



De Werf (Building E), formerly known as Nautique Living, Amsterdam – 69 apartments

Rental range: € 800 - € 1,300 per month

The recently acquired E Building is part of a larger development consisting of seven connected apartment blocks, a two-level parking garage and an inner courtyard. The E Building includes 69 two- and three-room apartments in the liberalised rental sector, two commercial units and parking space. The E Building has an angular and robust concrete façade. The size of the apartments varies from 60 m² to 90 m² and all apartments have their own storage space. The attached central parking garage also includes a general bike storage area. The project is located in the former NDSM wharf area of the capital city, which is characterised by wide open spaces and its industrial look. The area is proven very popular with young urban dwellers. Although the area is still being developed, the influx of new residents is expected to lead to the addition of public facilities. Amsterdam Central Station is just a 15-minute bike/ boat ride away. Following the acquisition of the E and A Building (mentioned below) the Residential Fund now owns all seven buildings in this project.



Student Experience Nautique Living (De Werf, Building A), Amsterdam – 403 student apartments

Rent: approx. € 536, excluding services per month

This building includes 403 full service student apartments in the Government-regulated rental sector. The A building also offers a central shared space with reception desk, a library and study facilities, a launderette, bike storage and private garden. The size of the apartments varies from 25 m² to 40 m² and all are equipped with kitchenette and bathroom. This will be the third location in Amsterdam for specialised property manager Student Experience Beheer, who will manage it for the Residential Fund under the name Nautique Living.



Vrij Werkeren, Zwolle – 46 family homes

Rental range: € 950 - € 1,000 per month

Vrij Werkeren is a complex of 46 family homes in Zwolle's Stadshagen neighbourhood. These are so-called NOM homes, which means the residents have no additional expenses for electricity and heating in their home if their energy consumption is in line with a pre-set norm. The Stadshagen neighbourhood is the largest in Zwolle and meets the demand for homes from the rapidly growing population. This complex also largely completes the design and realisation of the sub-neighbourhood Vrij Werkeren.



TT Vasum, Amsterdam – 304 apartments

Rental range: to be determined

This project is located only a few blocks away from De Werf and also located within the NDSM-area. Although the final program of TT Vasum is still subject to negotiation with the municipality, it currently includes approximately 304 apartments, a commercial space of approximately 500 m² as well as 124 parking spaces. The total development is shaped as two towers interconnected at the lower levels and also including a rooftop garden. The average apartment size will be approximately 55 m², which is slightly smaller than the apartments offered at De Werf.



Asset	City	No. of residential units	Expected rental level	Expected delivery date
Het Nieuwe A	Arnhem	48	€ 850 - € 950	2018
Saksen Weimarlaan	Arnhem	28	€ 900 - € 950	2018
Landgoed Alverna Villa II	Aerdenhout	36	€ 1,644 - € 2,126	2017
Hof Van Pampus	Hoofddorp	74	€ 875 - € 1,033	2018
Kop West	Purmerend	74	€ 810 - € 1,145	2018
Wickevoort	Cruquius	100	€ 1,254 - € 1,281	2018
Parc Valere	Helmond	75	€ 800 - € 930	2018
De Werf (Building E)	Amsterdam	69	€ 800 - € 1,300	2018
Student Experience Nautique Living	Amsterdam	403	€ 536	2017
Vrij Werkeren	Zwolle	46	€ 950 - € 1,000	2018
TT Vasum	Amsterdam	304	to be determined	2019

In some cases the number of family homes or apartments or the quality or lay out of acquired complexes changed. As a result the acquisition price changed accordingly.

Divestments

The decision to sell individual buildings is driven mainly by the returns they generate.

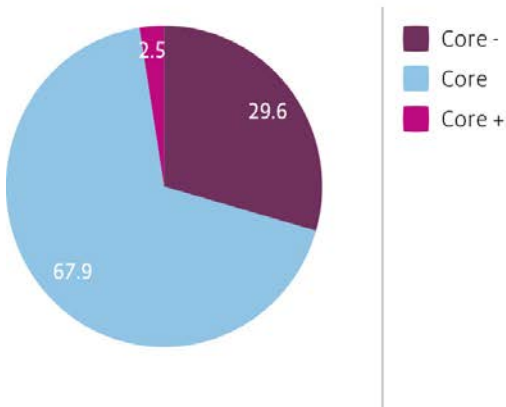
In 2016, the Fund sold 7 individual units in Venlo.

Optimising the risk-return profile

In 2016, 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



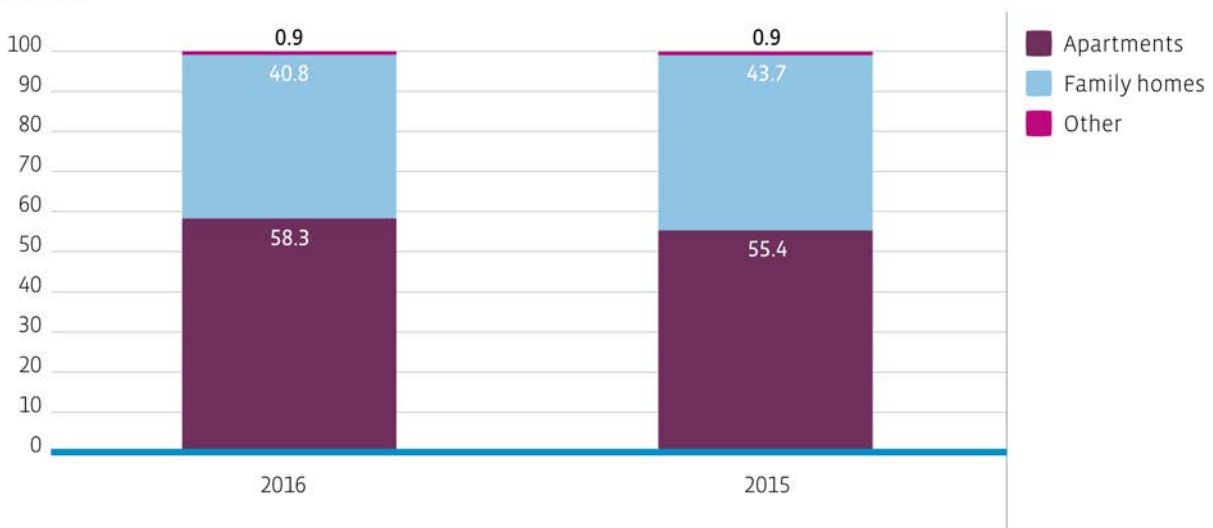
Portfolio diversification

At year-end 2016, the Fund’s total portfolio consisted of a total of 237 properties containing 15,329 residential units across the Netherlands.

The Fund aims for a balanced mix of family homes and apartments, catering for the needs of couples, single occupiers and families alike. In 2016, the Fund bought both family homes and apartments and sold a few family homes. Compared with 2015, the proportion of apartments in the total portfolio has increased at year-end 2016 (2016: 58.3%; 2015: 55.4%). Because we focus on inner-city areas, the proportion of apartments will continue to grow in the near future.

Portfolio composition by type of property based on market value

PERCENTAGE

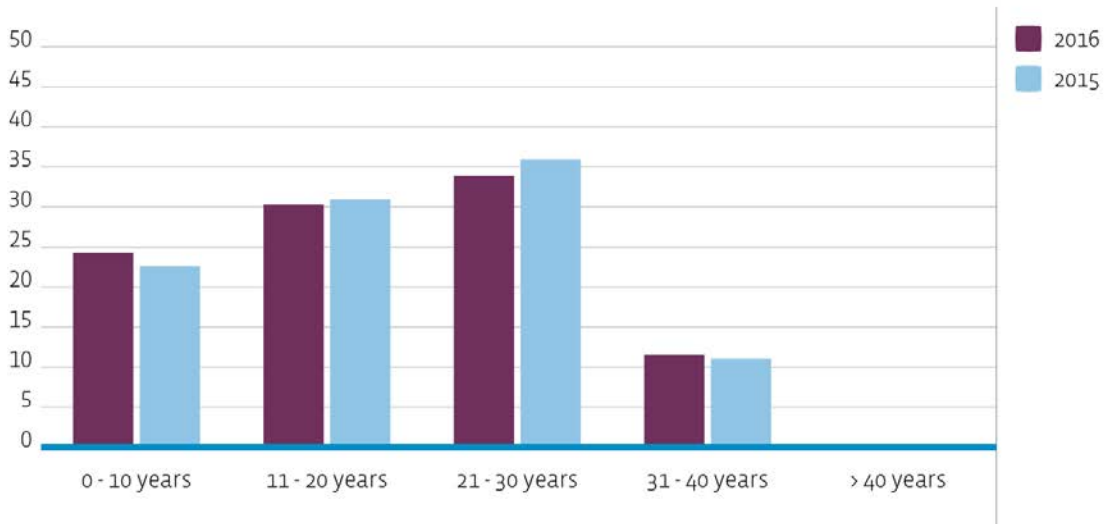


Portfolio composition by age

The Fund aims to constantly refresh the portfolio. As a result of this continuous rejuvenation, the weighted average age of the portfolio currently stands at 18.0 years (2015: 17.2 years). Despite the refreshment of our portfolio in 2016, the weighted average age of the portfolio stayed virtually the same compared to year-end 2015. Although we have increased our disposal target in the coming years, as a result of the ageing of the total portfolio, the weighted average age of the portfolio will increase in the future. Older assets that 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.

Age composition as a percentage of market value

PERCENTAGE



Price level diversification

With an average monthly rent of € 1,001, the focus of the Fund continues to be on the mid-rental segment. Approximately 75% of the portfolio has a monthly rent of between € 711 and € 1,250. With the acquisition of 1,121 homes in 2016, 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



Active asset management

Apart from the optimisation of the portfolio through acquisitions and divestments, we optimise the standing portfolio through active asset management. Our continuous aim is to decrease the number of houses in the government-regulated rental sector, especially with a rent under € 711. If possible this is done when a tenancy turnover is taking place. Furthermore, a high occupancy rate is one of our main targets. To maintain high occupancy rates, we devote a great deal of attention to the rental process.

One of the Residential Fund's main goals is to respond to our tenants' current and future needs and we believe the only way to do this is through a proactive exchange of ideas and opinions. We conduct numerous surveys and organise group discussions with tenants on a wide range of topics, ranging from mobility to environmental issues to explore ways to add value for our tenants and improve and future-proof our homes. The information provided by tenants on these and other issues gives the Residential Fund the input it needs to respond effectively to existing and future demands. Our in-house experts also monitor economic and demographic megatrends, such as ongoing urbanisation and the ageing of the population, enabling us to respond to these trends as effectively as possible, frequently in partnership with our tenants and future tenants.

The Fund is also constantly looking for new and effective ways to communicate with (potential) tenants and garner and use their feedback as effectively and early as possible in the development process for new developments. At the moment there is a pilot project with a mobile app for potential tenants.

The feedback that we received from our tenants revealed not only that people really appreciate how we chose to communicate with tenants and, very importantly, how we listened to them and used their opinions to make if possible positive changes. At the same time, the investments that we do as a result of this information, both sustain and increase the long-term value of our assets and equip them for the tenants needs of tomorrow.

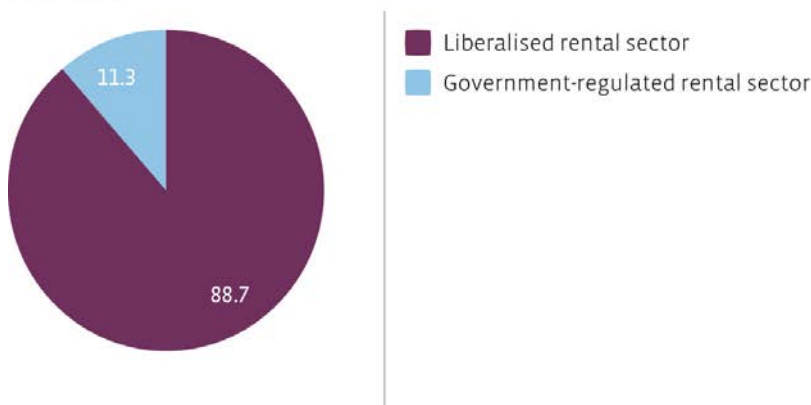
One initiative Bouwinvest started is the 'Ageing in place' project, to address the fact that in the near future we will be dealing with increasing numbers of older tenants who may have care requirements. Research shows that 70% of elderly people prefer to spend their old age in their own, familiar home and surroundings. Reason enough then for Bouwinvest to join forces with its 65+ residents to assess whether existing homes comply with current (and future) wishes and requirements, so people can live longer in their current homes happily and safely.

We have learned that environmental concerns are top of mind for an increasing number of (potential) tenants. We also believe that making assets more sustainable helps us retain and increase the value of our properties, making this a win for all our stakeholders. In the last year Bouwinvest launched a couple of pilot projects for the likes of LED lighting in public areas, e-bike charging points and solar panels, all of which are proving both popular and successful.

As a result of active asset management and acquisitions, we increased the percentage of liberalised rental homes in the portfolio to 88.7% in 2016, from 87.4% in 2015.

