Bouwinvest Dutch Institutional Residential Fund N.V.

2018

Annual Report

Bouwinvest Real Estate Investors

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2018 at a glance

Key information in 2018

TOTAL FUND RETURN	INCOME RETURN	RELATIVE PERFORMANCE	GRESB STAR RATING
18.1%	2.6%	0.5% MSCI NETHERLANDS PROPERTY INDEX (ALL PROPERTIES)	★★★★ 4-STAR RATING

SECURED PIPELINE	AVERAGE FINANCIAL OCCUPANCY RATE	LIKE-FOR-LIKE RENT INCREASE	INVESTORS
€ 736 MILLION	97.5%	3.1%	21

Highlights 2018

- Four new investors
- Acquisition of 12 projects (1,447 residential units) for a total of € 480 million
- Investment property and investment property under construction increased by 24.7% to € 5.7 billion
- Retained GRESB 4-star rating; score improved by five points to 79 in 2018
- Outperformance MSCI Netherlands Property Index (all properties) by 0.5%

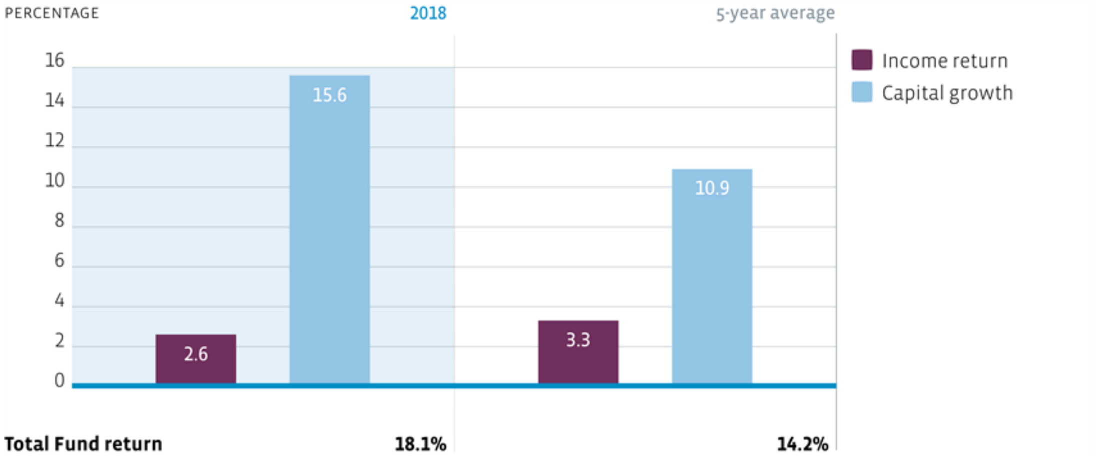
All amounts in € thousands, unless otherwise stated

Performance per share	2018	2017
Dividends (in €)	94.99	90.82
Net earnings (in €)	665.23	508.28
Net asset value IFRS (in €, at year-end)	4,280.93	3,710.00
Net asset value INREV (in €, at year-end)	4,286.07	3,714.31

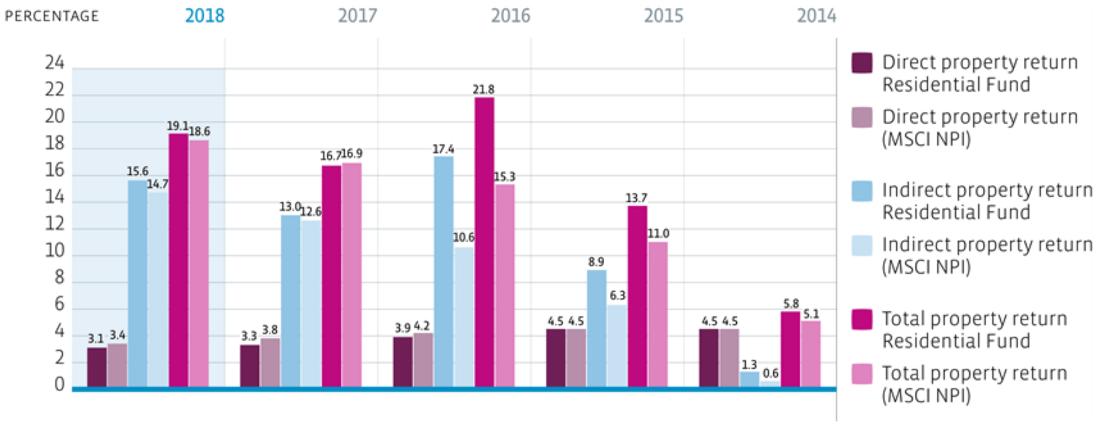
Statement of financial position	2018	2017
Total assets	5,793,075	4,783,924
Total shareholders' equity	5,761,761	4,751,642
Total debt from credit institutions	–	–

Result	2018	2017
Net result	878,013	637,610
Total Expense Ratio (TER)	0.54%	0.53%
Real Estate Expense Ratio (REER)	1.00%	1.26%

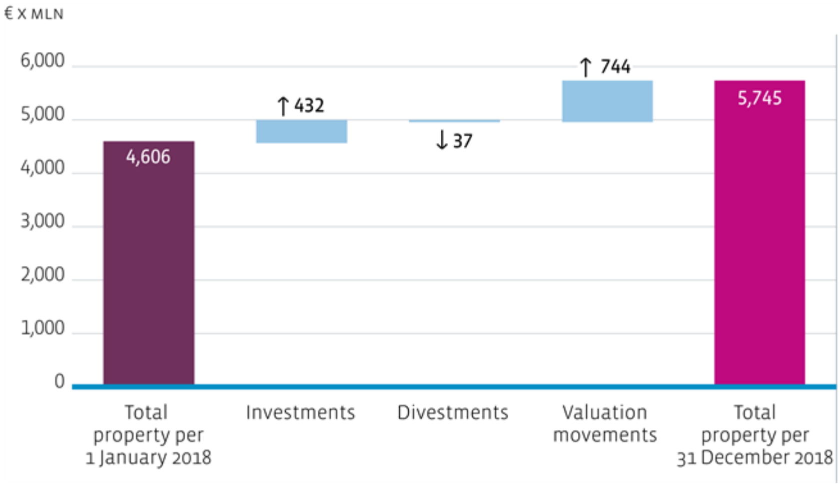
Fund return



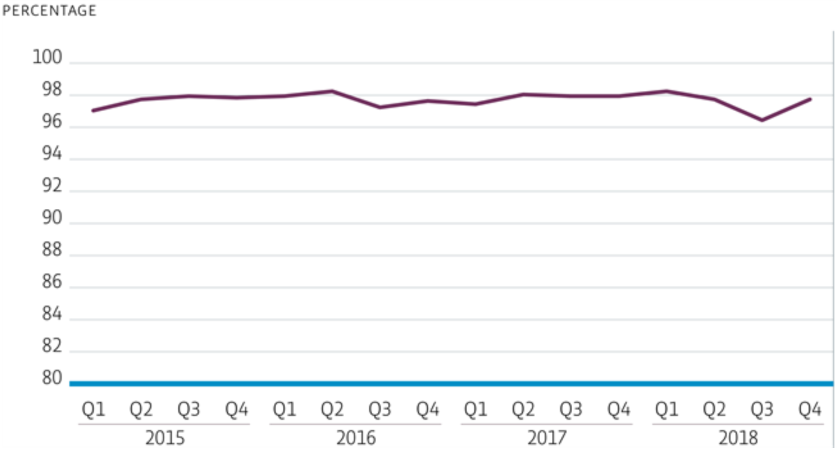
Property performance versus MSCI Netherlands Property Index (All properties) - (MSCI NPI)



Portfolio movements



Financial occupancy rate



Portfolio figures	2018	2017
Investment property (in € 1,000)	5,185,923	4,143,094
Investment property under construction (in € 1,000)	558,704	463,040
Gross initial yield	4.1%	4.6%
Total number of residential units	17,174	16,172
Average monthly rent per unit (in €)	1,055	1,020
Financial occupancy rate (average)	97.5%	97.8%
Sustainability (A, B or C label)	98.0%	94.6%

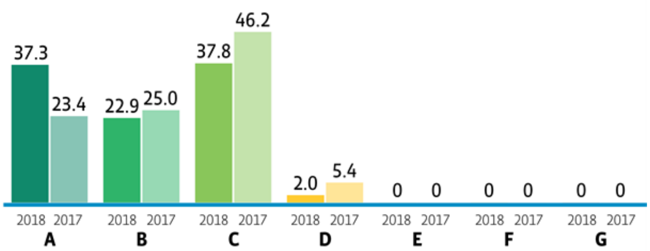
Responsible investment key data

Continued improvement of the Fund's sustainability performance

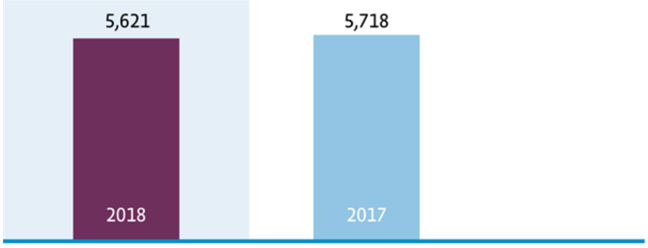
Investing in sustainable real estate

GPR building label (% of m² LFA)

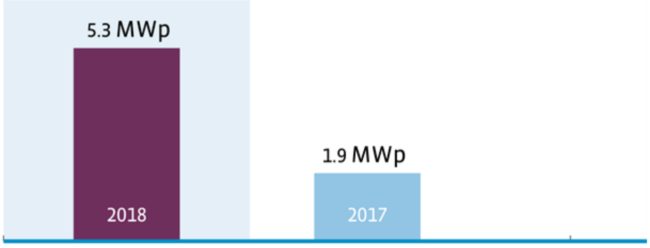
Distribution of energy labels by unit (%)



Energy consumption (like-for-like, MWH)

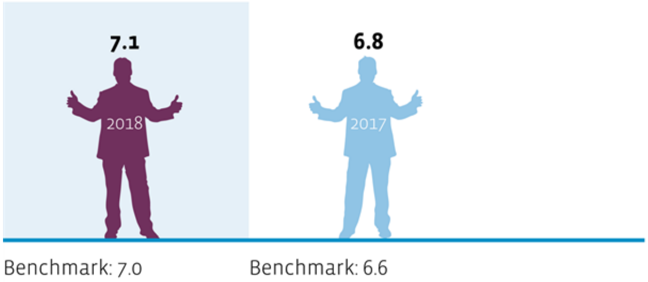


On-site solar panels (MWp)



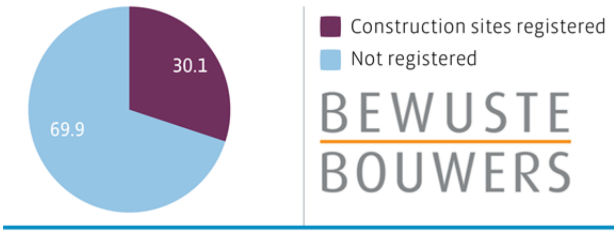
Enhancing stakeholder value

Satisfaction scores tenant engagement survey



Participant rate tenant engagement survey

% construction sites registered as considerate construction scheme



BEWUSTE BOUWERS

Highlights Responsible Investment 2018

- Average energy index of the portfolio stood at 1.22 at year-end 2018
- Retained GRESB 4-star rating (total of 79 points), ranking in top 40% best-performing real estate funds worldwide
- GPR Building labels for 59.2% of the Fund's properties
- 98.0% of properties awarded a green energy label (A, B or C label)
- c. 5,300 kWp solar panels installed on properties
- Energy consumption fell by 1.7% on a like-for-like basis in 2018
- 30.1% of the construction sites registered under Dutch Considerate Constructors scheme
- 756 homes added in mid-rental segment

Key information over five years

All amounts in € thousands, unless otherwise stated

	2018	2017	2016	2015	2014
Statement of financial position					
Total assets	5,793,075	4,783,924	4,016,566	3,170,333	2,727,725
Total shareholders' equity	5,761,761	4,751,642	3,995,034	3,151,198	2,715,283
Total debt from credit institutions	-	-	-	-	-
Performance per share					
Dividends (in €)	94.99	90.82	94.03	98.33	97.88
Net earnings (in €)	665.23	508.28	569.66	319.75	128.47
Net asset value IFRS (in €, at year-end)	4,280.93	3,710.00	3,290.91	2,823.04	2,602.68
Net asset value INREV (in €, at year-end)	4,286.07	3,714.31	3,295.61	2,823.04	2,602.68
Result					
Net result	878,013	637,610	666,343	347,475	133,154
Total Expense Ratio (TER)	0.54%	0.53%	0.53%	0.53%	0.56%
Real Estate Expense Ratio (REER)	1.00%	1.26%	1.32%	1.40%	1.53%
Fund return					
Income return	2.6%	2.8%	3.4%	3.8%	3.9%
Capital growth	15.6%	12.8%	17.1%	8.6%	1.2%
Total Fund return	18.1%	15.6%	20.5%	12.5%	5.1%
Portfolio figures					
Investment property	5,185,923	4,143,094	3,547,470	2,833,309	2,561,354
Investment property under construction	558,704	463,040	353,078	205,579	65,896
Gross initial yield	4.1%	4.6%	5.1%	5.7%	6.0%
Total number of residential units	17,174	16,172	15,329	14,455	14,181
Average monthly rent per unit (in €)	1,055	1,020	1,001	966	927
Financial occupancy rate (average)	97.5%	97.8%	97.7%	97.6%	96.5%
Sustainability (A, B or C label)	98.0%	94.6%	93.3%	92.6%	92.3%
Property performance (all properties)					
Direct property return	3.1%	3.3%	3.9%	4.5%	4.5%
Indirect property return	15.6%	13.0%	17.4%	8.9%	1.3%
Total property return	19.1%	16.7%	21.8%	13.7%	5.8%
MSCI (Netherlands Property Index) residential real estate (all properties)					
Direct return MSCI (NPI)	3.4%	3.8%	4.2%	4.5%	4.5%
Indirect return MSCI (NPI)	14.7%	12.6%	10.6%	6.3%	0.6%
Total return MSCI (NPI)	18.6%	16.9%	15.3%	11.0%	5.1%

The Residential Fund at a glance

The Fund has a clear focus on investing in liberalised rental homes, especially in the mid-rental segment in the Bouwinvest core regions. The key words in the investment strategy are quality, affordability and sustainability.

Fund characteristics

- Largest unleveraged Dutch residential fund
- Core investment style
- Long-term average annual Fund return plan of between 5.5% and 7.0%
- Robust governance structure
- Investment structure for indefinite period of time
- Reports in accordance with INREV standards

Fund management

Bouwinvest Real Estate Investors B.V. 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 invested capital. 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

- Investors' appetite is expected to remain high
- Investors looking further afield, driven by yield compression and lack of supply in key cities
- Public policies focus on increasing supply of homes
- Quantitative shortage of homes, as production continues to lag high demand
- Affordability is on the agenda of the national government and local authorities
- Both investors and tenants are increasingly focusing on sustainability
- Number of single-person and elderly households increasing rapidly
- Urbanisation and ageing driving demographic developments
- Attractiveness of Dutch housing market is increasing the competition for quality assets
- Technology and innovations having an increasing impact on the real estate business

Fund strategy

The Residential Fund aims to increase its invested capital to € 7.3 billion by year-end 2021. This will be achieved through targeted acquisitions and positive revaluations. Capitalising on key market developments, the Fund's strategy focuses on:

- The Fund's core regions with a specific focus on the Randstad and Brabantstad conurbations and major cities in the eastern part of the country
- The liberalised rental sector, with a focus on the mid-rental segment (rents between € 711 and € 1,000) to ensure a supply of affordable homes
- Apartments for starters, one-person and two-person households and family homes
- 'Lifecycle-proof' homes or residential environments for elderly people
- Responsible Investment: Continuing the improvement of the Fund's sustainability performance

The Residential portfolio at a glance

Portfolio characteristics

- Dutch residential properties (256 properties, 17,174 homes) valued at € 5.2 billion at year-end 2018
- 94.0% located in the Randstad, Brabantstad and mid-eastern conurbations and inner-city areas
- 90.2% in liberalised rental sector especially the mid-rental segment
- Continuously high occupancy rate
- 98.0% green energy labels (A, B or C label)
- GRESB 4-star rating

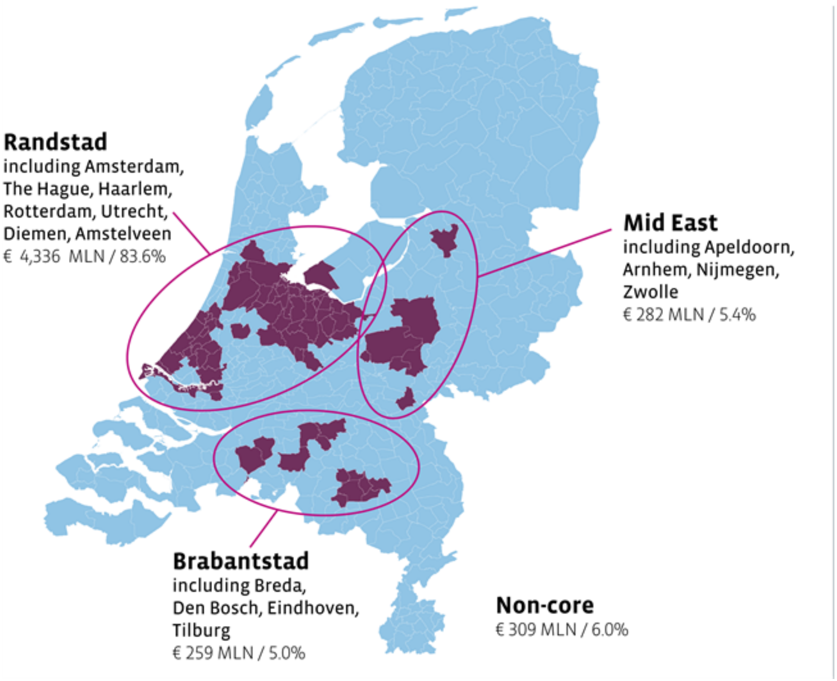
Core region policy

To identify the most attractive municipalities for residential investments, the Fund takes into account the following indicators:

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

The Fund's plan is for at least 80% of the total portfolio value to be in investment properties in the Fund's core regions. This currently stands at close to 94%. As the entire investment pipeline is located in the Fund's core regions, this percentage will increase slightly in the near future. Furthermore, the Fund has a guideline that a maximum of 90% can be invested in the Randstad conurbation. This now stands at 83.6%.

The Residential Fund's core regions based on market value, excluding property under construction

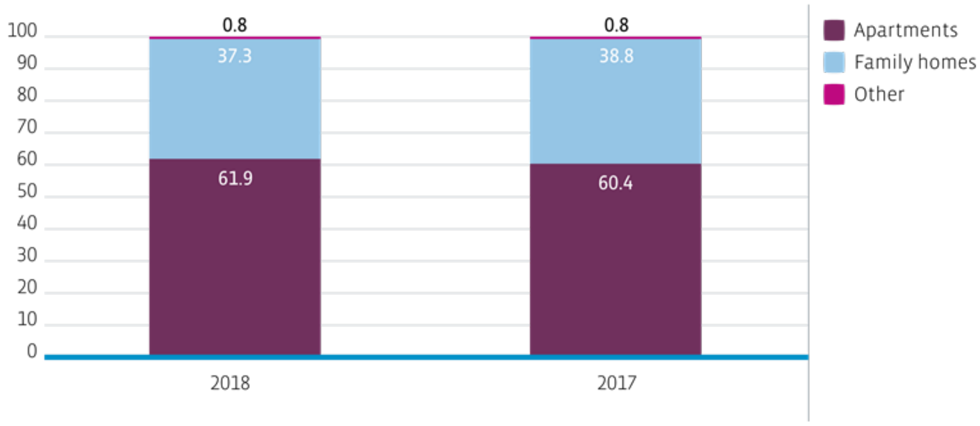


Major segments

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

Portfolio composition by type of property based on market value

PERCENTAGE



In our drive to optimise our portfolio, we take into account the following diversification categories:

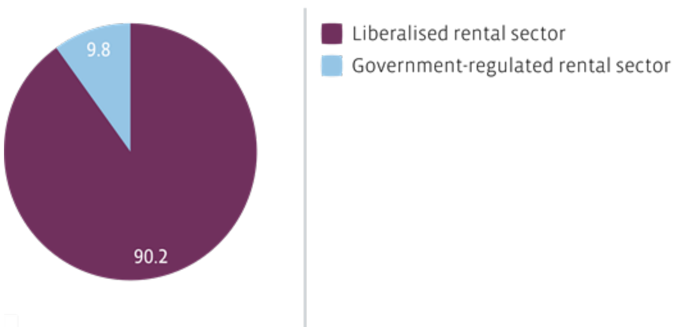
- Type of housing
- The indexation policy
- The rental segment
- Year of construction
- Regional spread with a focus on economically strong regions

Focus on liberalised rental sector

The Fund sees the liberalised sector (rents of € 711 and above and as of 2019, € 720 and above) as particularly interesting, as demand is set to increase, while supply is lagging, especially in the Netherlands' largest and most popular cities. With more than 40% of its properties in the mid-rental segment (€ 711 - € 1,000), the Fund's focus continues to be on this segment. Demand is also growing due to the sharp house price increases in the owner-occupier market in recent years. While these house price increases are likely to be less marked over the next few years, high house prices will continue to deny a significant proportion of home-seekers access to the owner-occupier market. This will only increase demand for affordable mid-segment rental homes. In addition, an increasing number of local authorities have introduced or are planning to introduce measures to increase the construction of affordable homes, to ensure a ready supply of housing opportunities for low and middle income households. We believe the liberalised rental sector, with its high occupancy levels, will continue to be an attractive market for institutional investors. In our guidelines, we noted that a minimum of 75% of the portfolio must be in the liberalised segment. We now stand at 90.2%.

Portfolio composition by type of rent based on rental income

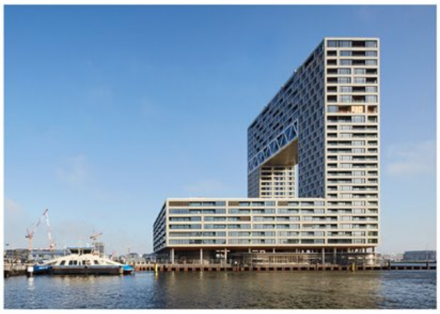
PERCENTAGE



Selection of principal properties
Existing portfolio (selection)

Summertime
197 residential units, Amsterdam

Pontsteiger
252 residential units, Amsterdam



Blok61
96 residential units, Eindhoven

Liverdonk
26 residential units, Helmond

Nieuw Nachtegaalplein
29 residential units, Nijmegen

Meyster's Buiten
49 residential units, Utrecht

Portfolio pipeline (selection)

Het Dok
449 residential units, Amsterdam

Nieuwe A
48 residential units, Arnhem

Picuskade
113 residential units, Eindhoven

Kop West
74 residential units, Purmerend

Little C
209 residential units, Rotterdam

up:town
150 residential units, Rotterdam

Added to the portfolio pipeline in 2018 (selection)

Sluishuis
369 residential units, Amsterdam

Zonnehoeve
41 residential units, Apeldoorn

Velperparc
36 apartments, Arnhem

Ebbingekwartier
59 apartments, Groningen

De Monarch
97 apartments, Hoofddorp

Hembrug
350 residential units, Zaanstad

Message from the chairman

Dear stakeholders,

Last year was a very good year for the Residential Fund, which ended with a total return of 18.1%. Of course, 2018 was an excellent year for the residential real estate market as a whole, yet we still managed to outperform the MSCI Netherlands Property Index by 0.5%. There was certainly no let-up in the transaction volume last year, as both domestic and international investors were once again very active and we saw a lot of asset and portfolio deals.

There was a lot of pressure on the market from investors, as the real estate market in general and residential in particular are still very attractive compared to other asset classes, with bond rates still low and the stock market proving remarkably volatile in light of geopolitical developments. Despite this pressure from investors looking to increase their exposure to residential real estate, the Residential Fund managed to add € 480 million in new assets to its investment pipeline last year, almost € 300 million higher than our plan of € 200 million. These acquisitions included some top-notch assets, 396 homes in the iconic Sluishuis on Steigereiland in Amsterdam, 350 homes in the Hembrug project between Zaandam and Amsterdam and the Rachmaninoffhuis office-to-residential transformation project in Utrecht, as well as projects in other parts of the Netherlands.

We now have a secured pipeline of more than € 700 million, after once again managing to make the most of our market positioning and our responsiveness to good opportunities. All our acquisitions were on or above our defined hurdle rates and we did not make any concessions on our investment criteria or on the quality front.

