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

2019

Annual Report

Bouwinvest Real Estate Investors

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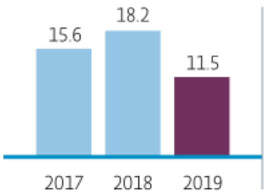
2019 at a glance

Key performance highlights

Return

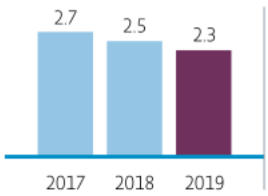
Total fund return



PLAN 2019
9.7%
LONG TERM AVERAGE TARGET
5.5% - 7.0%

REALISED 2019
11.5%

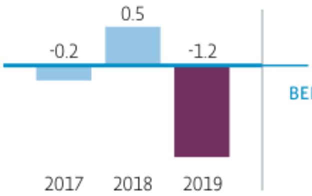
Income fund return



PLAN 2019
2.5%

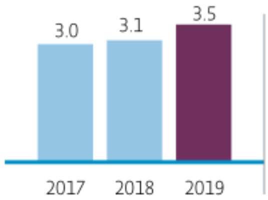
REALISED 2019
2.3%

Relative performance (MSCI)



REALISED 2019
-1.2%

Like-for-like rent development

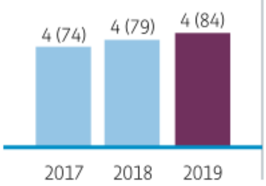


PLAN 2019
2.1%

REALISED 2019
3.5%

Sustainability and tenant satisfaction

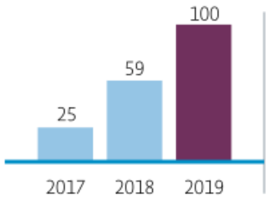
Fund sustainability rating (GRESB)



PLAN 2019
5
STAR RATING
AND/OR MINIMAL 79 POINTS

REALISED 2019
GRESB 2019
4 STAR RATING
84 POINTS

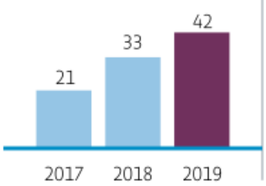
Building sustainability certificates (GPR-Gebouw)



PLAN 2019
100%
GPR GEBOUW

REALISED 2019
100%

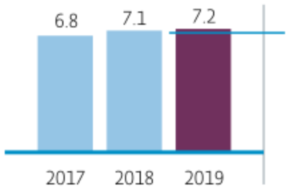
Energy label A



PLAN 2019
40%
A

REALISED 2019
42%

Tenant satisfaction

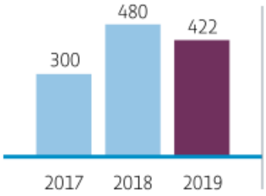


TARGET 2019 MINIMAL
7.0

REALISED 2019
7.2

Assets

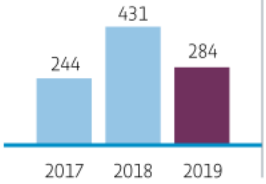
Acquisitions



PLAN 2019
200
€ MILLION

REALISED 2019
422
€ MILLION

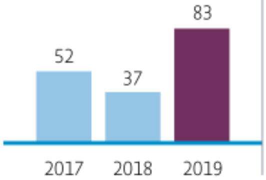
Investments



PLAN 2019
299
€ MILLION

REALISED 2019
284
€ MILLION

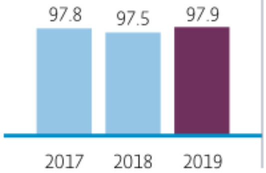
Divestments



PLAN 2019
100
€ MILLION

REALISED 2019
83
€ MILLION

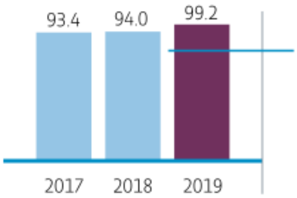
Occupancy rate



PLAN 2019
97.4%

REALISED 2019
97.9%

Core regions

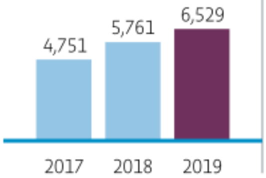


TARGET MINIMAL
80%

REALISED 2019
99.2%

Shareholders

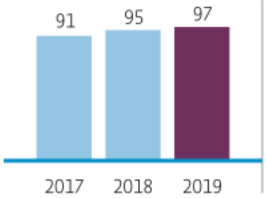
Invested capital



PLAN 2019
6,222
€ MILLION

REALISED 2019
6,529
€ MILLION

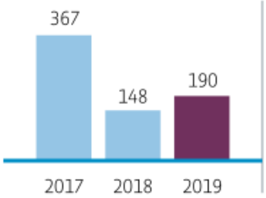
Dividend per share



PLAN 2019
€ 97

REALISED 2019
€ 97

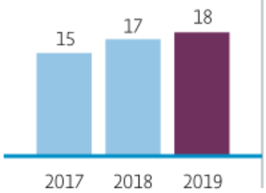
New funding



PLAN 2019
150
€ MILLION

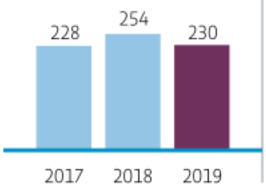
REALISED 2019
190
€ MILLION
Including funding on 1.1.2020

Number of shareholders



REALISED 2019
18

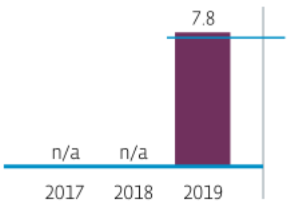
Capital calls



PLAN 2019
90
€ MILLION

REALISED 2019
230
€ MILLION

Client satisfaction



TARGET MINIMAL
7.5

REALISED 2019
7.8

Message from the CEO

Dear stakeholders,

Last year, the residential real estate market was once again dominated by the discussion around the issue of affordability, both in the Netherlands and in other European countries. And this will continue, driven by the growing population and the increase in the number of households, especially in the country’s larger cities.

Last year one of our main priorities was once again adding affordable homes to our portfolio. We completed acquisitions worth around € 422 million last year, compared with our target of € 200 million, 51% of the assets added to our pipeline were affordable homes. Of course, we will need a huge amount of investment in housing to create a balanced situation. We require the addition of close to a million new homes in the Netherlands, with the majority of these in the country's main urban centres.

We and our peers added some 10,000 mid-rental segment homes in the liberalised rental sector in 2019, which was a big jump compared to previous years. This shows that institutional investors are still in a position to help bridge the – growing – gap between supply and demand on the residential market, as long as investment is not hampered by overregulation that could have a negative impact on investment cases.

Under the auspices of the association of institutional real estate investors in the Netherlands (IVBN), we have also been discussing this problem with the Dutch government, as it also wants a long-term solution to this problem of housing shortages and rising rents, which they know will require continued investment from the private sector. We are pleased to be a part of this dialogue and we are hopeful we will be able to find a compromise.

As part of our response to this issue, we limited our rent increase to inflation plus 0.5% last year, sending a clear signal to the government that we are willing to compromise. For its part, the government has outlined an additional budget of € 2 billion to accelerate housing production, with € 1 billion earmarked for extra sustainability measures.

We delivered a total return of 11.5% last year, which was above plan, driven by the solid economy, a low interest rate environment and the shortage of quality homes. We also made progress on the optimisation of our portfolio; in addition to the € 422 million in acquisitions, we divested around € 83 million in assets and signed one sales agreement for € 150 million, which will be delivered in 2020. And most of our investments were in cities outside the G4, including our first investment in Delft. This allowed us to add more affordable homes to our portfolio, as the sharp rise in house prices in the G4 has made it very challenging to acquire affordable homes in these cities. We also made solid progress on our sustainability drive last year. We retained our GRESB 4-star rating and improved our overall score, putting us well on track for a 5-star rating in 2020.

On the funding side, we attracted new commitments for a total of € 190 million in 2019. The queue for cash out is making it difficult to attract new investors, but this is getting shorter as new-build projects are delivered. And of course, last year we made preparation for the transfer of shares from bpfBOUW. This will give existing and possibly new investors the opportunity to invest directly, with immediate cash out.

The impact of the coronavirus will affect our organisation and the Fund’s results and forecasts. In the coming period, we will be monitoring the impact on our organisation and the Fund closely and will inform our investors about the effects of this pandemic and actions taken to mitigate the related risks among others in our quarterly reports and investor calls.

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 2019.

Dick van Hal

CEO and statutory director

Report of Executive Board of Directors

Market environment

COVID-19 virus in 2020

During the finalisation of this annual report, the world was overtaken by a serious crisis due to the COVID-19 virus.

This annual report pertains to the 2019 financial year, but any forward-looking statements related to 2020 and beyond are no longer valid.

Given the rapid developments and the impact on the economy as a whole, the fund performance and the fund-specific risks, we decided to not make any changes to texts as a great deal of the impact is still uncertain.

We will inform our shareholders each quarter on the fund performance, status and market situation, as part of our normal shareholder reporting cycle. If necessary, we will inform shareholders of any developments in the interim.

Dutch residential market 2019

Based on our assessment of the dynamics, opportunities and threats of the Dutch residential market over 2019, we arrived at following vision of the Dutch residential market:

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

Economy

The Dutch economy continued to perform well in 2019, although momentum did weaken during the course of the year. Real GDP growth amounted to 1.7% in 2019, which makes the Netherlands one of the most flourishing economies in Western Europe. All drivers of economic growth showed positive figures. Private consumption remained resilient and was one of the major drivers behind economic growth. The US-China trade war has so far had only a marginal impact on the Dutch economy. The 6.9% increase in house prices had a positive impact on other economic segments. However, economic growth forecasts show a lower growth path for the years ahead as the global business cycle is expected to come to an end and as the coronavirus is affecting supply-chains.

The Dutch labour market remained robust as job growth continued and unemployment rates declined further. The latter, however, is at record low levels, resulting in a very tight labour market in a number of sectors. Consumer prices increased substantially in 2019 and the 2.6% inflation rate was well above both the 2% plan rate and the Eurozone average.