Portfolio composition by type of rent based on rental contract

PERCENTAGE

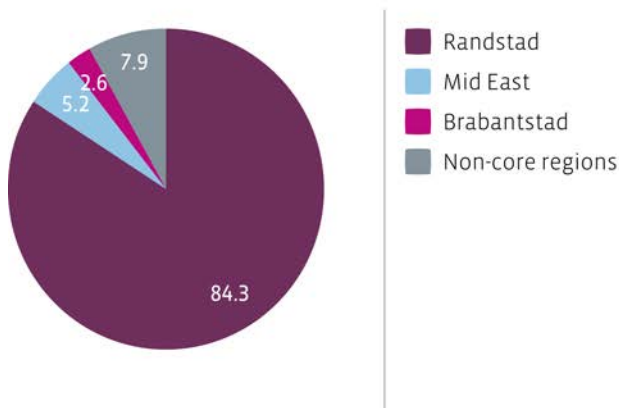


Focus on core regions

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

Due to revaluations, together with acquisitions and divestments in 2016, over 92% of the portfolio value was located in these core regions, with by far the greatest part (84.3%) located in the core region of the Randstad urban conurbation.

Portfolio composition by core region based on market value

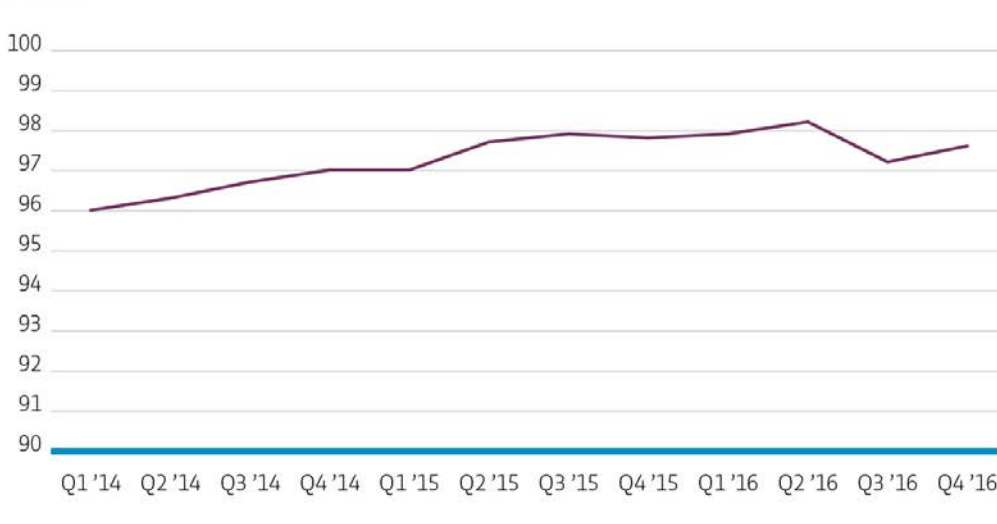


The Fund is constantly refining its long-term regional focus. This involves anticipating and responding to long-term trends that may affect the value of the portfolio, such as the growth of the number of households, the ageing population and steadily increasing urbanisation. The Fund’s core regions include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

Active asset management combined with high-quality housing products at the best locations result in continuously high occupancy rates (97.7% average in 2016; 97.6% average in 2015).

Financial occupancy rate

PERCENTAGE



Financial performance in 2016

Total Return

The Fund realised a total return of 20.5% in 2016 (2015: 12.5%), consisting of 3.4% income return (2015: 3.8%) and 17.1% in capital growth (2015: 8.6%). The total return in euros increased to € 666.3 million from € 347.5 million in 2015, while the Fund’s NAV was 26.8% higher at €3,995 million, from € 3,151 million in 2015. The growth of the total return is less than the nominal growth, as the nominal growth was partly absorbed by the growth of the Fund’s NAV due to additional capital called. The main driver of growth in the total return was capital growth, which is explained in more detail below.

Income Return

The income return in euros increased to € 110.0 million from € 106.9 million in 2015, an increase of € 3.1 million or 2.9%. This growth is the balance of increased net rental income from assets and increased fund and finance costs. A total of € 6.5 million of the higher net rental income came from existing assets and from assets added to the portfolio during 2016. € 3.3 million of the net rental income growth was absorbed by higher fund and finance costs. Assets already in the portfolio at the start of 2016 contributed € 2.3 million, or 2.0%, to the net rental income growth. The addition of 15 assets to the investment portfolio added € 4.3 million to the net rental income, a growth of 3.5% compared to 2015. In 2016, the Fund incurred € 0.3 million in costs, mainly advertising and letting costs, for properties that are due to come into operation in 2017. These costs had a negative impact of 0.2% on net rental income.

The increase of net rental income from existing assets is the net result of the yearly rent increase per July 2016, 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. The greatest impact of cost controls was seen in maintenance costs. By tendering maintenance activities, 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 2016, mainly as a result of the higher management fee, which is related to the growth of the Fund's NAV.

The Fund's income return as percentage fell to 3.4% from 3.8% in 2015. This was largely on account of the high starting balance of the Fund's NAV, due to the large inflow of capital in 2015 and the substantial capital growth of the portfolio in 2015. The inflow of capital in 2016, which amounted to € 290 million, also had a negative impact on the income return, albeit to a lesser extent. The capital inflow in 2016 was needed to pay for the properties under construction. Without capital inflow, the income return would have been 3.5%.

Capital growth

The capital growth increased to € 563.1 million from € 240.6 million in 2015, a growth of 134%. This growth exceeded the expectations cited in last year's annual report. This capital growth is the result of the valuation gains on the portfolio. The latter 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 higher investor appetite leading to yield compression. In addition to the increased value of investment properties, properties under construction also contributed to the valuation gain on the portfolio. Value growth in the Netherlands was 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 started to show significant value growth.

The Fund's capital growth as percentage increased to 17.1% in 2016, from 8.6% in 2015. This was largely due to the above-mentioned valuation gain on the portfolio.

Property performance

The total property return for 2016 came in at 21.8% (2015: 13.7%), consisting of a 3.9% direct property return (2015: 4.5%) and a 17.4% indirect property return (2015: 8.9%), which was higher than the IPD Property Index return of 15.3%.

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

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 2016, 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 in 2016 in accordance with its treasury policy, in order to manage the Fund's liquidity and financial risks. The main objectives of the treasury management activities were to secure shareholders' dividend pay-out, and to manage the Fund's cash position.

At year-end 2016, The Fund had € 14.2 million freely available in cash and € 100 million in a 30-day deposit.

In 2016, the Fund's cash position fell by € 15.6 million, as compared to year-end 2015. In 2016, the Fund paid out € 112.5 million in dividend to its shareholders. Also in 2016, the Fund made four capital calls for a total amount of € 290 million.

Interest rate and currency exposure

In 2016, 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 2016 the Fund used 30-day bank deposits.

As the Fund had no external loans and borrowings, nor any foreign currency exposure in 2016, 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 € 94.03 per share for 2016 (2015: € 98.33), 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, 79.8% was paid out in 2016, with the final quarterly instalment paid out in March 2017. The remainder of the distribution over 2016 will be paid out in a final instalment on 25 April 2017, following approval by the Annual General Meeting of Shareholders to be held on 12 April 2017.

Tax

The Fund is structured as a fiscal investment institution (FII) under Dutch law and is therefore not subject to corporate tax. Being an FII, the Fund is obliged by law to maintain a pay-out ratio of 100% of the Fund's distributable profit; as stated above, the Fund proposed to pay out 100% of its distributable profit. The Fund met its obligations related to value added tax, transfer tax and other applicable taxes in their entirety in 2016.

AIFMD

Bouwinvest is the fund manager of the Residential Fund and has an AIFMD licence. Under this licence, Intertrust Depository Services B.V. acts as the Fund's independent depository.

Outlook

Recovery continues, demand set to rise further

The recovery seen in the residential real estate market seen in the previous two years continued in 2016, as house prices rose throughout the year, especially in the Randstad, and edged above pre-crisis levels. There are now some fears that the residential real estate market is overheating, especially in Amsterdam, where prices are still rising sharply due to the lack of sufficient supply to meet owner-occupier demand. In an unprecedented move towards the end of 2016, real estate agents were advising buyers to look outside Amsterdam as homes were selling well above asking prices as people rushed to buy in this ever more crowded market. On the investment market, the number of transactions increased again last year, driven by domestic players and an increasing number of international investors looking to establish a foothold in the Dutch residential real estate market. We believe this interest will continue to drive up values in 2017 and beyond. The downside of this is that competition is fierce for prime assets, especially in the inner city areas of the big cities. As a result, private and institutional investors are now turning their sights on sub-prime locations.

Residential market looks bright

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

- Continuing quantitative and a qualitative shortage of housing on the Dutch market, with shortage set to become even more acute despite the modest upturn in housing construction seen in 2016.
- Ongoing urbanisation will increase demand for liberalised rental sector homes in the Fund's core regions, especially in the Randstad and Brabantstad urban conurbations.

- There is a growing awareness under the (local) governments for the mid-rental liberalised segment. This more and more results in programming in favor of this specific segment.
- Tenants with above-median incomes currently renting in the regulated sector are now faced with higher, income-related rent increases, which is encouraging more people to switch to the liberalised rental sector.
- Due to the lack of supply on the owner-occupier market, combined with sharp house price increases in the most popular locations, more and more people are choosing to rent in the liberalised rental sector.
- The residential rental market is a mature and full-fledged alternative asset class and is attracting increasing interest from domestic and foreign institutional investors.

The Fund is well positioned to take advantage of opportunities

We have a clear vision of what makes an interesting asset for the residential portfolio. Thanks to our comprehensive network of contacts with vendors, real estate developers, real estate agents and local government authorities, we are offered a constant and substantial flow of investment opportunities. This and our high-quality portfolio puts the Residential Fund in an excellent position to take advantage of the opportunities created by the current market conditions and trends. The Fund made some excellent acquisitions in 2016 and entered into commitments totalling € 255 million and we expect to acquire more high-quality homes in 2017 and 2018. We aim to sign agreements for up to € 400 million in the period through year-end 2019, taking our total assets under management to over € 4.9 billion. We have budgeted for disposals of around € 225 million in the same period. This is not a hard target and any decision to dispose of assets will be driven largely by the returns they generate.

Adding value through active asset management

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

Amsterdam, 20 March 2017

Bouwinvest Real Estate Investment Management B.V.

Dick van Hal, *Chairman of the Board of Directors and Statutory Director*

Arno van Geet, *Managing Director Finance*

Allard van Spaandonk, *Managing Director Dutch Investments*

Stephen Tross, *Managing Director International Investments*

Corporate Social Responsibility

CSR strategy

Bouwinvest 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 organization and real estate investments and is part of 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.

It's our ambition to stay in the leading group of sustainable Real Estate Funds



People

Liveability
Comfort
Security/safety
Health



Planet

Energy
Materials
Water
Waste



Profit

Facilities
Living environment
Accessibility
Flexibility

Our sustainability mission

Create and sustain stakeholder value through effective integration of material ESG issues that lower risks and future proof our real estate investments, enhance the skills and satisfaction of our employees and contribute to the development of the communities we invest in.

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

1. **Long term performance;** we want to provide a stable return and improve overall performance
2. **Building value;** we want to create added value for our stakeholders
3. **Sustainable partnerships;** we want to develop and maintain sustainable partnerships with our stakeholders

With our sustainability strategy in place, we can respond to issues such as: investment market changes; shifting consumer demands; legislation and regulation compliance; climate change; minimising the use of natural resources. And we can do all this while still creating value for our stakeholders.

Long-term performance

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

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

Building value

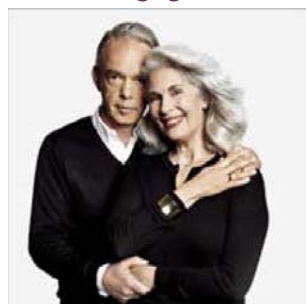
Bouwinvest considers investments in sustainability from a business perspective. Energy-efficiency measures improve the competitive position of the Fund’s residential properties and add value for our stakeholders, both investors and tenants. However, Bouwinvest’s sustainability strategy extends beyond energy use to the social aspects of sustainability, such as investments to upgrade local public amenities, health and safety and create a pleasant living environment.

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

Sustainable partnerships

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



Customer-oriented rental approach

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



Tenant satisfaction survey

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



Bouwinvest Panel

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



Platform Bouwinvest

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

Tenant satisfaction

In 2016, 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. A substantial part of our tenants were asked to participate and last year the response rate rose to 1,994 compared with 1,902 in 2015. The overall satisfaction score decreased to 6.9 (2015: 7.3) and outperformed the IVBN benchmark (6.8).

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

Future proofing homes

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 now, but also what our (potential) tenants' wishes are.

Surveys conducted in 2016:

- 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.
- Know your client survey: tenants satisfaction survey into rental process, homes and their contacts with real estate agent and property manager.

All these surveys provides us with greater insights than the bricks and returns alone. 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.

Managing the supply chain

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.