Given that many of these projects will take some two years to complete, it will be some time before our investors will see cash out, but these are all investors with a long-term perspective who believe in our strategy.

Another noticeable trend last year was the acceleration of the drive to increase the sustainability of the Dutch real estate sector as a whole and housing stock in particular, partly driven by the Paris Climate Agreement and moves by the Dutch government on its own energy agreement. This is where the efforts we have made over the past few years to make our portfolio highly sustainable are really paying off. We once again retained our GRESB 4-star sustainability rating and we unveiled a series of plans to make our homes even more sustainable, both existing assets and future assets.

We also devoted more attention to the satisfaction of our tenants. Tenants' expectations keep on increasing and evolving, triggered in part by the high rents across the country, especially in major urban centres like Amsterdam.

This brings us to the nationwide discussions about the ongoing decline in the affordability of homes in the major cities of the Netherlands, in both the owner-occupier and rental segments. The ever-increasing shortage of affordable homes, largely due to the lag in the production of new homes, constitutes a real danger to the liveability and vibrancy of our cities. A growing number of large municipal authorities have introduced or are proposing to introduce legislation aimed at tackling this issue. But this will only ever be a short-term solution. It may even be counterproductive, as regulating maximum rents or rent increases affects the business case for investing in residential property. Local authorities cannot afford to ignore the interests of investors, as they account for a part of new housing production. The last thing we need right now is a slowdown in the production of new homes. We and our peers in the sector believe the only long-term solution to this problem is to build more homes. One solution to stepping up the production of new homes may be reducing land prices. The entire sector is still discussing the issue of affordability and I'm hopeful that by working together we will arrive at a solution that recognises everybody's interests.

Another major issue that dominated the market for much of last year was the government's plans to scrap the dividend withholding tax. One consequence of the abolition of dividend withholding tax was that Fiscal Investment Institutions (FIIs) would no longer be allowed to invest directly in Dutch real estate. This would have had a major impact on the Dutch sector funds that Bouwinvest manages and required Bouwinvest to restructure its investment funds to mitigate this impact. Thankfully, due to a strong lobby and due to certain circumstances, the government abandoned its plans to scrap the dividend tax and the proposal to ban direct investments in real estate for FIIs. This lifted the cloud of uncertainty that had hung over the Dutch real estate market and led to an immediate uptick in investor interest.

We can now return our full focus to the optimisation of our residential portfolio through acquisitions, sustainability measures and disposals. And we will address the issue of affordable homes through a clear focus on the mid-rental segment. We do not expect returns to remain as high as the past few years, as valuation movements are likely to return to more normal levels, but with a direct return of around 2.5%, normal valuations levels will still put us around our plan return of between 6% and 7%, which is still a very healthy return compared to other asset classes. We also welcomed four new investors last year and a number of investors increased their commitment to the Fund. We hope to welcome even more new investors this year and in the future, which will give us the resources we need to achieve our ambitious growth plans.

All that remains now is for me to thank our investors for their continued faith in our strategy and all our employees for their hard work and commitment to Bouwinvest in 2018.

Dick van Hal

Chairman of the Board of Directors

Report of the Board of Directors

Market developments and trends

Economy

The Dutch economy continued to perform strongly in 2018, although momentum did weaken in the second half of the year. Private consumption was the primary driver of this economic development, while the growth of exports flattened. High levels of consumer confidence in combination with low interest rates fuelled house price increases and boosted housing market related sectors.

Real GDP growth amounted to 2.6% in 2018, which makes the Netherlands one of the most flourishing economies in Western Europe. All the drivers of economic growth showed positive figures, but private consumption was clearly the strongest. The 9.3% increase in house prices had a positive impact on other economic segments. However, economic growth forecasts show a diverse but lower growth path for the years ahead. Firstly, the growing lack of affordable housing was affecting consumer confidence by the end of the year and this is expected to have a negative impact on private consumption going forward. Secondly, higher interest rates are likely to flatten economic growth. The European Central Bank ended its stimulus programme at the end of 2018 and this is expected to result in higher policy interest rates.

The Dutch labour market performed very strongly as a result of both job growth and the decline in unemployment rates to record low levels. However, the record number of job vacancies has resulted in a very tight Dutch labour market. Over the course of 2018, consumer prices increased slightly and forecasts indicate a further increase to slightly below the 2% plan inflation rate. Although the outlook for the Dutch economy looks good, especially in a European context, forecasts signal a trend towards lower growth.

This outlook coincides with greater ambiguity due to several factors. The European economy is facing the challenge of the (still unknown) outcome and impact of Brexit, but also of political tensions and anti-European, populist sentiments in specific countries. On a global scale, geopolitical tensions and protectionist policies will lead to growing uncertainty in the years to come.

The strongly-performing housing market has been one of the pillars of the recent spurt in economic growth. However, construction firms have on average taken on more work than they can deal with and they are now faced with a shortage of skilled employees (which is partly a direct consequence of the loss of jobs during the aftermath of the financial crisis). They are also facing higher building costs, driven in part by a growing shortage of materials. The risk now is that construction firms will have to turn down projects simply because they do not have enough staff. This could temper growth in the construction sector in the years ahead.

Public Policies

For most of 2018, the Dutch institutional investment market was dominated by the debate on the Dutch government's plans to abolish the 15% withholding tax on dividends from shares in Dutch companies. The government's 2019 Tax Plan stated that due to the abolition of the dividend tax, Fiscal Investment Institutions (FIIs) would no longer be allowed to invest directly in Dutch real estate. This measure would also have impacted the Dutch sector funds that Bouwinvest manages. However, the coalition parties were divided on this measure and following certain specific market developments, in October 2018 the government withdrew its plans to scrap the dividend tax. This led in turn to the immediate withdrawal of the proposed ban on direct investments by FIIs. Consequently, Bouwinvest no longer needed to adjust the structure of its Dutch sector funds.

With respect to the residential market, the national government is increasingly focusing on the growing housing shortage. The Dutch Interior Ministry's National Housing Plan 2018-2021 formulates three main priorities: build more homes and build them more quickly, continue to provide affordable homes, and use the existing supply more efficiently. Increasing the supply of homes – a minimum of 700,000 new homes in the period to 2025 – will be the biggest challenge.

In addition to the fact that the Dutch Interior Ministry has increased its focus on the housing market, it is the local (municipal) authorities that have the greatest impact on housing policy. On the liberalised sector front, the mid-rental segment is an important issue for many municipalities in their efforts to ensure sufficient affordable homes for middle-income households. In their coalition agreements, many large municipalities have agreed to increase their focus on boosting the number of mid-rental homes, and the national government has specifically targeted this category of rental home in its draft bill Measures Mid-rental Segment. Over the past few years, municipalities such as Amsterdam and Utrecht have taken major steps to include concrete measures in their housing policies on this theme. Alderman Laurens Ivens of Amsterdam is looking for ways to increase the regulation of the mid-rental segment, which is difficult to accept for institutional investors. Other large municipalities are also working hard to come up with new policies and regulations, increasingly in consultation with stakeholders.

Sustainability and climate change

One of the many consequences of not meeting the Paris climate control goals will be a global temperature rise. If global temperatures increase by four degrees, for instance, it is difficult to predict what the consequences will be. We do know that the weather conditions will become more extreme, with both flooding and droughts. As a result, agriculture will be impacted and areas will become uninhabitable. This will push migration and once again increase the pressure on habitable areas. This is a scenario we have to prepare for.

In mid-2018, the Social Economic Council of the Netherlands (SER) announced the main concepts of the Dutch Climate Agreement to comply with the Paris Climate Agreement. For the built environment: before 2050, seven million homes and one million other buildings will have to be made sustainable in one way or another to make them low (or even net-zero) carbon. This pertains primarily to existing buildings, as newly-constructed buildings will have to be nearly energy neutral from 2020 onwards to comply with the European Energy Performance of Buildings Directive (EPBD). However, lots of the technology required already exists and companies are already preparing to make a start on this initiative. One hot issue is the affordability of the required changes and who will pay. The government has now said it is willing to increase tax on natural gas and reduce the tax on electricity, which will act as an incentive to switch to more renewable energy sources. On the rental property front, the split between investments and financial profit still needs to be settled. Other challenges that need to be addressed include: the availability of skilled workers, reducing the costs of measures, the development of new technologies, digitalisation of the building process and the availability of proven solutions and resources.

Sustainability and the residential market

Before 2021, local governments will declare their fossil-free heating solution and where and when this will be available at district level, targeting the disconnection of two million houses from natural gas grid before 2030, starting with the assets of housing associations. Asset owners will embed this into their sustainability plans and also integrate the reuse of building materials and elements in the building life cycle. While we fully endorse the need to mitigate the impact of future climate change, we also recognise that the impact of climate change is already being seen and felt and that real estate assets need to be resilient. For example, so they can recover quickly following an extreme weather event.

At the moment, we are seeing that investors are looking for assets and pilot projects that can help them demonstrate their commitment and contribution to the delivery of climate goals. Furthermore, the industry is adopting the UN Sustainable Development Goals (SGDs) to demonstrate their contribution to society.

With regard to the residential market, this is increasing the overall focus on sustainability. This is also in line with demand: both investors and tenants are increasingly focusing on this aspect.

Demographics and social changes

The number of households in the Netherlands is expected to increase by around 11% in the period to 2040. This is equivalent to an extra one million households. The highest growth will be seen in the number of single-person households and the number of homes for elderly people. On the ageing front, the Dutch population is undergoing what is termed double ageing; not only is the number of elderly growing, but people are on average living to an increasingly advanced age. The number of 65+ households as a proportion of the overall population is expected to increase from the current 28% to 38% in 2040.

Due to the ongoing urbanisation trend, the majority of these extra households will be concentrated in the urban regions of the country, with the highest concentration in the Randstad urban conurbation. Due to the influx of student and starters, the ageing of the population will be far less pronounced in the major cities than in the rest of the Netherlands. People want to live in these large cities, because that is where the jobs are and where they find a broad range of amenities. Due to the pressure on the larger cities, affordability and liveability are becoming more challenging in some sub-markets. As a result, a growing number of households are moving to the suburbs.

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

Technology and innovation

We are seeing the development of new technologies that improve the quality and productivity of business operations and people's lives on an almost daily basis. This is also true for the real estate sector. Solutions for the current problems faced by today's construction industry, i.e. the lack of skilled workers and the future shortage of building materials, may be found in the technology of smart robots, the development of new (bio-based) materials and improved circularity. Innovations in other industries, such as ultra-fast trains and driverless cars, could change the choices people make in terms of how and where they live, work and shop. This will have a direct impact on the quality of the locations in terms of how we value them (financially). The growing amount of (big) data may offer a solution. By using new technologies, we will be able to use this data to make more accurate predictions regarding the attractiveness of homes and residential locations.

Consumers are embracing technological changes more and more quickly and are becoming increasingly mobile. This is driving the growing demand for rental homes and increasing demand for personalised services, such as mobility that makes living somewhere more convenient. In addition to physical homes, users expect digital service platforms that cover the likes of energy use, interior climate, health and complaint procedures. The addition of virtual and augmented reality to products and services is becoming more important, to help get a story across to a target group effectively.

Blockchain technology holds the potential for self-executing contracts, due to the fact that it can be used to settle financial transactions without the intervention of a single person and it is completely trustworthy.

To continue to attract (new) tenants to deliver added value to all stakeholders, it is essential to integrate new technologies and innovations in houses and apartments and any ancillary services provided in conjunction with the rental homes. This makes it important to work with new market entrants who are developing these applications.

Occupier market

The pressure on the housing market is the most pronounced in the largest cities of the Netherlands, especially in the Randstad urban conurbation. Because the production of new-build homes is lagging demand, this pressure is expected to persist and even increase for the foreseeable future, and in fact to spread further to municipalities around the big cities (the so-called 'waterbed effect'). This lag in the production of new homes over the past few decades has created a quantitative housing shortage. On top of this, there is a growing qualitative housing shortage due to the above-mentioned demographic shifts. In other words, homes that are severely outdated and homes that no longer meet market demands, such as post-war apartment buildings without a lift, will have to be upgraded and updated or demolished and replaced with new housing.

The scarcity of homes in the urban regions of the Netherlands is pushing up house prices and rents, making fewer and fewer homes affordable. This is primarily hitting starters and middle-income households. These people are now looking for creative solutions (sharing/smaller homes) to make sure housing remains affordable.

On average, people are more willing to compromise on space than they are on the location of their homes. On top of this, cities are seeing a steady rise in the number of one or two-person households. Investors and developers are responding to these developments, but they are also being forced to a certain extent to create this compact housing stock due to higher ground prices. Although compact apartments may be a solution for a portion of the current home seekers, we expect the latent (underlying) demand for larger apartments to persist for the long term.

Investment market

Given the low interest rate environment and the yield spread offered by real estate, investors' capital inflow into real estate markets remained strong during the past year. In 2018, around € 21 billion was invested in the Dutch real estate market, just short of the record high € 21.9 billion invested in the previous year. This large investment volume was driven by both domestic and international investors, although the market share of the latter group remained dominant. In 2018, international players accounted for 59% of total investments, compared with 76% for the full year 2017.

On the buy side of the investment market, we are seeing a clear shift. Opportunistic and value-add funds used the positive momentum in the market and moved towards the sell side, a trend that was most notable in the residential market. In contrast, institutional investors remain the biggest players on the buy side, although they are still active on the sell side too, as they dispose of non-core properties and continue their roll-over strategies.

However, potential threats are looming over the real estate investment market. Prices are high for all financial assets, including property, while the ECB's quantitative easing policy has come to an end and the ECB is expected to increase interest rates from mid-2019 onwards. The impact of Brexit and ongoing trade wars might prove stronger than expected, while in the residential market affordability is becoming a major issue.

Still, we expect investors' appetite to remain high for real estate investments, due to the fact that real estate continues to prove its value in terms of adding diversification to investment portfolios and the total returns it offers compared to interest rates and other asset classes.

The residential investment market reached a volume of € 7 billion in 2018. Compared to the previous year, this is an increase of nearly 60%. For the first time in several years, residential real estate was the most invested asset class in the Netherlands. The largest transactions included a number of significant portfolios. Dutch investors accounted for 64% of the investment volume. Foreign buyers are still active on the Dutch residential market, but some opportunistic foreign investors sold existing portfolios towards the end of 2018. Thanks to price and rental increases, they were able to achieve a relatively high return in a short period of time.

The steady interest from domestic and international institutional investors and private investors, combined with a shortage of supply, has increased pressure on prices and yields. Prime yields stood at around 3.0%-3.5% in Amsterdam, approximately 50 bps lower than other key cities such as Utrecht and The Hague. Due to these low prime yield levels, investors are increasingly eyeing investment opportunities outside the Randstad urban conurbation.

Market opportunities and risks

Bouwinvest expects the pressure on the strong housing market to remain high in the coming years. The growing demand for homes and the lag in the construction of new-build homes is creating shortages in large parts of the Netherlands. Due in part to this scarcity, the strong regional housing markets will see above average value increases.

Because of the strong demand and housing shortage, fundamentals on the rental market remain favourable. Vacancy levels remain low, especially in mid-rental segment. This means that it will remain interesting for investors to make long-term investments in residential rental real estate.

The attractiveness of the Dutch housing market is increasing the competition for quality assets. This is pushing up acquisition prices and there are fewer and fewer acquisition opportunities, especially in the core cities of the Netherlands. As a result of steadily increasing prices, affordability is becoming a major issue on the Dutch housing market, both on the rental and the owner-occupier housing markets.

Bouwinvest has noted that new (local) policies related to the mid-rental segment are having an ever increasing impact on new acquisitions. Additional requirements, such as those related to maximum starting rents, minimum surface areas and lower rental indexing, are all having an impact on investment cases and the feasibility of any targeted returns. On the other hand, we do expect the mid-rental segment to have a low risk profile in view of the strong and stable demand. In addition to this, investing in the mid-rental segment can be viewed as a socially impactful investment.

The Fund’s strategy

The Residential Fund has a well-defined strategy based on the three pillars of quality, sustainability and affordability. We firmly believe that the residential sector will continue to offer good long-term investment opportunities, especially for investors with a liability hedge strategy. The Fund's plan is to increase its invested capital to € 7.3 billion by year-end 2021. The Fund will achieve this growth through targeted acquisitions of high-quality and sustainable residential assets and positive revaluations.

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

- The Fund’s core regions with a specific focus on the Randstad and Brabantstad conurbations and the major cities in the east of the country. These regions closely correlate with the urbanisation trend in the Netherlands
- The liberalised rental sector, with a focus on the mid-rental segment (rents between € 711 and € 1,000). In line with our focus on affordability
- Apartments for starters, one-person and two-person households in inner city areas and family homes in more suburban locations
- ‘Lifecycle-proof’ homes for the growing number of elderly people
- Responsible Investment: continuing the improvement of the Fund’s sustainability performance

Diversification guidelines and investment restrictions

The Fund applies a defined set of diversification guidelines and 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	94.0% 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 € 5.7 billion	Compliant
< 10% invested in non-core (non-residential) properties	Investments in non-core properties are 0.8%	Compliant
< 10% pre-finance acquisitions	Investments under construction stand at 9.7%	Compliant
No investments that will have a material adverse effect on the Fund’s diversification guidelines	There were no investments in 2018 that have a material adverse effect on the Fund's diversification guidelines	Compliant

Portfolio developments 2018 in perspective

Overview of Fund plans

	Plan 2018	Result 2018	Result 2017
Income return	2.5%	2.6%	2.8%
Capital growth	6.7%	15.6%	12.8%
Total Fund return	9.2%	18.1%	15.6%
Occupancy rate	97.1%	97.5%	97.8%
Investments	€ 200 million	€ 432 million	€ 244 million
Divestments	€ 75 million	€ 46 million	€ 63 million
Funding	€ 350 million	€ 433 million	€ 215 million

Investments and divestments

Acquisitions

As a result of our active focus on the acquisition of new properties, we were able to make 12 excellent high-quality acquisitions in 2018. Investments totalled around €480 million in 2018, which was €280 million above plan. We acquired a total of 1,447 homes (1,279 apartments and 168 family homes). Besides the purchase price, matters such as reliability, vigour and expertise are highly appreciated in the market. It is very important to also stand out in deal security, efficiency and rapid (legal) structuring and decision-making. All these aspects played a role in achieving these results. The acquisitions are funded by the commitments of new shareholders, a top-up of commitments by existing shareholders and through divestments. All of the acquisition properties are located in the Fund's core regions, with six (1,272 homes) located in the Randstad:

- 1,279 apartments
- 168 family homes
- € 480 million investment volume

The assets we acquired in 2018 are described below.

Sluishuis

Amsterdam,
The Netherlands

Sluishuis, Amsterdam

Expected rental bandwidth: € 915 - € 1,430 (price level 2022)

The Sluishuis apartment building consists of 72 owner-occupier apartments and 369 liberalised rental apartments of which 221 will be rented out in the mid-rental segment. The apartments vary in size from 40 m² to 80 m². The Sluishuis complex will include space for a lunch cafe or restaurant and mooring for a number of houseboats. It is located at the head of the Steigereiland, the first part of IJburg, right next to the access/exit from Amsterdam's A10 ring road. Delivery is scheduled for 2022.

Hembrug

Zaanstad,
The Netherlands

Hembrug Zaanstad

Expected rental bandwidth: € 875 - € 1,465 (price level 2022)

The Hembrugterrein is a former Ministry of Defence site with around 43 hectares of land. This site is marked by its unique combination of industrial listed buildings and plentiful greenery. Together with the short distance to Amsterdam, this site is exceptionally suitable for the development of an attractive residential environment. The plan includes around 1,000 homes, together with commercial spaces. The residential component will comprise 350 newly build liberalised sector rentals, around 450 owner-occupier homes and roughly 200 government-regulated rentals. Delivery is scheduled for 2022.

De Monarch
Hoofddorp,
The Netherlands

De Monarch, Hoofddorp
Expected rental bandwidth: € 945 - € 1,260 (price level 2021)

The De Monarch project in Hoofddorp comprises an apartment building with 97 apartments, varying in size from 81 m² to 111 m², with 141 dedicated parking spaces. De Monarch is centrally located in Hoofddorp, on the edge of the existing Toolenburg neighbourhood. The complex is located amidst (new build) homes, a senior school and a sports complex. Residents will have access to various retail options and nearby cultural and recreational facilities, as well as good public transport connections. Delivery is scheduled for end-2020.

Ebbingekwartier 7 & 9A
Groningen,
The Netherlands

Ebbingekwartier 7 & 9A, Groningen
Expected rental bandwidth: € 865 - € 1,245 (price level 2020)

The Ebbingekwartier is a new-build residential area in the former CiBoGa (Circus, Boden & Gas) site in Groningen. The project is located next to the Student Hotel, just a few minutes' walk away from the centre of Groningen. The two complexes in the Ebbingekwartier (buildings 7 and 9A) comprise a total of 59 apartments varying in size from 55 m² to 87 m². The ground floor of building 9A will be used as commercial space, with a child day-care centre and a branch of property developer Van Wonen. Delivery is scheduled for 2020.

Zonnehoeve
Apeldoorn,
The Netherlands

Zonnehoeve, Apeldoorn
Expected rental bandwidth: € 1,030 - € 1,230 (price level 2019)

Zonnehoeve Apeldoorn is a site in the green environment to the east of Apeldoorn, with other developments in the immediate environment. These 41 houses have an average floor space of 143 m² and offer ample space for young families. The project is located on the Groene Voorwaarts road, with the A50 a two-minute drive away and railway station De Maten a one-minute cycle or six-minute walk away. Delivery is scheduled for 2019.

Velperparc
Arnhem,
The Netherlands

Velperparc, Arnhem
Expected rental bandwidth: € 915 - € 1,190 (price level 2020)

The Arnhem Velperweg project comprises an apartment complex on the former Nederlandse Kunstzijdefabriek (eNKa) factory site. This complex consists of 36 homes varying in size from 75 m² to 109 m². The Velperpoort railway station is a four-minute cycle-ride away and the A12 motorway is a seven-minute drive away. Delivery is scheduled for end-2019.

Houthavenkade
Zaanstad,
The Netherlands

Houthavenkade, Zaanstad
Expected rental bandwidth: € 880 - € 1,320 (price level 2022)

The Houthavenkade project is in a central location in Zaandam, at the edge of the city centre. On the east side, the location is adjacent to the port with its connection to the so called Voorzaan, while on the south-west, the site is adjacent to the Provincialeweg and the Ahold head office. The location is currently still home to companies and light industry. The project comprises an apartment complex of 284 apartments, varying in size from 49 m² to 115 m², 199 parking spaces and 354 m² of commercial space. The project will help respond to the housing demand in Zaanstad and its core Zaandam and, like the Hembrug project, provide opportunities for home seekers from elsewhere in the Amsterdam metropolitan area. Delivery is scheduled for 2022.

Zandven & Huysackers
Veldhoven,
The Netherlands

Zandven & Huysackers, Veldhoven
Expected rental bandwidth: € 1,050 - € 1,175 (price level 2020)

The Zandven location (22 houses of around 122 m²) is the final section of the expansion of the De Kelen neighbourhood. The Huysackers location (17 houses varying in size from 120 m² to 135 m²) is the first phase of the expansion of the Zilverackers neighbourhood. The entire area, with a total of 430 new homes, is highly sustainable and all the homes will be energy-neutral. The neighbourhood is also within easy cycling distance of the shops on Kromstraat and various schools and sports facilities. Delivery is scheduled for 2020.

Rachmaninoffhuis
Utrecht,
The Netherlands

Rachmaninoffhuis, Utrecht
Expected rental bandwidth: € 925 - € 1,445 (price level 2020)

The Rachmaninoffhuis is located in the green area of Welgelegen, a neighbourhood that is transitioning from an office environment to a mixed residential and work area with a direct connection to the Oog in Al neighbourhood. The project involves the transformation of former city offices into a residential building with 132 apartments. The project is less than a 10-minute bike ride from the Domtoren at the heart of Utrecht's city centre. A total of 53 of the apartments (40% of the project) will be rented out in the mid-rental segment. Delivery is scheduled for 2020.

Jeruzalem
Amsterdam,
The Netherlands

Jeruzalem, Amsterdam
Expected rental bandwidth: € 1,375 - € 1,820 (price level 2020)

The Park Jeruzalem plan entails the redevelopment (demolition / new construction) of the G and H blocks in the Watergraafsmeer area in the east of Amsterdam. The site is located in Tuindorp Frankendael/Jeruzalem and is immediately adjacent to Park Frankendael. The project comprises 38 family homes, ranging in size from 98 m^2 to 104 m^2, two apartments of 77 m^2 and 108 m^2 and one 93-m^2 commercial space. The homes will be built around a communal garden, designed in the style of landscape architect Mien Ruys. The project is in the vicinity of Bouwinvest properties Jeruzalem block I, with 24 houses (Residential Fund), and the Ingenhouszhof (Healthcare Fund). Delivery is scheduled for 2020.