Interest rates have now been at historically low levels for a number of years and have been a major driver of real estate pricing. Eurozone interest rates are expected to remain low for the coming years, due among other things to the late-cycle stage of the economy, the ageing of the population and a steep increase in savings. With the aim of raising inflation, the European Central Bank has restarted its financial asset buy-back programme and once again lowered its benchmark interest rate in September 2019.

Additionally, the European economy is facing the challenge of the impact of Brexit, but also of political tensions and populist sentiments in a number of countries. On a global scale, geopolitical tensions and protectionist policies will lead to growing uncertainty in the years ahead, while the impact of the coronavirus has to be awaited.

The performance of the housing market is closely linked to the overall economic situation and consumer confidence. The historically low interest rates in particular have had a major impact on the demand for housing and price developments in 2019 and will continue to do so in the years ahead.

Key economic indicators (Source: OE)	2018	2019	2020 forecast
GDP	2.6%	1.7%	1.1%
Consumer spending	2.3%	1.4%	1.5%
Consumer price index (CPI)	1.7%	2.6%	1.1%
Government bond yields, long-term	0.6%	-0.1%	-0.2%
Unemployment rate	3.8%	3.4%	3.6%

Sources: Oxford Economics; CPB

Public Policies

In 2019, the national government took a number of steps in the context of the National Housing Plan 2018-2021. For example, housing deals have been concluded with regions where the housing shortage is high (Amsterdam, Rotterdam, The Hague, Utrecht, Eindhoven and Groningen). The national government wants 75,000 homes to be built each year until 2024. However, it will be challenging to realise that number from 2020 onwards. Among other things, production is lagging due to increasing regulation, lengthy procedures, a shortage of concrete building plans, a lack of municipal capacity, rising building costs and the shortage of qualified workers. On top of this, the granting of building permits largely ground to a halt in the second half of 2019 due to restrictive environmental measures related to nitrogen emissions and 'PFAS' (chemical substances).

In addition to the housing deals, the national government is also committed to ensuring affordability in the liberalised rental market segment. In November 2019, Environment and Housing Minister Stientje Van Veldhoven announced that the 'emergency button' for mid-rental segment homes is still being considered, despite resistance to the proposal from investors and some municipalities.

This measure is supposed to be in addition to the existing regulation of the mid-rental segment taking shape in an increasing number of municipalities. Although affordability is important in the long term, the primary focus should be on increasing the supply of homes with a monthly rent of between € 737 and € 1,027. The supply of these mid-rental segment homes is lagging demand, mainly in the Randstad urban conurbation. An increasing number of municipalities has agreed to increase their focus on boosting the number of mid-rental homes, but partly due to increasing regulations (for example in Amsterdam and The Hague), the number of mid-rental homes is not increasing rapidly enough to keep pace with demand. Nevertheless, we are seeing the emergence of best practices, such as the municipality of Utrecht's 'City Agreement'. Utrecht is emphatically committed to cooperation and dialogue with market parties to achieve joint housing market objectives, including increasing the number of mid-rental homes.

On Budget Day 2019 ('Prinsjesdag'), the Dutch national government announced various measures to improve access to the housing market, such as: maintaining affordable rental properties in the existing stock by maximising the 'WOZ' (Real Estate Value Act) value in the housing valuation system to 33%, improving the distribution of affordable rental properties in the existing stock and incentives of € 2 billion to tackle the housing shortage.

Sustainability and Climate Change

Before 2050, all residential buildings will have to be made sustainable and converted to low (or even net-zero) carbon. This pertains largely to existing buildings, as new development projects will have to be close to energy neutral from 2020 onwards.

In early 2021, local governments will come up with plans for the energy transition and map out the availability of sustainable heating at district level. In the same period of time landlords are expected to have plans in place to make buildings 'Paris proof'. To create an incentive for the transition to a carbon-free environment, the tax on natural gas will be gradually increased and tax on electricity reduced over the years. This could lead to higher energy bills for tenants in the future if no action is taken. As housing affordability is still an issue in the Netherlands, taking sustainability measures is likely to have an even greater impact on affordability for lower-income households, as investments are higher than the direct savings on energy bills. Landlords and tenants will have to agree on the split incentive (investments versus profit), which will be a challenge.

In addition, global warming and climate change is already happening and buildings need to be resilient in the face of physical climate impact. Monitoring physical climate risks (like extreme weather events) at asset level started in earnest in 2019 and this is expected to become increasingly important in the years ahead.

Well-being and healthy residential buildings is an up and coming theme and is related to material use, design, safety, indoor air quality, thermal comfort, daylighting, freedom from noise and user experience. These themes are already partly incorporated in existing sustainability labels and certifications. However, in some cases the mitigation of building related GHG emissions conflict with health aspects, such as large windows for daylighting.

Numerous institutions are currently developing methods to measure the circularity of buildings and the sector is experimenting with circular building and demolition projects. For the residential sector, this could have an impact on contracts with partners due to different ownership structures for the likes of (electrical) installations and kitchen appliances.

In 2019, construction projects and real estate markets were hampered by changes in rulings related to nitrogen emissions and PFAS levels in the Netherlands. In late 2019, the government introduced new legislation for PFAS levels and temporary legal exemptions for nitrogen emissions to prevent all construction projects grinding to a halt. The political and environmental debate on how to solve the nitrogen problem are still ongoing, as it is clear a more sustainable approach is needed. Additional legislation is expected in 2020, including the 'Clean Air Agreement', which will affect future construction projects.

Demographics and Social Change

The number of households in the Netherlands is expected to increase by around 10% in the period to 2040. This is equivalent to an extra 800,000 households. It is worth noting that the Dutch population has been growing faster than expected over the past few years. This is largely due to the influx of immigrants, particularly in the larger cities. These cities are increasingly faced with the effects of globalisation.

The highest growth will be seen in the number of single-person households and the number of 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 Holland Metropole region (the Randstad urban conurbation - Amsterdam, Rotterdam, The Hague and Utrecht - plus Eindhoven). Due to the influx of students 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

Corporates experimenting with emerging technologies and the availability of capital for PropTech will transform the real estate and residential sector in the years ahead. Examples of emerging technologies are drones, artificial intelligence and the Internet of Things. The Internet of Things is fuelling the rising demand for technology-enabled devices and homes. Tenants are getting used to higher service levels, which will require the sector to adapt. This is a path tech companies such as Amazon, Google and Apple are already exploring to create smart homes. Examples include the likes of smart lightning, temperature controls, air quality and the use of robots for cleaning.

Residential investors will have to integrate more technology in their buildings and services. For example, to generate real-time asset performance data and create so-called digital twins of the assets to manage assets more effectively and interact with users. They will also have to provide tenants with a smooth customer journey, not only when on-boarding tenants, but also to retain and service tenants. All with the aim of improving indoor living quality and enhancing the 'living' experience of users, while reducing energy and property management costs. On the other hand, in the future the asset and user-related data this generates will be essential to make buildings and business processes more autonomous.

There are many other technologies that can affect the residential sector to a greater or lesser extent. For the residential sector, it is especially important to monitor the development of digital transactions and new mobility solutions. The first could make the customer journey more lean, effective and private. The second could change the need for parking space and mobility-related services.

Occupier market

The pressure on the housing market is the most pronounced in the Randstad urban conurbation and other urbanised regions. Because the production of new-build homes is lagging demand, we expect the pressure in these regions to continue for the foreseeable future, and continue to spread further to municipalities around the larger cities. The lag in the production of new homes over the past few decades has helped create a quantitative housing shortage. On top of this, there is a growing qualitative housing shortage. In other words, more and more homes are severely outdated or no longer meet market demands or, very importantly, current and future sustainability requirements.

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 low and middle-income households. These groups are increasingly looking for creative solutions (sharing/smaller homes) to keep housing affordable. Affordability issues are also driving households to the suburbs or peripheral locations outside the larger cities.

On average, people are more willing to compromise on space than they are on the type of 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 this demand, but to a certain extent they are also being forced to create this type of housing stock due to ever higher ground prices. Although compact apartments may now be a solution for a portion of the current home seekers, we expect the underlying demand for larger apartments to persist for the long term. In addition, we also expect a robust demand for high-quality and affordable family homes in urban areas.

Occupier key factors	2018	2019	2020 forecast
Household growth Netherlands	0.80%	0.90%	↑
Household growth Amsterdam	1.10%	0.60%	↑
Prime rent Netherland (sqm/month)	€ 10.80	€ 11.50	↑
Prime rent Amsterdam (sqm/month)	€ 15.60	€ 16.60	↑

Sources: ABF Research; Calcasa.

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 last year. This resulted in a total investment volume of € 18.5 billion, very much driven by the large appetite from international investors. While this was the third highest volume ever recorded in the Netherlands, it did remain 12% behind last year's total.

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 Dutch residential investment market accounted for 30.5% of the total investment volume and saw € 5.6 billion in investments in 2019, compared to € 7.0 billion in 2018. Residential property was the largest segment of the Dutch real estate investment market, as it was in 2018. The lack of attractive products was the main reason for the subdued investment volume. Investor interest remained high and resulted in a further contraction of net initial prime yields in all major cities, with the exception of Amsterdam, where prime yields remained stable at a low 3.2%.

Investor key factors	2018	2019	2020 forecast
Prime net initial yields (excl. purchase costs, year-end)	3.20%	3.20%	→
Investment volumes (€ bln)	€ 7.0	€ 5.6	→

Source: JLL

Market opportunities and threats

Bouwinvest has identified a number of opportunities and threats in the Dutch residential market that could affect the Residential Fund's future returns and growth targets. How the Fund plans to take advantage of these opportunities and mitigate any threats is outlined in the Strategic Objectives chapter.

Last year saw increasing pressure on the housing market, due to the growing gap between supply and demand. We expect this pressure to continue the coming years, driven by the ever-growing demand for homes (+800,000 households through to 2040) and the lag in the construction of new-build homes. In 2019, we saw an uptick in the number of home-seekers looking to areas around larger cities, due to the lack of affordable homes in major urban centres. The growing scarcity will continue to drive occupier demand and value increases, both in large cities and satellite towns, so the residential market will remain interesting for investors. However, these factors are increasing competition for high-quality and sustainable assets, which is pushing up asset prices.