The Residential Fund applies 'Bewuste Bouwers' 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.

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.

Environmental performance

Focus on material topics

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

Monitoring performance

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

The Fund has set clear targets for the period 2016-2018 to decrease its environmental impact:

- Energy: average annual reduction 2%
- GHG emissions: average annual reduction 2%
- Water: average annual reduction 2%

- **Renewable energy: increase percentage 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 meeting this target. In 2016 the Fund managed to cut electricity consumption by 8.9% (2015: 6.9%) and total energy consumption by 2.5% (2015: 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 as such the transparency of its environmental impact according to INREV sustainability guidelines is reflected in the key CSR data summary. For more detailed information on the key performance indicators, please see the CSR performance indicators at the end of this annual report.

Renewable sources

To reduce environmental and economic impact associated with fossil fuel energy use the Fund incorporated on-site renewable energy solutions prerequisites in its program of requirements for acquisitions and started to install solar panels on standing investments. At year end 2016 these actions have resulted in an increase of the Fund's on site renewable energy solutions to a total of 4,392 solar panels on both investment property and investment property under construction.

In 2016, the Residential Fund launched a second pilot with solar panels on our family homes. This pilot covers 324 homes in Nuenen and Valkenswaard, where we quickly found no less than 70 households willing to participate. This puts the conversation rate at 21.6%, considerably higher than in the first pilot. We plan to offer solar panels to around 4,300 households, as tenants generating their own power reduces fossil fuel consumption and gives us an opportunity to contribute indirectly to an improved environment. In addition, in some new-build apartment complexes we are fitting roofs with solar panels for the energy consumption in public spaces and elevators. And wherever possible, we are fitting public spaces (stairwells, parking garages, etc.) with LED lighting, which reduced energy use. Sometimes this is at the request of a tenants association when replacement of the lamps is not yet necessary. In those instances, tenants are often willing to contribute towards the expense through a slight increase in their service charges.

Both measures put the total installed on-site renewable energy capacity for the Fund at 736,00 kWh a year (2015: 108,498 kWh) and avoiding 263,857 kg GHG emissions (2015: 160,578 kg GHG emissions).

Live the future in BLOK61

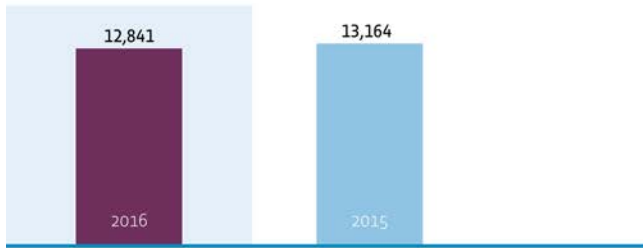
BLOK61 is a complex of 96 industrial loft apartments in the heart of Strijps, one of the most popular parts of Eindhoven. In 2016, the Residential Fund launched the 'Live the Future' concept for 14 loft apartments on the top floor of the complex, using smart technologies to explore ways to create energy-neutral apartments. While the block was still under construction, the Fund launched an initiative to find tenants willing to cooperate in the pilot project. These would ideally be people willing to embrace innovative new technologies and like Bouwinvest consider themselves frontrunners on the sustainability front. The response was enthusiastic, potential tenants responded with smart solutions for these apartments. They are willing to participate and co-create in the concept.

The Fund is keen to experiment with a wide range of sensors and systems to discover the best – collective – ways to create comfortable living space with the most efficient use of resources. In exchange for their cooperation and their continuous feedback, the new tenants are given free use of a whole range of gadgets. The roofs of the lofts have been fitted with solar panels and residents can use the direct current (DC) electricity generated by the panels and stored in batteries. The lofts also come complete with state-of-the-art WiFi systems giving tenants perfect connectivity in every room. And because this is a truly cooperative initiative, the tenants themselves get together to agree on how to use the available energy to maximise comfort and cost-efficiencies for all the tenants of the 14 smart lofts.

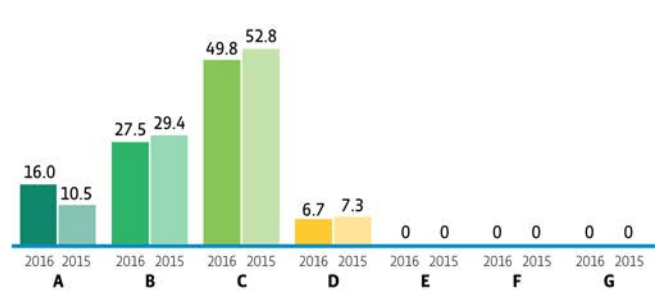
Energy labels

In 2016, the Fund continued with measures to improve the energy labels for our homes. Our goal is obtain green energy label (A, B or C) or energy index below 1.8 for all our complexes by the end of 2018. At the end of 2016, the average energy coefficient of the standing investments was 1.32 (label C). Currently 93.3% of the total portfolio rates a green energy label (A, B or C label) (2015: 92.6%).

Energy consumption (like-for-like, MWH)



Distribution of energy labels by unit (%)



Benchmarking

Benchmarking based on the Global Real Estate Sustainability Benchmark (GRESB) gives the Residential Fund greater insight into the opportunities to improve its sustainability performance at fund level. In 2016, the Fund participated for the fifth time in the GRESB and was awarded Green Star status for the third year in a row. The overall score remained stable at 66, and the Funds' peer group ranking dropped slightly to position 6th out of 10. We developed and implemented an action plan to further improve the overall score to achieve our target of outperforming our peer group in 2017.

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 2016, Bouwinvest welcomed six 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

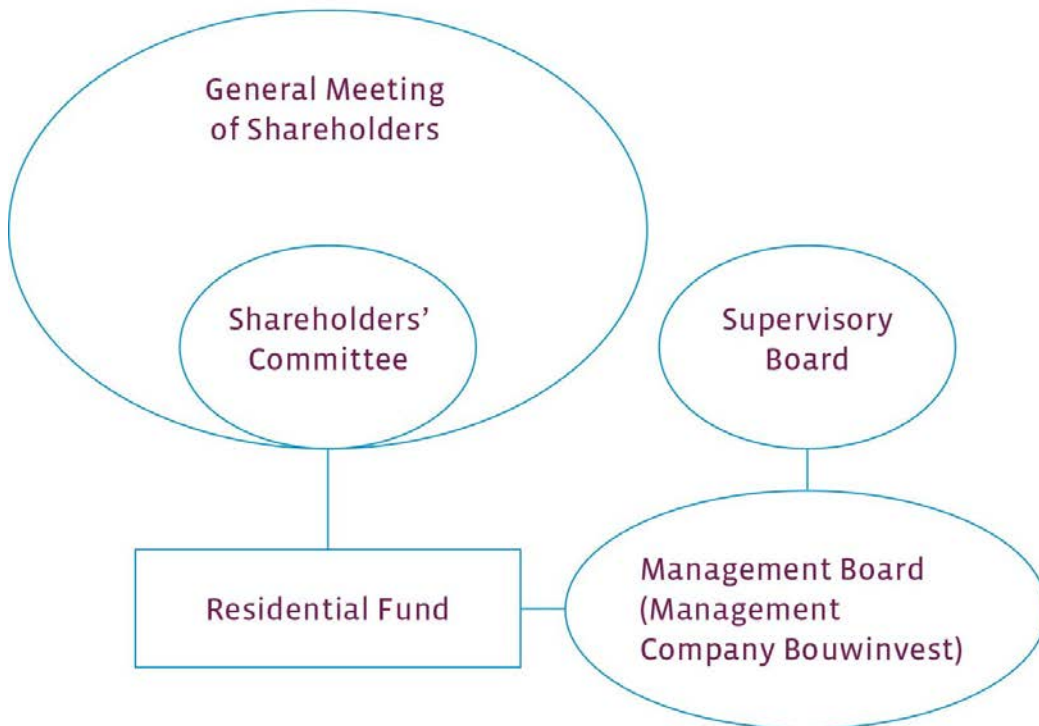
Structure of the Fund

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 by 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 renting activities of the Fund. While these services might go beyond mere investing they are performed by a taxable subsidiary of the Fund. Structuring these ancillary activities this way the Fund remains compliant with the investment criteria of the FII-regime.

Fund governance structure



Shareholders' Committee

The Shareholders' Committee comprises a maximum of five shareholders: one representative of each of the four shareholders with the largest individual commitment and one member to represent the collective interests of all other shareholders. Members of the Shareholders' Committee will be appointed by the General Meeting of Shareholders for a period of one year.

Role of the Shareholders' Committee

The role of the Shareholders' Committee is to approve certain specified resolutions by the management company (see governance matrix) and assist the management company by providing advice if such is requested. The responsibility for proper performance of its duties is vested in the Shareholders' Committee collectively. In 2016, the Shareholders' Committee met once to discuss the Fund Plan and the results of the Residential Fund and had a conference call about the object "Vrij Werkeren".

General Meeting of Shareholders

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

Governance matrix

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

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

Anchor investor

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

Management company

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

Board of Directors

Bouwinvest has a Board of Directors, consisting of one Statutory Director, also Chairman of the Board, and three managing directors: the Managing Director Finance, the Managing Director Dutch Investments and the Managing Director International Investments. The Statutory Director is appointed by the General Meeting of Shareholders of Bouwinvest following nomination by Bouwinvest’s Supervisory Board. The Board of Directors is governed by a set of regulations that also outline its tasks and responsibilities.

Supervisory Board

Bouwinvest has an independent Supervisory Board with a minimum of three and a maximum of five members. The Supervisory Board currently has four members. The maximum term of office is four years, with the possibility of reappointment for an additional four years. The role of the Supervisory Board is to supervise the policies of the Board of Directors and the general affairs of the company and its related business. The Supervisory Board is responsible for the quality of its own performance. The members of the Supervisory Board are appointed by the General Meeting of Shareholders of Bouwinvest. In carrying out its duties, the Supervisory Board is guided by the interests of the company and its related business.

Policies, rules and regulations

Corporate Governance Code

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

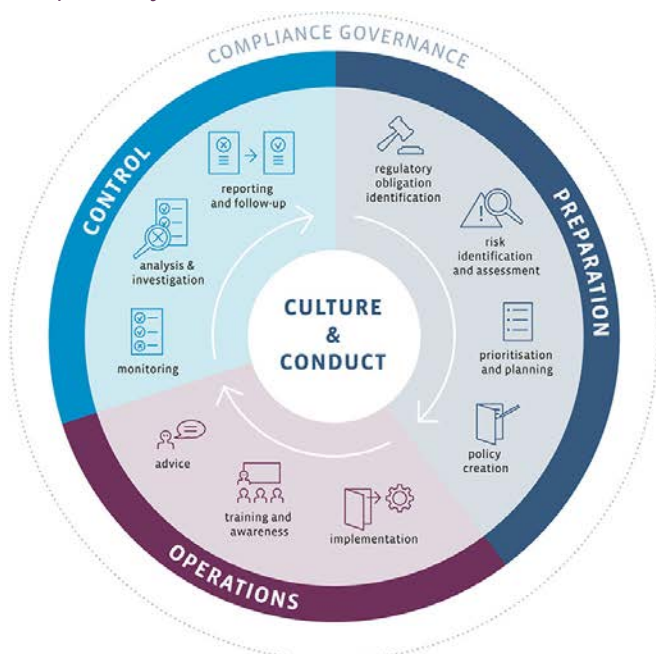
Code of Conduct

Bouwinvest has drawn up a Code of Conduct that applies to all its employees and which includes additional rules that specifically apply to the Board of Directors and Supervisory Board with respect to conflicts of interest and investments. The Code of Conduct deals with issues such as ethical behaviour, conflicts of interest, compliance with laws and (internal and external) regulations, CSR, health and safety, as well as our business partners. Bouwinvest has also instituted a whistleblower policy dealing with the reporting and investigation of unethical behaviour. All employees receive code of conduct training.

Compliance

Bouwinvest has 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 2016, 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.