Investments
In 2018, the Fund added a total of 906 apartments and 211 family homes to its portfolio. See below for a list of the new properties in the portfolio.

Properties added to the portfolio

Property	City	No. of residential units
Malburgen Nieuwe A	Arnhem	29
Pontsteiger	Amsterdam	252
Bloemfontein (De Werf B)	Amsterdam	28
Doha (De Werf D)	Amsterdam	62
Parking (De Werf H)	Amsterdam	0
Parc Valere	Helmond	75
Vrij Werkeren	Zwolle	46
Liverdonk	Helmond	26
Ceuta (De Werf C)	Amsterdam	180
Ivens Studios	Amsterdam	70
Zijdebalen III	Utrecht	73
Vredenburgplein	Utrecht	11
State II (Kop Weespertrekvaart)	Amsterdam	102
Elias Beeckman Kazerne	Ede	64
De Kreek	Oosterhout	30
De Grassen I	Vlijmen	23
Van der Marckhof	Utrecht	46

Divestments
In 2018, the Fund signed two agreements for the sale of a total of seven properties (437 family homes and 171 apartments) for an amount of approximately € 127.5 million, which was higher than the asset value. One property has already been delivered, resulting in a divestment of € 46 million in 2018. Delivery of the other six properties will take place in the first quarter of 2019. As our acquisitions in 2018 were higher than the plan, we increased our divestments slightly. The decision to sell residential complexes is largely driven by the returns they are expected to generate over the next ten years. Factors that lead to the decision to sell include the location, the product/market combination, the potential to increase the rents and the local rental market.

Following our annual hold-sell analysis, Bouwinvest decided to sell the following properties:

Properties sold

Property	City	No. of residential units
De Witte Keizer	Rotterdam	107
*West Ede	Ede GLD	116
*Peelo I	Assen	92
*Hagerhof West	Venlo	73
*Hoogeveen	Hoogeveen	64
*Brouwerhof Zuid	Valkenswaard	116
*Tolberg	Roosendaal	40

** contract signed, delivery in Q1 2019*

Active asset management
A key element of Bouwinvest's active asset management approach is our continuous efforts to achieve an optimal fit with tenants' needs through engagement with our tenants and their evolving housing desires as identified by the marketing and asset management team. Bouwinvest has therefore divided the tenant population of the

portfolio into six specific customer segments. These segments differ significantly and are based on lifestyle, housing ambition and housing preferences.

We are convinced that our marketing approach is one of the reasons that almost all new properties added to the portfolio were fully let before completion and the overall average long-term financial occupancy rate is 97.5%.

Among other things, the active asset management activities led to:

- Optimised rent levels by using the market opportunities we identified
- Reduction of regulated rental contracts
- Increasing sustainability through the placement of solar panels at a number of properties and measures aimed at increasing sustainability during maintenance activities

Portfolio diversification

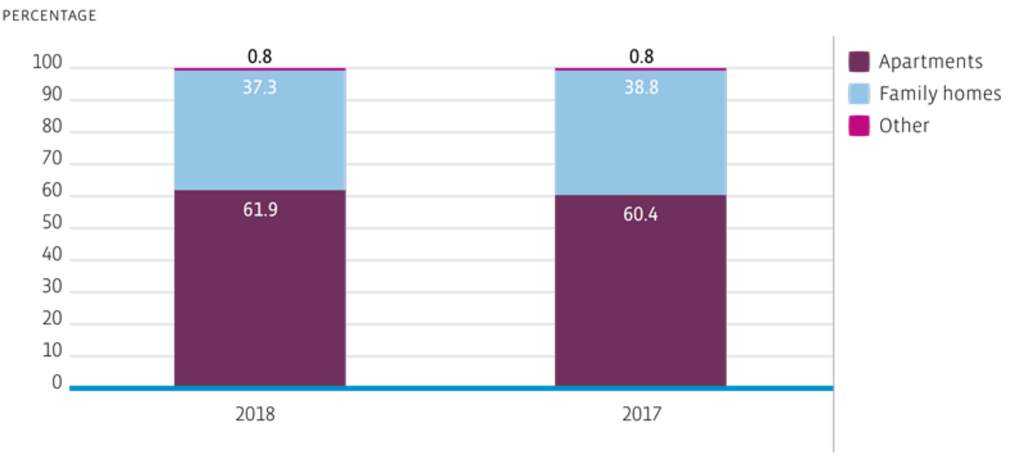
Portfolio composition at year-end 2018:

- A total of 17,174 homes (256 properties) across the Netherlands
- Total value investment properties of € 5.2 billion

Type of property

The Fund aims for a balanced mix of family homes and apartments, catering for the needs of couples, single occupiers and families alike. In 2018, the Fund bought and sold both family homes and apartments. Compared with 2017, the proportion of apartments in the total portfolio had increased at year-end 2018 (2018: 61.9% 2017: 60.4%). Due to our focus on inner-city areas and the fact that apartment complexes are almost always larger than projects involving houses, the proportion of apartments will continue to grow for the foreseeable future.

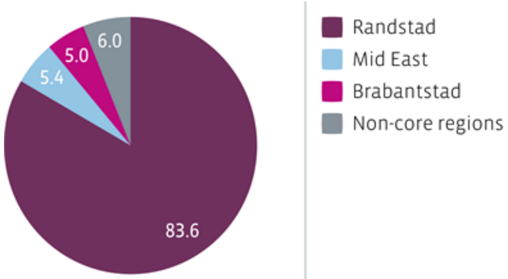
Allocation of investment property by type of property based on market value



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 plan 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 the acquisitions and divestments we made in 2018, close to 94% of the portfolio value was located in these core regions, with by far the greatest part (83.6%) located in the core region of the Randstad urban conurbation. This is compliant with the Fund's guideline that a maximum of 90% can be invested in the Randstad conurbation.

Allocation of investment property by core region based on market value



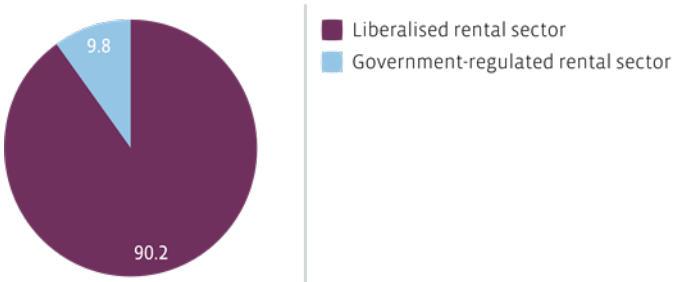
The Fund constantly refines its long-term regional focus. This involves anticipating and responding to long-term trends that may affect the value of the portfolio, such as the growth in the number of households, the ageing population and steadily increasing urbanisation. The Fund's core regions include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

Rental segments

As a result of active asset management, investments and divestments, the percentage of liberalised rental homes in the portfolio increased slightly to 90.2% in 2018, from 88.9% in 2017.

Allocation of investment property by type of rent based on rental contract

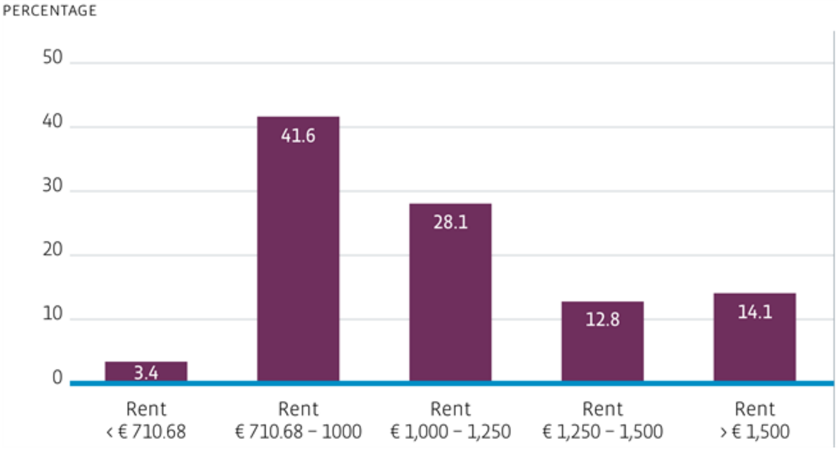
PERCENTAGE



Price level

With a slightly increased average monthly rent of € 1,055 in 2018, the Fund's focus continues to be on the mid-rental segment. Around 73% of the portfolio has a monthly rent of between € 711 and € 1,250 and more than 40% consists of homes in the mid-rental segment (between € 711 and € 1,000). Following the acquisition of 1,447 homes in 2018, 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 no longer qualify for government-regulated rental housing are still finding it difficult to buy homes due to the sharp rise in house prices and the lack of affordable supply, especially in the Randstad. In addition to this, the rental market gives tenants 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.

Allocation of investment property by price level based on rental income

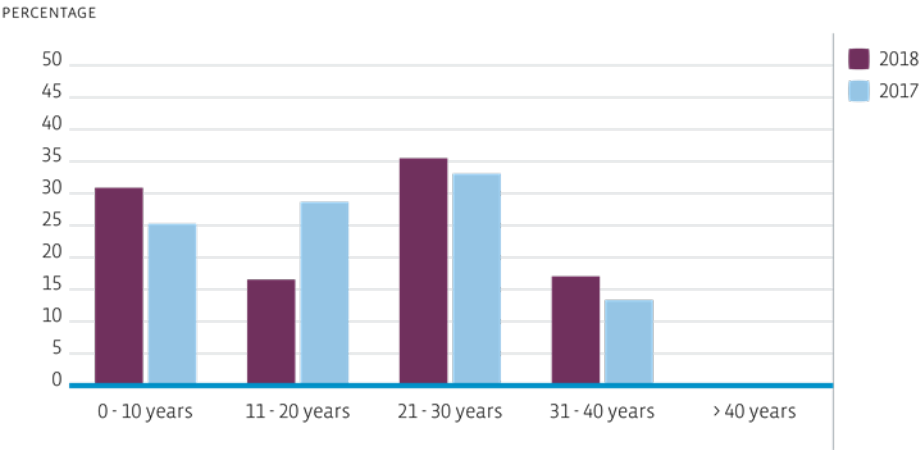


Age

As a result of the refreshment of our portfolio in 2018, the weighted average age of the portfolio increased slightly compared to year-end 2017 (18.2 years in 2018 versus 17.9 years in 2017).

Although we have a disposal plan of around € 300 million for the coming years, the weighted average age of the portfolio is expected to increase in the future, due to the ageing of the total portfolio. Older assets that still generate good returns are held in the portfolio and are kept up-to-date through refurbishments, including new bathrooms and/or kitchens, together with measures designed to increase energy efficiency and cut carbon emissions.

Allocation of investment property by age as a percentage of market value

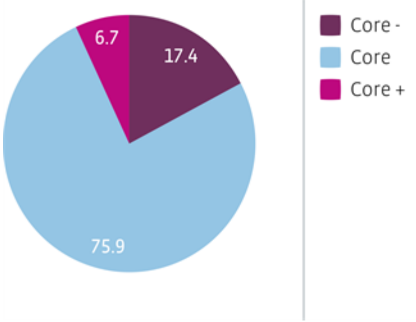


Allocation by risk

In 2018, 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.

Allocation by risk

PERCENTAGE



Financial occupancy

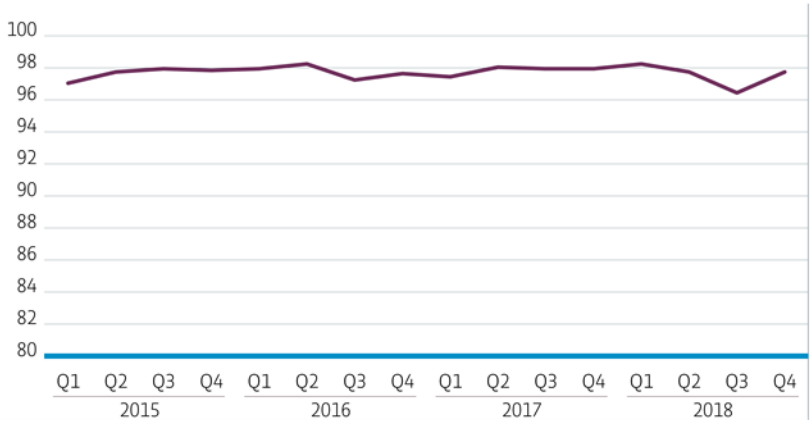
A key element of Bouwinvest's active asset management is our aim to achieve an optimal fit with tenants' needs by engaging with (potential) tenants and adapting both new and existing homes to the evolving housing desires identified by our marketing and asset management teams. Bouwinvest has therefore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

Furthermore, the Fund is devoting a great deal of time and energy to online lead generation. Potential tenants are increasingly turning to the internet as their (first) search engine for rental homes. On the basis of the customer journeys we mapped out for our target groups, we invested in the optimisation of the rental process and our online presence via the continued development of websites using Search Engine Optimisation (SEO), Marketing Automation and a CRM system. We have now fully digitalised the customer journey for all new-build projects, simplifying the entire process and making it fully transparent, both for us and for our customers.

We are convinced that this approach, combined with high-quality housing products in the best locations, is the main reason that virtually all new properties added to the portfolio were fully let before completion and the overall financial occupancy rate is a very satisfying 97.5%.

Financial occupancy rate

PERCENTAGE



Financial performance in 2018

Total return

The Fund realised a total return of 18.1% in 2018 (plan: 9.2%; 2017: 15.6%) consisting of 2.6% income return (plan: 2.5%; 2017: 2.8%) and 15.6% in capital growth (plan: 6.7%; 2017: 12.8%). The total return came in at € 878.0 million (plan: € 429.5 million) up from € 637.6 million in 2017, while the Fund's invested capital was 21.3% higher at € 5,762 million (plan: € 5,306 million), compared with € 4,752 million in 2017. The capital growth is less than the nominal growth, as the nominal growth also consists of additional capital called. The main drivers for income return and capital growth are explained in more detail below.

Income return
The Fund realised an income return of 2.6% compared to 2.5% in the Fund Plan (2017: 2.8%). The income return is the balance of increased net rental income from assets and increased Fund and finance costs. Net rental income of € 153.9 million was € 10.7 million higher than plan of € 143.2 million (2017: 137.3 million). Fund and finance costs came at € 28.5 million compared to € 26.3 million in plan (2017: € 23.3 million).

Existing assets at the start of 2018 contributed an additional € 7.9 million to the gross rental income. The addition of 12 assets to the investment portfolio added € 6.7 million to the gross rental income.

Fund costs (administrative expenses) were higher in 2018, mainly as a result of the higher management fee expenses, which is directly related to the growth of the Fund's invested capital.

Capital growth
The Fund's capital growth as percentage came in at 15.6% in 2018, compared to 6.7% in plan (2017: 12.8%). This capital growth is the result of the value growth of the portfolio, which is the result of a combination of increased net rental income as described above, higher vacant values driven by higher demand from the owner-occupier market and continued high investor appetite leading to yield compression. Value growth in the Netherlands was the highest in the Randstad. The fact that 84% of the Fund's portfolio is located in the Randstad region played a major role in the higher valuations. At the same time, areas outside the Randstad have also shown significant value growth

Property performance
The total property return came in at 19.1% in 2018 (plan: 9.9%; 2017: 16.7%) consisting of a 3.1% direct property return (plan: 3.0%; 2017: 3.3%) and a 15.6% indirect property return (plan: 6.8%; 2017: 13.0%), which was higher than the MSCI Netherlands Property Index return of 18.6%. The reason for these returns are explained above, under income return and capital growth.

The Fund return (INREV) and property return (MSCI) 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 MSCI methodology as a percentage of the value of the investment properties. For example, INREV includes cash, fee costs and administrative costs in the calculation of the income return (INREV). Furthermore, the amortisation of acquisition costs is treated differently by INREV and MSCI.

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 2018, 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 accordance with Bouwinvest's treasury policy in 2018, to manage the Fund's liquidity and financial risks. The main objectives of the treasury management activities were to secure shareholders' dividend pay-out, ensure other obligations could be met and to manage the Fund's cash position.

At year-end 2018, the Fund had € 25 million freely available in cash and € 20 million in a 30-day deposit.

In 2018, the Fund's cash position declined by € 130.3 million compared to year-end 2017. In 2018, the Fund paid out € 121.9 million in dividend to its shareholders. In 2018, the Fund also made four capital calls for a total amount of € 254 million.

Interest rate and currency exposure
In 2018, the Fund's bank balances were affected by negative interest rate developments. To minimise the impact of the negative interest rates on its bank balances, the Fund used 30-day bank deposits in 2018.

As the Fund had no external loans and borrowings, nor any foreign currency exposure in 2018, the Fund had no exposure to interest rate risks or currency exposure risks. The interest rate risk related to bank balances is limited for the Residential Fund.

Dividend and dividend policy

The Bouwinvest Board of Directors proposes to pay a dividend of € 94.99 per share for 2018 (2017: € 90.82), which corresponds to a pay-out ratio of 100%. It is proposed that the dividend be paid in cash, within the constraints imposed by the company's fiscal investment institution (FII) status. Of this total dividend, 75.2% was paid out in 2018, with the interim quarterly instalment paid out on 5 March 2019. The remainder of the distribution over 2018 will be paid out in a final instalment on 2 May 2019, following approval by the Annual General Meeting of Shareholders to be held on 24 April 2019.

Tax

The Fund qualifies as a fiscal investment institution (FII) under Dutch law and is as such subject to corporate tax at a rate of zero percent. Being an FII, the Fund is obliged by law to distribute one hundred percent of its distributable result annually.

The Fund met its obligations related to value added tax, transfer tax and other applicable taxes in their entirety in 2018.

Outlook

Housing market remains under pressure

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

With respect to the liberalised rental market, there is still a major lack of supply, especially in the mid-rental segment, and pressure on this segment of the market is therefore also increasing. However, affordability, in both the rental and the owner-occupier markets is becoming a serious issue in the major cities. The same applies to liveability. Bouwinvest is therefore monitoring these situations very closely.

Yield compression continues

Investor demand for residential property remained very high and resulted in record high investment volumes in 2018 and continued yield compression. Taking the prolonged investor interest for this sector into account, there is little reason to expect this to change in the short term.

However, the pressure on this market is making it increasingly difficult for institutional investors to purchase residential property in the largest cities, as it is becoming more and more difficult to meet their internal investment hurdles. Institutional investors have therefore increased their focus on new-build residential projects and second tier cities and this is likely to continue in the period ahead.

Political and economic uncertainty provides for risk

Bouwinvest has noted that new (local) policies related to the mid-rental segment are having an ever increasing impact on new acquisitions. Additional requirements are all having an impact on investment cases and the feasibility of any targeted returns. On the other hand, we do expect the mid-rental segment to have a low-risk profile in view of the strong and stable demand.

In addition to political intervention, a key risk is any potential change in the Dutch economy and the investment climate. The effect of any sudden and unexpected changes that have a negative impact on the economy constitute the greatest danger to the broader financial markets and in turn to the various real estate markets, including the residential market.

Sustainability goes mainstream

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

The Fund is well positioned for the future

Due to our approach

Although the market is changing rapidly, we are still able to maintain a constant and substantial flow of investment opportunities. This is mainly a result of our professional relationship management, thanks to which we have a comprehensive network of contacts with vendors, real estate developers, real estate agents, corporations and, last but not least, local municipalities.

Over the past few years, we have seen a sharp decline in the willingness of developers to sell homes to investors. Comparable owner-occupier homes are now generating higher returns, or developers are looking to maximise profits and are therefore increasingly choosing to sell to investors via tenders. Furthermore, institutional parties in particular are focusing en masse on the same areas (i.e. the Randstad and Brabantstad urban conurbations) and the same products (mid-rental segment), because this mix offers the most favourable investment perspectives.

However, we do see that in addition to the purchase price, other criteria also come into play when a developer selects an investor. Matters such as reliability, vigour and expertise are highly appreciated and it is extraordinary important to stand out in terms of deal security, efficient and rapid (legal) structuring and decision-making. On these fronts, the Fund has a very good track record and we are therefore confident that we will be able to maintain the high quality level of the portfolio and keep it future proof.

By our focus on affordability

With approximately 73% of the portfolio having a monthly rent of between € 711 and € 1,250 and more than 40% having a monthly rent in the mid-rental segment (between € 711 and € 1,000), the Fund's focus on affordability is very clear. However, we expect to continue to expand in this segment by focusing even more explicitly on the mid-rental segment when considering or making acquisitions.

Due to our focus on sustainability

In 2018, we once again retained our GRESB 4-star sustainability rating. However, the Fund's goal is to obtain a GRESB 5-star rating in 2020. This will keep the Fund highly sustainable and make a positive contribution to the United Nations' Sustainability Development Goals (UN SDGs).

Due to our active asset management

In addition to our acquisitions and divestments, we will continue to optimise our standing portfolio through active asset management aimed at maintaining and increasing the value of that portfolio. Our focus will be on the environmental and social sustainability of the homes in our portfolio. Furthermore, we will continue to devote a great deal of attention to developing and maintaining even closer relationships with our tenants. Customer care deserves even more attention than we give it now, and we will do our utmost to optimise and safeguard the quality of the care we provide for the long term.

Amsterdam, 20 March 2019

Bouwinvest Real Estate Investors B.V.

Dick van Hal, *Chief Executive Officer*
Arno van Geet, *Chief Financial and Risk Officer*
Allard van Spaandonk, *Chief Investment Officer Dutch Investments*
Stephen Tross, *Chief Investment Officer International Investments*

Apartments and family homes

Nijmegen
the Netherlands
Onder Onnes

Responsible investing

Introduction, ambition and strategy

We believe Responsible Investment is about all employees and affiliated organisations taking the initiative to help improve the environment and society. The built environment consumes around 40% of the world's energy and accounts for up to 30% of the world's annual GHG emissions. Additionally, the building industry is a large user of raw materials. As a global real estate investor, we feel it is part of our responsibility to help find solutions. To contribute to a CO_2-neutral, sustainable, circular, resilient and healthy living environment, and to enhance stakeholder value by investing in sustainable real estate.

Long-term climate change ambition: near 'energy neutral' portfolio before 2045

The Fund endorses the area-focused approach proposed by the Dutch government. In the period through 2021, the Fund plans to start a number of pilots to gain experience in making existing homes natural gas-free or natural gas-free-ready. The projects under construction the Fund has acquired are virtually all natural gas-free. And all but one of the current acquisitions are natural gas-free. Whenever gas-powered installations are replaced in the coming years, we will weigh the feasibility of replacing these with (nearly) natural gas-free installations.

Before 2021, local municipalities will have to draw up their visions for providing sustainable heating, indicating per area (district/neighbourhood) the future heating source and when this will be available. In the period 2019-2021, the Fund will draw up a 'Paris Proof' roadmap 2030/2050 to determine how we will use smart methods to make the entire portfolio near energy neutral before 2045 (average energy index of 0). The basic premise of this initiative is that any improvements are affordable, fit into our maintenance cycle and are aligned with the area-focused approach of the municipal authority in question.

In addition to this, we will continue to make an active contribution to the concrete measures aimed at realising the climate agreement and regional plans via various channels (including the Dutch Association of Institutional Property Investors, IVBN, and the Dutch Green Building Council).

To make a start, we have formulated the following 'Paris-proof' objectives for the mid-term:

- 2021-2030: a year-on-year 5% reduction in GHG emissions for the total portfolio (general and tenant consumption)
- 2030: at least 50% of our homes are natural gas-free
- 2030: our portfolio has an average energy label A (energy index <1.0)

Strategy: obtain GRESB 5-star rating in 2020

Our long-term strategy to keep the Fund highly sustainable and achieve a GRESB 5-star rating, is based on three main pillars:

Continued improvement of the Fund's sustainability performance

Investing in sustainable real estate

Sustainable real estate funds and buildings help to alleviate climate change and provide broader social, economic, environmental and health benefits. We believe that by focusing on societal returns in the locality of our investments, they will keep their value in the future and that, in turn, will guarantee our long term financial performance.

Enhancing stakeholder value

From investor to tenant, shareholder to local and national government official, from suppliers to local operators and regulators to communities, Bouwinvest endeavours to have long-term alliances with our stakeholders because we believe collaboration is essential for future success. We encourage our partners to share our values as part of our commitment to good stewardship.

Being a responsible organisation

We recognise that dedicated and hard-working employees are crucial to ensuring we meet our goals and we do our best to create a pleasant and encouraging atmosphere at work. Our strict corporate governance, risk and control programmes guide our responsible business practises.