New (local) policies related to the (affordable) mid-rental segment - maximum (starting) rents, minimum surface areas, lower rental indexing, mandatory operating periods, and ESG requirements - were already impacting investment cases and the feasibility of targeted returns last year and this impact is unlikely to abate anytime soon. Despite this, we still expect the mid-rental segment to have a lower risk profile than standard liberalised sector residential real estate, thanks to the strong and stable demand. On top of this, investing in the (affordable) mid-rental segment can be viewed as a socially impactful investment.

Finally, key threats include current global tensions (for instance, on the trade front), Brexit and any changes to the ECB's monetary policies. The effect of any sudden and unexpected changes that have a negative impact constitutes the greatest danger to the broader financial markets and in turn to the various real estate markets.

De Werf

Apartments
Amsterdam
the Netherlands

Fund strategy

Strategic objectives 2019

Investment objective
The Fund has a clear focus on investing in liberalised rental homes, especially in the mid-rental segment in its core regions. The key themes in the Residential Fund's investment strategy are quality, affordability and sustainability, together with the optimisation of the portfolio to meet the current and future demands of both tenants and investors.

Fund characteristics
- Core investment style, focus on core regions
- 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

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 Holland Metropole region (Amsterdam, Rotterdam, The Hague, Utrecht and Eindhoven) and a number of other thriving cities (Zwolle, Arnhem and Nijmegen). 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 € 720 and € 1,000 (as per January 2020, € 737 and 1,027) in line with our focus on increasing the proportion of affordable homes in our portfolio
- 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
- Continuing to improve the Fund’s sustainability performance on both environmental and social fronts

The Residential Fund has a clearly defined strategy of controlled growth and optimisation 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 grow its invested capital to € 8.0 billion by year-end 2022. The Fund will achieve this growth through positive revaluations, targeted acquisitions of high-quality assets, investments to keep our assets up-to-date and fit-for-purpose in a changing market and the divestment of assets that no longer meet our strategic pillars. The optimisation of the Fund’s portfolio covers a whole range of aspects, from improving the overall quality of the assets, making them more sustainable, increasing the proportion of affordable homes, maintaining our high occupancy rate, buying off leaseholds, improving tenant satisfaction and introducing innovations in terms of the homes themselves and the (add-on) services we provide.

Focus on quality, sustainability and affordability

We have increased our focus on the three pillars of our dynamic investment strategy: quality, sustainability and affordability to realise controlled growth. We will optimise our portfolio by acquiring only top-quality assets and by disposing of assets that no longer match our vision of the three pillars. The Fund will also optimise the standing portfolio through active asset management and continuous investments to keep the homes in its portfolio up-to-date and fit-for-purpose in an evolving housing market.

QUALITY	AFFORDABILITY	SUSTAINABILITY

Focus on quality

- Qualitative mismatch: right homes, right locations for specific target groups
- Lifecycle-proof and high-quality apartments for starters, young professionals and seniors
- Focus Holland Metropole region

Enhancing stakeholder value

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.

Bouwinvest does its utmost to optimise long-term alliances with all our stakeholders. We have methods and means in place to understand, meet and respond to our stakeholders needs and to engage with 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, partly through membership of various real estate sector organisations, such as the Association of Institutional Property Investors in the Netherlands (IVBN) and the Dutch Green Building Council. To enhance health and safety on construction sites, our objective is to have 75% of our construction sites registered under the Dutch Considerate Constructors Scheme ('Bewuste Bouwer') in 2021. We are also planning start adding green clauses to our rental contracts, with the ultimate goal of collaborating with tenants to improve the environmental performance of our assets.

As always, one of the Fund's main aims is to offer the right homes for specific target groups in the right locations to meet the needs of one of our main stakeholders, our tenants. This will also enable us to record stable returns for our investors. This is why we want to be involved in developments at an early stage, to make sure our homes meet local demands and our ambitions. Our target is to achieve a score higher than 7.5 in client satisfaction surveys and a score higher than 7.0 in our tenant satisfaction surveys.

Core region strategy

The Fund has a clear core region strategy. We invest in Dutch rental properties located in areas with the strongest social, demographic, economic and real estate market prospects. These core regions include the cities (and peripheral municipalities) of the Randstad central urban belt, urban conurbations in Brabant (with a particular focus on 'brainport' Eindhoven) and the larger cities in the eastern part of the Netherlands. These local housing markets offer the best medium to long-term investment foundation for the mid-market housing and liberalised rental sectors. Approximately 99% of the Fund's investments are currently in these defined core regions.

The Bouwinvest Research & Strategic Advisory department (R&SA) periodically determines the core regions for the Residential Fund, and the most recent update took place in 2019. These updates are based on objective data and are conducted in close cooperation with the Fund's management. The Fund uses the core region model for both tactical and strategic purposes. On a tactical level, the model forms a guideline for acquisitions and divestments. This model is also an important input parameter in the risk-return form: the higher a municipality scores as a core region, the lower the risk and investment hurdle. The core region model also supports strategic decision making, and gives the Fund a clear focus.

Holland Metropole region

Due to the structural lag in the supply of new-build properties, combined with the persistent high demand for homes in both the private and institutional markets, the pressure on the housing market is actually increasing and spreading to peripheral municipalities close to the larger cities. The Fund has now increased its focus on the Holland Metropole region - the urban regions of Amsterdam, The Hague, Rotterdam, Utrecht and Eindhoven - and to a somewhat lesser extent the cities of Zwolle, Arnhem and Nijmegen. At the same time, any assets in these regions need to be close to excellent infrastructure and located within vibrant areas that meet the needs of current and future tenants. This is especially true for increasingly popular (suburban) locations serving the larger cities.

Lifecycle-proof and high-quality apartments

In addition to the much-discussed quantitative mismatch (supply lagging demand), the Netherlands is faced with a growing qualitative mismatch. For one, a new generation of young people (starters and young professionals) is entering the housing market and the vast majority have little choice but to enter the rental market. The majority of these young people are looking for (smaller) apartments in the big cities. At the same time, the 65+ target group is also changing quite radically and becoming increasingly diverse in terms of their housing needs and requirements. Bouwinvest closely monitors the trends among the above-mentioned target groups to gain a better understanding of their very different housing needs. This gives us the insight we need to respond even more effectively to the needs of these target groups and in turn realise even more future-proof homes for a wide range of potential tenants. This is why we are focusing on lifecycle-proof and high-quality apartments for starters, young professionals and seniors (one-person and two-person households).

Focus on affordability

- To meet growing demand for affordable homes focus on mid-rental segment
- Challenging competitive market to acquire good locations cost-effective
- Optimise our financial and social returns with lower risk profile
- Moderate rent increase policy
- Lobby with sector towards government to tread new restrictions

Optimising our financial and societal returns

One of the biggest issues facing us today is the increasing lack of affordable homes for middle-income families in the Netherlands, especially in major urban centres. We firmly believe that the only structural way to address this shortage is to build more affordable homes. This is why the Fund has decided to focus even more sharply on the mid-rental segment of the Dutch rental market, or homes in the € 720 - € 1,000 (as per January 2020, € 737 - € 1,027) price bracket. This will give us a portfolio that is fit for a future that will see a sharp rise in the number of one-person and two-person households and even greater demand for affordable housing. With our investment objective in mind, our ambition is to have 60% of the total acquisition pipeline consist of homes in the mid-rental segment. To realise this 60%, the Fund will have to pull out all the stops to make acquisitions cost-effective.

As noted above, new (local) policies related to the mid-rental segment - such as maximum starting rents, minimum surface areas, lower rental indexing and mandatory operating periods - are already having an impact on investment cases and the feasibility of any targeted returns. However, due to the persistent strong demand for mid-rental segment homes now and in the future, there will be virtually no question of rental risk. In addition, we expect these homes to continue to be a highly interesting investment long into the future. We believe this results in a lower risk/return ratio for this segment than for regular liberalised sector homes.

The Fund has taken measures to keep its current housing stock affordable. For the past two years, we have capped our rent increases at inflation plus 1% in 2018 and at inflation plus 0.5% in 2019. In 2019, we also lowered the income requirements for our rental properties, so more people will be eligible to live in them. In 2019, we rented out two properties to a specific target group based on income. Of course, we are also closely monitoring personal affordability to prevent any increase in rent in arrears. The biggest challenge is to increase the supply, by building more mid-market rental homes and investing more in housing across all sectors. The Fund will therefore focus even more explicitly on the mid-rental segment when considering or making acquisitions.

On Budget Day 2019 ('Prinsjesdag'), the Dutch national government announced various measures to improve access to the housing market, such as: maintaining affordable rental properties in the existing stock by limiting the share of the 'WOZ' (Real Estate Value Act) value in the housing valuation system at 33%, improving the distribution of affordable rental properties in the existing stock (including tackling the problem of people with a middle or high income living in regulated rental homes) and incentives of € 2 billion to make up for the housing shortage. Furthermore, we are seeing the emergence of best practices, such as the municipality of Utrecht's 'City Agreement', with Utrecht emphatically committed to cooperation and dialogue with market parties to achieve joint housing market objectives, including increasing the number of mid-rental homes.

Bouwinvest and the Residential Fund will continue to lobby both national and local governments to stress the dangers of over-regulation in a market that is already under pressure due to the current lag in house production. Ultimately, we all want the same thing, a plentiful and sustainable supply of high-quality affordable homes, and we will only achieve this by working together to find solutions that are in the best interests of everyone involved, from tenants right though to investors.

Focus on sustainability

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 contribute to a CO_2-neutral, sustainable, circular, resilient and healthy living environment, and to enhance stakeholder value by investing in sustainable real estate. We are convinced that our approach reduces risk, increases client returns and makes our real estate assets and portfolios more attractive.