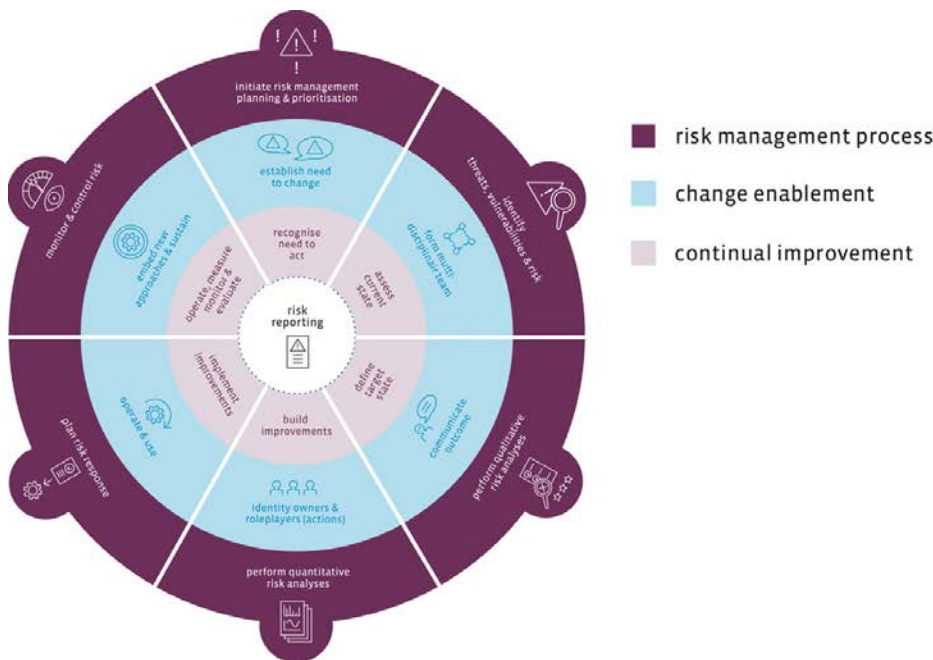
External auditor

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

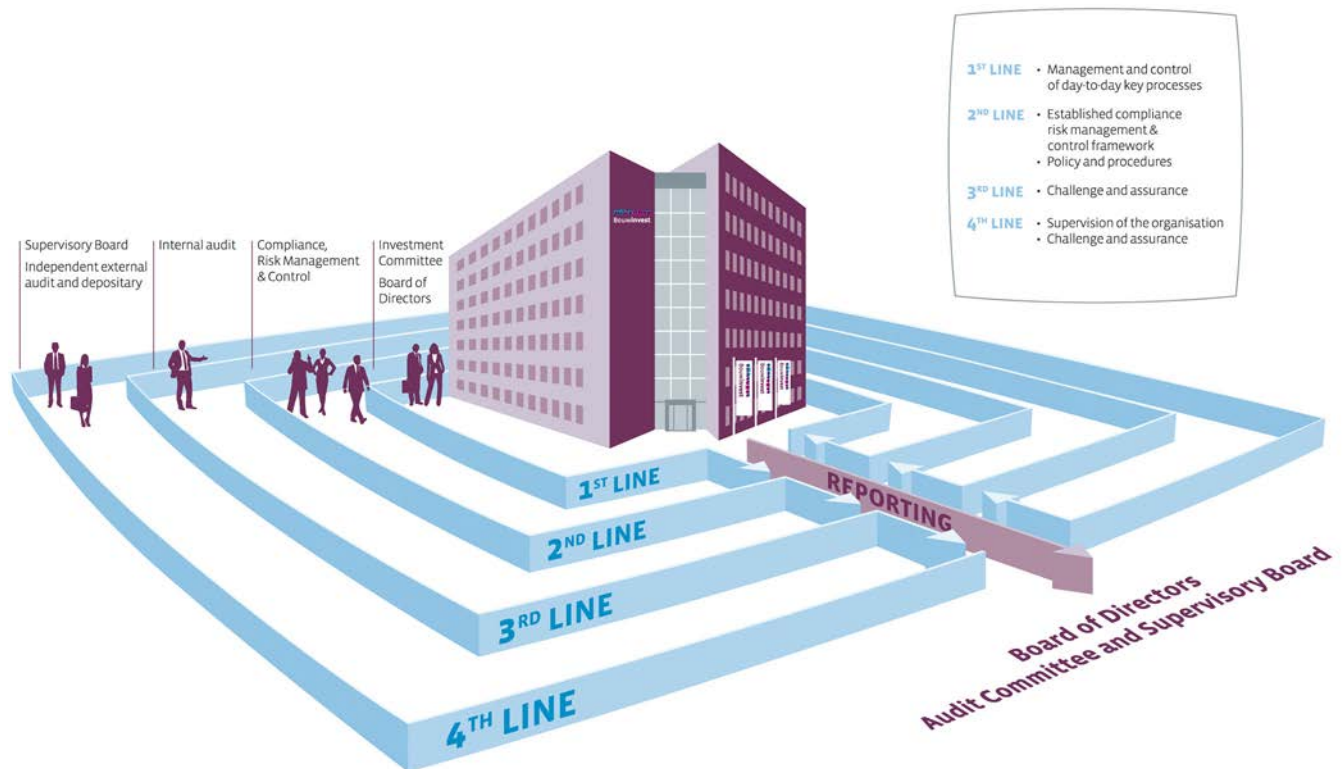
Risk management and compliance are independent functions within Bouwinvest. Their role is to identify, assess, advise on, monitor and report on financial, operational and compliance risks faced by the Fund. In 2016, Bouwinvest continued to refine and enhance its risk and compliance capabilities. It also introduced new policies and renewed quarterly risk reporting formats for the Fund.



Risk management framework

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

Bouwinvest's lines of defense



Major risk factors and corrective measures

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

- Market risks
- Strategic risks
- Management risks

Market risks

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

- Occupancy
- Operational expenditure
- Counterparty risk
- Valuation movement

Occupancy

The occupancy KRI reflects the current and expected occupancy situation for the Fund. Also a comparison is made with the IPD benchmark rates. 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. Also a comparison is made with the IPD benchmark rates.

Strategic risks

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

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

Asset risk mix

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

Regional mix

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

Sustainability

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

Acquisition and disposition

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

Management risks

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

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

Fund-specific legal or regulatory risk

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

Fund manager continuity and reputation

Bouwinvest is responsible for the fund management organisation. If Bouwinvest sees any threats to its functioning as a fund manager, for instance in terms of damaged reputation or threatened continuity, this KRI will be used to inform investors. In 2016, Bouwinvest devoted extra attention to the subject of integrity. This resulted in a company-wide training programme and the completion of an elaborate Integrity Risk Analysis. Going forward, Bouwinvest as a manager will continue to aim for the highest possible standards of integrity. To control operational and integrity risks, there is a management agreement in place that determines the responsibilities of Bouwinvest as the Residential Fund's management company. Bouwinvest's ISAE 3402 certification provides investors with reassurance on the risk management, including risk definition and control measures, of all key processes of a company's day-to-day operations.

Alternative Investment Fund Managers Directive (AIFMD)

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 2016, Bouwinvest continued to optimise its reporting processes and streamlined its cooperation with depositary Intertrust Depositary Services B.V.

Monitoring and reporting

Monitoring the risks is embedded in the daily activities of the responsible line manager and is an integral part of the planning and control cycle. Bouwinvest monitors all the defined risks via key risk indicators, supported by the performance reporting and business incidents reporting processes. Each quarter, the Board of Directors is provided with a risk report, including the risk indicators indicated above and actions necessary to limit or mitigate risk, if there is a deviation between the outcome and the pre-determined norm. The Fund continued to enhance its system for reporting and monitoring risk in 2016. These improvements enable management to act in a timely manner to counteract or mitigate risk.

Financial statements

Statement of comprehensive income

All amounts in € thousands, unless otherwise stated

	Note	2016	2015
Gross rental income	6	175,507	162,614
Service charge income	6	4,362	4,057
Other income		701	600
Revenues		180,570	167,271
Service charge expenses		(4,521)	(4,451)
Property operating expenses	7	(47,730)	(41,014)
		(52,251)	(45,465)
Net rental income		128,319	121,806
Result on disposal of investment property		142	280
Positive fair value adjustments completed investment property	12	521,073	213,877
Negative fair value adjustments completed investment property	12	(4,200)	(923)
Fair value adjustments on investment property under construction	13	39,333	27,384
Net valuation gain (loss) on investment property		556,206	240,338
Administrative expenses	8	(18,016)	(14,949)
Result before finance result		666,651	347,475
Finance expenses	9	(308)	-
Net finance result		(308)	-
Result before tax		666,343	347,475
Income taxes	10	-	-
Result for the year		666,343	347,475
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		666,343	347,475
Net result attributable to shareholders		666,343	347,475
Total comprehensive income attributable to shareholders		666,343	347,475
Distributable result	19	109,994	106,857
Pay-out ratio	19	100%	100%

Statement of financial position

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2016	2015
Assets			
Non-current assets			
Investment property	12	3,547,470	2,833,309
Investment property under construction	13	353,078	205,579
		3,900,548	3,038,888
Current assets			
Trade and other current receivables	14	1,853	1,638
Cash and cash equivalents	15	114,165	129,807
		116,018	131,445
Total assets		4,016,566	3,170,333
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		1,213,959	1,116,243
Share premium		1,923,441	1,731,157
Revaluation reserve		681,336	198,564
Retained earnings		(490,045)	(242,241)
Net result for the year		666,343	347,475
Total equity	16	3,995,034	3,151,198
Current liabilities			
Trade and other payables	17	21,532	19,135
Total liabilities		21,532	19,135
Total equity and liabilities		4,016,566	3,170,333

Statement of changes in equity

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

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 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 [Note 16](#) [on page 67].

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

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

* See explanation dividend restrictions [Note 16](#) [on page 67].

Statement of cash flows

All amounts in € thousands

	Note	2016	2015
Operating activities			
Net result		666,343	347,475
Adjustments for:			
Valuation movements		(556,206)	(240,338)
Result on disposal of investment property		(142)	(280)
Net finance result		308	-
Movements in working capital		2,182	7,414
Cash flow generated from operating activities		112,485	114,271
Interest paid		(308)	-
Cash flow from operating activities		112,177	114,271
Investment activities			
Proceeds from disposal of investment property		1,076	6,538
Payments of investment property	12	(6,196)	(237)
Payments of investment property under construction	13	(300,192)	(177,321)
Cash flow from investment activities		(305,312)	(171,020)
Finance activities			
Proceeds from the issue of share capital		290,000	192,500
Dividends paid		(112,507)	(104,060)
Cash flow from finance activities		177,493	88,440
Net increase/(decrease) in cash and cash equivalents		(15,642)	31,691
Cash and cash equivalents at beginning of year		129,807	98,116
Cash and cash equivalents at end of year	15	114,165	129,807

Notes to the financial statements

All amounts in € thousands, unless otherwise stated

1 General Information

Bouwinvest Dutch Institutional Residential Fund N.V., (the Residential Fund, the Fund) holds a major portfolio of investment properties in the Netherlands. The Chamber of Commerce number of the Fund is 34366452.

The Residential Fund is a public limited company incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands. The Fund was formed for the purpose of providing shareholders with a rate of return by acquiring, managing, adding value to and disposing of a diversified real estate portfolio through investments in residential real estate in the Netherlands. The anchor shareholder is Stichting Bedrijfstakpensioenfondsvoor de Bouwnijverheid (92.4%). Bouwinvest is a minority shareholder for (0.2%).

The Fund owns a taxable subsidiary, Bouwinvest Dutch Institutional Residential Fund Services B.V. (Chamber of Commerce number 67492711) which renders services that are ancillary to renting activities of the Fund. While these services might go beyond mere investing they are performed by a taxable subsidiary of the Fund. Structuring these ancillary activities this way the Fund remains compliant with the investment criteria of the FII-regime.

The Fund's active portfolio management is supported by the supply of newly developed properties by Bouwinvest Development B.V. and third parties. The Residential Fund has the right of first refusal on the residential properties developed.

The Statutory Director will present the annual report to the Annual General Meeting of Shareholders on 12 April 2017, 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 2016 was a normal calendar year from 1 January to 31 December 2016.

2.1 Basis of preparation

Statement of compliance

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

In December 2016 the Fund established a taxable subsidiary, Bouwinvest Dutch Institutional Residential Fund Services B.V., and this subsidiary is not consolidated due to the fact that the revenues, costs and assets, equity and liabilities are negligible.

Statement of comprehensive income

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

Change in accounting policies

In 2016, the Fund changed the 'Statement of cash flows' to the indirect method whereas in prior years the 'Statement of cash flows' was reported according to the direct method. The fund changed the preparation to the indirect method, whereby the net result of the statement of comprehensive income is adjusted for the effects of:

- non-cash items such as valuation movements
- changes during the period in inventories and operating receivables and payables
- cash effects relating to investment activities
- cash effects relating to finance activities

The changes to the indirect 'Statement of cash flows' is retrospectively adjusted so the comparative figures 2015 are adjusted. The Fund decided to report according to the indirect 'Statement of cash flows' whereas it reconciles directly with the accounting records of the Fund. There is no impact on the equity or the net result for the year 2016 and 2015.

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

In 2016, the Fund did not adopt any new or amended standards and does not plan the early adoption of any of the standards issued but not yet effective.

Below is a list of the amendments to IFRSs and the new Interpretations that are mandatorily effective for accounting periods that begin on or after 1 January 2016.

- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities – Applying the Consolidation Exception;
- Amendments to IAS 27: Equity Method in Separate Financial Statements;
- Amendments to IAS 1: Disclosure Initiative;
- Annual Improvements to IFRSs 2012–2014 Cycle;
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation;
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations; and
- Amendments to IAS 16 and IAS 41: Bearer Plants.

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 2017 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.

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

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

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

- IFRS 16 Leases;
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses;
- Amendments to IAS 7: Disclosure Initiative;
- Clarifications to IFRS 15 Revenue from Contracts with Customers;
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions;
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts;
- Annual Improvements to IFRS Standards 2014-2016 Cycle;
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration; and
- Amendments to IAS 40: Transfers of Investment Property.