The Residential Fund's goal is to obtain a GRESB 5-star rating in 2020, rather than retaining a GRESB 4-star rating as stated in the Fund plan 2018-2020. This will keep the Fund highly sustainable and make a positive contribution to the United Nations' Sustainable Development Goals (UN SDGs), which include Sustainable cities and communities (SDG 11), Affordable and clean energy (SDG 7) and Decent work and economic growth (SDG 8).

Summary of Responsible Investment

The Fund has targets in accordance with its Responsible Investment objectives and long-term climate ambitions. In 2018, the Fund made significant progress on its Responsible Investment objectives and targets, as shown in the table below. The 2018 results according to INREV sustainability guidelines are explained in the following sections. For more detailed information, please see the Responsible Investment performance indicators on page 111 of this annual report.

	Results responsible investment 2018
Continued improvement of the Fund's sustainability performance	We improved our GRESB score by 5 points (total 79 points) and retained our GRESB 4-star rating.
Investing in sustainable real estate	59.2% of our investments have GPR Building certificates.
	In 2018, we realised a 1.7% like-for-like reduction of energy consumption. Installed a total c. 5,300 kWp in solar panels. This resulted in 98.0% green label portfolio with an average energy index of 1.22.
Enhancing stakeholder value	Tenant satisfaction survey: 2018 = 7.1, 2017 = 6.8
	30.1% of our construction sites are registered under Considerate Constructors Scheme ('Bewuste Bouwer').
Being a responsible organisation	Zero incidents and sanctions as a result of non-compliance

Continued improvement of the Fund's sustainability performance

At Bouwinvest, we believe that we cannot ensure long-term successful investments without taking the needs of society into account, as the two are inextricably linked. To make sure we are making the maximum effort to ensure healthy societal and financial returns, we monitor our investment and operational performance using the internationally accepted GRESB benchmark.

We believe an above-average sustainability rating, GRESB 4 or 5-star rating, makes the Fund highly sustainable and actively contributes to meeting the UN's Sustainable Development Goal 11: Sustainable cities and communities.

In 2018, the Fund retained its 4-star status (on a scale of 1-5). The Fund scored particularly highly on implementation and measurement, beating the peer group on both these fronts. The Fund also performed substantially better than its peers on management and building certification. In 2018, we improved our overall score to 79 from 74 in 2017. Although the Fund still slipped to 9th from 7th in the overall standings, its score put it two points above the peer group average. The Fund is currently investigating how to further improve its score in the coming years.

Target on continued improvement of the Fund's sustainability performance	
Annual improvement of overall GRESB score	Achieved. +5 points (79/100), 4 out of 5 star rating.

Investing in sustainable real estate

Our sustainable real estate strategy is built on two pillars: certified sustainable assets and the reduction of environmental impact. Sustainable real estate helps to combat climate change and generates broader social, economic, environmental and health benefits. We are convinced that our approach reduces risk, increases client returns and makes our real estate assets and portfolios more attractive.

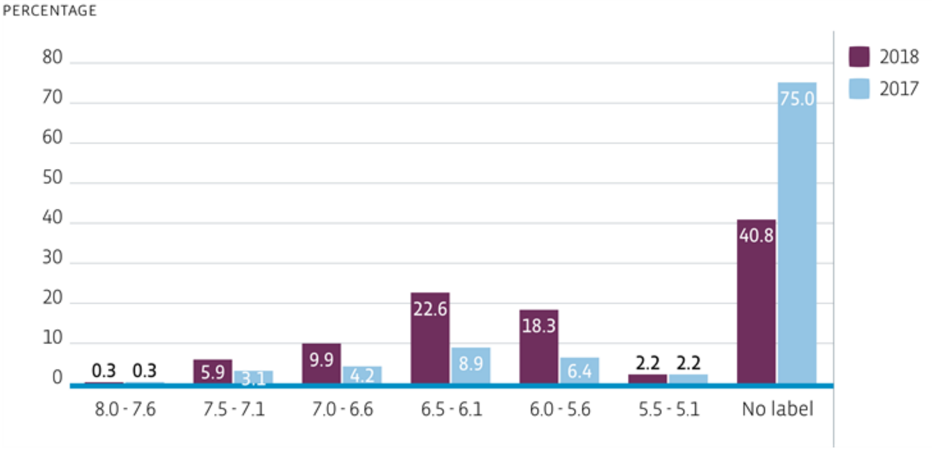
Sustainable buildings

Sustainable building certificates enable us to show where we are in terms of sustainability at asset level and how far we still have to go. We use internationally accepted sustainability certificates to measure and assess the overall sustainability of our assets. Benchmarks help us to make informed business decisions to mitigate environmental, social and governance risks and enhance our long-term returns. Certificates such as GPR Building measure criteria that go beyond legislative requirements and provide us with instruments to encourage more responsible tenant behaviour, such as cutting waste and reducing energy consumption.

The Fund uses GPR Building software to measure and assess the overall sustainability of its buildings. The GPR reports on five performance indicators: Energy, Environment, Health, Quality of Use and Future value, and assigns a score for each performance indicator on a scale of 1 to 10. When used on existing buildings, GPR makes it very easy to identify potential quality improvements following sustainability-related measures. This in turn makes it very easy to compare various scenarios and the outcome of any measures, which enables us to choose the most (cost) effective measures, both in terms of sustainability and the long-term return on investment.

In 2018, 59.2% of the portfolio (% of m² lettable floorspace) received a GPR label with an average score of 6.3.

GPR scores (% of lettable floor space)



Targets on sustainable buildings & Investments	
100% GPR building labelled portfolio by end 2019	On track: 59.2% of the homes (2017: 25%).
Acquisitions and major renovations/ redevelopments minimum GPR building 7.5	Achieved.

Reduction of environmental impact

We are committed to making environmental stewardship an integral part of our daily operations and strive to reduce both our direct and indirect environmental footprint. Energy consumption accounts for a large proportion of a building's environmental footprint. Data measurement and consistent reporting via certification schemes help us to increase our buildings' energy efficiency and reduce the associated costs, in cooperation with our tenants. We have adopted maintenance strategies that include modern, energy-efficient heating, cooling and lighting systems.

Energy efficiency is the most cost effective way for the Fund to reduce carbon emissions but we also encourage the use of renewable energy sources. We buy certified green electricity and are boosting alternative energy use.

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

Sustainability improvements

By selecting and focusing on the top 50 largest energy consuming assets and installing LED lighting and relocation sensors, the Fund is on track to meet our environmental target.

On top of this, last year the Fund acquired a total of 410 homes that will have an energy index of zero upon completion. This will improve the average energy index of our total portfolio. This will put the Fund among the most sustainable residential funds in the Netherlands.

Monitoring performance

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

The Fund has set clear targets for the reduction of its environmental impact in the period 2018-2020:

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

Renewable energy production

The Fund has steadily increased the generation of solar power, both for new properties and existing family homes. We have already achieved our goal for 2020 and we have included more ambitious goals in our Fund Plan for 2019-2021. From this moment on, we will fit all existing apartment buildings with solar power. We are also considering pilot projects for the storage of solar power in batteries. In 2018, we made 70 homes near carbon-neutral-ready by supplying air-source heat pumps to drastically reduce natural gas consumption.

Energy consumption and GHG emissions

In 2018, the Fund managed to cut electricity consumption by 1.8% (2017: 0.5%) and total energy consumption by 1.7% (2017: 1.7%), 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.

Water consumption

The Fund's standard programme of requirements includes water-saving fittings, and we are also investigating the potential use of water buffering and partly recycled (non-drinking) water, for instance for the maintenance of green areas. When we replace a bathroom, toilet or kitchen, we always include the installation of water-efficient sanitary. We take a strategic approach to water management because this enhances the efficiency, resilience and long-term value of our investments. The Fund is committed to reducing water consumption, maximising the reuse of water and preventing water pollution and flooding.

Waste

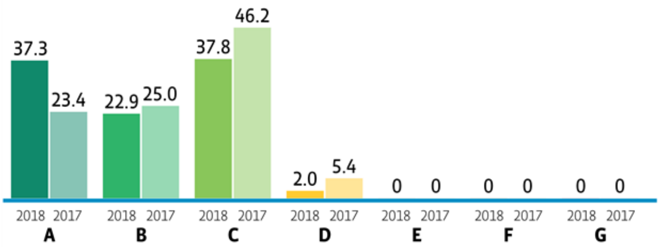
The Fund aims to manage waste at its properties responsibly. We encourage our tenants to minimise and recycle waste. We provide recycling bins and encourage the reuse of plastics, metal and other materials.

Green portfolio

In line with the target we set for 2018 related to sustainability at asset level, the Fund now has a 100% green portfolio, as all assets have now received EPC labels A, B or C*. This followed measures to improve the sustainability of 170 homes with a D label, plus the disposal of a number of homes that did not qualify for green labels. The distribution of energy labels in the portfolio is shown below. Investment properties under construction are excluded from this overview. The Fund expects those properties to receive an energy label A upon delivery.

* *Three assets with an EPC label D were sold in 2018 but will be delivered in the first quarter of 2019. Therefore, the graph still shows the existence of D labels in the portfolio.*

Distribution of energy labels by unit (%)



Targets on reduction of environmental impact	
Doubling energy generated on location in 2020 compared to 2016 (404 kWp)	Achieved: year-end 2018 c. 5,300 kWp.
Reduce average annual environmental impact with 2% per year	Energy -1.7% GHG emissions -1.8%
100% green portfolio (A, B, C energy labels) in 2018	98.0% 100% (excluding buildings sold in 2018 but with deed delivered in 2019)
10 zero on the meter projects by 2020	Behind track. Three projects.

The Fund redefined these targets in the Fund Plan 2019-2021 in such a way that we are now aiming to receive Energy label A for at least 65% of the portfolio (energy-index <1.2). We also raised the target for renewable energy generated by solar panels to 12,000 kWp by the end of 2021. The target for energy reduction is now 5% per year to put the target in line with (international) climate goals (reduction of 95% of CO_2 in 2050 compared to 1990). The target for the zero-to-the-meter housing projects has been broadened to better match current developments: in the period 2019-2021, 70% of newly-signed acquisitions (€) will be near 'energy neutral' projects ('BENG'-proof).

Enhancing stakeholder value

Bouwinvest endeavours to optimise long-term alliances with our stakeholders. We have put methods and means in place to understand, meet and respond to our stakeholders needs and to take to heart the issues that our stakeholders find important. In addition to this, we take an active approach to raising environmental, social and governance awareness throughout the real estate industry.

Engaging with stakeholders

At Bouwinvest, we believe that the best way to engage our stakeholders is through open and transparent dialogue and positive collaboration that cements long-term returns on investment and maximises our positive impact.

In 2018, we once 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, complaints and repair procedures, the quality of the properties and the living environment. Last year, 2,074 tenants (39% of those asked to participate) responded to the survey. However, the method used to calculate the score of the IVBN benchmark was adjusted in 2018. This resulted in an overall score from our tenants of 7.1, which put us slightly above the benchmark. However, this score is not really comparable to the previous year's score, as the component complaint handling was then part of the benchmark. As in previous years, the handling of complaints was the biggest 'dissatisfier' for tenants. We will continue to devote particular attention to this point and we will launch a tenant portal (see below) to streamline and simplify complaints procedures. The tenants said they were most satisfied with the quality of their homes and the immediate living environment. Bouwinvest's scores on virtually all points were equal to the IVBN benchmark.

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

Testing the boundaries

One of the biggest dilemmas the Fund shares with other real estate investors on the sustainability front is deciding how to invest, how much to invest and what technologies or innovations to invest in to create the most sustainable portfolio possible, both in terms of positive environmental and social impact and in terms of sustainable long-term returns on our investments. This dilemma, which translates into a constant stream of choices and decisions, informs virtually everything we do to make the Fund and the residential portfolio more sustainable. Every decision related to investments in energy-saving, GHG emissions reduction or positive social impact has to be balanced against our primary goal, which is to generate healthy long-term returns for our shareholders and their stakeholders. We want the Fund and our assets to be as sustainable as they can be, but how much we can invest is always limited by the potential impact on returns. On top of this is the question of how to invest, which can be about finding the best ways to reduce environmental impact and have a positive social impact both effectively and cost-efficiently. For instance, do we install solar panels on all of our homes? This in turn raises the question of whether tenants will be willing to co-invest in the form of slightly higher rents in exchange for lower energy bills. Another question is what is the best way to work with developers to maximise the sustainability of our new-build projects? Or with construction firms when we upgrade existing homes? We firmly believe that cooperation with our stakeholders will be the key to our success on this front.

Community and tenant engagement management

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

Surveys conducted in 2018:

- Mobility: parking wishes for cars, bikes, electric vehicles and car sharing.
- Sustainability: what is the sentiment of our tenants on the energy, climate and health fronts? In other words, "how green is their blood"? This research gives us insights into the opinions of our tenants on how we can make our homes more sustainable as an owner, but also as a tenant. Bouwinvest wants to work with the tenants to achieve these goals.
- Research into current social issues. In these surveys, we ask our tenants to indicate the importance of relevant social developments, such as the discussion on climate change. This helps us to determine which societal issues Bouwinvest should give the highest priority.

We share the results of each survey with our panel, and show them how we integrate their opinions in our policy. Last year, we developed a vision on how we can integrate research tools during the milestones (moments of truth) in our (digital) customer journey: from orientation to completion and the period afterwards. These tools are linked to our CRM system (in which we follow our leads) and enables us to receive quick, comparable and up-to-date feedback on the likes of residential concepts, communications during the rental process, satisfaction with the home, and current themes such as mobility, community building and sustainability.

Last year, we conducted five pilots among the residents of delivered projects. These covered the likes of satisfaction with rental process, delivery, home and living environment, services and facilities offered. In addition to a high response rate (on average 65%), these surveys generated about 100 new members for our tenants panel, a figure that increased further in the subsequent months. All these surveys provided us with greater insight. We use the results to optimise our processes and products and this in turn helps us to create added value for home-seekers and tenants, and all our stakeholders.

Tenant portal

In response to the results from previous tenants satisfaction surveys, in 2018 Bouwinvest unveiled plans to set up a tenants' portal, which will go live in 2019. This will provide tenants with a digital channel for repair requests, complaints, questions about homes and the living environment and information for existing tenants. We will be able to follow complaints procedures – and other procedures - much more closely, while tenants themselves will be able to monitor the status of their complaints.

These are all developments that make communications with our tenants more efficient and more effective, which we expect to improve tenant satisfaction. Of course, tenants will still be able to communicate with our property managers via traditional channels, as there is still a need for these channels, especially among our target group of elderly people.

The tenants' portal is part of our overall drive to meet the evolving needs of existing and future tenants. After all, one of the major trends in society is the ever-increasing demands people are putting on the service levels they expect. The standards for customer service are now being set by companies that provide their services via digital channels. This so-called 'Cool Blue' effect (named after a Dutch online retailer that has built its success on previously unparalleled levels of service) has now also made its entry in the real estate market in general and the residential rental sector in particular. The effect has been amplified by the higher rents being charged for rental homes and increased tenant expectations even further.

Following a survey conducted into the customer journey of our tenants, Bouwinvest has a much clearer picture of how our customer journeys run and, very importantly, where we can make improvements. For one, we have now fully digitalised this journey for all new-build projects, simplifying the entire process and making it fully transparent, both for us and for our customers. This has resulted in the optimisation of the initial rental process, but also provides a solid starting point for providing our existing tenants with a higher level of ease and convenience.

At the same time, we also believe that the human factor deserves more attention in rental and operational processes. When you manage something as personal as people's homes, how tenants are addressed, how we respond to requests in writing and the general attitude to customer service are all vitally important. Customer care deserves even more attention than we give it now, and we will do our utmost to optimise and safeguard the quality of the care we and our property managers provide for the long term. Our ambition is to ensure that in the future our tenants feel as if they are treated more like guests than as tenants.

Target on engage with stakeholders	
Conduct satisfaction survey for clients and tenants every two years. Satisfaction target > 7	2018 tenant survey conducted. Satisfaction score 2018: 7.1

Sustainable stewardship

We take an active approach to raising environmental, social and governance awareness throughout the real estate industry. We encourage our partners to enhance their sustainability performance. We focus on: health & safety at construction sites, active participation (memberships) in industry associations and community programmes. To further improve the climate for real estate investments, we are an active member of boards and committees of sector, industry and cross-disciplinary networks such as Neprom, IVBN, Holland Metropole, DGBC, INREV and ULI.

The Residential Fund applies the Dutch Considerate Constructors Scheme (Bewuste Bouwer) to almost one-third of new-build projects and redevelopments. This ensures that the contractors deal with the concerns of local residents and address safety and environmental issues during the construction phase.

The Fund's involvement in social and sustainability initiatives sometimes goes further than asset level. For instance, in November 2018, Bouwinvest unveiled plans to install around 300 heart defibrillators in and around properties in its residential investment portfolio in a new partnership with City AED - the organisation driving a nationwide campaign to increase rapid access to the equipment that can double survival chances in the event of cardiac arrest. Bouwinvest sees this as a clear opportunity to save lives among its own tenants and in local neighbourhoods.

Bouwinvest was the first company in the Dutch real estate investment sector to contribute to the establishment of a national AED (automatic external defibrillator) network, which it is estimated could save up to 2,500 lives every year in the Netherlands. The use of an AED offers the highest probability of survival within the first six minutes after a heart attack.

City AED will handle the placement of the defibrillators in suitable locations and the subsequent maintenance programme to ensure the equipment is always operable. Installation of the AEDs across Bouwinvest's portfolio started in late 2018 and will be completed in 2019.

Target on sustainable stewardship	
In 2020, 75% of construction sites (€) registered under Considerate Constructors Scheme ('Bewuste Bouwer')	On track. 30.1% of construction sites are registered. Five out of 12 acquisitions in 2018 have contractually agreed to register.

Too many options?

New technologies and innovations are emerging at a breakneck pace, creating a whole new dilemma. What new technologies will prove successful in the long run, or which start-ups will evolve successfully into fully-fledged businesses? Because many start-ups disappear almost as quickly as they appear announcing their arrival as the next big thing. What is certain right now is that new technologies and innovative products will pave the way to greater sustainability. The question remains, which ones?

With this in mind and in line with the Fund's strategy, Bouwinvest keeps a very close eye on innovative trends and developments, and is constantly on the look-out for innovations that can help us achieve the Fund's main (sustainability) goals. Following several pilots in 2017, we rolled out a number of enhanced pilots and services in our Amsterdam portfolio. A number of these pilots were rolled out in residential complexes delivered in the course of last year. What we have found so far is that implementing these services can be both time consuming and challenging. Most of the companies developing these new services are start-ups, and this can require a good deal of additional attention from our own organisation and our property managers. Nevertheless, the initial results are promising and we believe in the future value of these services. They offer new perspectives and we are therefore willing to invest time and money in them.

Parkbee

ParkBee has developed smart technology that opens up private car parks to the public, thus making them part of the sharing economy. The service enables us to offer parking at a special rate for tenants' visitors and others, as well as to generate extra income by optimising the occupancy rate of our parking garages. Customers enter our garages using the leading smartphone apps Parkmobile and Parkline, which also take care of the billing for the service. Income is shared on a monthly basis between Parkbee and Bouwinvest. Parkbee offers a sustainable contribution by reducing the number of cars searching for parking spaces and through a more efficient use of the built environment. In 2018, we added two locations to the one used during the initial pilot project.

Urbee

Urbee aims for a more sustainable city with lower CO_2 emissions, by building an e-bike-sharing network. Especially in urban areas, 80% of car rides are shorter than 20 km. This makes the Urbee service the perfect alternative for the car or other forms of motorised transport. Urbee enables us to offer our tenants a means of transport at a reasonable price. Our tenants have so far been enthusiastic about Urbee and the use of the service has been in line with our expectations.

Hello Energy

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

Bringme/MYPUP/others

These providers offer a service that enables us to offer our tenants a full-service mailbox within our larger apartment buildings. Our tenants can now send or receive mail, online shopping orders, etc. at any time from their own building, without having to go to a post office. Tenants can access and use the service via smartphone apps. Following an initial roll-out in 2018, we will have four locations ready for further testing in 2019.

Athlon Car2Use
Athlon Car Lease is developing a new service aimed at shared mobility solutions, such as car and bike sharing in combination with public transport. In cooperation with Athlon, we have set up two pilot projects to give us get a better idea of which services are the most is useful for our tenants. The two pilots went live in early 2019.

Rooftop Revolution
Rooftop Revolution is an organisation that has set out to connect and engage people in the transformation of rooftops into green areas. The aim is to help reduce the negative impact of excess water and heating use within urban areas and improve the living environment. Together with Rooftop Revolution, in 2018 we selected various types of rooftops within our portfolio for pilot projects. Our goal is to engage our tenants in making our buildings more sustainable, but also to perhaps help create tenant communities within our buildings. Following the selection of three locations from a quick-scan of seven, we polled our tenants to get an idea of their wishes. We expect to complete planning and start building our revolutionary rooftops in 2019.

Service Platforms & Community Engagement
Both as an investor and as landlord, we take our tenants' satisfaction very seriously. This is why we aim to deliver the best possible experience to our tenants at all times. To make sure we can do this now and in the future, we are approaching this subject as an integral part of our own goal of 'Future-proof Renting'.

In this respect, we believe that, apart from living in an excellent building, the overall experience of our tenants is also determined by convenience and community services. We therefore value clear and simple communications with our tenants, just as much as good communications between our tenants. The market for these types of services is booming, so last year we held orientation talks with several providers.

Throughout the year we have learned that the implementation of these digital applications can sometimes conflict with our very strict approach to privacy laws. These innovative pilots sometimes require more principal choices, for instance related to the adjustment of current internal procedures, to enable implementation. We expect to take further steps on this front in 2019.

Being a responsible organisation

We believe that integrity, honesty and corporate responsibility are essential to ensuring we do our job properly and will, in turn, enable us to optimise returns for our clients. We are committed to upholding the highest ethical standards and compliance stewardship in all our business dealings and we avoid conflicting interests. To ensure accountability and transparency, we set targets, based on international sustainability standards, which allow us to monitor our progress.

In 2018, we devoted specific attention to making rental contracts 'green', our procurement more sustainable and investing in affordable (mid-rental segment) housing.

Green rental contracts
In the second half of 2018, part of our residential team worked on adding a sustainable focus to our standard lease contract. As a part of our drive to continue to enhance our existing sustainability for the long term, we think it is now time to also start addressing the "user effect". By adding a separate appendix on the dos and don'ts in the use of our homes, we aim to accelerate the realisation of our goals and ambitions. We strongly believe that engaging our tenants in our sustainable endeavour will make us far more successful in the long run.

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

To promote and increase sustainable procurement, we launched a project with the IVBN 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.

Target on enhance responsible business operations	
All new rental contracts include a sustainability clause	Work in progress.
All property managers procure according to sustainability declarations suppliers (IVBN)	Work in progress.
Tenants and business partners selected on the basis of integrity	No issues.

In addition to the targets mentioned above, another measure is aimed at improving the tenant's journey, which will result in a portal for all our tenants in 2021; this includes all information relevant to tenants, including sustainability performance, query tracking and other services.

Investing in affordable real estate

The Fund is currently involved in the ongoing national debate on affordable housing and we have looked at what we can do with our current housing stock. For instance, in 2018 we decided to raise the rents of our liberalised sector properties by no more than inflation plus 1%. We are also looking at lowering the income requirements for our rental properties, so more people will be eligible to live in them. Of course, limiting our rent increases does have a slight impact on returns, but we believe that everyone should have the opportunity to live in their city of choice. Limiting urban living to a select group will have a major impact on the vibrancy and liveability of cities in the long run. We have also noted that an increasing number of investors are taking this issue of affordability seriously and are looking to invest in ‘impactful’ residential projects. Given that the biggest challenge is to increase the supply, by building more affordable mid-market rental homes and investing more in housing across all sectors, the Fund will focus even more explicitly on the mid-rental segment when considering or making acquisitions in the future.

This takes us to one of the biggest challenges currently facing the residential real estate sector, the growing shortage of affordable homes, especially in the Netherlands’ most popular cities and urban centres across the country. Bouwinvest is very keen to be a part of the solution rather than part of the problem. But we are just one player in this sector and ultimately adding more homes across the board is the only way to ensure that there are sufficient affordable homes for people with an annual income of € 35,000 to € 52,000. Only when local authorities, housing corporations, institutional investors and project developers are prepared to join forces, will we be able to develop a structural solution to the serious shortage of mid-market rental properties in urban areas.