Environmental, social and governance (ESG) factors will continue to play a major role in our investment strategy. We are targeting a zero carbon, nearly energy neutral and resilient portfolio before 2045 (approx. 40 kWh/m² GLA per year). This will include an analysis of asset-level climate risks, including a plan of how to mitigate these risks. We have set out clear targets for the reduction of our environmental footprint and improving our positive social impact.

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: Our portfolio has an average energy label A (energy index <1.0)
- 2030: 50% of our homes are natural gas-free

Highly sustainable Fund

To continue to improve the Fund's sustainability performance and obtain the highest GRESB star rating (5-star), we have set out a sustainability strategy that focuses on: sustainable buildings, energy reduction, renewable energy sources on location, rental contracts with a sustainability clause, tenant satisfaction, health & safety on construction sites, tenant engagement on sustainability and acquisition of mid-rental properties. We also plan to make an active contribution to the UN's Sustainable Development Goals, including Sustainable cities and communities (UN SDG 11), Affordable and clean energy (UN SDG 7) and Decent work and economic growth (UN SDG 8).

SUSTAINABLE DEVELOPMENT GOALS

7 AFFORDABLE AND CLEAN ENERGY — Installation of renewable energy

8 DECENT WORK AND ECONOMIC GROWTH — Considerate constructor scheme for construction projects

11 SUSTAINABLE CITIES AND COMMUNITIES — Above average sustainable portfolio

Invest in 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. 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. Our goal for 2019 was to have 100% of the Fund's portfolio certified with the GPR Building certificate and all acquisitions of new developments to have a GPR Building score of at least 7.5. In addition, benchmarks help us to make informed business decisions to mitigate environmental, social and governance risks and enhance our long-term returns.

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. 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. Our goal is to have 65% of the Fund's portfolio with an energy label A or better (energy index <1.2) by end 2021.

The Residential Fund's sustainability strategy is focused on reducing the environmental impact of its properties while enhancing comfort, in cooperation with our tenants and other stakeholders. 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. Our initial focus is on data collection related to sustainability indicators in areas that we can control. We will then use this data to work with tenants on initiatives to reduce energy consumption and overall environmental impact. By 2021, our annual reduction of environmental impact should be increased from 2% in 2019 to 5%.

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.

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	99.2% 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 € 6.5 billion	Compliant
< 10% invested in non-core (non-residential) properties	Investments in non-core properties are 0.9%	Compliant
< 10% pre-finance acquisitions	Investments under construction stand at 5.5%	Compliant
No investments that will have a material adverse effect on the Fund's diversification guidelines	There were no investments in 2019 that have a material adverse effect on the Fund's diversification guidelines	Compliant

Next

Apartments
Eindhoven
the Netherlands

Fund performance

Portfolio performance in 2019

Portfolio characteristics

- Total property value (276 properties, 18,227 homes) of € 6,483 million at year-end 2019
- 99.2% of all properties are located in core regions
- 92.3% in liberalised rental sector, with 33.7% in the mid-rental segment
- 85.8% located in the Randstad, Brabantstad and mid-eastern conurbations and inner-city areas
- Total fund return of 11.5%, income return 2.3%
- Occupancy rate of 97.9%
- GRESB 4-star rating (84 points)
- 100% green energy labels (A, B or C label), 42% label A
- Tenant satisfaction score of 7.2

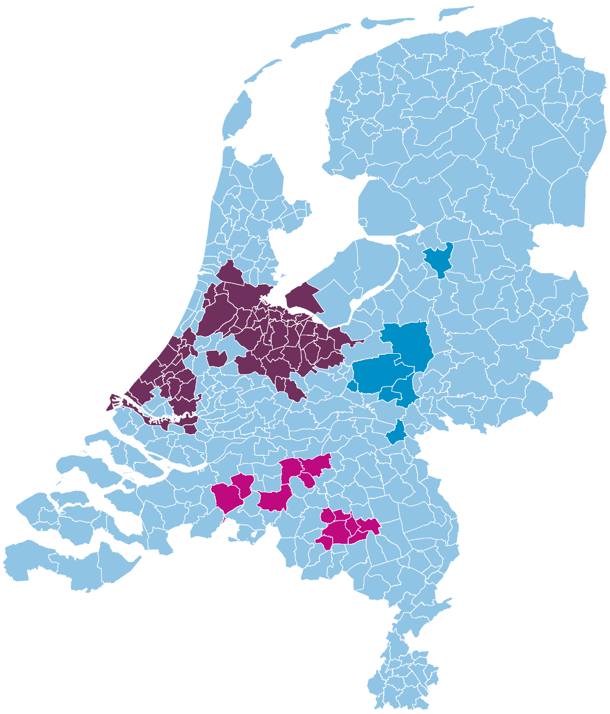
Core region policy

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 99.2%. 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 85.8%.

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



Randstad
including Amsterdam, The Hague, Haarlem, Rotterdam, Utrecht, Diemen, Amstelveen
€ 5,252 MLN / 85.8%

Mid East
including Apeldoorn, Arnhem, Nijmegen, Zwolle
€ 385 MLN / 6.3%

Brabantstad
including Breda, Den Bosch, Eindhoven, Tilburg
€ 433 MLN / 7.1%

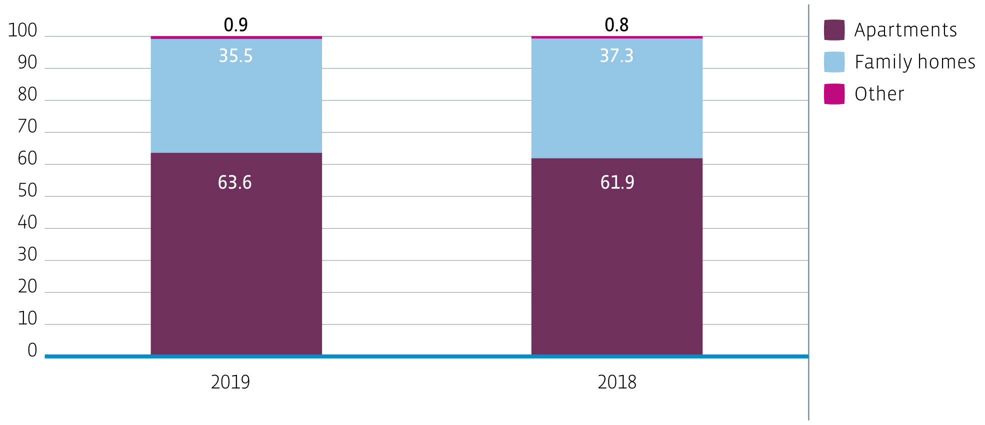
Non-core
€ 47 MLN / 0.8%

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.

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

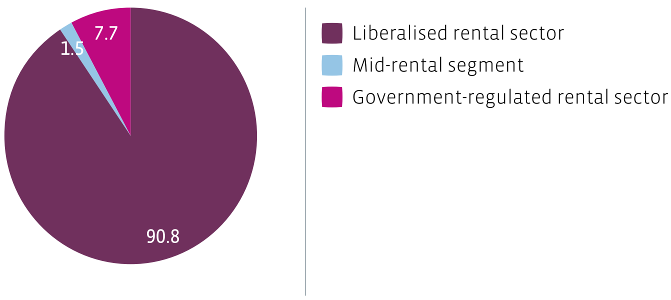
Focus on liberalised rental sector

The Fund sees the liberalised sector (rents of € 720 and above (as per January 2020, rents of € 737 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 90% of its properties in the liberalised segment, the Fund's focus continues to be on this segment.

In the graph below, we have added the mid-rental segment for liberalised properties with special agreements related to the likes of the rental level and rent increases.

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

PERCENTAGE



Selection of principal properties
Existing portfolio (selection)

Pontsteiger
252 residential units, Amsterdam

Zonnehoeve
41 residential units, Apeldoorn

Picuskade
113 residential units, Eindhoven

Loolaan
39 residential unts, Apeldoorn

Zijdebalen
177 residential units, Utrecht

Park Hoog Oostduin
154 residential units, Den Haag

Portfolio pipeline (selection)

Het Dok
449 residential units, Amsterdam

Little C
209 residential units, Rotterdam

Sluishuis
369 residential units, Amsterdam

Hembrug
350 residential units, Zaandam

Ebbingekwartier
59 residential units, Groningen

De Monarch
97 residential units, Hoofddorp

Added to the portfolio pipeline in 2019 (selection)

Next
99 residential units, Eindhoven

Kop van West Veld F
115 residential units, Purmerend

Simon Stevin
90 residential units, Ede

Guido van Dethstraat
30 residential units, Den Haag

Licht & Lucht
48 residential units, Zeist

Bethelpark
316 residential units, Delft

Investments and divestments

Acquisitions

As a result of our active focus on the acquisition of new properties, we were able to make 11 high-quality acquisitions in 2019. Investments totalled around €422 million in 2019, some €223 million above plan. We acquired a total of 1,192 homes (1,041 apartments and 151 family homes). All but two of the acquired properties have an energy index on or below 0.2 and all acquired properties have a minimal GPR score above 7.5.

Apart from the purchase price, market vendors appreciate matters such as reliability, vigour and expertise. It is also very important to stand out in terms of deal security, efficiency, rapid (legal) structuring and decision making. All these aspects played a role in achieving these results. The Fund financed the acquisitions from existing commitments, the commitments of new shareholders, top-up commitments from existing shareholders and through divestments. All of the acquisition properties are located in the Fund's core regions, with 788 homes located in the Randstad:

- 1,041 apartments
- 151 family homes
- 641 affordable homes
- € 422 million investment volume

The assets we acquired in 2019 are shown below.

Bethelpark
316 residential units,
Delft

Purchase price € 97,786,516
EPC Maximum 0.2
GPR Minimum 7.5

Bethelpark, Delft
Expected rental bandwidth € 720 - € 1,540 (price level 2022)

The Bethelpark project on Reinier de Graafweg in Delft is located south-west of the centre of Delft. The projects covers 302 apartments (with 235 of these mid-rental segment homes and 18 social housing homes) varying in size from 52 m² to 85 m², as well as 14 town houses measuring 122 m². The development is located next to the Reinier de Graaf Gasthuis hospital and has ample amenities nearby, with various schools and De Hoven shopping centre within walking distance. Delivery is scheduled for 2021.