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

Preparation of the financial statements

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

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

2.2 Investment property

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

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

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

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

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

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

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

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

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

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

2.3 Investment property under construction

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

Fair value measurement on investment property under construction is only applied if the fair value is considered to be reliably measurable. If the Fund determines that the fair value of an investment property under construction is not reliably determinable when construction is incomplete, it shall measure that investment under construction at cost until either its fair value becomes reliably determinable or construction is completed. It may sometimes be difficult to determine the fair value of the investment property under construction reliably. In order to evaluate whether the fair value of an investment under construction can be determined reliably, management considers, among others, the following factors:

- The provisions of the construction contract

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

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.

2.4 Financial instruments

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets, and available-for-sale financial assets, as appropriate. The Fund determines the classification of its financial assets at initial recognition. When financial assets are initially recognised, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Fund transfers substantially all risks and rewards of ownership. The Fund's financial assets consist of loans and receivables.

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

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

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

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

Financial liabilities

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

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

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

2.5 Prepayments

Prepayments are stated at cost less any accumulated impairment losses.

2.6 Cash and cash equivalents

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

2.7 Issued capital

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

2.8 Trade and other payables

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

Tenant deposits

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

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

2.9 Dividend distribution

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.

2.10 Rental income

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

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

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

2.11 Service charges, property operating expenses and administrative expenses

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

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

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

2.12 Other income

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

2.13 Finance income and expenses

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

2.14 Cash flow statement

Cash flows are stated according to the 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 in banks with original maturities of three months or less and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.15 Earnings per share

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

2.16 Income taxes

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

3 Financial risk management

3.1 Financial risk factors

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

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

Market risk

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

(I) Foreign exchange risk

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

(II) Price risk

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

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

(III) Interest rate risk

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

(IV) Hedging risk

The Fund has no hedging instruments in place.

Credit risk

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

It is our policy to enter into financial transactions only with financial institutions with a credit rating of at least A (Standard & Poor's). The financial risk is monitored for each individual transaction.

Given the high credit rating of its counterparties, the Fund does not expect any defaults.

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

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

	2016	2015
Trade and other receivables, net of provision for impairment (Note 14)		
Rent receivables from tenants	949	1,023
Other financial assets	904	615
Cash and cash equivalents (Note 15)	114,165	129,807

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

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

	2016	2015
Trade and other current receivables		
Neither past due nor impaired	343	-
Total neither past due nor impaired	343	-
Past due but not impaired		
Less than 30 days overdue	553	378
30 to 90 days overdue	561	614
Total past due but not impaired	1,114	992
Individually determined to be impaired (gross)		
30 days to 90 days overdue	743	1,121
More than 90 days overdue	1,707	1,387
Total individually determined to be impaired (gross)	2,450	2,508
Less: impairment provision	(2,054)	(1,862)
Total trade and other current receivables, net of provision for impairment	1,853	1,638

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 presented below is used by key management personnel to manage liquidity risks and is derived from managerial reports at Fund level. The amounts disclosed in these tables are the contractual undiscounted cash flows. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not significant.

The maturity analysis of financial instruments at 31 December 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

The maturity analysis of financial instruments at 31 December 2015 was as follows:

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

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 2016, and 31 December 2015, are used to determine the related undiscounted cash flows.

3.2 Fair value estimation

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

As at 31 December	Note	2016		2015	
		Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables (level 2)	14	1,853	1,853	1,638	1,638
Cash and cash equivalents (level 1)	15	114,165	114,165	129,807	129,807
Financial liabilities measured at amortised cost and other payables (level 2)	17	(21,532)	(21,532)	(19,135)	(19,135)
		94,486	94,486	112,310	112,310

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 estimates are made each year. No external funding will be obtained.

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

4 Critical accounting estimates and judgements

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

4.1 Critical accounting estimates and assumptions

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

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

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

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

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

5 Core regions

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

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

Property valuation as at 31 December	2016	2015
Region		
Randstad	2,991,087	2,342,698
Mid East	184,451	154,766
Brabantstad	90,930	83,438
Non-core regions	281,002	252,407
Total	3,547,470	2,833,309

6 Gross rental income and service charge income

	2016	2015
Theoretical rent	180,677	167,986
Incentives	(1,042)	(1,378)
Vacancies	(4,128)	(3,994)
Total gross rental income	175,507	162,614

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

Service charge income represents € 4.4 million (2015: € 4.1 million) income receivable from tenants for the services of utilities, caretakers, etc. when the Fund acts as principal.

7 Property operating expenses

	2016	2015
Taxes	7,669	7,419
Insurance	162	184
Maintenance	23,276	18,961
Valuation fees	748	395
Property management fees	3,136	2,966
Promotion and marketing	436	792
Letting and lease renewal fees	4,958	4,001
Other operating expenses	6,852	5,481
Addition to provision for bad debts	493	815
Total property operating expenses	47,730	41,014

In 2016, € 0.5 million (2015: € 0.5 million) of the maintenance expenses related to unlet properties.

8 Administrative expenses

	2016	2015
Management fee Bouwinvest	17,179	14,318
Audit fees	33	34
Marketing fees	106	163
Other administrative expenses	685	418
Legal fees	13	16
Total administrative expenses	18,016	14,949

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

	2016	2015
Finance expenses	308	-
Total finance expenses	308	-

The Fund had no external loans and borrowings during 2016. 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.

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. Improvements to existing properties do not qualify as development activities provided that the capital expenditure is less than 30% of the value of the property as determined by the Dutch Valuation of Immovable Property Act (Wet waardering onroerende zaken) prior to the improvements.

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

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

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

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

In December 2016 the Fund established a taxable subsidiary, Bouwinvest Dutch Institutional Residential Fund Services B.V., which renders services that are ancillary to renting activities of the Fund. Since no services were recognised in 2016, the taxable profit was nihil.

The Residential Fund met the requirements of an FII in 2016. The effective tax rate was therefore 0%.

11 Employee benefits expense

The Residential Fund has no employees.

12 Investment property

	2016	2015
At the beginning of the year	2,833,309	2,561,354
Transfers from investment property under construction	192,026	65,022
Investments	6,196	237
Total investments	198,222	65,259
Disposals	(934)	(6,258)
Net gain (loss) from fair value adjustments on investment property (like-for-like)	436,183	203,215
Net gain (loss) from fair value adjustments on investment property	80,690	9,739
In profit or loss	516,873	212,954
In other comprehensive income	-	-
Transfers out of level 3	-	-
Total investment property (level 3) at the end of the year	3,547,470	2,833,309

The Fund's investment properties are valued by external valuation experts on a quarterly basis. On 31 December 2016, 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 2016, and 1 January 2016, are in line with the valuations reported by the external valuation experts. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year and there were no transfers between levels 2 and 3 during the year.

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

	2016	2015
Investments and transfer from investment property under construction		
Randstad	176,253	54,379
Mid East	14,960	5,370
Brabantstad	5	5,510
Non-core regions	7,004	-
Total investments and transfer from investment property under construction	198,222	65,259
Disposals		
Randstad	(113)	(5,497)
Mid East	-	-
Brabantstad	-	(117)
Non-core regions	(821)	(644)
Total disposals	(934)	(6,258)

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

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%

2015	Randstad	Mid East	Brabantstad	Non-core regions	Total
Current average rent (€/unit)	996	805	878	796	966
Estimated rental value (€/unit)	1,021	823	903	813	976
Gross initial yield	5.6%	6.4%	5.8%	6.6%	5.7%
Net initial yield	4.2%	4.9%	4.8%	4.7%	4.3%
Current vacancy rate (no rental units)	1.4%	1.2%	1.5%	2.5%	1.5%
Current financial vacancy rate	2.3%	2.3%	1.2%	3.1%	2.4%
Long-term growth rental rate	2.1%	2.0%	2.0%	2.0%	2.1%
Average 10-year inflation rate (IPD Nederland)					1.5%

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

The net valuation gain (loss) for the year included a positive fair value adjustment of € 521,073 (2015: € 213,877) relating to investment properties that are measured at fair value at the end of the reporting period.

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

As at 31 December 2016, the Fund had unprovisioned contractual obligations for future repairs and maintenance of € 4.0 million (2015: € 0.5 million). Direct operating expenses recognised in profit or loss include € 0.6 million (2015: € 0.4 million) relating to investment property that was vacant. Investment property includes buildings held under finance leases of which the carrying amount is nil (2015: nil).

Sensitivity analysis

The appraisal of the portfolio implies a net initial yield of 3.6% (2015: 4.3%). If the yields used for the appraisals of investment properties on 31 December 2016 had been 100 basis points higher (2015: 100 basis points higher) than was the case at that time, the value of the investments would have been 23.8% lower (2015: 21.1% lower). In this situation, the Fund's shareholders' equity would have been € 871 million lower (2015: € 616 million lower).

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

	2016		2015	
Change rental rates	- 5%	5%	- 5%	5%
Value of the investment property change	(177,373)	177,373	(162,808)	118,346
	2016		2015	
Change net initial yield	- 25 bps	+ 25 bps	- 25 bps	+ 25 bps
Value of the investment property change	261,728	(228,074)	173,537	(154,602)

13 Investment property under construction

	2016	2015
At the beginning of the year	205,579	65,896
Investments	300,192	177,321
Transfers to investment property	(192,026)	(65,022)
Net gain (loss) from fair value adjustments on investment property under construction	39,333	27,384
In profit or loss	39,333	27,384
In other comprehensive income	-	-
Transfers out of level 3	-	-
At the end of the year	353,078	205,579
	2016	2015
Investment property under construction at fair value	353,078	205,579
Investment property under construction at amortised cost	-	-
As at 31 December	353,078	205,579

The Fund has an agreement with Bouwinvest Development B.V., which developed part of the investment property for the Fund. Investment property under construction developed by Bouwinvest Development B.V. related to Stadionplein (Amsterdam). The other property under construction is being developed by third parties. For a list of the investment property under construction and investment commitments, see [Note 20](#) [on page 69].

The net valuation gain (loss) for the year included a positive fair value adjustment of € 59,889 (2015: € 30,867) relating to investment property under construction that are measured at fair value at the end of the reporting period.

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

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

Investments	2016	2015
Randstad	231,436	167,307
Mid East	21,062	1,793
Brabantstad	42,213	6,708
Non-core regions	5,481	1,513
Total investments	300,192	177,321

Transfers to investment property	2016	2015
Randstad	170,173	54,142
Mid East	14,890	5,370
Brabantstad	-	5,510
Non-core regions	6,963	-
Total transfers to investment property	192,026	65,022

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

2016	Randstad	Mid East	Brabantstad	Total
Gross initial yield	4.2% - 5.7%	4.9%	5.1% - 5.8%	4.2% - 5.8%
Net initial yield	3.7% - 4.8%	4.2%	4.3% - 4.7%	3.7% - 4.8%
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 (€/m ²)	16	11	11	15
Construction costs (€/m ²)	3,298	2,636	2,126	2,993

2015	Randstad	Mid East	Brabantstad	Total
Gross initial yield	4.5% - 5.6%	N/A	5.5% - 5.6%	4.5% - 5.6%
Net initial yield	3.2% - 4.8%	N/A	4.4% - 5.1%	3.2% - 5.1%
Long-term growth rental rate	2.5%	N/A	2.2%	2.4%
Average 10-year inflation rate (IPD Nederland)	1.5%	N/A	1.5%	1.5%
Estimated average development profit on completion	49.4%	N/A	22.5%	45.0%
Estimated average percentage of completion	3.8%	N/A	7.1%	4.3%
Current average rent (€/m ²)	14	N/A	12	14
Construction costs (€/m ²)	3,145	N/A	2,364	2,983

14 Trade and other current receivables

	2016	2015
Trade receivables	949	1,023
Group companies Bouwinvest	-	1
VAT receivable	343	-
Other receivables	561	614
Balance as at 31 December	1,853	1,638

15 Cash and cash equivalents

	2016	2015
Bank deposits	100,000	100,000
Bank balances	14,165	29,807
Balance as at 31 December	114,165	129,807

The bank balances of € 14.2 million are freely available to the Fund as at 31 December 2016. In order to minimise the costs of the negative interest rate on the bank balances, during 2016 the Fund used 30-day bank deposits. The bank deposits of € 100.0 million have a 30 days' notice period.

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

For 2016, before appropriation of result

	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.

For 2015, before appropriation of result

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

* See explanation dividend restrictions in this Note.

Dividend restrictions

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

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

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

	Number of shares in fully paid up equivalents	Paid-up share capital	Share premium	Total share capital and share premium
Opening balance at 1 January 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
Opening balance at 1 January 2015	1,043,265	1,043,265	1,611,635	2,654,900
Dividends paid	-	-	-	-
Issued shares	72,978	72,978	119,522	192,500
Balance at 31 December 2015	1,116,243	1,116,243	1,731,157	2,847,400

Issued capital

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

As at 31 December 2016, in total 1,213,959 shares had been issued and fully paid up.