An increasing number of local authorities are now taking action to boost the production of affordable homes in and around major urban centres. Unfortunately, the increasing number of restrictions being imposed on new-build projects are actually proving counterproductive in the short term, as they are slowing down the development of new homes. Additional requirements, such as those related to maximum starting rents, minimum surface areas, lower rental indexing and mandatory operating periods, are also having an impact on investment cases and the feasibility of any targeted returns. However, we believe that given the persistent strong demand for mid-rental segment homes now and in the future there is virtually no rental risk. In addition, we expect these homes to continue to be a highly interesting investment long into the future, given the fact that a number of the above-mentioned restrictions (rent indexation and mandatory operating periods) are limited in time.

Adding affordable homes

In 2018, the Residential Fund added a large number (925) of affordable homes (rent of € 711-1,000 per month) to its portfolio. These included State II, which consists of 102 apartments. The land lease contract for this development puts a cap on the initial rent and a cap on the yearly indexation of the rent, which is meant to address the huge shortage of affordable rental apartments in Amsterdam. We also added 70 studios in the Ivens studios development, also in Amsterdam. All the apartments are between 47-50 m^2, without parking spaces, but with bicycle storage. The development meets the high demand for small-scale housing in that area, with rental levels within the mid-rental segment. In cooperation with Amsterdam University, we reserved 14 units for future university lecturers and scientists. Both projects were massively oversubscribed and fully let on completion.

Target on investing in affordable real estate	
Adding 1,500 mid-rental dwellings to the portfolio in 2018-2020 period	On track. 756 homes added in mid-rental segment (€ 711 - € 1,250) whereof 613 in mid-rental segment (€ 711 - € 1,000) .

Assurance report of the independent auditor

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

Our conclusion

We have reviewed the sustainability information in the accompanying annual report for the year 2018 of Bouwinvest Dutch Institutional Residential Fund N.V. at Amsterdam. A review is aimed at obtaining a limited level of assurance.

Based on our procedures performed nothing has come to our attention that causes us to believe that the sustainability information does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to corporate social responsibility; and
- the thereto related events and achievements for the year 2018 in accordance with the reporting criteria as included in the section 'reporting on performance indicators'.

The sustainability information consists of performance information in the section 'Highlights responsible investment 2018' part of chapter '2018 at a glance' on page 7 of the 2018 Annual Report.

Basis for our conclusion

We have performed our review of the sustainability information in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports) which is a specified Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information' of our report.

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

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

Reporting criteria

The sustainability information needs to be read and understood together with the reporting criteria. Bouwinvest Dutch Institutional Residential Fund N.V. is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

Unreviewed corresponding information

No review has been performed on the sustainability information for the period up to 2018. Consequently, the corresponding sustainability information and thereto related disclosures for the period up to 2018 is not reviewed.

Limitations to the scope of our review

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations and estimates. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

Responsibilities of the management board for the sustainability information

The management board is responsible for the preparation of the sustainability information in accordance with reporting criteria as included in the section 'reporting criteria' and the applied supplemental reporting criteria as disclosed on page 113 of the annual report, including the identification of stakeholders and the definition of material matters. The choices made by the management board regarding the scope of the sustainability information and the reporting policy are summarised in the section 'Reporting on performance indicators' on page 113.

The management board is also responsible for such internal control as the management board determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or error.

Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review is therefore substantially less than the assurance obtained in an audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the sustainability information. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our review included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the management board.
- Obtaining an understanding of the reporting processes for the sustainability information, including obtaining a general understanding of internal control relevant to our review;
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted amongst others of:
  - Interviewing management (and/or relevant staff) at corporate (and business/division/cluster/local) level responsible for the sustainability strategy, policy and results;
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information;
  - Obtaining assurance information that the sustainability information reconciles with underlying records of the company;
  - Reviewing, on a limited test basis, relevant internal and external documentation;
  - Performing an analytical review of the data and trends
- Evaluating the presentation, structure and content of the sustainability information;
- To consider whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the management board regarding, among other matters, the planned scope, timing and outcome of the review.

Amsterdam, March 20, 2019

Deloitte Accountants B.V.

Signed on the original: J. Holland

Apartments

Amsterdam
the Netherlands
State

Corporate governance

Bouwinvest Dutch Institutional Residential Fund N.V. (the “Fund”) was established in 2010. 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. Stichting Bedrijfstakpensioenfonds voor de Bouwnijverheid (bpfBOUW), the pension fund for the construction industry, is the Fund’s anchor investor.

Fund governance

The Fund is governed by a robust framework with systems and processes to manage risks appropriately. Safeguarding the interests of its investors, integrity and transparency, the Fund fosters the following governance principles:

- The compliance function is independent
- Conflicts of interests are avoided and managed through compliance with Bouwinvest’s conflicts of interest policy
- Robust ‘checks and balances’ through established framework with lines of defence
- Focus on process management: ISAE 3402 type II certified
- Compliant with AIFMD
- An independent depositary function has been installed

Rules and principles governing day-to-day business

- Best-in-class system for valuation of assets
- ‘Four-eyes principle’ on all real estate investments
- Transparency and integrity integrated in daily business conduct
- Code of conduct
- Transparent and open shareholder communication

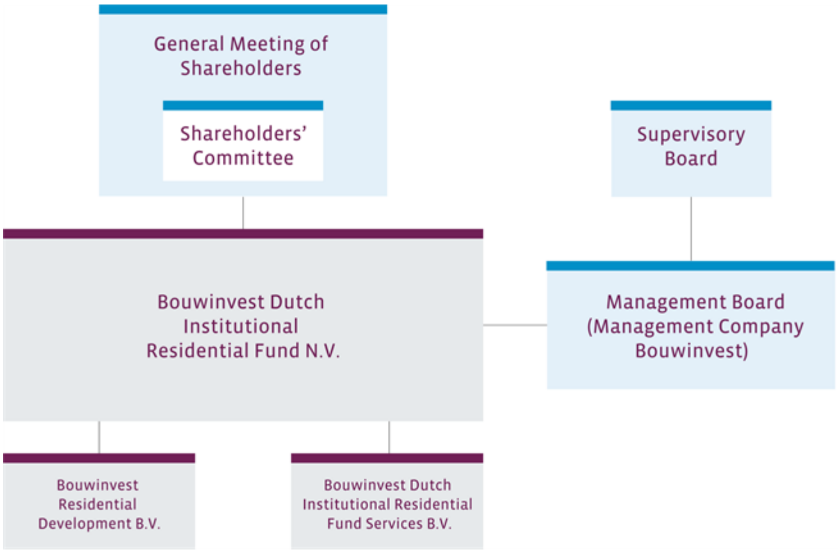
Structure of the Fund

The 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 Investors B.V. (“Bouwinvest”) is the Fund's Statutory Director and management company pursuant to 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).

Subsidiaries

The Fund has two taxable subsidiaries, Bouwinvest Dutch Institutional Residential Fund Services B.V., which renders services that are ancillary to the renting activities of the Fund and Bouwinvest Residential Development B.V., in which development activities are pursued that are ancillary to the investment portfolio of the Fund. The activities are placed within these taxable subsidiaries to ensure the Fund’s compliance with the investment criteria of the FII regime.

Fund governance bodies



Shareholders' Committee

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

Role of the Shareholders' Committee

The role of the Shareholders' Committee is to approve certain specified resolutions by the management company and to be consulted with regard to certain resolutions specified in the Terms and Conditions. The responsibility for proper performance of its duties is vested in the Shareholders' Committee collectively. In 2018, the Shareholders' Committee met once to discuss the Fund Plan.

General Meeting of Shareholders

Shareholders of the Residential Fund must be professional 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 the Fund Plan and for other resolutions pursuant to the Fund Documents.

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 shown in the Governance Matrix.

Anchor investor

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

Management company

Bouwinvest is the alternative investment fund manager (AIF) of the Fund and as such is responsible for portfolio management and risk management. Bouwinvest, on behalf of the Fund, conducts the 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 liability company. bpfBOUW holds 100% of the shares in Bouwinvest.

Board of Directors

Bouwinvest's Board of Directors consists of the Chief Executive Officer, also Statutory Director, the Chief Finance & Risk Officer, the Chief Investment Officer Dutch Investments and the Chief Investment Officer International Investments. The Statutory Director is appointed by the Bouwinvest General Meeting of Shareholders following nomination by Bouwinvest's Supervisory Board. The Board of Directors is governed by Dutch law, as well as 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 Bouwinvest General Meeting of Shareholders. In carrying out its duties, the Supervisory Board is guided by the interests of Bouwinvest and its related business.

Policies, rules and regulations

Corporate Governance Code

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

Code of Conduct

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

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 2018, there were, except related party transactions, no conflicts of interest as referred to in the Bouwinvest Conflicts of Interest Policy, neither 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 alternative investment funds:

- Bouwinvest Dutch Institutional Residential Fund N.V.
- Bouwinvest Dutch Institutional Retail Fund N.V.
- Bouwinvest Dutch Institutional Office Fund N.V.

Bouwinvest has separate mandates from bpfBOUW for the management of international real estate investments in Europe, North America and Asia Pacific, hotel properties through Bouwinvest Dutch Institutional Hotel Fund N.V. and health care properties through 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.

Apartments

Den Bosch
the Netherlands
Paleiskwartier

Risk management

Risk management and compliance

The performance of the Fund is directly related to how Bouwinvest manages the risk inherent in the Fund to achieve its goal of stable long-term returns for its investors.

Bouwinvest is fully aware that it is investing on behalf of the investors in the Fund. It has therefore established a client-oriented organisation that creates value by investing with a clear view on real estate markets, and a corresponding risk management framework. Risk management is the process of understanding these risks for Bouwinvest and its investors; to manage these risks within the parameters of the defined appetite and tolerances through an efficient and effective system of risk controls; and monitoring and reporting on the effectiveness of same.

This risk framework requires a structured integrated approach to provide the Board of Directors with insight into the proper identification of risks; the risk and control measures (both substance and procedures) taken by line management to manage these risks; an independent assessment on the effectiveness of these measures and resulting remaining risks and advice or proposals to (further) reduce the risk based on a forward-looking approach. Bouwinvest has established a Risk Management Framework based on the COSO framework. This framework will establish risk policies for each identified material risk, describing risk appetite, risk processes and procedures with adequate control measures to manage these risks, together with defined and allocated roles and responsibilities.

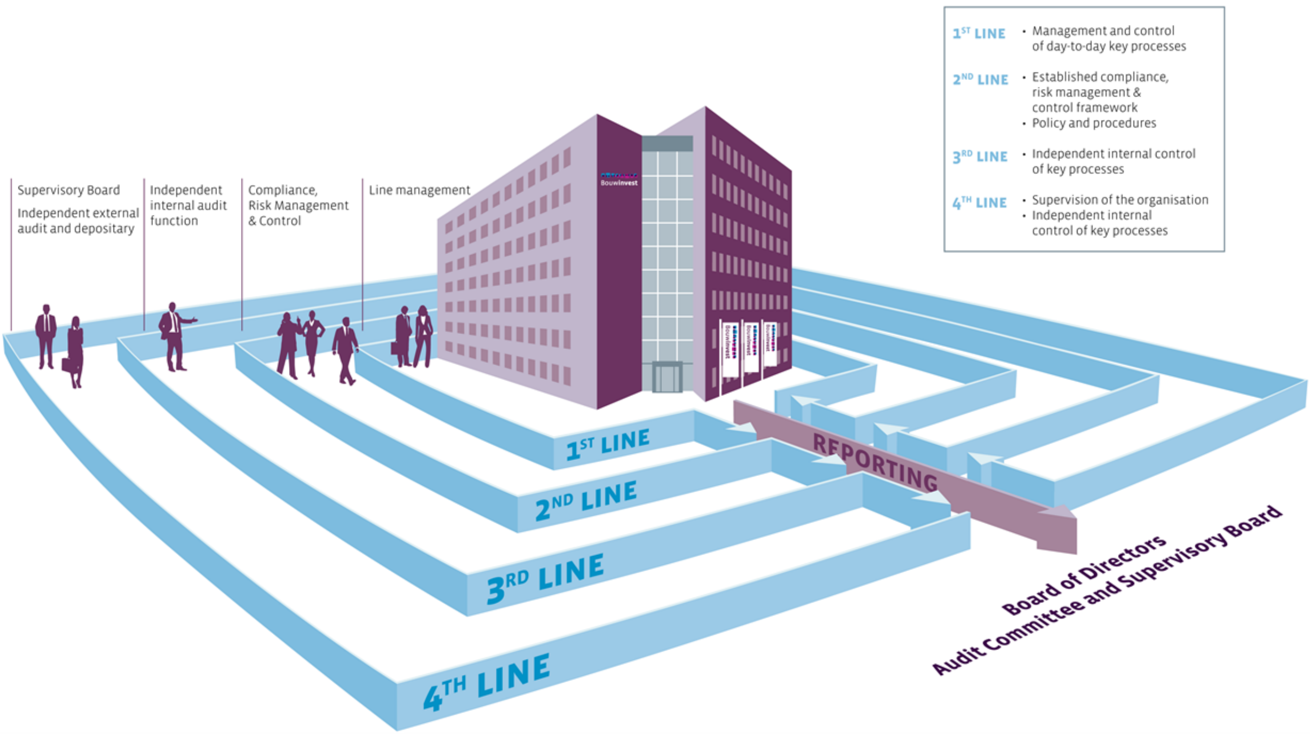
Lines of defence principle

The roles and responsibilities in the organisation with respect to risk management are based on the so-called lines of defense model, which together provides the Board of Directors with a framework that helps its members to be in control.

The lines of defence are as follows:

1. Line management – responsible for the integration of a risk and control environment in the daily activities of the organisation;
2. Compliance, Risk Management and Control – responsible for policy lines related to risks, compliance and control, and efficient and cost-effective implementation of said policy lines. Together with a process of continuous improvement;
3. Internal Auditor – ensures the integrity and functioning of the risk management framework and performs operational audits;
4. Supervisory Board and external auditor – the Supervisory Board supervises the risk assessments and risk management related to the strategy and activities of Bouwinvest and the functioning of the internal risk monitoring and control framework, while the external auditor provides its independent opinion.

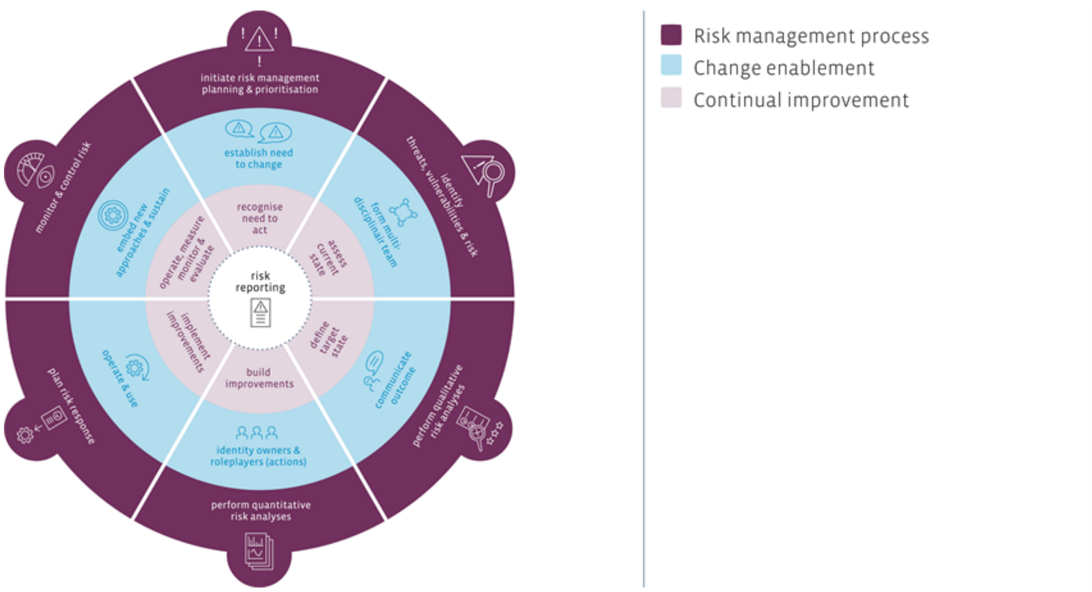
Bouwinvest's lines of defence



Risk management

The Risk Management department plays a coordinating role to provide a holistic and integral overview of all risks within Bouwinvest and the risks within the Funds and mandates managed by Bouwinvest. Risk Management maintains a taxonomy of all identified risks relevant to Bouwinvest; designs and implements the overall risk policy and risk policies for each of these risks; and coordinates where risk policies are defined by other departments (such as Legal, Tax and Control). The primary role of the Risk Management department is to identify and assess all material risks, to define the probabilities and impact of risk scenarios and to perform a challenging, countervailing role with respect to timeliness, fairness and completeness; from a pre-event and post-event perspective; substance and procedural. The Risk Management department proposes improvements for risk mitigating measures and controls aligned to the Board's of Directors defined risk appetite for the organisation and or the Funds managed by Bouwinvest.

Risk management cycle



Risk Management uses a risk management cycle to determine the risk management objectives in which all material risks are within the Board's of Directors stated risk appetite.

Risk management execution

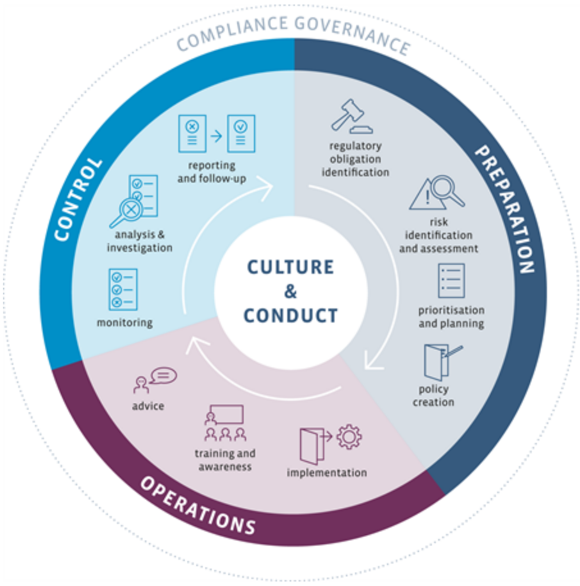
In the implementation of the risk management policies and controls, line management is supported and input is reviewed by dedicated and often independently positioned departments, such as Business Control and Research, especially during the investment decision-making process.

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, Compliance employs the Bouwinvest Compliance Cycle. This cycle contains groups of activities that are vital for the compliance function. The first group of activities focuses on the identification and interpretation of existing and new legislation relevant to Bouwinvest and its stakeholders and to determine its impact. Bouwinvest subsequently identifies and assigns scores to the relevant compliance risks and, on the basis of same, determines priorities. Compliance then translates the (amended) legislation and identified risks into policies, and then implements same. To achieve this, Compliance facilitates the design of the processes, procedures and/or controls needed to execute the updated and new policies. During implementation and on an ongoing basis, Compliance devotes a great deal of effort to creating awareness and providing advice on relevant compliance risks and how to deal with them, ensuring a reduction in the number of incidents.

Bouwinvest's compliance function supervises and monitors the effectiveness of the controls and initiates specific investigations when incidents or findings from regular monitoring activities necessitate this. Compliance reports on findings and on any areas of improvement in regular compliance reports, as well as reports on any investigations initiated.

The Bouwinvest Compliance Cycle



'In control' statement

The Bouwinvest Board of Directors has provided an 'In control statement', with respect to the risks related to Bouwinvest's financial reporting process and its strategic and operational risk management. The Board of Directors is responsible for an adequate risk management framework and well-functioning internal control systems, as well as the effectiveness thereof.

On the basis of its judgments of the risk management and internal control systems, the Board of Directors is of the opinion that these systems provide a reasonable assurance that the financial reports do not contain any material errors. Since 2012, Bouwinvest has received an annual ISAE3402 type II declaration showing that these processes are functioning as intended.

Fund risk factors

The value of the shares in the Fund is dependent on developments in financial markets and the real estate markets. The Fund considers the following risk factors of relevance for investments in this Fund. This list of risk factors is limited, but other circumstances and events may arise which are not mentioned but that do affect the value of the Fund. Investors are therefore asked to take note of this section and other sections to arrive at a well-informed opinion on the risks in this Fund.

The risk factors are listed below and organised along the lines of the risk categories outlined in the AIFMD. The order of the risks does not reflect the importance or relevance of these risks, as these are clustered in line with the risk categories required by the AIFMD.

1 Market risks

This is the risk that the value of the real estate in the Fund fluctuates due to supply and demand mechanisms in the markets in which the Fund operates. Some of the underlying risk factors may influence the direct return and cash flows of the Fund, while others primarily affect the indirect return. A decline in the value of direct real estate in the Fund has a direct effect on the indirect return of the Fund.

The following risk factors may also influence the specific assets in the Fund:

Occupancy rate

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. In the event of an oversupply of properties in (parts of) the Fund's operating market, financial occupancy rates (rental cash flows as percentage of cash flows at market rates when fully let) may be lower than anticipated and affect the cash flows and return of the Fund.

Operational expenditure

To rent out properties and to keep the Fund’s assets in good condition, the Fund has to incur operational expenses. If these expenses are higher than anticipated, this may reduce the return of the Fund.

Inflation risk

Inflation risk is the risk that future inflation is lower than expected or rental markets deviate from these future inflation trends. Rental contracts usually contain inflation indexation clauses, which influences the (future) cash flows of the Fund. In addition, real estate prices in general are influenced by general price rise assumptions.

Valuation risk

The risk that the value of the property changes and does not reflect fair value. This risk is mitigated by having all properties owned by the Fund revalued by external appraisers on a quarterly basis. This revaluation is the most important driver for the Fund’s indirect return.

Concentration risk

Part of the Fund's strategy is to select geographies where rental markets and rental properties are growing faster than the market as a whole. This strategy results in concentrations in geographical areas or property categories. Therefore, the Fund is vulnerable when unexpected trends have a negative impact on these concentrations.

2 Credit risk & Counterparty risk

Credit risk

This is the risk that a counterparty cannot fulfil its contractual financial obligations (mostly rental payments). Defaults or payment problems may result in clients not paying their contractual rents and service costs and may affect cash flows and the value of the property. This risk is mitigated by (bank) guarantees and (where heightened risks are signaled) monitoring of credit quality.

Counterparty risk

The Fund may have to incur unexpected losses due to the default of one or more counterparties, such as banks and developers. The Fund’s liquidity is deposited with reliable, highly rated banks in the Netherlands.

Since the Funds strategy is to acquire properties that are sometimes under construction or even at the start of the building process, the Fund relies on these counterparties to complete these properties and has often already paid instalments to the developer in line with the progress of the construction. Should the developer run into financial difficulties, the Fund may incur additional costs to complete the property.

3 Liquidity Risk

This is the risk that the Fund has insufficient means to pay current or future commitments. This risk consists of two parts:

- Financing liquidity: the liquidity required to pay current expenses of the Fund and dividends to its shareholder.
- Market liquidity: the liquidity required in the market to dispose of assets (as part of its hold-sell analysis or to finance redemptions by investors) at prices in line with valuations (i.e. no distressed prices).

4 Operational risk

The Fund is subject to the following operational risks:

- Fiscal risk: the risk that changes in tax laws unexpectedly influence the value of the underlying properties or the value of the certificates of the Fund.
- Legal risk: the risk that interpretations of contracts and legal clauses unexpectedly influence the value of these contracts.
- Regulatory risk: the risk that the value of the Fund changes due to changes in regulations.
- Model and return risk: the additional risk that expected (modelled) returns have not materialised at the time of sale or valuation and the risk that the Fund may not meet its plan IRR.

Monitoring and reporting

Monitoring risks is embedded in the daily activities of the responsible line manager and is an integral part of the planning and control cycle. Bouwinvest monitors all the defined risks via key risk indicators, supported by the performance reporting and business incidents reporting processes. Each quarter, the Board of Directors is provided with a risk report, including the risk indicators indicated above and actions necessary to limit or mitigate risk, if there is a deviation between the outcome and the pre-determined norm. The Fund continued to enhance its system for reporting and monitoring risk in 2018. These improvements enable management to act in a timely manner to counteract or mitigate risk.

Market risk
The importance and relevance of the individual risk factors is constantly changing. In 2018, the Fund mainly focused on mitigating the market risk of lower financial occupancy in the portfolio. In addition, occupancy is an important driver for the expected return and value of the Fund. To mitigate the risk of lower financial occupancy, the Fund focused on increasing the knowledge about liberalised sector renters, our target groups and their needs in terms of their lives, living environment and rental motivation.

Concentration risk
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 developments. This is the reason the Fund invests in the Bouwinvest core regions. More than 90% of the properties are located within these core regions, 80% of the properties in the Fund are located in the Randstad conurbation and almost 40% is located in Amsterdam. Although this results in a more concentrated portfolio, we believe that within the Netherlands, Amsterdam is the best city to invest in with the highest population growth and the most positive economic developments. This justifies the relatively high allocation in this city.