Guido van Dethstraat
30 residential units, Den Haag

Purchase price € 8,450,000
EPC Maximum 0
GPR 7.5

De Wateringen, Den Haag
Expected rental bandwidth € 931 - € 1,503 (price level 2020)

The De Wateringen project on Guido van Dethstraat in The Hague is located on the outskirts of the neighbourhood Wateringseveld, with various amenities nearby. The project also has a highly sustainable energy system. The project offers a high-quality alternative to the somewhat outdated housing stock in the neighbourhood. The project comprises 30 apartments, with 18 of these in the mid-rental segment. The homes vary in size from 68 m² to 127 m². Delivery is scheduled for 2020.

Simon Stevin
90 residential units,
Ede

Purchase price € 25,520,000
EPC Maximum 0
GPR Minimum 8.0

Simon Stevin, Ede
Expected rental bandwidth € 919 - € 1,419 (price level 2021)

The Simon Stevin project is located on the site of the former military barracks on the eastern side of Ede and comprises 90 liberalised sector rental apartments, with 58 of these designated as mid-rental apartments. The apartments are located in three virtually identical buildings around the former exercise area. The homes vary in size from 83 m² to 133 m². The former barracks are located on the eastern side of the city centre, with amenities within walking and cycling distance. Delivery is scheduled for 2021.

Licht & Lucht
48 residential units,
Zeist

Purchase price € 14,233,423
EPC Maximum 0.26
GPR 8

Licht & Lucht, Zeist
Expected rental bandwidth € 830 - € 1,395 (price level 2022)

The Licht & Lucht project is in the conveniently located Kerckebosch neighbourhood on the south-eastern side of Zeist and is easily accessible by both public transport and by car or bike. The project comprises 48 apartments, divided across two building with a semi-underground parking area with 60 parking spaces. Of the 48 homes, 44 are designated as mid-rental homes. The homes vary in size from 53 m² to 99 m². Amenities such as the neighbourhood shopping centre, school and other facilities are within walking distance. Delivery is scheduled for 2021.

Tudorpark 2e fase
134 residential units,
Hoofddorp

Purchase price € 25,387,370
EPC 0.2
GPR Minimum 7.5

Tudorpark 2nd phase, Hoofddorp
Expected rental bandwidth € 1,373 - € 1,553 (price level 2021)

The second phase of the Tudorpark project is located in the new-build neighbourhood Tudorpark on the southern side of Hoofddorp. The 62 family homes, varying in size from 124 m² to 145 m², are set in a villa park setting and are extremely varied in terms of design and size. The new neighbourhood has a distinctive appearance due to the use of classic architecture (English Tudor style). All amenities, such as shops and school, are nearby. The neighbourhood is immediately adjacent to a large recreational lake (Toolburgerplas) and the nature area Park21, which is currently being developed. Delivery is scheduled for 2020.

Buitenpoort Parkwachter
40 residential units,
Rijswijk

Purchase price € 10,731,200
EPC Maximum 0.2
GPR Minimum 7.5

Buitenpoort Parkwachter, Rijswijk
Expected rental bandwidth € 1,029 - € 1,125 (price level 2022)

The Buitenpoort Parkwachter building is located in the Rijswijk Buiten residential area: a sustainable neighbourhood with a total of around 3,500 homes, around 1,000 of which have already been realised. The project comprises 40 three-room apartments varying in size from 64 m² to 76 m². The central location between Rijswijk, The Hague, Delft and Rotterdam makes this an attractive location for commuters. Residents have access to a shopping centre, various junior schools, city parks and sports facilities within 1.5 kilometres. Delivery is scheduled for 2021.

Breezicht
75 residential units,
Zwolle

Purchase price € 20,118,700
EPC Lower than 0 (NOM)
GPR Minimum 7.5

Stadshagen Breezicht, Zwolle
Expected rental bandwidth € 1,022 - € 1,083 (price level 2021)

The Breezicht project is located in two sections of the new Breezicht neighbourhood in the Stadshagen district of Zwolle and comprises 75 so-called zero-on-the-meter (NOM) family homes of 116 m². The essence of Breezicht is rural living in the midst of an open landscape. Living in nature in a sustainable environment is key in the concept. The Breezicht neighbourhood is located to the west of the Milligerplas lake in the Stadshagen district, cycling distance from sports fields, schools and the Stadshagen shopping centre. Delivery is scheduled for 2020.

Kop van West Veld F
115 residential units,
Purmerend

Purchase price € 37,076,040
EPC Maximum 0.2
GPR Minimum 7.5

Kop van West Veld F, Purmerend
Expected rental bandwidth € 814 - € 1,198 (price level 2022)

The Open Vest project in Purmerend is situated in an attractive location in the 'Kop van West' new-build neighbourhood, on the canal close to the town's historical centre and the bus station. The project comprises a closed building block of 115 apartments varying in size from 49 m² to 94 m², 157 m² GLA of commercial space and 81 parking spaces divided across various blocks, all built around a shared courtyard garden. Delivery is scheduled for 2022.

Van de Ven en Vogelzang
139 residential units,
Eindhoven

Purchase price € 52,192,658
EPC Maximum 0.2
GPR Minimum 7.5

Van de Ven en Vogelzang, Eindhoven
Expected rental bandwidth € 997 - € 1,430 (price level 2022)

The De Gebroeders project is located on the border between the Philipsdorp and Vonderkwartier neighbourhoods in Eindhoven. The project comprises 139 apartments varying in size between 74 m² and 121 m², together with 139 parking spaces divided across two buildings. The buildings are around 1,200 metres apart, but are being treated as a single plan development with similar architecture, city planning design and range of homes. Delivery is scheduled for 2022.

Next
99 residential units,
Eindhoven

Purchase price € 46,450,381
EPC 0.2
GPR Minimum 7.5

NEXT, Eindhoven
Expected rental bandwidth € 1,039 - € 1,470 (price level 2022)

The NEXT project in Eindhoven is located at Strijp-S in Eindhoven. Strijp-S is the redevelopment location of the former Philips site on the edge of Eindhoven city centre. The project comprises a residential tower with 99 rental apartments of 65 m² to 109 m², 27 purpose-built parking places and 424 m² GLA of commercial space. A further 60 apartments are designated for sale to private buyers. An above-ground parking lot will be built behind the complex (between the residential tower and the railroad tracks) for use by both residents and visitors. Delivery is scheduled for 2022.

Properties added to the portfolio
In 2019, the Fund added a total of 1,187 apartments and 347 family homes to its portfolio. See below for a list of the new properties in the portfolio.

Property	City	No. of residential units
Zijdebalen IV	Utrecht	52
Frixos (De Werf F)	Amsterdam	36
Glenlyon (De Werf G)	Amsterdam	168
Frixos (De Werf F) COG	Amsterdam	0
Glenlyon (De Werf G) COG	Amsterdam	0
State I (Kop Weespertrekvaart)	Amsterdam	160
Nieuw Nachtegaalplein II	Nijmegen	38
Up Town	Rotterdam	150
Explorer (De Werf E)	Amsterdam	69
Explorer (De Werf E) COG	Amsterdam	0
Kop van West	Purmerend	74
Hof van Pampus	Hoofddorp	74
Meierijlaan	Eindhoven	24
KVL	Oisterwijk	60
Tudorpark EGW	Hoofddorp	98
Tudorpark MGW	Hoofddorp	36
Welgelegen Park MGW	Apeldoorn	31
Welgelegen Park EGW	Apeldoorn	20
Oostduinlaan	s-Gravenhage	146
Picuskadeblok	Eindhoven	36
Haarzicht	Utrecht	126
Rijswijk Buiten-Sion MGW	Rijswijk	59
Zonnehoeve	Apeldoorn	41
Velperparc	Arnhem	36

Divestments

In 2019, the Fund divested properties for around € 83 million, comprising 437 family homes and 64 apartments. Furthermore, the Fund signed one sales agreement for 455 family homes and 120 apartments for € 150 million. Delivery will take place in 2020. As our acquisitions in 2019 were higher than 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. Residential real estate is currently very much in demand among both domestic and foreign investors, and we are seeing high levels of interest in assets we put up for sale. So we see very few obstacles to the continued optimisation of our portfolio.

Properties sold

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

Property	City	No. of residential units
West Ede	Ede GLD	116
Peelo I	Assen	92
Hagerhof West	Venlo	73
Hoogeveen	Hoogeveen	64
Brouwerhof Zuid	Valkenswaard	116
Tolberg	Roosendaal	40
*Mierlo Hout	Helmond	41
*Dunantweg	Deurne	26
*Watermolen	Roosendaal	20
*Oranjelaan	Roermond	87
*Dommelbergen II	Oosterhout NB	32
*Craneveld	Venlo	35
*Wasbeek	Sassenheim	64
*Cauberg	Alphen aan den Rijn	37
*Mercatorweg	Hoek van Holland	33
*Heer Oudelands Ambacht II	Zwijndrecht	38
*Maaskwadrant	Hoogvliet Rotterdam	120
*Endenhout	Hoogvliet Rotterdam	42

** contract signed, delivery in Q1 2020*

Portfolio diversification

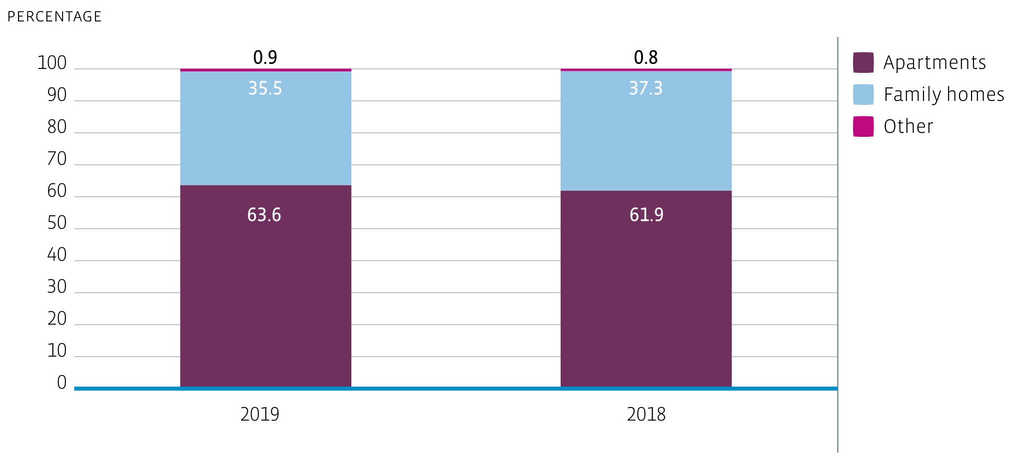
Portfolio composition at year-end 2019:

- A total of 18,227 homes (276 properties) across the Netherlands
- Total property value of € 6,483 million at year-end 2019

Type of property

In 2019, the Fund bought and sold both family homes and apartments. Compared with 2018, the proportion of apartments in the total portfolio had increased at year-end 2019 (2019: 63.6% 2018: 61.9%). 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

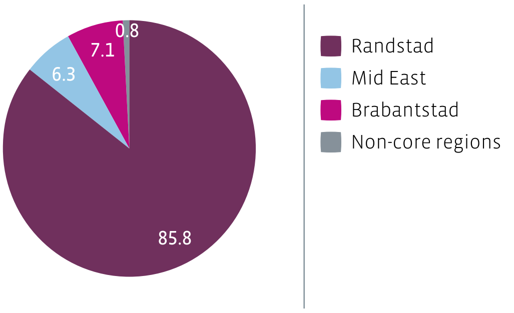


Core regions
In 2019, Bouwinvest updated its core region model. This updated and optimised the input (variables and sources), the weighting and the methodology. It also led to a slight change in the number of municipalities included in the updated core regions, to 126 municipalities in the new version from the 128 municipalities included in the previous version.

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 2019, 99.2% of the portfolio value was located in these core regions, with by far the greatest part (85.8%) 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.

As the entire investment pipeline is located in the Fund's core regions, this percentage will increase slightly in the near future. In addition, the Fund has a guideline that a maximum of 90% can be invested in the Randstad conurbation. This now stands at 85.8%.

Allocation of investment property by core region based on market value



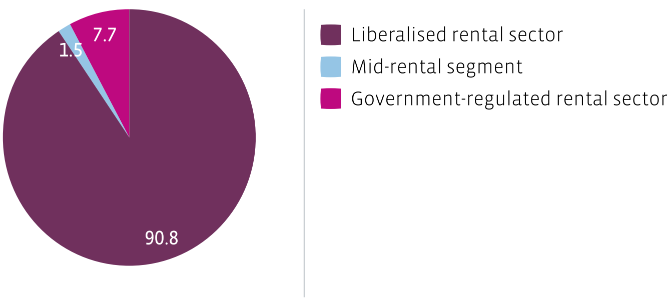
The Fund constantly refines its long-term regional focus. This involves anticipating and responding to long-term trends that may affect the value of the portfolio, such as the growth in the number of households, the ageing population and steadily increasing urbanisation. The Fund's core regions include 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 and 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
The Fund sees the liberalised sector (rents of € 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. As a result of active asset management, investments and divestments, the percentage of liberalised rental homes in the portfolio increased slightly to 92.3% in 2019, from 90.2% in 2018.

In the graph below, we added the mid-rental segment for liberalised properties with special agreements related to the likes of the rental level and rent increases.

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

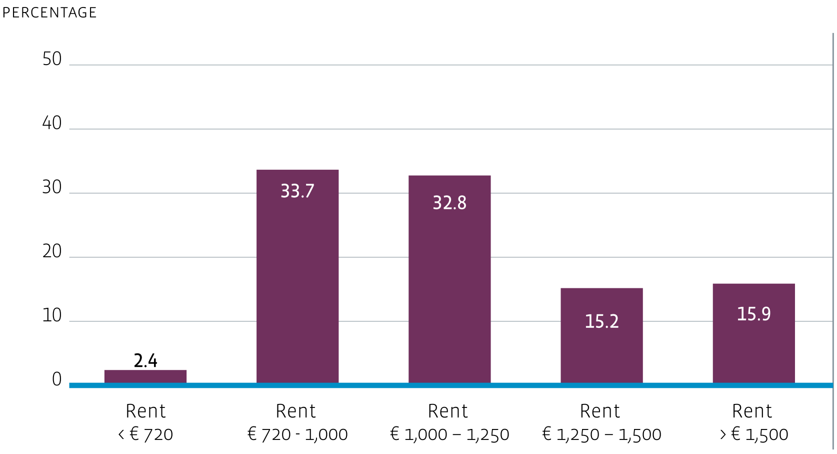
PERCENTAGE



Price level

With a slightly increased average monthly rent of € 1,104 in 2019, the Fund's focus continues to be on the mid-rental segment. Around 66.5% of the portfolio has a monthly rent of between € 720 and € 1,250 and more than 33.7% consists of homes in the mid-rental segment (between € 720 and € 1,000). Following the acquisition of 1,192 homes in 2019, with 51% of these in the mid-rental segment, the Fund is well represented in a segment that is in high demand due to the current economic conditions. Despite the recent levelling off of house price rises, 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 over the past few year, combined with 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 sharpened focus on affordable housing in the (lower) 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



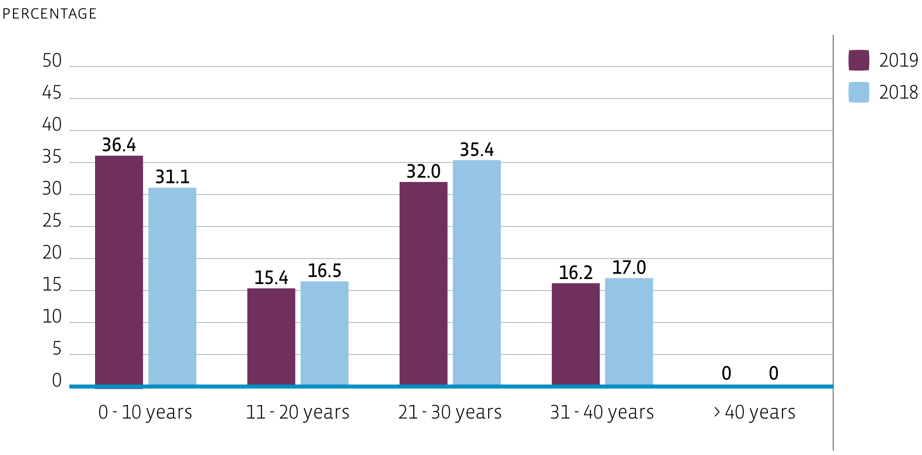
The following five cities account for 90% of the rents above € 1,500: Amsterdam (70%), Rotterdam (6%), Utrecht (5%), Diemen (5%), Amstelveen (4%).

Age

Due to the refreshment of our portfolio in 2019, the weighted average age of the portfolio declined slightly compared to year-end 2019 (17.6 years in 2019 versus 18.2 years in 2018).

With a pipeline of around € 800 million and a disposal plan of around € 150 million per year for the coming years, the weighted average age of the portfolio is expected to decline further in the future.

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



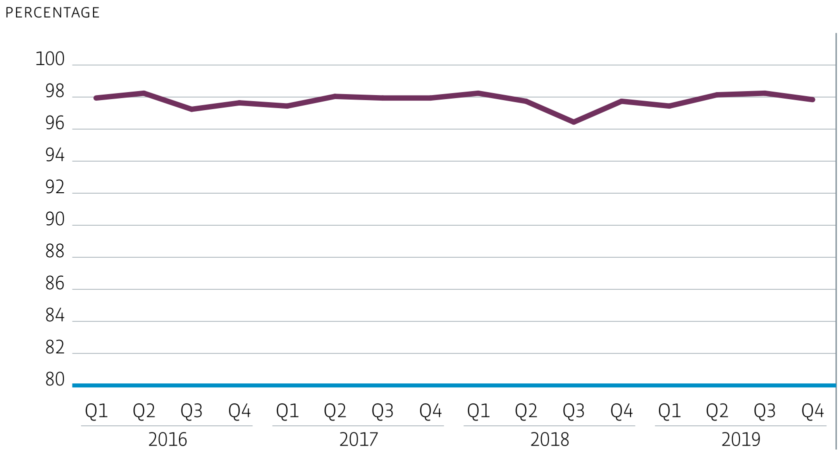
Financial occupancy

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 devotes 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 97.9%.

Financial occupancy rate



Financial performance

Total return

The Fund realised a total return of 11.5% in 2019 (plan: 9.7%; 2018: 18.2%) consisting of 2.3% income return (plan: 2.5%; 2018: 2.5%) and 9.1% in capital growth (plan: 7.2%; 2018: 15.4%). The total return came in at € 671.2 million (plan: € 550.8 million), 206.8 million down from € 878.0 million in 2018, while the Fund's invested capital was 13.3% higher at € 6,529 million (plan: € 6,222 million), compared with € 5,762 million in 2018. Capital growth is less than 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 2.3% compared to 2.5% in the Fund Plan (2018: 2.5%). The income return is the balance of increased net rental income from assets and increased Fund and finance costs. Net rental income of € 168.9 million was € 3.5 million less than plan of € 172.4 million (2018: € 153.9 million). Fund and finance costs came at € 32.2 million compared to € 30.7 million in plan (2018: € 28.5 million).

Existing assets at the start of 2019 contributed an additional € 11.8 million to the gross rental income. The addition of 24 assets to the investment portfolio added € 11.0 million to the gross rental income.

Fund costs (administrative expenses) increased in 2019, 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 9.1 % in 2019, compared to 7.2% in plan (2018: 15.4%). This capital growth was driven by 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 in 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 86% 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 12.4% in 2019 (plan: 10.4%; 2018: 19.1%) consisting of a 2.8% income return (plan: 3.0%; 2018: 3.1%) and a 9.3% capital growth (plan: 7.2%; 2018: 15.6%). The total return is 1.2% lower than the MSCI Netherlands Property Residential Index return (13.6%), mainly due to the relative concentration of the portfolio in Amsterdam accompanied with higher capital growth in previous years.