Share premium

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

Revaluation reserve

The revaluation reserve relates to the revaluation of the property investments. The (unrealised) positive or negative difference between the cumulative increase or decrease in the fair value of the investment property owned at the end of the year has been included in the revaluation reserve. The revaluation reserve as at year-end 2016 was determined at the individual property level.

Appropriation of profit 2015

The Annual General Meeting of Shareholders on 18 April 2016 adopted and approved the 2015 financial statements of the Residential Fund. A dividend of € 98.33 (in cash) per share has been paid. The profit for 2015, amounting to € 347.5 million, was incorporated in the retained earnings.

Proposal for profit appropriation 2016

The management of the Fund proposes to the General Meeting of Shareholders that a dividend of € 94.03 (in cash) per share be paid for 2016. Of the net result for 2016 amounting to € 666.3 million, € 666.3 million will be incorporated in the retained earnings.

17 Trade and other payables

	2016	2015
Trade payables	10,212	9,964
Rent invoiced in advance	2,015	2,008
Tenant deposits	8,008	6,111
VAT payable	-	136
Other payables	1,297	916
Balance as at 31 December	21,532	19,135

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

18 Earnings per share

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

	2016	2015
Net result attributable to shareholders	666,343	347,475
Weighted average number of ordinary shares	1,169,722	1,086,707
Basic earnings (€ per share)	569.66	319.75

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

19 Dividends per share

In 2016, € 112.5 million (2015: € 104.1 million) was paid as dividend. The payment of a dividend over 2016 of € 94.03 (2015: € 98.33) per share as at year-end 2016, amounting to a total dividend of € 110.0 million (2015: € 106.9 million), is to be proposed at the Annual General Meeting of Shareholders on 12 April 2017. These financial statements do not reflect this dividend payable.

The dividend proposal for 2016 has not been accounted for in the financial statements. The dividend for 2016 will be paid in cash.

20 Contingent liabilities and assets

As at 31 December 2016, the Fund's total future commitments amounted to € 634 million (2015: € 692 million). These commitments are made up as follows:

Investment commitments	2017	2018	> 2019
Landgoed Alverna Villa II, Aerdenhout	5		
Haarlemmerweg, Amsterdam *	40	40	29
Kop Weespertrekvaart, Amsterdam	22	14	
Nautique Living, Amsterdam	63	25	4
Pontsteiger, Amsterdam	33	18	
TT Vasum, Amsterdam	40	24	16
Loolaan, Apeldoorn	3		
Het Nieuwe A, Arnhem	5	4	
Saksen Weimarlaan, Arnhem	4	2	
Wickevoort, Cruquius	11	14	3
Paleiskwartier, Den Bosch	15	1	
Picusgade, Eindhoven	6	8	
Picus Kadeblok, Eindhoven	6	2	
Blok 61, Eindhoven	4		
Parc Valère, Helmond	5	3	
Hof Van Pampus, Hoofddorp	8	4	4
Nieuw Nachtegaalplein, Nijmegen	0	8	
Kop West, Purmerend	8	6	2
Up:Town, Rotterdam	21	9	1
Oostduinlaan, The Hague	23		
Verbunt terrein, Tilburg	2		
Haarzicht, Utrecht	0	29	
Vredenburgplein, Utrecht	1	2	
Zijdebalen, Utrecht	12	9	2
Vrij Werkeren, Zwolle	7	3	
Solar panels	2	1	1
	346	226	62

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

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

21 Related parties

The Residential Fund and members of the Supervisory Board and Board of Directors of Bouwinvest Real Estate Investment Management B.V. (Bouwinvest) and the other entities under management by Bouwinvest, qualify as related parties of the Fund. A € 17.2 million (2015: € 14.3 million) fee was paid to Bouwinvest in 2016.

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

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

The members of the Supervisory Board and Board of Directors of Bouwinvest held no personal interest in the Fund's investments in 2016.

The Fund has an agreement with Bouwinvest Development B.V., which develops part of the investment property for the Fund. In 2016, € 6 million (2015: € 17 million) was paid to Bouwinvest Development B.V. with regard to the project Stadionplein (Amsterdam).

22 Management fee

Bouwinvest is the manager and the Statutory Director of the Fund. The management fee paid for the year 2016 amounted to € 17.2 million (2015: € 14.3 million).

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

During the reporting period, the manager, Bouwinvest, is responsible for five funds of which the Residential Fund, Office Fund and Retail Fund are under supervision of the Dutch Financial Markets Authority (AFM). Bouwinvest also has a separate mandate from bpfBOUW for the management of international real estate investments and manages Bouwinvest Development B.V. The remuneration cannot be explicitly allocated per fund and is therefore not available. The remuneration, in line with the AIMFD Article 107, is disclosed in the annual report 2016 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 2016 by Deloitte Accountants B.V. and the Deloitte Network in respect of activities for the Residential Fund.

	2016	2015
Audit of the financial statements	33	34
Other audit engagements	-	-
Tax advisory services	-	-
Other non-audit services	-	-
Total fees	33	34

24 Subsequent events

As of January 2017, three Dutch pension funds committed for a total of € 148 million and shares were issued for € 75 million.

Signing of the Financial Statements

Amsterdam, 20 March 2017

Bouwinvest Real Estate Investment Management B.V.

Dick van Hal, *Chairman of the Board of Directors and Statutory Director*

Arno van Geet, *Managing Director Finance*

Allard van Spaandonk, *Managing Director Dutch Investments*

Stephen Tross, *Managing Director International Investments*

Other information

Articles of Association related to the appropriation of profit

Appropriation of profit is provided for in Article 20 of the Residential Fund's Articles of Association. This specific article is quoted below.

20.1

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

20.2

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

20.3

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

20.4

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

20.5

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

20.6

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

Independent auditor's report

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

Report on the financial statements 2016 included in the annual report

Our Opinion

We have audited the financial statements 2016 of Bouwinvest Dutch Institutional Residential Fund N.V., based in Amsterdam.

In our opinion the financial statements included in this annual report give a true and fair view of the financial position of Bouwinvest Dutch Institutional Residential Fund N.V. as at 31 December 2016, and of its result and its cash flows for 2016 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The statement of financial position as at 31 December 2016.
2. The following statements for 2016: the 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.

Basis for our opinion

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

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

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

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 39 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	€ 39 million
Basis for materiality level	1% of total equity
Threshold for reporting misstatements	€ 1,950 thousand

We agreed with the Board of Directors that misstatements in excess of € 1,950 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.

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
<p>Valuation of investment property</p> <p>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.</p> <p>The valuation of investment property contains an inherent estimation uncertainty (see also notes 4.1, 12 and 13 of the notes to the financial statements).</p>	<p>We have obtained an understanding of the key controls, including the involvement of the external valuation experts by management, surrounding the valuation process.</p> <p>Using the underlying external appraisal reports we have verified the value of the investment property. We have likewise reconciled the rental data applied with the financial accounting records. On the basis of IAS 40, we have reviewed the Fair Value concept as applied by the appraisers.</p> <p>Likewise, we have critically reviewed the relevant factors influencing the appraisal value of an object and discussed these with the external appraisers and the responsible client personnel.</p> <p>We have additionally engaged internal property experts to review a selection of the property.</p> <p>We have performed an additional test on the reliability of the estimation by comparing the valuation with the revenues effectively realized upon sale.</p>

Report on the other information included in the annual report

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

- The 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: Corporate Social Responsibility, 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 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.

Report on other legal and regulatory requirements

Engagement

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

Description of responsibilities for 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 framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

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

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all 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 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 judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Amsterdam, 20 March 2017

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 2016 figures	Actual impact on 2015 figures
NAV per the IFRS financial statements				
Reclassification of certain IFRS liabilities as components of equity	X	X	Yes	Yes
Effect of reclassifying shareholder loans and hybrid capital instruments				
1 (including convertible bonds) that represent shareholders long term interests in a vehicle	X	X	N/A	N/A
2 Effect of dividends recorded as a liability which have not been distributed	X	X	N/A	N/A
NAV after reclassification of equity-like interests and dividends not yet distributed	X	X	N/A	N/A
Fair value of assets and liabilities	X	X	N/A	N/A
3 Revaluation to fair value of investment properties	X	X	N/A	N/A
4 Revaluation to fair value of self-constructed or developed investment property	X	X	N/A	N/A
5 Revaluation to fair value of investment property held for sale	X	X	N/A	N/A
6 Revaluation to fair value of property that is leased to tenants under a finance lease	X	X	N/A	N/A
7 Revaluation to fair value of real estate held as inventory	X	X	N/A	N/A
8 Revaluation to fair value of other investments in real assets	X	X	N/A	N/A
9 Revaluation to fair value of indirect investments not consolidated	X	X	N/A	N/A
10 Revaluation to fair value of financial assets and financial liabilities	X	X	N/A	N/A
11 Revaluation to fair value of construction contracts for third parties	X	X	N/A	N/A
12 Set-up costs	X	X	N/A	N/A
13 Acquisition expenses	X	X	Yes	N/A
14 Contractual fees	X	X	N/A	N/A
Effects of the expected manner of settlement of sales/vehicle unwinding	X	X	N/A	N/A
15 Revaluation to fair value of savings of purchaser's costs such as transfer taxes	X	X	N/A	N/A
16 Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments	X	X	N/A	N/A
17 Effect of subsidiaries having a negative equity (non-recourse)	X	X	N/A	N/A
Other adjustments	X	X	N/A	N/A
18 Goodwill	X	X	N/A	N/A
19 Non-controlling interest effects of INREV adjustments	X	X	N/A	N/A
INREV NAV	X	X	Yes	Yes

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

INREV adjustments

All amounts in € thousands, unless otherwise stated

Note	Per share		Per share	
	Total 2016	2016	Total 2015	2015
NAV as per the financial statements	3,995,034	3,290.91	3,151,198	2,823.04
Reclassification of certain IFRS liabilities as components of equity				
1 Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders long term interests in a vehicle	-	-	-	-
2 Effect of dividends recorded as a liability which have not been distributed	-	-	-	-
NAV after reclassification of equity-like interests and dividends not yet distributed	3,995,034	3,290.91	3,151,198	2,823.04
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	5,700	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	4,000,734	3,295.61	3,151,198	2,823.04
Number of shares issued	1,213,959		1,116,243	
Number of shares issued taking dilution effect into account	1,213,959		1,116,243	
Weighted average INREV NAV	3,550,460		2,918,117	
Weighted average INREV GAV	3,568,407		2,931,948	
Total Expense Ratio (NAV)	0.53%		0.53%	
Total Expense Ratio (GAV)	0.53%		0.52%	
Real Estate Expense Ratio (GAV)	1.32%		1.40%	

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 2016, no dividends are recorded as a liability, so no adjustment is included.

3 Revaluation to fair value of investment property

After initial recognition, investment property is valued at fair value under the fair value option of IAS 40. Therefore, no adjustment had to be made as per 31 December 2016.

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 2016.

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 2016, 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 2016, 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 2016, 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 2016, 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 2016, 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 2016, 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 2016, no adjustment had been made since the Fund has no construction contracts for third parties.

Adjustments to reflect the spreading of one-off costs

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

In practice, there are many other ways in which vehicles address such issues for pricing, valuation, or other purposes including using bid-ask spreads for issue premium or redemption discounts on the NAV calculated on the basis of set percentages, the capitalisation and amortisation of such costs over different time periods or, indeed, not taking into account such costs at all in the calculation of the vehicle NAV. Since the INREV NAV is primarily intended to facilitate comparability between different vehicles, the INREV approach is a simple but fixed methodology. Please note that these capitalised costs are subject to an impairment test each time the NAV is calculated and therefore should always be recoverable over time. As the adjustments with respect to set-up costs are separately disclosed in the calculation of a vehicle's INREV NAV, investors can choose how these are taken into account when valuing their holding.

12 Set-up costs

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

As per 31 December 2016, the set-up costs of the Fund have been amortised, so no adjustment had been made per 31 December 2016.

13 Acquisition expenses

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

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

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

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

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

Capitalised acquisition costs as per 31 December 2015 *	3,936
Acquisition costs 2016	3,031
Amortisation acquisition costs in 2016	(1,267)
Adjustment NAV (excluding tax)	5,700

* In 2016, the Fund reassessed the policy for the capitalisation and amortisation of (notional) acquisition expenses for 'Investment property under construction' and made some modifications.

14 Contractual fees

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

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

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

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

The Fund has no investment property structured in special vehicles. As per 31 December 2016, 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 2016, no adjustment had been made since the Fund has no subsidiaries.

18 Goodwill

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

As per 31 December 2016, 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 2016, 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 2016 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 76 up to and including page 82.

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) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

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 76 up to and including page 82.

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.

Amsterdam, 20 March 2017

Deloitte Accountants B.V.

Signed on the original: J. Holland

Shareholders' information & Investor Relations

Legal and capital structure

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

Shareholders

As of July 2016 and January 2017, six new Dutch pension funds committed for a total of € 302 million. At the end of 2016 there was one shareholder less compared to 2015 due to a transfer of shares to one of the other shareholders.