Fund-specific legal or regulatory risk
In 2017, the Dutch government proposed to amend the FII regime, potentially affecting the fiscal status of the Fund. In late 2018, the government abandoned this proposal, so this risk did not materialise. However, the Ministry of Finance announced that it planned to investigate the application of the FII regime by foreign real estate

investors in situations that could be considered ‘abusive’. Since the Fund's application of the FII regime is considered to be in line with the spirit and purpose of the law, we do not expect the Fund's FII status to be considered ‘abusive’ and we do not therefore expect such an investigation to have a major impact on the Fund.

One potential operational risk in the Dutch residential market is the increased regulation of the liberalised rental sector. As mentioned before, there is a major lack of supply, especially in the mid-rental segment, and pressure on this segment of the market is therefore also increasing. As a result, larger municipalities in particular are taking steps to include concrete measures on this front in their housing policies, increasingly in close contact with stakeholders. So far, the focus and the regulation has been on newly built properties, but in the future we could see measures extended to standing investments. Bouwinvest itself and the IVBN are actively engaged in discussions with both local authorities and the national government to influence the decision-making on this front, to reduce or mitigate the risks of such legislation.

Alternative Investment Fund Managers Directive (AIFMD)

Since 2014, Bouwinvest has had an AFM licence as required by the Alternative Investment Fund Managers Directive (AIFMD). This licence allows Bouwinvest to manage funds that are open to institutional investors other than bpfBOUW. The AIFMD specifies certain transparency and integrity-related requirements for Alternative Investment Funds. In 2018, Bouwinvest continued to optimise its reporting processes and streamlined its cooperation with its depositary Intertrust Depositary Services B.V.

Financial statements 2018

Consolidated statement of comprehensive income

All amounts in € thousands, unless otherwise stated

	Note	2018		2017	
Gross rental income	6	207,094		192,464	
Service charge income	6	5,546		4,939	
Other income		613		850	
Revenues			**213,253**		**198,253**
Service charge expenses		(5,782)		(5,130)	
Property operating expenses	7	(53,539)		(55,840)	
			(59,321)		**(60,970)**
Net rental income			**153,932**		**137,283**
Result on disposal of investment property			**8,456**		**10,275**
Positive fair value adjustments completed investment property	12	667,369		412,467	
Negative fair value adjustments completed investment property	12	(1,935)		(33)	
Fair value adjustments on investment property under construction	13	78,715		100,972	
Net valuation gain (loss) on investment property			**744,149**		**513,406**
Administrative expenses	8		(27,812)		(22,700)
Result before finance result			**878,725**		**638,264**
Finance expenses	9	(639)		(641)	
Net finance result			**(639)**		**(641)**
Result before tax			878,086		637,623
Income taxes	10		(73)		(13)
Result for the year			**878,013**		**637,610**
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			**878,013**		**637,610**
Net result attributable to shareholders			878,013		637,610
Total comprehensive income attributable to shareholders			**878,013**		**637,610**
Distributable result	19		125,372		113,930
Pay-out ratio	19		100%		100%

Consolidated statement of financial position

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2018	2017
Assets			
Non-current assets			
Investment property	12	5,185,923	4,143,094
Investment property under construction	13	558,704	463,040
		5,744,627	**4,606,134**
Current assets			
Trade and other current receivables	14	3,472	2,480
Cash and cash equivalents	15	44,976	175,310
		48,448	**177,790**
Total assets		**5,793,075**	**4,783,924**
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		1,345,913	1,280,767
Share premium		2,272,987	2,084,133
Revaluation reserve		1,931,943	1,177,093
Retained earnings		(667,095)	(427,961)
Net result for the year		878,013	637,610
Total equity	16	**5,761,761**	**4,751,642**
Current liabilities			
Trade and other payables	17	31,314	32,282
Total liabilities		**31,314**	**32,282**
Total equity and liabilities		**5,793,075**	**4,783,924**

Consolidated statement of changes in equity

For 2018, before appropriation of profit, all amounts in € thousands

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2018	**1,280,767**	**2,084,133**	**1,177,093**	**(427,961)**	**637,610**	**4,751,642**
Comprehensive income						
Net result	-	-	-	-	878,013	878,013
Total comprehensive income	**-**	**-**	**-**	**-**	**878,013**	**878,013**
Other movements						
Issued shares	65,146	188,854	-	-	-	254,000
Appropriation of result	-	-	-	637,610	(637,610)	-
Dividends paid	-	-	-	(121,894)	-	(121,894)
Movement revaluation reserve	-	-	754,850	(754,850)	-	-
Total other movements	**65,146**	**188,854**	**754,850**	**(239,134)**	**(637,610)**	**132,106**
Balance at 31 December 2018	**1,345,913**	**2,272,987**	**1,931,943**	**(667,095)**	**878,013**	**5,761,761**

* See explanation dividend restrictions in Note 16.

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

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

* See explanation dividend restrictions in Note 16.

Consolidated statement of cash flows

All amounts in € thousands

	Note	2018	2017
Operating activities			
Net result		878,013	637,610
Adjustments for:			
Valuation movements		(744,149)	(513,406)
Result on disposal of investment property		(8,456)	(10,651)
Net finance result		639	641
Movements in working capital		(3,435)	9,728
Cash flow generated from operating activities		**122,612**	**123,922**
Interest paid		(639)	(641)
Cash flow from operating activities		**121,973**	**123,281**
Investment activities			
Proceeds from disposal of investment property		45,807	62,705
Payments of investment property	12	(8,418)	(3,086)
Payments of investment property under construction	13	(421,802)	(240,753)
Cash flow from investment activities		**(384,413)**	**(181,134)**
Finance activities			
Proceeds from the issue of share capital		254,000	227,500
Dividends paid		(121,894)	(108,502)
Cash flow from finance activities		**132,106**	**118,998**
Net increase/(decrease) in cash and cash equivalents		(130,334)	61,145
Cash and cash equivalents at beginning of year		175,310	114,165
Cash and cash equivalents at end of year	15	**44,976**	**175,310**

Notes to the consolidated financial statements

All amounts in € thousands, unless otherwise stated

1 General information

The Residential Fund (Chamber of Commerce number 34366452) is a public limited liability company incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands. The Fund was formed for the purpose of providing shareholders with a rate of return by acquiring, managing, adding value to and disposing of a diversified real estate portfolio through investments in residential real estate in the Netherlands.

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

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

The Statutory Director will present the annual report to the Annual General Meeting of shareholders on 24 April 2019, 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 2018 was a normal calendar year from 1 January to 31 December 2018.

2.1 Basis of preparation

Statement of compliance

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

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

Statement of comprehensive income

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

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

In 2018, the Fund did adopt the new IFRS standards, amendments to IFRS and the interpretations that are mandatory for accounting periods that begin on or after 1 January 2018. The Fund did not adopt any new or amended standards issued but not yet effective.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15
- Clarifications to IFRS 15 Revenue from Contracts with Customers
- Annual Improvements to IFRS Standards 2014-2016 Cycle

- 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
- Amendments to IAS 40: Transfers of Investmenty Property
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

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 2019
Standards issued but not yet effective up to the date of the issuance of the Fund's financial statements are listed below:

- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Prepayments Features with Negative Compensation
- IFRS 16 Leases

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

For IFRS 16, the effect of applying IFRS 16 Leases in relation to ground lease payments will be nil for both the equity and the income of the Fund at the date of recognition as the value of the right-of-use asset will equal the liability for future lease terms. After recognition the effect on the income statement will be negligible as only a limited number of assets have a ground lease and ground lease payments are a very modest part of the net rental income.

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

- IFRS 17 Insurance Contracts
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19 Plan Amendments, Curtailment or Settlement
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendment to IFRS 3 Business Combinations
- Amendments to IAS 1 and IAS 8: Definition of Material

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

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

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

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

The following entities are included in the consolidated financial statements:

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

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

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

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

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

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

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

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

2.3 Investment property

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

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

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

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

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

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

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

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

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

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

2.4 Investment property under construction

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

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

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

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

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

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

2.5 Financial instruments

Financial assets

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

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

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

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

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

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

Financial liabilities

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

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

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

2.6 Prepayments

Prepayments are stated at cost less any accumulated impairment losses.

2.7 Cash and cash equivalents

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

2.8 Issued capital

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

2.9 Trade and other payables

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

Tenant deposits

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

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

2.10 Dividend distribution

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

2.11 Rental income

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

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

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

2.12 Service charges, property operating expenses and administrative expenses

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

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

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

2.13 Other income

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

2.14 Finance income and expenses

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

2.15 Cash flow statement

Cash flows are stated according to the indirect method.

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

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

2.16 Earnings per share

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

2.17 Income taxes

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

3 Financial risk management

3.1 Financial risk factors

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

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

Market risk

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

(I) Foreign exchange risk

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

(II) Price risk

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

(III) Interest rate risk

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

(IV) Hedging risk

The Fund has no hedging instruments in place.

Credit risk

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

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

The credit risk relating to the receivables is maximized to 3.5 million in 2018 (2017: 2.5 million) and the receivables are closely monitored.

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

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. The Finance department manages liquidity risks and is derived from managerial reports at Fund level. The amounts are disclosed in the notes to consolidated statement of financial position. 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.

3.2 Fair value estimation

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.

The trade and other current receivables, as well as the trade and other payables are categorised as level 2. The cash and cash equivalents are categorised as level 1.

3.3 Capital risk management

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

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

4 Critical accounting estimates and judgements

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

4.1 Critical accounting estimates and assumptions

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

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

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

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

These market values are based on valuations by independent external valuation experts. The valuation is based on an open market value, supported by market evidence in which assets can be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of the valuation, in accordance with the guidelines of MSCI Netherlands Property Index.

The valuations are based on a discounted cash flow (DCF) analysis of each property combined – where necessary – with valuations based on market evidence. The DCF analyses are adjusted to existing lease agreements, in order to cover the full period of existing lease agreements. The DCF analyses are based on calculations of the future rental revenue in accordance with the terms in existing lease agreements and estimations of the rental values when the agreements expire. The starting point for the estimation of the discount rate is the nominal interest rate for 10-year Dutch government bonds. This rate should be increased in accordance with the risks involved in property investments. The whole investment property portfolio is appraised on a quarterly basis by independent external appraisers.

5 Core regions

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

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

Property valuation as at 31 December	2018	2017
Region		
Randstad	4,335,693	3,460,826
Mid East	287,339	214,941
Brabantstad	253,485	193,948
Non-core regions	309,406	273,379
Total	**5,185,923**	**4,143,094**

6 Gross rental income and service charge income

	2018	2017
Theoretical rent	213,376	197,895
Incentives	(928)	(1,073)
Vacancies	(5,354)	(4,358)
Total gross rental income	**207,094**	**192,464**

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

Service charge income amounted to € 5.5 million (2017: € 4.9 million) receivable from tenants for the services utilities, caretakers, etc. when the Fund acts as a principal.

7 Property operating expenses

	2018	2017
Taxes	7,405	7,869
Insurance	467	222
Maintenance	25,724	25,727
Valuation fees	598	476
Property management fees	3,901	3,438
Promotion and marketing	714	432
Letting and lease renewal fees	5,284	5,877
Other operating expenses	9,173	11,374
Addition to provision for bad debts	273	425
Total property operating expenses	**53,539**	**55,840**

In 2018, € 0.6 million (2017: € 0.5 million) of the maintenance expenses related to unlet properties.

8 Administrative expenses

	2018	2017
Management fee Bouwinvest	25,766	21,352
Audit fees	37	35
Marketing fees	285	113
Other administrative expenses	1,709	1,159
Legal fees	15	41
Total administrative expenses	**27,812**	**22,700**

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

	2018	2017
Finance expenses	639	641
Total finance expenses	**639**	**641**

The Fund had no external loans and borrowings during 2018. The Fund was subject to the negative interest rate development for its bank balances.

10 Income taxes

FII Status

The Fund has opted for the status of Fiscal Investment Institution (FII). Although an FII is not transparent for tax purposes the FII regime is based on the principle of tax transparency. This transparency is effectively realized by the fact that an FII is subject to Dutch corporate income tax at a rate of 0% in combination with the so-called distribution obligation (for more information see the distribution obligation section below). As a result any benefits derived from a shareholding in an FII are taxable at shareholder level only.

To benefit from the FII regime, the Fund must meet certain requirements regarding, inter alia, the aforementioned obligation to distribute its profits, its activities, its leverage and its shareholders. These requirements are outlined in greater detail below.

Distribution obligation

Because of the fiscal transparency principle, an FII must distribute 100% of its taxable profits within eight months after the end of the relevant fiscal year, with the exception of certain specific items. In practice, the company-only net rental income and net finance income, is distributed annually. Capital gains, either realised or unrealised, do not need to be distributed. Unrealised capital gains do not constitute taxable income whereas realised capital gains are added to a so-called reinvestment reserve. Part of the management costs need to be charged against the reinvestment reserve. If and to the extent that realised gains are added to the reinvestment reserve, such gains are treated as capital for dividend withholding tax purposes, rather than distributable profits (for more information see the dividend withholding tax section).

Activity rules

An FII is obliged to be engaged exclusively in passive investment activities, i.e. it may not (partly) conduct an active trade or business. Whether an activity is characterised as a passive investment activity or as a business activity for Dutch tax purposes depends on all relevant facts and circumstances.

Real estate development is not regarded as a 'passive' investment activity. However, development activities for the FII's own portfolio are specifically permitted. These activities should be carried out by a subsidiary which is subject to tax at the common corporate tax rate (2018: 25%). 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.

In addition activities that are auxiliary to the Fund's passive investment activities (renting out of the Fund's real property) are under conditions permitted, provided that they are also carried out by a taxable subsidiary of the Fund.

The Fund avails of both a taxable subsidiary for development activities as a taxable subsidiary for auxiliary services.

Leverage restrictions

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.

Shareholder test

As the Fund is subject to supervision of the AFM due to Bouwinvest's AIFMD license as an alternative investment fund manager, the Fund is subject to the shareholder requirements for regulated FIIs. The shareholder requirements for regulated FIIs stipulate that:

- A single corporate entity which is subject to any form of profit tax, not being a regulated FII or an UCITS, or an entity whose profits are taxed in the hands of its participants, i.e. a tax transparent entity, may not own 45% or more of the shares together with such affiliated entities.
- A single individual may not own an interest of 25% or more.

Furthermore, all FIIs must meet the condition that their shares are not owned for 25% or more by Dutch resident entities through the interposition of non-Dutch entities which have a capital divided into shares or mutual funds.

The Fund met the requirements of an FII in 2018. The effective tax rate was 0% (2017: 0%).

Legislation FII-status

In 2017 the Dutch government announced new legislation abolishing the Dutch dividend withholding tax and no longer allowing FII's to directly invest in Dutch real estate. As a result the Fund should be restructured to avoid negative tax consequence to the extent possible. However 15 October 2018 the Dutch government announced that the dividend withholding tax would not be abolished and that, as a result, the FII-regime would not be amended. So the legal structure of the Fund will not have to be converted.

Dividend withholding tax

Profit distributions by the Fund are subject to Dutch dividend withholding tax at the statutory rate of 15%. However, distributions made from the tax free reinvestment reserve are not subject to Dutch dividend withholding tax, provided that this is properly formalized.

11 Employee benefits expense

The Residential Fund has no employees.

12 Investment property

	2018		2017	
At the beginning of the year		**4,143,094**		**3,547,470**
Transfers from investment property under construction	406,226		232,158	
Investments	8,418		3,086	
Total investments		**414,644**		**235,244**
Disposals		**(37,249)**		**(52,054)**
Net gain (loss) from fair value adjustments on investment property (like-for-like)	598,939		364,556	
Net gain (loss) from fair value adjustments on investment property	66,495		47,878	
In profit or loss		**665,434**		**412,434**
In other comprehensive income		-		-
Transfers out of level 3		-		-
Total investment property (level 3) at the end of the year		**5,185,923**		**4,143,094**

The Fund's investment properties are valued by independent external appraisers on a quarterly basis. On 31 December 2018, 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 2018, and 1 January 2018, are in line with the valuations reported by the external valuation experts. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There was no change to the valuation technique during the year and there were no transfers between levels 2 and 3 during the year.

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

Investments and transfer from investment property under construction	2018	2017
Randstad	347,618	140,294
Mid East	38,573	14,979
Brabantstad	28,086	79,588
Non-core regions	367	383
Total investments and transfer from investment property under construction	**414,644**	**235,244**

Disposals	2018	2017
Randstad	(36,245)	(16,200)
Mid East	-	(3,183)
Brabantstad	-	-
Non-core regions	(1,004)	(32,671)
Total disposals	**(37,249)**	**(52,054)**

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

2018	Randstad	Mid East	Brabantstad	Non-core regions	Total
Current average rent (€/unit)	1,109	897	933	847	1,055
Estimated rental value (€/unit)	1,183	925	938	868	1,116
Gross initial yield	3.9%	4.8%	4.4%	5.2%	4.1%
Net initial yield	2.9%	3.4%	3.3%	4.0%	3.0%
Current vacancy rate (no rental units)	1.5%	1.1%	0.8%	0.8%	1.3%
Current financial vacancy rate	2.8%	1.6%	0.9%	1.1%	2.5%
Long-term growth rental rate	2.6%	2.5%	2.5%	2.3%	2.6%
Average 10-year inflation rate (NRVT)					0.5%

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

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

The net valuation gain (loss) for the year included a positive fair value adjustment of € 667.4 million (2017: € 412.5 million) relating to investment properties that were measured at fair value at the end of the reporting period.

Direct operating expenses recognised in profit or loss include € 1.2 million (2017: € 1.1 million) relating to investment property that was vacant. Investment property includes buildings held under finance leases, the carrying amount of which is nil (2017: nil).

Sensitivity analysis

The appraisal of the portfolio implies a net initial yield of 3.0% (2017: 3.3%). If the yields used for the appraisals of investment properties on 31 December 2018 had been 100 basis points higher (2017: 100 basis points higher) than was the case at that time, the value of the investments would have been 27.0% lower (2017: 25.5% lower). In this situation, the Fund's shareholders' equity would have been € 1,435 million lower (2017: € 1,088 million lower).

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

	2018		2017	
Change rental rates	– 5%	5%	– 5%	5%
Value of the investment property change	(259,296)	259,296	(207,155)	207,155

	2018		2017	
Change net initial yield	– 25 bps	+ 25 bps	– 25 bps	+ 25 bps
Value of the investment property change	474,185	(400,876)	336,774	(289,680)

13 Investment property under construction

	2018	2017
At the beginning of the year	**463,040**	**353,078**
Investments	423,175	241,148
Transfers to investment property	(406,226)	(232,158)
Net gain (loss) from fair value adjustments on investment property under construction	78,715	100,972
In profit or loss	**78,715**	**100,972**
In other comprehensive income	-	-
Transfers out of level 3	-	-
At the end of the year	**558,704**	**463,040**

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

The net valuation gain (loss) for the year included a positive fair value adjustment of € 106,805 (2017: € 105,220) relating to investment properties under construction that are measured at fair value at the end of the reporting period.

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

	2018	2017
Investment property under construction at fair value	558,704	463,040
Investment property under construction at amortised cost	-	-
As at 31 December	**558,704**	**463,040**

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

Investments	2018	2017
Randstad	343,626	177,223
Mid East	40,620	29,647
Brabantstad	32,822	34,278
Non-core regions	6,107	-
Total investments	**423,175**	**241,148**

Transfers to investment property	2018	2017
Randstad	(341,156)	181,056
Mid East	(37,536)	14,902
Brabantstad	(27,534)	36,200
Non-core regions	-	-
Total transfers to investment property	**(406,226)**	**232,158**

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

2018	Randstad	Mid East	Brabantstad	Total
Gross initial yield	4.4%	4.7%	4.6%	4.4%
Net initial yield	3.8%	3.8%	3.9%	3.8%
Long-term growth rental rate	2.5%	2.5%	2.4%	2.5%
Average 10-year inflation rate (NRVT)	0.5%	0.5%	0.5%	0.5%
Estimated average development profit on completion	12.9%	6.9%	13.5%	12.5%
Estimated average percentage of completion	48.6%	56.9%	68.7%	50.2%
Current average rent per unit (in €)	1,162	979	1,011	1,136
Construction costs (€/m²)	3,635	2,139	2,515	3,411

2017	Randstad	Mid East	Brabantstad	Total
Gross initial yield	4.4%	4.0%	4.8%	4.5%
Net initial yield	3.9%	4.0%	4.2%	3.9%
Long-term growth rental rate	2.7%	2.5%	2.2%	2.7%
Average 10-year inflation rate (NRVT)	0.5%	0.5%	0.5%	0.5%
Estimated average development profit on completion	34.7%	13.6%	3.8%	29.4%
Estimated average percentage of completion	64.4%	50.1%	44.0%	60.9%
Current average rent per unit (in €)	1,311	906	891	1,218
Construction costs (€/m²)	3,273	1,797	2,126	2,929

14 Trade and other current receivables

	2018	2017
Trade receivables	1,166	1,908
Other receivables	2,306	572
Balance as at 31 December	**3,472**	**2,480**

15 Cash and cash equivalents

	2018	2017
Bank deposits	20,000	100,000
Bank balances	24,976	75,310
Balance as at 31 December	**44,976**	**175,310**

The bank balances of € 25.0 million are freely available to the Fund as at 31 December 2018. In order to minimalise the costs of the negative interest rate on the bank balances, in 2018 the Fund used 30-day bank deposits. The bank deposits of € 20 million have a 30-day notice period.

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

For 2018, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2018	**1,280,767**	**2,084,133**	**1,177,093**	**(427,961)**	**637,610**	**4,751,642**
Comprehensive income						
Net result	-	-	-	-	878,013	878,013
Total comprehensive income	**-**	**-**	**-**	**-**	**878,013**	**878,013**
Other movements						
Issued shares	65,146	188,854	-	-	-	254,000
Appropriation of result	-	-	-	637,610	(637,610)	-
Dividends paid	-	-	-	(121,894)	-	(121,894)
Movement revaluation reserve	-	-	754,850	(754,850)	-	-
Total other movements	**65,146**	**188,854**	**754,850**	**(239,134)**	**(637,610)**	**132,106**
Balance at 31 December 2018	**1,345,913**	**2,272,987**	**1,931,943**	**(667,095)**	**878,013**	**5,761,761**

* See explanation dividend restrictions in this Note.

For 2017, before appropriation of profit

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

* See explanation dividend restrictions in this Note.

Dividend restrictions

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

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

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

	Number of shares in fully paid up equivalents	Paid-up share capital	Share premium	Total share capital and share premium
Opening balance at 1 January 2018	**1,280,767**	**1,280,767**	**2,084,133**	**3,364,900**
Dividends paid	-	-	-	-
Issued shares	65,146	65,146	188,854	254,000
Balance at 31 December 2018	**1,345,913**	**1,345,913**	**2,272,987**	**3,618,900**
Opening balance at 1 January 2017	**1,213,959**	**1,213,959**	**1,923,441**	**3,137,400**
Dividends paid	-	-	-	-
Issued shares	66,808	66,808	160,692	227,500
Balance at 31 December 2017	**1,280,767**	**1,280,767**	**2,084,133**	**3,364,900**

Issued capital

The authorised capital consists of five (5) million shares each with a nominal value of € 1,000. As at 31 December 2018, a total of 1,345,913 shares had been issued and fully paid up.

Share premium

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

Revaluation reserve

The revaluation reserve relates to the revaluation of the property investments. The (unrealised) positive or negative difference between the cumulative increase or decrease in the fair value of the investment property owned at the end of the year has been included in the revaluation reserve. The revaluation reserve as at year-end 2018 was determined at the individual property level.

17 Trade and other payables

	2018	2017
Trade payables	10,464	14,363
Rent invoiced in advance	2,628	2,385
Tenant deposits	12,660	10,149
VAT payable	1,225	29
Other payables	4,337	5,356
Balance as at 31 December	**31,314**	**32,282**

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

18 Earnings per share

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

	2018	2017
Net result attributable to shareholders	878,013	637,610
Weighted average number of ordinary shares	1,319,869	1,254,449
Basic earnings (€ per share)	665.23	508.28

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

19 Dividends per share

In 2018, the Fund paid out € 121.9 million (2017: € 108.5 million) as dividend. The payment of a dividend over 2018 of € 94.99 per share as at year-end 2018 (2017: € 90.82), amounting to a total dividend of € 125.4 million (2017: € 113.9 million), is to be proposed at the Annual General Meeting of shareholders on 24 April 2019. These financial statements do not reflect this dividend payable.

The dividend proposal for 2018 has not been accounted for in the financial statements. The dividend for 2018 will be paid in cash.