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

Funding

In 2019, the Fund welcomed one new investor and one new commitment holder. We closed new commitments worth € 75 million and additional commitments of € 115 million. Last year, we managed to make € 230 million in capital calls, putting the committed capital of our investors to work.

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 2019, 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 2019, 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 2019, the Fund had € 80.2 million freely available in cash and € 20.0 million in a 30-day deposit.

In 2019, the Fund's cash position increased by € 55.2 million compared to year-end 2018. In 2019, the Fund paid out € 133.5 million in dividend to its shareholders.

Interest rate and currency exposure

In 2019, 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 2019.

As the Fund had no external loans and borrowings, nor any foreign currency exposure in 2019, 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 Executive Board of Directors proposes to pay a dividend of € 135.4 million for 2019 (2018: € 125.4 million), 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, 75.6% was paid out in the course of 2019. The fourth instalment was paid on 25 February 2020. The rest of the distribution over 2019 will be paid in one final instalment following the Annual General Meeting of shareholders on 15 April 2020.

Tax

The Fund qualifies as a fiscal investment institution (FII) under Dutch law and as such is subject to corporate tax at a rate of zero percent. Being an FII, the Fund is obliged to annually distribute its entire fiscal result. In 2019 the Fund complied with the FII requirements.

The Fund met its obligations related to value added tax, transfer tax and other applicable taxes in their entirety in 2019.

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.

Highlights sustainability performance 2019

- We improved our GRESB score by five points (total 84 points) and retained our GRESB 4-star rating
- 100% of our investments have GPR Building certificates with an average score of 6.4 for the total portfolio
- 100% green label portfolio with an average energy index of 1.17; 42.5% with energy label A
- Installed a total of approx. 9,201 kWp in solar panels
- In 2019, we realised a 2.2% like-for-like reduction of energy consumption and a 10.3% increase of GHG emissions
- 237 rental contracts with a sustainability clause
- 38.1% of our construction sites are registered under the Considerate Constructors Scheme ('Bewuste Bouwer')
- 610 homes acquired in the mid-priced rental segment (€ 720 - €1,000)

Highly sustainable Fund

In 2019, the Fund retained its GRESB 4-star rating and increased its overall score by five points, taking it the total score 84 points from 79 points in 2018, putting us well on track to achieve a 5-star rating ahead of schedule in 2020. This also resulted in a substantially better peer comparison position, to 6th out of 16 in 2019 from 9th out of 13 in 2018. The improvement of the score is based primarily on three items that improved compared to 2018: Risk & Opportunities, Monitoring & EMS and Performance Indicators. To achieve a GRESB 5-star rating, we will continue to increase our focus on Policy & Disclosure, Stakeholder Engagement, Monitoring & EMS and Performance Indicators.

Continued improvement of the Fund's sustainability performance

Plan on continued improvement of the Fund's sustainability performance	
Annual improvement of overall GRESB score	Achieved. +5 points (84/100), 4 out of 5 star rating.

Investing in sustainable real estate

Sustainable buildings

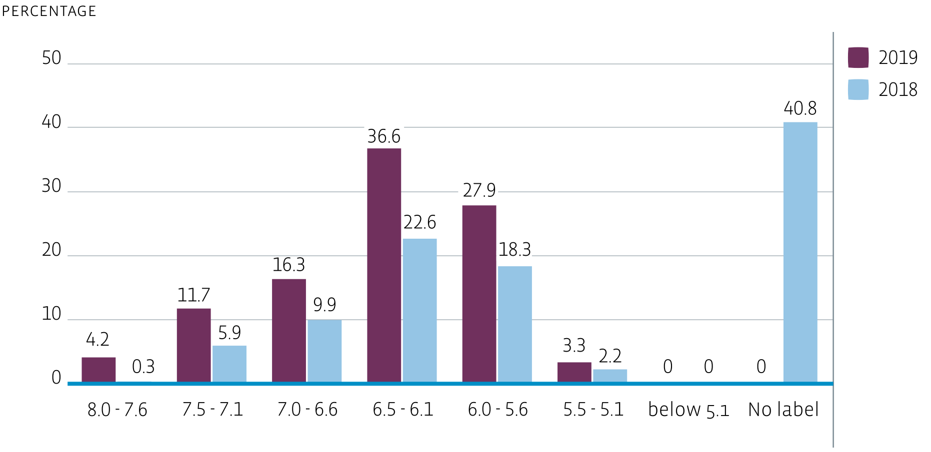
Sustainable building certificates enable us to show where we are in terms of sustainability at asset level and how far we still have to go. We use internationally accepted sustainability certificates to measure and assess the overall sustainability of our assets. Benchmarks help us to make informed business 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.

By year-end 2019, over 100% of the portfolio had received a GPR label with an average score of 6.4.

One example of our commitment to improving the sustainability of our portfolio was the opportunity we took to raise the sustainability standards of a project we were acquiring in Haarlemmermeer during the renegotiation of the contract. These homes were already highly sustainable, but once we were back at the negotiating table – prompted by the sharp rise in the land price – we decided to make them even more energy efficient. Now they will be among the most carbon neutral homes in our portfolio.

GPR scores (% of lettable floor space)



Plans on sustainable buildings & Investments	
100% GPR building labelled portfolio by end 2019	Achieved: 100% of the homes (2018: 59%).
Acquisitions and major renovations/ redevelopments minimum GPR building 7.5	Achieved.

Climate resilient buildings

The impact of climate change is becoming ever more visible. Physical risks are increasing, but so are the transition risks resulting from the additional measures governments are taking to put a brake on global climate change. This demands more attention for the effects of climate change.

The Fund has started to identify the climate risk exposure of its buildings, by combining climate data with other sources of building data to create a so-called climate stress test. This looks at the likes of hindrance or damage due to flooding, heat stress inside and outside buildings and subsidence due to drought and drops in ground water levels. The aim of this exercise is to ascertain whether current and future investments are climate proof, both in the short term and around 2050, and what measures the Fund needs to take to prevent damage to the buildings and to guarantee the safety and well-being of users. This is how we are working to create a climate-proof portfolio.

Reduction of environmental impact

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.

In 2019, the Fund raised its targets for the reduction of its environmental impact in the period 2020-2022:

- Renewable energy: increase percentage of renewable energy
- Energy: average annual reduction to 5% in 2021 from 2% in 2019
- GHG emissions: average annual reduction to 5% in 2021 from 2% in 2019
- 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 apartments and family homes. We have already achieved our goal for 2020 and we have included more ambitious goals in our Fund Plan for 2020-2022. From this moment on, we will fit all existing apartment buildings and family homes with solar power. We are also considering pilot projects for the storage of solar power in batteries. In 2019, we made 120 homes near carbon-neutral-ready by supplying air-source heat pumps to drastically reduce natural gas consumption.

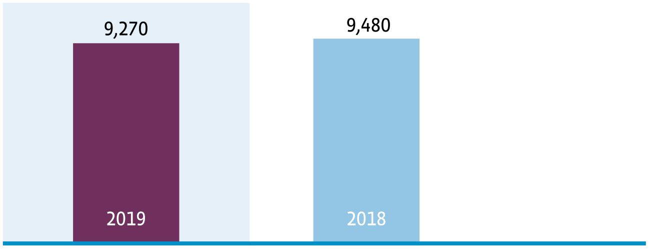
We also raised the target for renewable energy generated by solar panels to 12,000 kWp by the end of 2022. The target for energy reduction is now 5% per year to put the target in line with (international) climate goals (reduction of 95% of CO_2 in 2050 compared to 1990). We have also redefined the target for the zero-to-the-meter housing projects to bring this more in line with current developments: in the period 2020-2022, 70% of newly-signed acquisitions (€) will be near 'energy neutral' projects ('BENG'-proof).

Energy consumption and GHG emissions

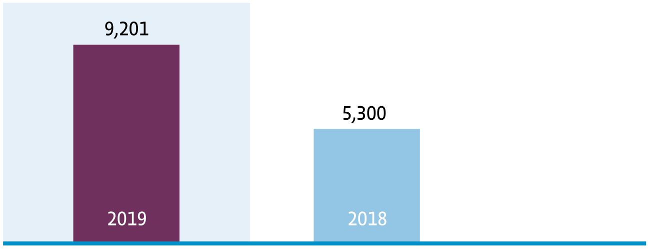
By selecting and focusing on the top 50 largest energy consuming assets and installing LED lighting and relocation sensors, the Fund is on track to meet our environmental target.

In 2019, the Fund managed to cut electricity consumption by 5.7% (2018: 1.8%) and total energy consumption by 2.2% (2018: 1.7%), both on a like-for-like basis. GHG emissions increased by 10.3% caused by higher use of gas. The Fund purchases renewable electricity for common areas, while property managers are required to deliver energy efficient alternatives for repairs and replacements based on the Total Cost of Ownership (TCO).

Energy consumption (like-for-like, MWH)



On-site solar panels (MWp)



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

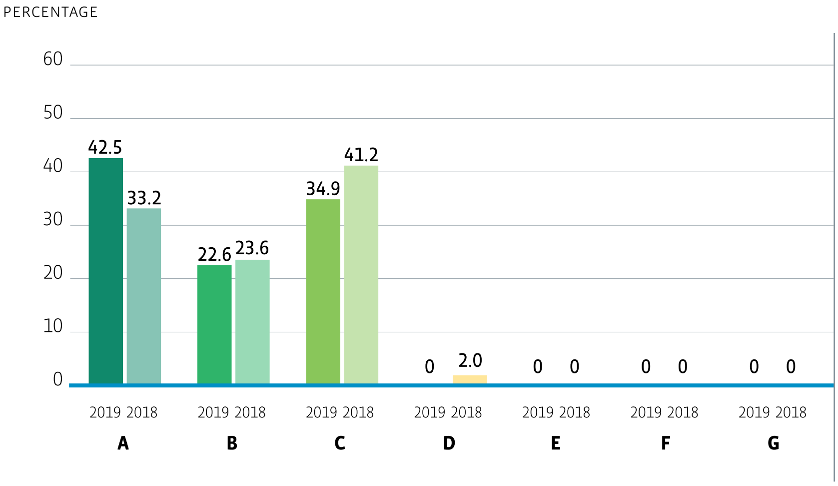
The Fund aims to manage waste streams for which it is directly responsible in a responsible manner. We encourage our tenants to minimise and recycle waste. We provide recycling bins and encourage the reuse of plastics, metal and other materials.