Name shareholder	Number of shares at year-end 2016
Shareholder A	1,121,824
Shareholder B	19,598
Shareholder C	31,204
Shareholder D	21,879
Shareholder E	17,135
Shareholder F	2,319
Total	1,213,959

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 € 94.03 per share for 2016 (2015: € 98.33), 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, 79.8% was paid out in 2016. The fourth instalment was paid on 7 March 2017. The remainder of the distribution over 2016 will be paid in one final instalment following the Annual General Meeting of Shareholders on 12 April 2017.

Shareholders' calendar

31 May 2016	Payment interim dividend first quarter 2016, € 26.83 per share
30 August 2016	Payment interim dividend second quarter 2016, € 25.56 per share
8 December 2016	Payment interim dividend third quarter 2016, € 23.00 per share
7 March 2017	Payment interim dividend fourth quarter 2016, € 14.95 per share
12 April 2017	Annual General Meeting of Shareholders
25 April 2017	Payment of final dividend 2016, € 3.74 per share
6 June 2017	Payment interim dividend first quarter 2017
5 September 2017	Payment interim dividend second quarter 2017
5 December 2017	Payment interim dividend third quarter 2017
6 December 2017	General Meeting of Shareholders
6 March 2018	Payment interim dividend fourth quarter 2017

Investor relations

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

In addition to the regular information outlined above, Bouwinvest organised a number of investor relations activities in 2016, including road shows, property tours and one-on-one meetings with (potential) investors, plus we attended several high-profile real estate conferences to present the management organisation, its strategy and its vision on real estate to (potential) investors.

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

CSR performance indicators

		2016	2015
Tenant engagement			
Number of leases		15,523	14,597
New tenants		3,208	2,533
Response rate (GRI: PR5)		1,994	1,902
Satisfaction scores (GRI: PR5)		6.9	7.3
<i>like for like comparison</i>			
INREV Sustainability performance measures		2016	2015
Energy consumption			
Total electricity consumption (GRI: EN4)	MWh	7,253	7,964
Total gas consumption (GRI: EN3)	MWh	5,588	5,200
Total district heating and cooling (GRI: EN4)	MWh	-	-
Total energy consumption from all sources (GRI: EN4)	MWh	12,841	13,164
		2016	2015
Carbon emissions (GHG)			
Total direct GHG emissions (GRI: EN15) Scope 1	tonnes CO ₂ e	1,044	971
Total indirect GHG emissions (GRI: EN16) Scope 2	tonnes CO ₂ e	2,887	3,170
Total GHG emissions (GRI: EN16) Scope 1 and 2	tonnes CO ₂ e	3,931	4,141
Total GHG emissions after compensation	tonnes CO ₂ e	1,044	971
		2016	2015
INREV Sustainability intensity measures			
Building energy intensity (GRI-CRESS: CRE1)	kWh/m ² /year	8.7	8.9
Greenhouse gas intensity from building energy (GRI-CRESS: CRE3)	kg CO ₂ e/m ² /year	2.7	2.8
		2016	2015
Certificates			
EPC labels coverage (GRI-CRESS: CRE8)		100.0%	100.0%
Green certificates (A,B or C label)		93.3%	92.6%
Average energy index		1.32	1.32
Green Building Certificates (BREEAM and GPR) (GRI-CRESS: CRE8)		3	n/a
Global Real Estate Sustainability Benchmark (GRESB) Overall Score (GRI-CRESS: CRE8)		66	66

Reporting of performance indicators

Bouwinvest reports environmental data of those assets where there is management control possible (operational control approach). Data is provided for those assets where we have 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 in 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.

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

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Glossary

Assets under management

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

Capital growth

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

Direct property return

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

Distributable result

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

Estimated rental value

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

Financial occupancy rate

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

Gross Asset Value (GAV)

The gross asset value of a fund is the gross property value plus the value of any further assets at market value as per the chosen valuation principles.

Gross initial yield (passing)

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

Gross initial yield (market)

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

Gross rental income

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

Income return

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

Indirect property return

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

INREV NAV

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

Investment property

Property that is fully operational on the reporting date.

Investment property under construction

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

Lease incentive

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

Like-for-like gross rental income

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

Net asset value (NAV)

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

Net initial yield

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

Net rental income

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

Passing rent

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

Pay-out ratio of distributable earnings

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

Real Estate Expense Ratio (REER)

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

Theoretical rent

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

Total Expense Ratio (TER)

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

Total fund return (INREV)

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

Transactions

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

Properties overview

Municipality	Street name/ property name	No. of residential units	No. of parking units	Year of construction	Land ownership	Core region	Theoretical gross annual rent as per 31 December 2016
ALPHEN AAN DEN RIJN	Cauberg	37	37	1989	Freehold	Randstad	493
ALPHEN AAN DEN RIJN	Kerk en Zanen	77	12	1990	Freehold	Randstad	860
AMERSFOORT	Vathorst I	39	0	2010	Freehold	Randstad	483
AMERSFOORT	Vathorst II	55	0	2012	Freehold	Randstad	710
AMSTELVEEN	Middenhoven	52	0	1985	Freehold	Randstad	585
AMSTELVEEN	Westwijk I	68	30	1990	Freehold	Randstad	1,095
AMSTELVEEN	Westwijk III	54	0	1990	Freehold	Randstad	670
AMSTELVEEN	Westwijk VI	36	36	1990	Freehold	Randstad	656
AMSTELVEEN	Westwijk VII	28	0	1990	Freehold	Randstad	305
AMSTELVEEN	Westwijk VIII	75	0	1991	Freehold	Randstad	930
AMSTELVEEN	Westwijk IX	40	7	1993	Freehold	Randstad	563
AMSTERDAM	Buitenveldert I	150	12	1986	Leasehold	Randstad	1,800
AMSTERDAM	Buitenveldert II	126	0	1986	Leasehold	Randstad	1,332
AMSTERDAM	Buitenveldert III	84	0	1986	Leasehold	Randstad	974
AMSTERDAM	Sloten I	91	0	1991	Leasehold	Randstad	1,086
AMSTERDAM	Kon. Wilhelminaplein I	96	102	1991	Leasehold	Randstad	1,260
AMSTERDAM	Kon. Wilhelminaplein II	123	93	1991	Leasehold	Randstad	1,436
AMSTERDAM	Sloten II	64	0	1991	Leasehold	Randstad	764
AMSTERDAM	Sloten III	16	0	1991	Leasehold	Randstad	163
AMSTERDAM	Sloten IV	180	112	1991	Leasehold	Randstad	2,036
AMSTERDAM	Sloten V	24	24	1991	Leasehold	Randstad	373
AMSTERDAM	Sloten VI	6	0	1992	Leasehold	Randstad	82
AMSTERDAM	Sloten VII	96	0	1992	Leasehold	Randstad	1,057
AMSTERDAM	Sloten VIII	148	0	1993	Leasehold	Randstad	1,681
AMSTERDAM	Sloten IX	4	0	1993	Leasehold	Randstad	38
AMSTERDAM	Sloten X	215	0	1993	Leasehold	Randstad	2,712
AMSTERDAM	Sloten XI	16	0	1993	Leasehold	Randstad	139
AMSTERDAM	Sloten XII	113	0	1993	Leasehold	Randstad	1,274
AMSTERDAM	Sloten XIII	24	0	1993	Leasehold	Randstad	209
AMSTERDAM	Sloten XIV	30	0	1993	Leasehold	Randstad	484
AMSTERDAM	Sloten XV	50	50	1993	Leasehold	Randstad	634
AMSTERDAM	Map I	17	0	1994	Leasehold	Randstad	200
AMSTERDAM	Map II	72	0	1994	Leasehold	Randstad	751
AMSTERDAM	Map III	49	49	1994	Leasehold	Randstad	538
AMSTERDAM	Java Eiland I	155	108	1996	Freehold	Randstad	2,475
AMSTERDAM	Java Eiland II	155	94	1996	Freehold	Randstad	2,008
AMSTERDAM	Java Eiland III	118	73	1997	Freehold	Randstad	1,538
AMSTERDAM	Java Eiland IV	37	29	1997	Freehold	Randstad	521
AMSTERDAM	Java Eiland V	91	81	1997	Freehold	Randstad	1,455

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 2016
AMSTERDAM	Java Eiland VI	70	67	1997	Freehold	Randstad	1,171
AMSTERDAM	Java Eiland VII	48	0	1997	Freehold	Randstad	605
AMSTERDAM	Java Eiland VIII	32	0	1996	Freehold	Randstad	753
AMSTERDAM	Borneo Eiland I	173	0	1998	Leasehold	Randstad	2,802
AMSTERDAM	Borneo Eiland II	207	164	1998	Leasehold	Randstad	2,815
AMSTERDAM	Koploper	176	87	2004	Leasehold	Randstad	4,525
AMSTERDAM	Koploper, offices	5	0	2004	Leasehold	Randstad	277
AMSTERDAM	Vaandeldrager	110	93	2004	Leasehold	Randstad	2,763
AMSTERDAM	Vaandeldrager, offices	0	0	2004	Leasehold	Randstad	195
AMSTERDAM	Winnaar	129	105	2004	Leasehold	Randstad	2,929
AMSTERDAM	Winnaar, offices	0	0	2004	Leasehold	Randstad	224
AMSTERDAM	De Heelmeesters I	98	114	2011	Leasehold	Randstad	1,630
AMSTERDAM	De Heelmeesters II	81	66	2011	Leasehold	Randstad	1,311
AMSTERDAM	De Heelmeesters, offices	0	0	2013	Leasehold	Randstad	454
AMSTERDAM	Overhoeks De Halve Maen	86	86	2014	Leasehold	Randstad	1,371
AMSTERDAM	Feniks Studenten	342	0	2014	Leasehold	Randstad	1,453
AMSTERDAM	Het Baken Starters	130	65	2014	Leasehold	Randstad	1,486
AMSTERDAM	Rivers I	25	0	2015	Leasehold	Randstad	415
AMSTERDAM	Rivers II	50	51	2015	Leasehold	Randstad	895
AMSTERDAM	Summertime 11	94	76	2016	Leasehold	Randstad	1,173
AMSTERDAM	Summertime 12	103	74	2016	Leasehold	Randstad	1,328
AMSTERDAM	Summertime, offices	0	0	2016	Leasehold	Randstad	235
AMSTERDAM	Stadionplein	100	86	2015	Leasehold	Randstad	1,876
AMSTERDAM	Jeruzalem	24	13	2015	Leasehold	Randstad	459
AMSTERDAM	Statendam	108	108	2014	Leasehold	Randstad	1,538
AMSTERDAM							
ZUIDOOST	Geinwijk I	66	0	1997	Leasehold	Randstad	661
AMSTERDAM							
ZUIDOOST	Geinwijk II	36	0	1997	Leasehold	Randstad	342
APELDOORN	De Heeze I	24	3	1980	Freehold	Mid East	234
APELDOORN	De Heeze II	10	0	1980	Freehold	Mid East	70
APELDOORN	De Heeze III	10	0	1980	Freehold	Mid East	68
APELDOORN	De Heeze IV	10	0	1980	Freehold	Mid East	70
APELDOORN	De Maten I	144	0	1982	Freehold	Mid East	1,415
APELDOORN	t Fort-Vlieger	20	0	2001	Freehold	Mid East	176
APELDOORN	t Fort-Hof	44	0	2001	Freehold	Mid East	417
APELDOORN	t Fort-Hof, parking	0	77	2001	Freehold	Mid East	12
APELDOORN	t Fort-Donjon	24	0	2001	Freehold	Mid East	210
APELDOORN	t Fort-Ruit	13	0	2001	Freehold	Mid East	122
ARNHEM	Molenbeke	37	37	2014	Freehold	Mid East	419
ASSEN	Peelo I	92	27	1981	Freehold	Non-core regions	751
BERKEL EN							
RODENRIJS	Parkwijk-Oost	72	72	2012	Freehold	Randstad	873
BREDA	BREDA	1	0	1965	Freehold	Brabantstad	4
DEURNE	Dunantweg	26	20	1989	Freehold	Non-core regions	287
DEVENTER	T&D kwartier EGW	30	15	2016	Freehold	Non-core regions	305