20 Contingent liabilities and assets

As at 31 December 2018, the Fund's total future commitments amounted to € 736 million (2017: € 689 million). These commitments are made up as follows:

Investment commitments (in € million)	2019	2020	2021+
Sluishuis (WON), Amsterdam	23	34	44
Hembrug, Zaandam	5	51	38
TT Vasum (WON), Amsterdam	28	30	31
Houthavenkade, Zaandam	17	42	25
Haarlemmerweg, Westerblok	13	17	4
Haarlemmerweg, Cactus	11	12	9
Wickevoort, Cruquius	13	14	4
De Monarch, Hoofddorp	14	10	-
Rachmaninoffplantsoen, Utrecht	21	3	-
Haarzicht, Utrecht	18	-	-
Little C/Coolhaven The Burton (A1), Rotterdam	7	5	1
Kronehoefstraat, Eindhoven	6	6	-
Rijswijk Buiten Sion (EGW), Rijswijk	9	2	-
Little C/Coolhaven The Hammond (A4), Rotterdam	6	4	2
Rijswijk Buiten Sion (MGW), Rijswijk	11	-	-
Little C/Coolhaven The Clark (A3), Rotterdam	5	4	1
Haarlemmerweg, Voortuinen	4	6	-
Park Jeruzalem Blok G, Amsterdam	9	-	-
De Lunet, Breda	5	4	-
Zijdebalen 4, Utrecht	8	-	-
Ebbinge 7, Groningen	4	3	-
Uptown, Rotterdam	7	-	-
Picusgebouw (toren), Eindhoven	7	-	-
De Grassen II, Vlijmen	3	3	-
Hof van Pampus, Hoofddorp	6	-	-
Zonnehoeve, Apeldoorn	5	-	-
Velperparc, Arnhem	4	-	-
Other	48	6	4
	317	**256**	**163**

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

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

As at 31 December 2018, the Fund had unprovisioned contractual obligations for future repairs and maintenance of € 2.4 million (2017: € 1.5 million).

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

21 Related parties

The Fund's subsidiairies and members of the Supervisory Board and Board of Directors of Bouwinvest and the other entities under management by Bouwinvest, qualify as related parties of the Residential Fund. The Fund paid Bouwinvest a fee of € 25.8 million fee in 2018 (2017: € 21.4 million).

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

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

The members of the Bouwinvest Supervisory Board and Board of Directors held no personal interest in the Fund's investments in 2018.

22 Management fee

Bouwinvest is the manager and the Statutory Director of the Fund. The management fee paid for the year 2018 amounted to € 25.8 million (2017: € 21.4 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 subject to the supervision of the Dutch Financial Markets Authority (AFM). Bouwinvest also has a separate mandate from bpfBOUW for the management of international real estate investments and manages Bouwinvest Development B.V. The remuneration cannot be explicitly allocated per fund and is therefore not available. The remuneration, in line with Article 107 of the AIFMD, is disclosed in the 2018 annual report of Bouwinvest Real Estate Investors B.V., which is filed and public.

23 Audit fees

The table below shows the fees charged over the year 2018 by Deloitte Accountants B.V. and the Deloitte Network in respect of activities for the Residential Fund.

	2018	2017
Audit of the financial statements	37	35
Other audit engagements	-	-
Tax advisory services	-	-
Other non-audit services	-	-
Total fees	**37**	**35**

24 Subsequent events

As of January 2019, two Dutch pension funds committed for a total of € 15 million and shares were issued for € 49.8 million.

Company balance sheet

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2018	2017
Assets			
Non-current assets			
Investment property		5,185,923	4,143,094
Investment property under construction		558,704	463,040
Financial assets	3	286	56
		5,744,913	**4,606,190**
Current assets			
Trade and other current receivables		3,473	2,550
Cash and cash equivalents		44,605	175,308
		48,078	**177,858**
Total assets		**5,792,991**	**4,784,048**
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		1,345,913	1,280,767
Share premium		2,272,987	2,084,133
Revaluation reserve		1,931,943	1,177,093
Retained earnings		(667,095)	(427,961)
Net result for the year		878,013	637,610
Total equity	4	**5,761,761**	**4,751,642**
Current liabilities			
Trade and other payables		31,230	32,406
Total liabilities		**31,230**	**32,406**
Total equity and liabilities		**5,792,991**	**4,784,048**

Company profit and loss account

All amounts in € thousands, unless otherwise stated

	2018	2017
Profit of participation interests after taxes	284	54
Other income and expenses after taxes	877,729	637,556
Result for the year	**878,013**	**637,610**

Notes to the company financial statements

All amounts in € thousands, unless otherwise stated

1 Summary of significant accounting policies

1.1 General

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

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

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

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

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

1.2 Financial assets

Subsidiaries

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

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

Recognition of losses

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

2 Financial risk management

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

3 Financial assets

	2018	2017
As per 1 January	56	-
Acquisitions and capital contributions	-	2
Dividends received	-54	-
Net result for the year	284	54
As per 31 December	**286**	**56**

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

For 2018, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2018	**1,280,767**	**2,084,133**	**1,177,093**	**(427,961)**	**637,610**	**4,751,642**
Comprehensive income						
Net result	-	-	-	-	878,013	878,013
Total comprehensive income	**-**	**-**	**-**	**-**	**878,013**	**878,013**
Other movements						
Issued shares	65,146	188,854	-	-	-	254,000
Appropriation of result	-	-	-	637,610	(637,610)	-
Dividends paid	-	-	-	(121,894)	-	(121,894)
Movement revaluation reserve	-	-	754,850	(754,850)	-	-
Total other movements	**65,146**	**188,854**	**754,850**	**(239,134)**	**(637,610)**	**132,106**
Balance at 31 December 2018	**1,345,913**	**2,272,987**	**1,931,943**	**(667,095)**	**878,013**	**5,761,761**

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

For 2017, before appropriation of profit

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

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

Issued capital

The authorised capital comprises five (5) million shares each with a nominal value of € 1,000. As at 31 December 2018, a total of 1,345,913 shares had been issued and fully paid up.

Share premium

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

Revaluation reserve
The revaluation reserve relates to the revaluation of the property investments. The (unrealised) positive or negative difference between the cumulative increase or decrease in the fair value of the investment property owned at the end of the year has been included in the revaluation reserve. The revaluation reserve as at year-end 2018 was determined at the individual property level.

Appropriation of profit 2017
The Annual General Meeting of shareholders on 18 April 2018 adopted and approved the 2017 financial statements of the Residential Fund. A dividend of € 90.82 (in cash) per share was paid. Of the profit for 2017 amounting to € 637.6 million, € 637.6 million was incorporated in the retained earnings.

Proposal for profit appropriation 2018
The management of the Fund proposes to the General Meeting of shareholders that a dividend of € 94.99 (in cash) per share is to be paid. Of the profit for 2018 amounting to € 878.0 million, € 878.0 million will be incorporated in the retained earnings.

5 Employee benefits expense

The Residential Fund has no employees.

6 Remuneration

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

Signing of the Financial Statements
Amsterdam, 20 March 2019

Bouwinvest Real Estate Investors B.V.
Dick van Hal, *Chairman of the Board of Directors and Statutory Director*
Arno van Geet, *Managing Director Finance & Risk*
Allard van Spaandonk, *Managing Director Dutch Investments*
Stephen Tross, *Managing Director International Investments*

Other information

Articles of Association related to the appropriation of profit

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

20.1
The distributable profit shall be at the disposal of the General Meeting for distribution of dividend or to be added to the reserves. If the General Meeting has made a decision about profit distribution not later than immediately prior to or after the adoption of the financial statements, the distributable profit will be added to the reserves.

20.2
Distribution of profits shall take place after the adoption of the financial statements which show that the distribution is permitted.

20.3
The General Meeting may resolve to distribute one or more interim dividends and/or other interim distributions. The Board of Directors may also resolve to distribute one or more interim dividends.

20.4
Dividends shall be payable immediately after they have been declared, unless the General Meeting provides otherwise.

20.5
Distribution to shareholders may be made only to the extent of distributable equity and if an interim dividend is paid, that requirement is met according to an interim financial statement as referred to in Article 2:105 Section 4 of the Dutch Civil Code. The Fund shall deposit the interim financial statements at the offices of the Chamber of Commerce (Commercial Register) within eight days after the date of the decision to make an interim distribution.

20.6
In calculating the appropriation of profits, the shares held by the Fund in its own share capital shall not be taken into account.

Independent auditor's report

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

Report on the audit of the financial statements 2018 included in the annual report

Our opinion

We have audited the accompanying financial statements 2018 of Bouwinvest Dutch Institutional Residential Fund N.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Bouwinvest Dutch Institutional Residential Fund N.V. as at 31 December 2018, and of its result and its cash flows for 2018 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Bouwinvest Dutch Institutional Residential Fund N.V. as at 31 December 2018, and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at 31 December 2018.
2. The following statements for 2018: the consolidated statements of comprehensive income, changes in equity and cash flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company balance sheet as at 31 December 2018.
2. The company profit and loss account for 2018.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

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

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

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 80 million. The materiality is based on 1.4% of total investment property. 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	€ 80 million
Basis for materiality level	1.4% of total investment property
Threshold for reporting misstatements	€ 4,000 thousand

We agreed with the Board of Directors that misstatements in excess of € 4,000 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

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

Our group audit mainly focused on significant group entities.

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

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

Our key audit matters

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

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

Key audit matter	How the key audit matter was addressed in the audit
Valuation of investment property	
Investment property and investment property under construction are important accounts balances in the statement of financial position and are valued at fair value. The valuations of these investment properties are based on external valuations. The valuation of investment property contains an inherent estimation uncertainty (see also notes 4.1, 12 and 13 of the notes to the financial statements).	We have obtained an understanding of the key controls, including the involvement of the external valuation experts by management, surrounding the valuation process. Using the underlying external appraisal reports we have verified the value of the investment property. We have likewise reconciled the rental data applied with the financial accounting records. On the basis of IAS 40, we have reviewed the Fair Value concept as applied by the appraisers. Likewise, we have critically reviewed the relevant factors influencing the appraisal value of an object and discussed these with the external appraisers and the responsible client personnel. We have additionally engaged internal property experts to review a selection of the property. We have performed an additional test on the reliability of the estimation by comparing the valuation with the revenues effectively realized upon sale.

Report on the other information included in the annual report

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

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

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

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

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

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

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

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

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

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

Our responsibilities for the audit of the financial statements

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

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

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

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

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Amsterdam, March 20, 2019

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 2018 figures	Actual impact on 2017 figures
	NAV per the IFRS financial statements				
	Reclassification of certain IFRS liabilities as components of equity	X	X	Yes	Yes
1	Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders long term interests in a vehicle	X	X	N/A	N/A
2	Effect of dividends recorded as a liability which have not been distributed	X	X	N/A	N/A
	NAV after reclassification of equity-like interests and dividends not yet distributed	X	X	N/A	N/A
	Fair value of assets and liabilities	X	X	N/A	N/A
3	Revaluation to fair value of investment properties	X	X	N/A	N/A
4	Revaluation to fair value of self-constructed or developed investment property	X	X	N/A	N/A
5	Revaluation to fair value of investment property held for sale	X	X	N/A	N/A
6	Revaluation to fair value of property that is leased to tenants under a finance lease	X	X	N/A	N/A
7	Revaluation to fair value of real estate held as inventory	X	X	N/A	N/A
8	Revaluation to fair value of other investments in real assets	X	X	N/A	N/A
9	Revaluation to fair value of indirect investments not consolidated	X	X	N/A	N/A
10	Revaluation to fair value of financial assets and financial liabilities	X	X	N/A	N/A
11	Revaluation to fair value of construction contracts for third parties	X	X	N/A	N/A
12	Set-up costs	X	X	N/A	N/A
13	Acquisition expenses	X	X	Yes	Yes
14	Contractual fees	X	X	N/A	N/A
	Effects of the expected manner of settlement of sales/vehicle unwinding	X	X	N/A	N/A
15	Revaluation to fair value of savings of purchaser's costs such as transfer taxes	X	X	N/A	N/A
16	Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments	X	X	N/A	N/A
17	Effect of subsidiaries having a negative equity (non-recourse)	X	X	N/A	N/A
	Other adjustments	X	X	N/A	N/A
18	Goodwill	X	X	N/A	N/A
19	Non-controlling interest effects of INREV adjustments	X	X	N/A	N/A
	INREV NAV	X	X	Yes	Yes

INREV adjustments

All amounts in € thousands, unless otherwise stated

Note		Total 2018	Per share 2018	Total 2017	Per share 2017
	NAV as per the financial statements	5,761,761	4,280.93	4,751,642	3,710.00
	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	5,761,761	4,280.93	4,751,642	3,710.00
	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	6,913	5.14	5,526	4.31
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	5,768,674	4,286.07	4,757,168	3,714.31
	Number of shares issued	1,345,913		1,280,767	
	Number of shares issued taking dilution effect into account	1,345,913		1,280,767	
	Weighted average INREV NAV	5,284,427		4,369,877	
	Weigthed average INREV GAV	5,317,570		4,394,122	
	Total Expense Ratio (NAV)	0.54%		0.53%	
	Total Expense Ratio (GAV)	0.53%		0.53%	
	Real Estate Expense Ratio (GAV)	1.00%		1.26%	

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 2018, no dividends are recorded as a liability, no adjustment is included.

3 Revaluation to fair value of investment property

After initial recognition, investment property is valued at fair value under the fair value option of IAS 40. Therefore no adjustment had to be made as per 31 December 2018.

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 2018.

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 2018, 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 2018, 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 2018, 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 2018, 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 2018, 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 2018, 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 2018, no adjustment had been made since the Fund has no construction contracts of third parties.

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

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

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

12 Set-up costs

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

As per 31 December 2018, the set-up costs of the Fund have been amortised, so no adjustment had been made per 31 December 2018.

13 Acquisition expenses

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

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

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

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

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

Capitalised acquisition costs as per 31 December 2017	5,526
Acquisition costs 2018	3,293
Amortisation acquisition costs in 2018	(1,906)
Adjustment NAV (excluding tax)	**6,913**

14 Contractual fees

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

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

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

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

The Fund has no investment property structured in special vehicles. As per 31 December 2018, 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 2018, no adjustment had been made since the Fund has no subsidiaries with a negative equity.

18 Goodwill

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

As per 31 December 2018, 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 2018, 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 2018 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 94 up to and including page 100.

Basis for our opinion

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

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

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

Description of responsibilities for the INREV adjustments

Responsibilities of management for the INREV adjustments

Management is responsible for the preparation of the INREV adjustments in accordance with the accounting policies selected and disclosed by the fund (INREV valuation principles) as set out on page 94 up to and including page 100.

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

Our responsibilities for the audit of the INREV adjustments

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

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

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

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

- Identifying and assessing the risks of material misstatement of the INREV adjustments, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluating the overall presentation, structure and content of the INREV adjustments, including the disclosures.
- Evaluating whether the INREV adjustments represent the underlying transactions and events free from material misstatement.

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

Amsterdam, March 20, 2019

Deloitte Accountants B.V.

Signed on the original: J. Holland

Shareholders' information & Client Management

Legal and capital structure

Bouwinvest Dutch Institutional Residential Fund N.V. is a public limited liability company incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands. The Fund is structured as an investment company with variable capital, as defined in article 2:76a of the Dutch Civil Code. It is a fiscal investment institution (FII) within the meaning of Article 28 of the Dutch Corporate Income Tax Act 1969.

Bouwinvest Real Estate Investors B.V. (Bouwinvest) is the Fund's Statutory Director and management company, subject to the terms of the management agreement. In February 2014, the management company obtained a licence within the meaning of Article 2:65 of the Dutch Financial Supervision Act and is now subject to the supervision of the Dutch Financial Markets Authority (AFM) and the Dutch Central Bank (DNB).

Shareholders

In 2018, four new investors committed for a total of € 433 million. Furthermore, as of January 2019 two investors have expanded their commitments for a total amount of € 15 million.

Name shareholder	Number of shares at year-end 2018
Shareholder A	1,121,824
Shareholder B	36,783
Shareholder C	24,922
Shareholder D	20,685
Shareholder E	19,598
Shareholder F	17,596
Shareholder G	17,261
Shareholder H	17,010
Shareholder I	13,486
Shareholder J	10,746
Shareholder K	10,264
Shareholder L	8,618
Shareholder M	8,065
Shareholder N	7,938
Shareholder O	5,866
Shareholder P	2,932
Shareholder Q	2,319
Total	**1,345,913**

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 € 94.99 per share for 2018 (2017: € 90.82), which corresponds to a pay-out ratio of 100%. It is proposed that the dividend will be paid in cash, within the constraints imposed by the company's fiscal investment institution (FII) status. Of this total dividend, 75.2% was paid out in the course of 2018. The fourth instalment was paid on 5 March 2019. The rest of the distribution over 2018 will be paid in one final instalment following the Annual General Meeting of shareholders on 24 April 2019.

Shareholders' calendar

5 March 2019	Payment interim dividend fourth quarter 2018
24 April 2019	Annual General Meeting of Shareholders
2 May 2019	Payment of final dividend 2018
14 May 2019	Payment interim dividend first quarter 2019
12 June 2019	Shareholders committee
13 August 2019	Payment interim dividend second quarter 2019
4 November 2019	Shareholders committee
12 November 2019	Payment interim dividend third quarter 2019
4 December 2019	General Meeting of Shareholders
25 February 2020	Payment interim dividend fourth quarter 2019

Client management

Bouwinvest aims for the highest level of transparency in its communications on the financial situation, strategy, plans and other information relevant to its existing and potential investors and other stakeholders. In addition to this Annual Report, the Management Company reports on a quarterly basis on the status of the Fund and organises quarterly conference calls to discuss the developments within the Fund with its shareholders. Furthermore, Bouwinvest organises General Meetings of Shareholders twice a year, together with Shareholders Committee meetings to discuss and approve the Fund plan and annual report. All information and documents related to the Fund are available for shareholders via the Bouwinvest Investor Portal.

In addition to the regular information outlined above, Bouwinvest organised a number of client activities in 2018, 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 investment opportunities, please visit the corporate website at Bouwinvest.nl. You can also contact the Client Management department at clientmanagement@bouwinvest.nl or Karen Huizer, Director Client Management: +31 (0)20 677 1610.

Enclosure

Management company profile

Bouwinvest Real Estate Investors B.V. (Bouwinvest) is one of the largest Dutch institutional real estate investment managers. Bouwinvest strives to achieve risk-adjusted returns on behalf of its pension fund clients. Bouwinvest manages €11.3 billion in assets in five Dutch property sector funds and international real estate investments in Europe, North America and the Asia-Pacific region.

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

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

Composition of the Board of Directors

Chief Executive Officer and Statutory Director

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

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

Chief Financial & Risk Officer

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

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

Chief Investment Officer Dutch Investments

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

Allard van Spaandonk joined Bouwinvest on 1 November 2008, as Director Asset Management. Since 1 January 2013, Allard has been Managing Director Dutch Investments, responsible for investments in Dutch real estate. He was previously the director of the retail and residential portfolios at Syntrus Achmea Vastgoed, as well as head of residential mortgages at Achmea Vastgoed. Allard started his real estate career at ABP Hypotheken in 1986. Allard is a member of the Management Board of the NEPROM (Dutch association of project development companies).

Chief Investment Officer International Investments

S.A. (Stephen) Tross (1967, Dutch)

Stephen Tross was appointed as Managing Director International Investments on 1 September 2010. He joined Bouwinvest in 2009 as COO International Investments. Stephen previously worked in the real estate audit practices at KPMG Accountants NV and PwC in the Netherlands, New York and London. He studied Business Economics at the Hogeschool Utrecht and accountancy at NIvRA-Nyenrode. Stephen is a professional member of the British Institution of Chartered Surveyors and a member of the ANREV Management Board.

Director Dutch Residential Investments

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

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

Contact information

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

Add residential units in mid-rental segment
The total number of units newly added to the residential portfolio with a rental price between € 711 and € 1,250 per month.

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

Considerate construction schemes
The proportion of construction sites controlled by the reporting company which are registered under the Dutch considerate construction scheme 'Bewuste Bouwers' in a reporting year, weighted by purchase price.

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 (MSCI methodology).

Distributable result
Distributable result is the company only 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.

Energy index of the portfolio
Average energy index on asset level, weighted by lettable floor area. Based on investment properties and excluded units without an energy index. For the residential portfolio, the average energy index is calculated at unit level.

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.

Green portfolio
Relative share of lettable floor area with energy label A, B and C compared to total lettable floor area of the portfolio. Based on investment properties and excluded listed buildings. For the residential portfolio, the green portfolio is calculated at unit level.

GRESB score
The GRESB (Global Real Estate Sustainability Benchmark) score is an overall measure of ESG performance – represented as a percentage of a 100 percent maximum. The score is a result of the annual assessment of the entity by GRESB.

GRESB star rating
The GRESB star rating is based on the GRESB Score and its quintile position relative to the GRESB universe, with annual calibration of the model. If an entity is placed in the top quintile, it will be a GRESB 5-star rated entity; if it ranks in the bottom quintile, it will be a GRESB 1-star rated entity, etc. As the GRESB star rating is calculated relative to the global performance of reporting entities, it shows exactly where the Fund stands on a global scale.

Gross Asset Value (GAV)
The total property portfolio plus the value of any further assets at market value as per the chosen valuation principles.

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

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

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

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

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

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

Invested capital
Invested capital 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.

Investment property
Property that is fully operational on the reporting date

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

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

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

Membership of industry associations
Number of employees active in board/committee memberships in industry organisations in the real estate sector in reporting period.

MSCI Property Index
Benchmark organization IPD is rebranded to MSCI. Therefore we mention MSCI Netherlands Annual Property Index instead of IPD Netherlands Annual Property Index. The composition and calculation of the indexes and benchmarks remain the same: indirect property return as a percentage is equal to the increase/decrease in the value of a property or group of properties net of capital expenditure divided by the value of the investment properties including purchaser's transaction costs, on a monthly basis.

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.

On-site solar power
Amount of installed power (Kilowatt peak - KWp) from on-site solar panels in the investment portfolio.

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

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

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

Reduction of energy consumption
Percentage of change in energy consumption (electricity and gas) at end of reporting year compared to previous year on a like-for-like basis for energy meters which were under the direct control of the Fund. Like-for-like refers to the energy consumption of a portfolio that has been consistently in operation for two comparative periods.

Gas consumption is converted from m^3 to kWh based on the conversion factor as published at end of period on https://www.co2emissiefactoren.nl. And gas consumption of the reporting year is corrected for differences in the number of degree days at De Bilt (the Netherlands) between the current and previous year.

Sustainably certified portfolio
The relative share of investment properties within a portfolio that have been formally granted sustainable building certification, rating or labelling at the end of a reporting period, compared to the total portfolio of investment properties (based on m^2 LFA).

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

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

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

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

Zero-energy projects
Number of acquisition transactions (investment proposals approved by board of directors) in the period 2018-2020, with agreed yearly total energy consumption of below 0 kWh.

Responsible investment performance indicators

Continued improvement of the Fund's sustainability performance

Impact area	Indicator	Measure	Units of measure	2018	2017	Change
Fund sustainability benchmark	GRESB	Star rating	# stars	4	4	-
	GRESB	Overall score (GRI-CRESS: CRE8)	# [1-100]	79	74	5

Investing in sustainable real estate

Impact area	Indicator	Measure	Units of measure	2018	2017	% change
Asset sustainability certificate	GPR-Building	Green Building Certificates floor space (BREEAM or GPR) (GRI-CRESS: CRE8)	%	59.2%	25.0%	34.2 bps

Reduce Environmental impact

Impact area	Indicator	Measure	Units of measure	2018	2017	% change
Energy performance certificate	EPC	Labelled floor space (GRI-CRESS: CRE8)	%	100%	100%	0.0%
		Green labelled floor space (A, B or C label)	%	98.0%	94.6%	3.6%
		Average energy index	#	1.22	1.29	-5.4%
		Number of DUO Labels	#	N/A	N/A	N/A

Impact area	Indicator	Measure	Units of measure	2018 (Abs)	2017 (abs)	% change (LfL)
Energy	Electricity	Total landlord-obtained electricity (GRI: 302-2)	MWh	6,294	6,249	-1.8%
	Gas	Total gas consumption (GRI: 302-1)		111	112	3.3%
	District heating and cooling	Total district heating and cooling (GRI: 302-2)		0	0	0
	Total	Total energy consumption from all sources (GRI: 302-2)		6,405	6,361	-1.7%
	Energy intensity	Building energy intensity (GRI-CRESS: CRE1)	kWh/m^2/ year	8	8	-1.7%
		Energy and associated GHG disclosure coverage		216 of 257	207 of 240	
GHG emissions	Direct	Scope 1 (GRI: 305-1)	tonnes CO_2e	21	22	3.3%
	Indirect	Scope 2 (GRI: 305-2)		3,310	3,287	-1.8%
	Total	Total GHG emissions (GRI: 305-2) Scope 1 and 2		3,332	3,309	-1.8%
		Total GHG emissions after compensation		21	22	3.3%
	GHG emissions intensity	GHG intensity from building energy (GRI-CRESS: CRE3)	kg CO_2e/m^2/ year	4.0	4.1	-1.8%
Water	Total	Total water consumption (GRI:303-1)	m^3	N/A	N/A	N/A
	Water intensity	Building water intensity (GRI-CRESS: CRE2)	m^3/m^2/year	N/A	N/A	N/A
Waste	Total	Total waste collected (GRI: 306-1)	tonnes	N/A	N/A	N/A
		Recycling rate	%	N/A	N/A	N/A

Stakeholder engagement performance

Impact area	Indicator	Measure	Units of measure	2018	2017	% change
Engage with stakeholders	Tenant satisfaction	Response rate (GRI: 102-43)	%	39%	42%	- 3 bps
		Average total score (GRI: 102-43)	#	7.1	6.8	4%
Sustainable stewardship	Considerate constructors scheme	Registered construction projects	#	10 of 44	11 of 30	
		Participation rate (by acquisition price)	%	30.1%	44.0%	-13.9 bps

Being a responsible organisation

Impact area	Indicator	Measure	Units of measure	2018	2017	% change
Sustainable agreements	Leases	Number of new leases	#	3,799	3,635	4.5%
		Number of green leases	#	0 of 17,365	0 of 17,210	N/A

Reporting of performance indicators

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

Bouwinvest reports 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.

For the managed portfolio (scope 1 and 2), Bouwinvest reports on total energy consumption including all direct energy sources (gas and fuel) and indirect energy sources (electricity, district heating and district cooling). To calculate Greenhouse Gas (GHG) emissions, country and energy source-specific emission factors have been applied. Emission factors change over time. For this annual report most recently available factors for 2018 are used (source:www.co2emissiefactoren.nl).

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

In the annual report of Bouwinvest Real Estate Investors B.V. the results of a conducted analysis on material topics and observations on stakeholders and reporting criteria with regard to Bouwinvest and its investment activities in general are included. The responsible investing indicators in this report are aligned with these results and observations where applicable.

Properties overview

Municipality	Street name/ property name	No. of residential units	No. of parking units	Year of construction	Land ownership	Core region
AERDENHOUT	Landgoed Alverna	36	36	2016	Freehold	Randstad
ALPHEN AAN DEN RIJN	Cauberg	37	37	1989	Freehold	Randstad
ALPHEN AAN DEN RIJN	Kerk en Zanen	77	12	1990	Freehold	Randstad
AMERSFOORT	Vathorst I	39	0	2010	Freehold	Randstad
AMERSFOORT	Vathorst II	55	0	2012	Freehold	Randstad
AMSTELVEEN	Middenhoven	52	0	1985	Freehold	Randstad
AMSTELVEEN	Westwijk I	68	30	1990	Freehold	Randstad
AMSTELVEEN	Westwijk III	54	0	1990	Freehold	Randstad
AMSTELVEEN	Westwijk VI	36	36	1990	Freehold	Randstad
AMSTELVEEN	Westwijk VII	28	0	1990	Freehold	Randstad
AMSTELVEEN	Westwijk VIII	75	0	1991	Freehold	Randstad
AMSTELVEEN	Westwijk IX	40	7	1993	Freehold	Randstad
AMSTERDAM	Buitenveldert I	150	12	1986	Leasehold	Randstad
AMSTERDAM	Buitenveldert II	126	0	1986	Leasehold	Randstad
AMSTERDAM	Buitenveldert III	84	0	1986	Leasehold	Randstad
AMSTERDAM	Sloten I	91	0	1991	Leasehold	Randstad
AMSTERDAM	Kon. Wilhelminaplein I	96	102	1991	Leasehold	Randstad
AMSTERDAM	Kon. Wilhelminaplein II	123	93	1991	Leasehold	Randstad
AMSTERDAM	Sloten II	64	0	1991	Leasehold	Randstad
AMSTERDAM	Sloten III	16	0	1991	Leasehold	Randstad
AMSTERDAM	Sloten IV	180	112	1991	Leasehold	Randstad
AMSTERDAM	Sloten V	24	24	1991	Leasehold	Randstad
AMSTERDAM	Sloten VI	6	0	1992	Leasehold	Randstad
AMSTERDAM	Sloten VII	96	0	1992	Leasehold	Randstad
AMSTERDAM	Sloten VIII	148	0	1993	Leasehold	Randstad
AMSTERDAM	Sloten IX	4	0	1993	Leasehold	Randstad
AMSTERDAM	Sloten X	215	0	1993	Leasehold	Randstad
AMSTERDAM	Sloten XI	16	0	1993	Leasehold	Randstad
AMSTERDAM	Sloten XII	113	0	1993	Leasehold	Randstad
AMSTERDAM	Sloten XIII	24	0	1993	Leasehold	Randstad
AMSTERDAM	Sloten XIV	30	0	1993	Leasehold	Randstad
AMSTERDAM	Sloten XV	50	50	1993	Leasehold	Randstad
AMSTERDAM	Map I	17	0	1994	Leasehold	Randstad
AMSTERDAM	Map II	72	0	1994	Leasehold	Randstad
AMSTERDAM	Map III	49	49	1994	Leasehold	Randstad
AMSTERDAM	Java Eiland I	155	108	1996	Freehold	Randstad
AMSTERDAM	Java Eiland II	155	94	1996	Freehold	Randstad
AMSTERDAM	Java Eiland III	118	73	1997	Freehold	Randstad
AMSTERDAM	Java Eiland IV	37	29	1997	Freehold	Randstad
AMSTERDAM	Java Eiland V	91	81	1997	Freehold	Randstad
AMSTERDAM	Java Eiland VI	70	67	1997	Freehold	Randstad
AMSTERDAM	Java Eiland VII	48	0	1997	Freehold	Randstad
AMSTERDAM	Java Eiland VIII	32	0	1996	Freehold	Randstad

AMSTERDAM	Borneo Eiland I	173	0	1998	Leasehold	Randstad
AMSTERDAM	Borneo Eiland II	207	164	1998	Leasehold	Randstad
AMSTERDAM	Koploper	176	87	2004	Leasehold	Randstad
AMSTERDAM	Koploper, offices	5	0	2004	Leasehold	Randstad
AMSTERDAM	Vaandeldrager	110	93	2004	Leasehold	Randstad
AMSTERDAM	Vaandeldrager, offices	0	0	2004	Leasehold	Randstad
AMSTERDAM	Winnaar	129	105	2004	Leasehold	Randstad
AMSTERDAM	Winnaar, offices	0	0	2004	Leasehold	Randstad
AMSTERDAM	De Heelmeesters I	98	114	2013	Leasehold	Randstad
AMSTERDAM	De Heelmeesters II	81	66	2013	Leasehold	Randstad
AMSTERDAM	De Heelmeesters, offices	0	0	2013	Leasehold	Randstad
AMSTERDAM	Overhoeks De Halve Maen	86	86	2014	Leasehold	Randstad
AMSTERDAM	Feniks Studenten	342	0	2014	Leasehold	Randstad
AMSTERDAM	Het Baken Starters	130	65	2014	Leasehold	Randstad
AMSTERDAM	Rivers I	25	0	2016	Leasehold	Randstad
AMSTERDAM	Rivers II	50	51	2016	Leasehold	Randstad
AMSTERDAM	Summertime 11	94	76	2016	Leasehold	Randstad
AMSTERDAM	Summertime 12	103	74	2016	Freehold	Randstad
AMSTERDAM	Summertime, offices	0	0	2016	Leasehold	Randstad
AMSTERDAM	Stadionplein	100	86	2016	Leasehold	Randstad
AMSTERDAM	Jeruzalem	24	13	2016	Leasehold	Randstad
AMSTERDAM	Statendam	108	114	2016	Leasehold	Randstad
AMSTERDAM	Pontsteiger	252	165	2018	Leasehold	Randstad
AMSTERDAM	Bloemfontein (De Werf B)	28	0	2018	Leasehold	Randstad
AMSTERDAM	Ceuta (De Werf C)	180	0	2018	Leasehold	Randstad
AMSTERDAM	Doha (De Werf D)	62	0	2018	Leasehold	Randstad
AMSTERDAM	Parking (De Werf H)	0	155	2018	Leasehold	Randstad
AMSTERDAM	Bloemfontein (De Werf B) COG	0	0	2018	Leasehold	Randstad
AMSTERDAM	State II (Kop Weespertrekvaart)	102	0	2018	Leasehold	Randstad
AMSTERDAM	Nautique Living (De Werf A)	403	0	2017	Freehold	Randstad
AMSTERDAM	Ivens Studios (IJburg 1B)	70	0	2018	Leasehold	Randstad
AMSTERDAM ZUIDOOST	Geinwijk I	66	0	1997	Leasehold	Randstad
AMSTERDAM ZUIDOOST	Geinwijk II	36	0	1997	Leasehold	Randstad
APELDOORN	De Heeze I	24	3	1980	Freehold	Midden Oost
APELDOORN	De Maten I	144	0	1982	Freehold	Midden Oost
APELDOORN	t Fort-Vlieger	20	0	2001	Freehold	Midden Oost
APELDOORN	t Fort-Hof	44	0	2001	Freehold	Midden Oost
APELDOORN	t Fort-Hof, parking	0	77	2001	Freehold	Midden Oost
APELDOORN	t Fort-Donjon	24	0	2001	Freehold	Midden Oost
APELDOORN	t Fort-Ruit	13	0	2001	Freehold	Midden Oost
APELDOORN	Loolaan	39	39	2017	Freehold	Midden Oost
ARNHEM	Molenbeke	37	37	2014	Freehold	Midden Oost
ARNHEM	Malburgen Nieuwe A	29	0	2017	Freehold	Midden Oost
ASSEN	Peelo I	92	27	1981	Freehold	Niet kernregio
BERKEL EN RODENRIJS	Parkwijk-Oost	72	72	2012	Freehold	Randstad
BREDA	BREDA	1	0	1965	Freehold	Brabantstad
CULEMBORG	Bellefleur	23	0	2017	Freehold	Midden Oost
DEURNE	Dunantweg	26	20	1989	Freehold	Niet kernregio
DEVENTER	T&D kwartier EGW	30	15	2016	Freehold	Niet kernregio
DEVENTER	T&D kwartier MGW	11	0	2016	Freehold	Niet kernregio

DIEMEN	Noord VII	29	8	1989	Freehold	Randstad
DIEMEN	Noord I	20	20	1990	Freehold	Randstad
DIEMEN	Noord II	54	54	1990	Freehold	Randstad
DIEMEN	Noord VIII	54	0	1990	Freehold	Randstad
DIEMEN	Noord X	108	14	1991	Freehold	Randstad
DIEMEN	Noord XI	22	0	1991	Freehold	Randstad
DIEMEN	West I	24	3	1992	Freehold	Randstad
DIEMEN	West II	45	6	1992	Freehold	Randstad
DIEMEN	West III	106	8	1993	Freehold	Randstad
DIEMEN	West IV	109	71	1993	Freehold	Randstad
DIEMEN	Noord XIII	36	4	1994	Freehold	Randstad
DIEMEN	Noord XV	44	0	1994	Freehold	Randstad
DIEMEN	Noord XIV I	24	24	1994	Freehold	Randstad
DIEMEN	Noord XIV II	10	10	1994	Freehold	Randstad
EDE GLD	Elias Beeckman Kazerne	64	0	2018	Freehold	Midden Oost
EDE GLD	Kraatsweg I	51	0	1980	Freehold	Midden Oost
EDE GLD	West Ede	116	0	1981	Freehold	Midden Oost
EDE GLD	De Laren	30	0	2014	Freehold	Midden Oost
EINDHOVEN	Gijzenrooi	55	40	1989	Freehold	Brabantstad
EINDHOVEN	Blixembosch	44	28	1989	Freehold	Brabantstad
EINDHOVEN	Blok61 (Strijp S)	96	58	2017	Freehold	Brabantstad
GOUDA	Groenhovenpark	220	0	1981	Freehold	Niet kernregio
GOUDA	Mammoet Oost	96	7	1983	Freehold	Niet kernregio
GRONINGEN	Hoornse Meer III	104	48	1991	Freehold	Niet kernregio
GRONINGEN	Hoornse Park	34	0	1992	Freehold	Niet kernregio
HAARLEM	Zuiderpolder I	72	4	1987	Freehold	Randstad
HAARLEM	Zuiderpolder II	48	0	1990	Freehold	Randstad
HAARLEM	Mauve I	24	24	2013	Freehold	Randstad
HAARLEM	Mauve II	50	57	2013	Freehold	Randstad
HAARLEM	Rosorum Residentie	0	23	2014	Freehold	Randstad
HELMOND	Mierlo Hout	41	37	1986	Freehold	Brabantstad
HELMOND	Brandevoort	60	0	2013	Freehold	Brabantstad
HELMOND	Parc Valere, Helmond	75	76	2018	Freehold	Brabantstad
HELMOND	Liverdonk, Helmond	26	0	2018	Freehold	Brabantstad
HENGELO OV	Hasseler Es	39	0	1982	Freehold	Niet kernregio
HILVERSUM	Villa Industria, Gashouder I	32	32	2016	Freehold	Randstad
HILVERSUM	Villa Industria, Gashouder II	48	43	2016	Freehold	Randstad
HILVERSUM	Villa Industria - Pakhuizen	10	20	2016	Freehold	Randstad
HILVERSUM	Villa Industria - Entreegebouw	16	17	2016	Freehold	Randstad
HOEK VAN HOLLAND	Mercatorweg	33	4	1989	Leasehold	Randstad
HOOGEVEEN	Hoogeveen	64	0	1982	Freehold	Niet kernregio
HOOGLAND	De Ham	58	18	1989	Freehold	Randstad
HOOGVLIET ROTTERDAM	Endenhout	42	0	1988	Leasehold	Randstad
HOOGVLIET ROTTERDAM	Maaskwadrant	120	123	2003	Leasehold	Randstad
HUIZEN	De Hoftuin	28	28	2006	Freehold	Randstad
KATWIJK	't Duyfrak I	54	0	2010	Freehold	Randstad
KATWIJK	't Duyfrak II	42	42	2011	Freehold	Randstad
KOOG AAN DE ZAAN	Westerkoog	151	0	1983	Freehold	Randstad
LEIDSCHENDAM	Heuvelzijde I	87	24	1997	Freehold	Randstad
LEIDSCHENDAM	Heuvelzijde II	92	0	1997	Freehold	Randstad

LEIDSCHENDAM	Heuvelzijde III	76	15	1998	Freehold	Randstad
LELYSTAD	De Tjalk	121	13	1984	Freehold	Niet kernregio
LENT	Laauwik	22	0	2012	Freehold	Midden Oost
LENT	Park Lentseveld	26	0	2014	Freehold	Midden Oost
MAASTRICHT	Eyldergaard	63	63	1986	Freehold	Niet kernregio
MAASTRICHT	Boschstraat Oost	196	0	1987	Freehold	Niet kernregio
MAASTRICHT	Belvedere Haven	57	66	2008	Freehold	Niet kernregio
MAASTRICHT	Belvedere Haven, retail	0	0	2008	Freehold	Niet kernregio
MAASTRICHT	Cour Renoir I	73	110	2009	Freehold	Niet kernregio
MAASTRICHT	Cour Renoir II	14	14	2010	Freehold	Niet kernregio
NIEUWEGEIN	Fokkesteeg	78	0	1981	Freehold	Randstad
NIEUWEGEIN	Batau Noord I	176	16	1981	Freehold	Randstad
NIEUWEGEIN	Batau Noord II	64	0	1981	Freehold	Randstad
NIEUWEGEIN	Batau Noord III	40	0	1987	Freehold	Randstad
NIEUWEGEIN	Galecop I	36	0	1995	Freehold	Randstad
NIEUWEGEIN	Galecop II	36	0	1996	Freehold	Randstad
NIJMEGEN	Onder Onnes EGW	35	0	2016	Freehold	Midden Oost
NIJMEGEN	Onder Onnes MGW	11	0	2016	Freehold	Midden Oost
NIJMEGEN	Nieuw Nachtegaalplein I	29	0	2016	Freehold	Midden Oost
NUENEN	Langakker I	104	26	1983	Freehold	Brabantstad
NUENEN	Centrum Oost	59	10	1985	Freehold	Brabantstad
NUENEN	't Oog Nuenen	25	25	2017	Freehold	Brabantstad
OOSTERHOUT NB	De Kreek, Oosterhout	30	0	2018	Freehold	Brabantstad
OOSTERHOUT NB	Dommelbergen II	32	3	1987	Freehold	Brabantstad
PIJNACKER	MarquantPlus	78	78	2015	Freehold	Randstad
PIJNACKER	Boszoom	57	0	2015	Freehold	Randstad
RIJSWIJK	De Strijp	30	0	1996	Freehold	Randstad
RIJSWIJK	RijswijkBuiten 'de Tuinen van Sion'	43	0	2016	Freehold	Randstad
ROERMOND	Oranjelaan	87	40	1983	Freehold	Niet kernregio
ROOSENDAAL	Tolberg	40	16	1986	Freehold	Niet kernregio
ROOSENDAAL	Watermolen	20	20	1987	Freehold	Niet kernregio
ROSMALEN	De Vlondertuinen	25	0	2015	Freehold	Brabantstad
ROTTERDAM	Keizershof	44	2	1984	Leasehold	Randstad
ROTTERDAM	Oosterflank	102	0	1985	Leasehold	Randstad
ROTTERDAM	Zevenkamp IV	126	0	1985	Leasehold	Randstad
ROTTERDAM	Noordelijk Niertje	112	68	1988	Leasehold	Randstad
ROTTERDAM	Prinsenland I	138	0	1991	Leasehold	Randstad
ROTTERDAM	Prinsenland II	99	0	1990	Leasehold	Randstad
ROTTERDAM	Oostplein	69	44	1991	Freehold	Randstad
ROTTERDAM	Oostplein, retail	0	0	1991	Freehold	Randstad
ROTTERDAM	Grindweg	38	38	1992	Leasehold	Randstad
ROTTERDAM	Prinsenland III	70	68	1994	Leasehold	Randstad
ROTTERDAM	Prinsenland IV	18	18	2010	Leasehold	Randstad
ROTTERDAM	Kop van Zuid I	19	19	1995	Leasehold	Randstad
ROTTERDAM	Kop van Zuid II	311	175	1995	Leasehold	Randstad
ROTTERDAM	Prinsenparkbuurt	60	8	1995	Leasehold	Randstad
SASSENHEIM	Wasbeek	64	10	1982	Freehold	Randstad
's-GRAVENHAGE	Bomenbuurt	42	0	1990	Freehold	Randstad
's-GRAVENHAGE	CentreCourt	122	0	2002	Freehold	Randstad
's-GRAVENHAGE	Riethof I	56	0	2003	Leasehold	Randstad

's-GRAVENHAGE	Riethof II	60	60	2003	Leasehold	Randstad
's-GRAVENHAGE	Prinsenhof	204	0	2006	Leasehold	Randstad
's-GRAVENHAGE	Landouwen I	29	29	2006	Freehold	Randstad
's-GRAVENHAGE	Landouwen II	29	29	2006	Freehold	Randstad
's-GRAVENHAGE	Landouwen III	29	29	2006	Freehold	Randstad
's-GRAVENHAGE	Landouwen IV	29	29	2006	Freehold	Randstad
's-GRAVENHAGE	Landouwen V	29	29	2006	Freehold	Randstad
's-GRAVENHAGE	Cityprince	50	45	2015	Freehold	Randstad
's-GRAVENHAGE	Cityprince COG	0	0	2015	Freehold	Randstad
's-HERTOGENBOSCH	Paleiskwartier	224	188	2017	Freehold	Brabantstad
TILBURG	De Noorderstreek	76	76	2017	Freehold	Brabantstad
UTRECHT	3 FNV	3	0	1940	Freehold	Randstad
UTRECHT	Langerak I	10	0	1999	Freehold	Randstad
UTRECHT	Langerak II	20	0	1999	Freehold	Randstad
UTRECHT	Parkwijk Noord	89	61	2002	Freehold	Randstad
UTRECHT	Parkwijk Zuid veld 22	91	87	2003	Leasehold	Randstad
UTRECHT	Parkwijk Zuid veld 25	70	70	2003	Leasehold	Randstad
UTRECHT	Terwijde 14/15 I	38	38	2004	Freehold	Randstad
UTRECHT	Terwijde 14/15 II	67	67	2004	Freehold	Randstad
UTRECHT	Langerak III	80	80	2005	Leasehold	Randstad
UTRECHT	Dichterswijk	124	123	2005	Leasehold	Randstad
UTRECHT	Parkwijk Het Zand	98	1	2005	Leasehold	Randstad
UTRECHT	Tuinpark I	74	71	2006	Leasehold	Randstad
UTRECHT	Tuinpark II	187	197	2006	Leasehold	Randstad
UTRECHT	Boemerang, offices	0	18	2006	Leasehold	Randstad
UTRECHT	De Bongerd I	33	33	2009	Leasehold	Randstad
UTRECHT	De Bongerd II	38	38	2010	Leasehold	Randstad
UTRECHT	Terweijde Zuid	100	106	2010	Leasehold	Randstad
UTRECHT	Meyster's Buiten I	25	25	2015	Leasehold	Randstad
UTRECHT	Meyster's Buiten II	24	24	2015	Leasehold	Randstad
UTRECHT	Veemarkt I	45	45	2015	Leasehold	Randstad
UTRECHT	Veemarkt Portiek	47	47	2016	Leasehold	Randstad
UTRECHT	Veemarkt City	65	50	2016	Leasehold	Randstad
UTRECHT	Zijdebalen I	104	94	2017	Freehold	Randstad
UTRECHT	Zijdebalen II	73	44	2017	Freehold	Randstad
UTRECHT	Zijdebalen III	73	75	2016	Freehold	Randstad
UTRECHT	Vredenburgplein	60	0	2017	Leasehold	Randstad
UTRECHT	Van der Marckhof	46	0	2018	Freehold	Randstad
VALKENSWAARD	Brouwerhof Zuid	116	4	1983	Freehold	Niet kernregio
VELDHOVEN	Heikant Oost III	58	6	1987	Freehold	Brabantstad
VELSERBROEK	B3	46	4	1989	Freehold	Randstad
VELSERBROEK	Bastion	110	0	1992	Freehold	Randstad
VENLO	Hagerhof West	73	10	1980	Freehold	Niet kernregio
VENLO	Craneveld	35	35	1986	Freehold	Niet kernregio
VLIJMEN	De Grassen I	23	0	2018	Freehold	Brabantstad
ZAANDAM	Westerwatering IV	24	24	1990	Leasehold	Randstad
ZOETERMEER	Buytenwegh de Leyens I	81	0	1984	Freehold	Randstad
ZOETERMEER	Buytenwegh de Leyens II	50	-	1985	Freehold	Randstad
ZOETERMEER	Stadscentrum	71	0	1987	Freehold	Randstad
ZOETERMEER	Stadscentrum, retail	0	0	1987	Freehold	Randstad

ZOETERMEER	Rokkeveen	91	9	1988	Freehold	Randstad
ZOETERMEER	Rokkeveen Rad	244	0	1988	Freehold	Randstad
ZWIJNDRECHT	Heer Oudelands Ambacht II	38	11	1987	Freehold	Niet kernregio
ZWOLLE	Stadshagen I	33	0	1998	Freehold	Midden Oost
ZWOLLE	Stadshagen II	138	0	1998	Freehold	Midden Oost
ZWOLLE	Stadshagen III	64	0	1999	Freehold	Midden Oost
ZWOLLE	Stadshagen IV	12	0	2000	Freehold	Midden Oost
ZWOLLE	Stadshagen V	21	0	2000	Freehold	Midden Oost
ZWOLLE	Stadshagen Haven	37	0	2002	Freehold	Midden Oost
ZWOLLE	Bewegingshuis	93	95	2005	Freehold	Midden Oost
ZWOLLE	Schoolwoningen	24	30	2005	Freehold	Midden Oost
ZWOLLE	Havezate	57	0	2013	Freehold	Midden Oost
ZWOLLE	Vrij Werkeren	46	0	2018	Leasehold	Midden Oost
		17,174	**6,932**			

Colophon
Text: Bouwinvest
Concept: Bouwinvest
Design and production: Cascade - visuele communicatie bv

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