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 2016
DEVENTER	T&D kwartier MGW	11	0	2016	Freehold	Non-core regions	96
DIEMEN	Noord VII	29	8	1989	Freehold	Randstad	381
DIEMEN	Noord I	20	20	1990	Freehold	Randstad	354
DIEMEN	Noord II	54	54	1990	Freehold	Randstad	937
DIEMEN	Noord VIII	54	0	1990	Freehold	Randstad	490
DIEMEN	Noord X	108	14	1991	Freehold	Randstad	1,388
DIEMEN	Noord XI	22	0	1991	Freehold	Randstad	330
DIEMEN	West I	24	3	1992	Freehold	Randstad	272
DIEMEN	West II	45	6	1992	Freehold	Randstad	521
DIEMEN	West III	106	8	1993	Freehold	Randstad	1,394
DIEMEN	West IV	109	71	1993	Freehold	Randstad	1,328
DIEMEN	Noord XIII	36	4	1994	Freehold	Randstad	454
DIEMEN	Noord XV	44	0	1994	Freehold	Randstad	644
DIEMEN	Noord XIV I	24	24	1994	Freehold	Randstad	409
DIEMEN	Noord XIV II	10	10	1994	Freehold	Randstad	168
EDE GLD	Kraatsweg I	51	0	1980	Freehold	Mid East	521
EDE GLD	West Ede	116	0	1981	Freehold	Mid East	1,160
EDE GLD	De Laren	30	0	2014	Freehold	Mid East	330
EINDHOVEN	Gijzenrooi	55	40	1989	Freehold	Brabantstad	651
EINDHOVEN	Blixembosch	44	28	1989	Freehold	Brabantstad	546
GOUDA	Groenhovenpark	220	0	1981	Freehold	Non-core regions	2,155
GOUDA	Mammoet Oost	96	7	1983	Freehold	Non-core regions	1,087
GRONINGEN	Hoornse Meer III	104	48	1991	Freehold	Non-core regions	1,167
GRONINGEN	Hoornse Park	34	0	1992	Freehold	Non-core regions	405
GRONINGEN	A dwinger	24	0	2001	Freehold	Non-core regions	323
HAARLEM	Zuiderpolder I	72	4	1987	Freehold	Randstad	761
HAARLEM	Zuiderpolder II	48	0	1990	Freehold	Randstad	504
HAARLEM	Mauve I	24	24	2011	Freehold	Randstad	403
HAARLEM	Mauve II	50	57	2011	Freehold	Randstad	812
HAARLEM	Rosorum Residentie	0	23	2014	Freehold	Randstad	611
HELMOND	Mierlo Hout	41	37	1986	Freehold	Brabantstad	430
HELMOND	Brandevoort	60	0	2013	Freehold	Brabantstad	701
HENGELO OV	Hasseler Es	39	0	1982	Freehold	Non-core regions	344
HILVERSUM	Villa Industria, Gashouder I	32	22	2016	Freehold	Randstad	340
HILVERSUM	Villa Industria, Gashouder II	48	43	2016	Freehold	Randstad	583
HILVERSUM	Villa Industria - Pakhuizen	10	20	2016	Freehold	Randstad	164
HILVERSUM	Villa Industria - Entreegebouw	16	12	2016	Freehold	Randstad	175
HOEK VAN HOLLAND	Mercatorweg	33	4	1989	Leasehold	Randstad	349
HOOGVEEN	Hoogeveen	64	0	1982	Freehold	Non-core regions	439
HOUGLAND	De Ham	58	18	1989	Freehold	Randstad	646
HOOGVLIET	Endenhout	42	0	1988	Leasehold	Randstad	417
HOOGVLIET	Maaskwadrant	120	123	2003	Leasehold	Randstad	1,191

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 2016
HUIZEN	De Hoftuin	28	28	2006	Freehold	Randstad	328
KATWIJK	't Duyfrak I	54	0	2010	Freehold	Randstad	753
KATWIJK	't Duyfrak II	42	42	2010	Freehold	Randstad	516
KOOG AAN DE ZAAAN	Westerkoog	151	0	1983	Freehold	Randstad	1,678
LEIDSCHEIDAM	Heuvelzijde I	87	24	1997	Freehold	Randstad	1,415
LEIDSCHEIDAM	Heuvelzijde II	92	0	1997	Freehold	Randstad	1,286
LEIDSCHEIDAM	Heuvelzijde III	76	15	1998	Freehold	Randstad	869
LELYSTAD	De Tjalk	121	13	1984	Freehold	Non-core regions	1,022
LENT	Laauwik	22	0	2012	Freehold	Mid East	268
LENT	Park Lentseveld	26	0	2014	Freehold	Mid East	297
MAASTRICHT	Eyldergaard	63	63	1986	Freehold	Non-core regions	645
MAASTRICHT	Boschstraat Oost	196	0	1987	Freehold	Non-core regions	1,713
MAASTRICHT	Belvedere Haven	57	66	2008	Freehold	Non-core regions	633
MAASTRICHT	Belvedere Haven, retail	0	0	2008	Freehold	Non-core regions	43
MAASTRICHT	Cour Renoir I	73	111	2009	Freehold	Non-core regions	899
MAASTRICHT	Cour Renoir II	14	14	2009	Freehold	Non-core regions	163
NIEUWEGEIN	Fokkesteeg	78	0	1981	Freehold	Randstad	803
NIEUWEGEIN	Batau Noord I	176	16	1981	Freehold	Randstad	1,804
NIEUWEGEIN	Batau Noord II	64	0	1981	Freehold	Randstad	665
NIEUWEGEIN	Batau Noord III	40	0	1987	Freehold	Randstad	430
NIEUWEGEIN	Galecop I	36	0	1995	Freehold	Randstad	392
NIEUWEGEIN	Galecop II	36	0	1996	Freehold	Randstad	392
NIJMEGEN	Onder Onnes EGW	35	0	2016	Freehold	Mid East	387
NIJMEGEN	Onder Onnes MGW	11	0	2016	Freehold	Mid East	113
NIJMEGEN	Nieuw Nachtegaalplein I	29	0	2016	Freehold	Mid East	321
NUENEN	Langakker I	104	26	1983	Freehold	Brabantstad	1,017
NUENEN	Centrum Oost	59	10	1985	Freehold	Brabantstad	605
OOSTERHOUT NB	Dommelbergen II	32	3	1987	Freehold	Brabantstad	310
PIJNACKER	MarquantPlus	78	78	2014	Freehold	Randstad	792
PIJNACKER	Boszoom	57	0	2014	Freehold	Randstad	677
RIJSWIJK	De Strijp	30	0	1996	Freehold	Randstad	295
RIJSWIJK	RijswijkBuiten 'de Tuinen van Sion'	43	0	2015	Freehold	Randstad	440
ROERMOND	Oranjelaan	87	40	1983	Freehold	Non-core regions	793
ROOSENDAAL	Tolberg	40	16	1986	Freehold	Non-core regions	386
ROOSENDAAL	Watermolen	20	20	1987	Freehold	Non-core regions	212
ROSMALEN	De Vlondertuinen	25	0	2014	Freehold	Brabantstad	286
ROTTERDAM	Keizershof	44	2	1984	Leasehold	Randstad	518
ROTTERDAM	Oosterflank	102	0	1985	Leasehold	Randstad	1,094
ROTTERDAM	Zevenkamp IV	126	0	1985	Leasehold	Randstad	1,337
ROTTERDAM	Noordelijk Niertje	112	68	1988	Leasehold	Randstad	1,902
ROTTERDAM	Prinsenland I	138	0	1991	Leasehold	Randstad	1,565
ROTTERDAM	Prinsenland II	99	0	1990	Leasehold	Randstad	1,045
ROTTERDAM	Oostplein	69	46	1991	Freehold	Randstad	886
ROTTERDAM	Oostplein, retail	0	0	1991	Freehold	Randstad	51
ROTTERDAM	Grindweg	38	38	1992	Leasehold	Randstad	753

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 2016
ROTTERDAM	Prinsenland III	70	68	1994	Leasehold	Randstad	847
ROTTERDAM	Prinsenland IV	18	18	2010	Leasehold	Randstad	220
ROTTERDAM	Kop van Zuid I	19	19	1995	Leasehold	Randstad	338
ROTTERDAM	Kop van Zuid II	311	175	1995	Leasehold	Randstad	3,417
ROTTERDAM	Prinsenvakbuurt	60	8	1995	Leasehold	Randstad	734
ROTTERDAM	De Witte Keizer	107	137	2005	Freehold	Randstad	1,693
SASSENHEIM	Wasbeek	64	10	1982	Freehold	Randstad	692
THE HAGUE	Bomenbuurt	42	0	1990	Freehold	Randstad	448
THE HAGUE	Haags Modehuis	74	0	1998	Freehold	Randstad	821
THE HAGUE	CentreCourt	122	0	2002	Freehold	Randstad	1,498
THE HAGUE	Riethof I	56	0	2003	Leasehold	Randstad	686
THE HAGUE	Riethof II	60	60	2003	Leasehold	Randstad	630
THE HAGUE	Prinsenhof	205	0	2006	Leasehold	Randstad	3,088
THE HAGUE	Landouwen I	29	29	2006	Freehold	Randstad	340
THE HAGUE	Landouwen II	29	29	2006	Freehold	Randstad	340
THE HAGUE	Landouwen III	29	29	2006	Freehold	Randstad	340
THE HAGUE	Landouwen IV	29	29	2006	Freehold	Randstad	340
THE HAGUE	Landouwen V	29	29	2006	Freehold	Randstad	340
THE HAGUE	Cityprince	50	45	2015	Freehold	Randstad	561
THE HAGUE	Cityprince COG	0	0	2015	Freehold	Randstad	20
UTRECHT	3 FNV	3	0	1940	Freehold	Randstad	19
UTRECHT	Langerak I	10	0	1999	Freehold	Randstad	108
UTRECHT	Langerak II	20	0	1999	Freehold	Randstad	212
UTRECHT	Parkwijk Noord	89	60	2002	Freehold	Randstad	1,120
UTRECHT	Parkwijk Zuid veld 22	91	87	2003	Leasehold	Randstad	1,021
UTRECHT	Parkwijk Zuid veld 25	70	70	2003	Leasehold	Randstad	759
UTRECHT	Terwijde 14/15 I	38	38	2004	Freehold	Randstad	409
UTRECHT	Terwijde 14/15 II	67	67	2004	Freehold	Randstad	723
UTRECHT	Langerak III	80	80	2005	Leasehold	Randstad	977
UTRECHT	Dichterswijk	124	123	2005	Leasehold	Randstad	1,861
UTRECHT	Parkwijk Het Zand	98	1	2005	Leasehold	Randstad	1,269
UTRECHT	Tuinpark I	74	71	2006	Leasehold	Randstad	993
UTRECHT	Tuinpark II	187	197	2006	Leasehold	Randstad	2,319
UTRECHT	Boemerang, offices	0	18	2006	Leasehold	Randstad	220
UTRECHT	De Bongerd I	33	33	2009	Leasehold	Randstad	424
UTRECHT	De Bongerd II	38	38	2010	Leasehold	Randstad	468
UTRECHT	Terwijde Zuid	100	106	2009	Leasehold	Randstad	1,322
UTRECHT	Meyster's Buiten I	25	25	2015	Leasehold	Randstad	290
UTRECHT	Meyster's Buiten II	24	24	2015	Leasehold	Randstad	336
UTRECHT	Veemarkt I	45	45	2015	Leasehold	Randstad	698
UTRECHT	Veemarkt Portiek	47	47	2016	Leasehold	Randstad	539
UTRECHT	Veemarkt City	65	50	2016	Leasehold	Randstad	648
VALKENSWAARD	Schepelweyen	45	22	1982	Freehold	Non-core regions	442
VALKENSWAARD	Brouwerhof Zuid	116	4	1983	Freehold	Non-core regions	1,067
VELDHOVEN	Heikant Oost III	58	6	1987	Freehold	Brabantstad	597
VELSERBROEK	B3	46	4	1989	Freehold	Randstad	521

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 2016
VELSERBROEK	Bastion	110	0	1992	Freehold	Randstad	1,347
VENLO	Hagerhof West	89	13	1980	Freehold	Non-core regions	771
VENLO	Residence Maasweerd	47	10	1983	Freehold	Non-core regions	399
VENLO	Craneveld	35	35	1986	Freehold	Non-core regions	378
WIJK BIJ DUURSTEDEN	De Horden	76	2	1980	Freehold	Non-core regions	825
ZAANDAM	Westerwatering IV	24	24	1990	Leasehold	Randstad	339
ZOETERMEER	Buytenwegh de Leyens I	81	0	1984	Freehold	Randstad	872
ZOETERMEER	Buytenwegh de Leyens II	50	0	1985	Freehold	Randstad	568
ZOETERMEER	Stadscentrum	71	0	1987	Freehold	Randstad	686
ZOETERMEER	Stadscentrum, retail	0	0	1987	Freehold	Randstad	56
ZOETERMEER	Rokkeveen	91	9	1988	Freehold	Randstad	1,018
ZOETERMEER	Rokkeveen Rad	244	0	1988	Freehold	Randstad	2,349
ZWIJNDRECHT	Heer Oudelands Ambacht II	38	11	1987	Freehold	Non-core regions	416
ZWOLLE	Stadshagen I	33	0	1998	Freehold	Mid East	306
ZWOLLE	Stadshagen II	138	0	1998	Freehold	Mid East	1,281
ZWOLLE	Stadshagen III	64	0	1999	Freehold	Mid East	491
ZWOLLE	Stadshagen IV	12	0	2000	Freehold	Mid East	130
ZWOLLE	Stadshagen V	21	0	2000	Freehold	Mid East	177
ZWOLLE	Stadshagen Haven	37	0	2002	Freehold	Mid East	455
ZWOLLE	Bewegingshuis	93	95	2005	Freehold	Mid East	1,005
ZWOLLE	Schoolwoningen	24	30	2005	Freehold	Mid East	336
ZWOLLE	Havezate	57	0	2013	Freehold	Mid East	645
		15,329	6,056				188,274