Green portfolio

The Fund met its target related to sustainability at asset level in 2019, and had a 100% green portfolio, as all assets had received EPC labels A, B or C. The distribution of energy labels in the portfolio is shown below. Investment properties under construction are excluded from this overview. The Fund expects all these properties to receive an energy label A upon delivery.

On top of this, last year the Fund acquired a total of 297 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.

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



The Fund redefined these targets in the Fund Plan 2020-2022 to the effect that we are now aiming to receive Energy label A for at least 65% of the portfolio (energy-index <1.2). All new-build properties we acquire will have to have a minimum energy index level of 0.2 (BENG-proof) and a GPR score of 8.0. We will also continue to invest in our standing portfolio to reduce energy index levels to a minimum of 1.15 and achieve a minimum GPR score of 6.6 in 2022.

Plans on reduction of environmental impact

Add renewable energy on location, installing 12.000kWp of solar panels before end of 2021	On target: year-end 2019 approx 9,201 kWp.
Annual reduction of environmental impact to increase from 2% in 2019 to 5% in 2021	Energy -2.2% GHG emissions +10.3%
100% green portfolio (A, B, C energy labels) and 65%% energy label A or better by end 2021	100% green portfolio 43% energy label A
In the period 2019-2021, 70% of newly signed acquisitions (€) are near 'energy neutral' projects ('BENG'-proof)	77% BENG proof

Enhancing stakeholder value

Engaging with stakeholders

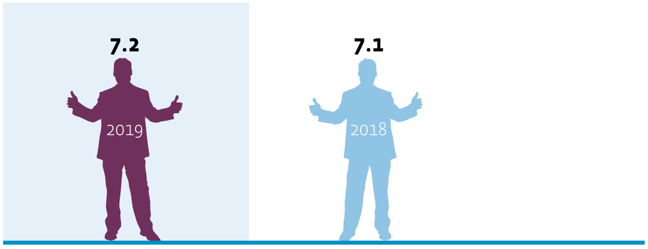
Tenant engagement

Our tenants are among our most important stakeholders and we have made a good deal of progress in terms of truly engaging and getting to know our tenants in recent years. Our target for 2019 was to achieve an overall score of 7.0. There are clear signs that the actions we have taken are having a positive impact. This was clear from the tenant satisfaction survey we conducted in 2019, covering 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, 1,923 tenants (39.5% of those asked to participate) responded to the survey. We improved our scores across the board, which resulted in an overall score from our tenants of 7.2. This put us 0.1 points above the IVBN benchmark on all the items included in the survey.

Once again, we will use the results of the survey 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 communicate the outcome of the survey to our tenants, along with the specific actions we plan to take to improve service levels.

Satisfaction scores tenant engagement survey



Benchmark: 7.1 Benchmark: 7.0

Participant rate tenant engagement survey

In 2019, we ran a pilot for a new tenant monitoring system with one of our property managers. This system records all the contact moments with our tenants and our response those interactions. The new client monitoring system gives both Bouwinvest and its property managers access to the same information. This system gives us a 360-degree client view, so we know what our tenants need, how we can optimise our services and what we need to do to respond proactively to our tenants' wishes. We plan to roll out this new system across the entire portfolio in 2020.

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 keen to hear from 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 targeted surveys on specific topics 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.

Last year, we conducted three surveys among the residents of delivered projects. These covered the likes of satisfaction with the rental process, delivery, home and living environment, services and facilities offered. In addition to a high response rate (on average 50%), these surveys generated about 200 new members for our tenants panel. All these surveys provided us with greater insight into the needs and wishes and dissatisfiers among our new tenants. 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 surveys conducted in 2019:

- Social contact and cohesion survey - willingness to participate or set up community events
- Satisfaction survey among tenants of new developments on topics such as environment, complex, apartment, realtor, facilities
- Sustainability improvements in the apartment and community
- Interest in shared-mobility services

Tenant portal

Our tenants expect more from us and our homes on a number of fronts, including quality, sustainability and affordability. And of course they also expect outstanding customer service. The surveys Bouwinvest has conducted into our tenants' customer journey have given us a clear picture of how that journey feels and helped us identify a number of potential improvements. We have made the satisfaction of our tenants a major priority for the coming years, as an integral part of our wider ambition: to be more client-centric in our approach to all our stakeholders, to improve the quality and efficiency of our processes, to optimise our contacts with tenants and to take a more proactive approach to how we provide our services.

Our research shows that the ease with which tenants can deal with all their home-related matters is just as important as the home itself. This is why we have developed a tenant portal 'Wonen bij Bouwinvest' and the above-mentioned client monitoring system. Tenants can use this portal for everything, from repair requests to online payment and from changes in details to the filing of complaints, whenever and wherever they see fit.

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.

Plan on enhance responsible business operations	
In 2021 all our tenants can use our tenant portal incl. sustainability performance	On target. First pilot mid-2020

Green rental contracts

Following the residential team's efforts to add a sustainable focus to the Fund's standard lease contract in 2018, the team continued to roll out green rental contracts across the portfolio last year. As a part of our drive to continue to enhance our existing sustainability for the long term, we believe we need to address the 'user effect'. By adding a separate appendix on the dos and don'ts in the use of our homes, we want to accelerate the realisation of our sustainability goals and ambitions. We strongly believe that engaging our tenants in our efforts to increase the sustainability of our portfolio will make us far more successful in the long run.

Plan on engage with stakeholders	
Clients give the Fund a score higher than 7	Completed 2019 (7.8)
Tenants give the Fund a score higher than 7	Completed 2019 (7.2)
Start with green clauses in rental contracts for new buildings in 2019	237 green leases in place of 4,095 new contracts

Improving client services and communications

Real estate markets are remarkably dynamic, so Bouwinvest has to be responsive to internal and external news, as well as trends, risks and developments that could influence investments in Real estate markets. We are clear on our investment strategies and are dedicated to demonstrate our ability to meet or exceed our clients' expectations, by offering investment opportunities, services and market data related to existing and potential new investments.

In 2019, we conducted a stakeholder survey, asking our main stakeholders, including our investors, how they view us in terms of what we are getting right and where we could make improvements. This survey provided us with a lot of valuable feedback. The survey showed that we are on the right track on ESG front, but we could improve our communications with our investors in terms of the progress we are making towards achieving our ESG ambitions. These, and other actions will help us to improve our client services and communications. Our ultimate goal is to achieve a steady long-term client satisfaction score of above 7.5 (out of 10).

Strategic partnerships

One of the biggest risks we face right now is the overregulation of the housing market, as an increasing number of local authorities are taking action to increase the number of affordable homes in and around major urban centres. This is where our solid reputation will be a key success factor. For example, a good reputation among our stakeholders is essential for deal sourcing. For instance, when developers choose to sell to an investor their choice is often based on more than just the optimal purchase price. Most developers also appreciate our reliability, vigour and expertise. In this highly competitive market, it is very important that we continue to stand out in terms of deal security, as well as efficient and rapid (legal) structuring and decision making.

The same argument goes for the Dutch national government, local municipalities and housing corporations. Those stakeholders are keen to work with trustworthy partners that accept their social responsibility. Partners that want to help create future-proof, inclusive and liveable cities. This is why the Fund focuses on being a city partner, and tries to build reciprocal understanding between municipalities and institutional investors.

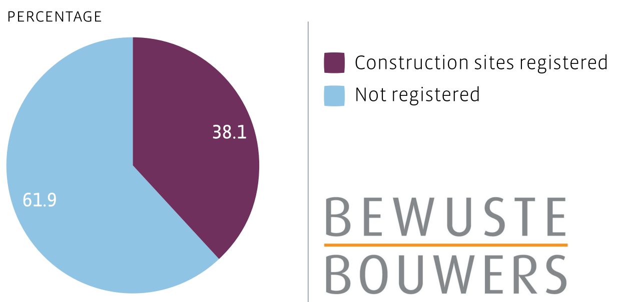
For example, last year the municipality of Delft and the Fund worked together to define an optimal mid-rental policy, while in the municipality of Utrecht we were closely involved in drafting the 'City Agreement' on the future housing market policy. The Fund hopes this approach will help us avoid excessive regulatory measures from local governments, which could severely weaken the residential investment climate. This is a two-way street, and national and local authorities, housing corporations, institutional investors and project developers need to work together and listen to each other. That is the only way we will be able to come up with a structural solution to the serious shortage of mid-market rental properties in urban areas.

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.

% construction sites registered as considerate construction scheme



BEWUSTE BOUWERS

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. Last year, Bouwinvest was the first institutional investor in the Netherlands to be awarded the 'HARTveilig' (heart-safe) certification for its entire residential portfolio, following the installation of some 230 AEDs on the Fund's homes and residential complexes. Bouwinvest is also planning to install AEDs at all new assets it adds to its portfolio. In late 2019, City AED reported the first use of one of the AEDs fitted in one of the Fund's complexes.

Plans on sustainable stewardship	
In 2020, 75% of construction sites (€) registered under Considerate Constructors Scheme ('Bewuste Bouwer')	On track. 38% of construction sites are registered. 3, out of 12 acquisitions in 2019 have contractually agreed to register.
Gain board seats and committee memberships industry organisations: have at least one active board/committee memberships within industry organisations in the Dutch residential sector sector	Bouwinvest's employees have several active positions on boards or working groups of the networking and industry organisations like: IVBN, INREV, ULI, DGBC, Holland Metropole and NEPROM. 4 positions are explicitly related to the residential sector.
Make areas heart safe: By the end of 2021, our tenants have an AED available within six minutes walking distance	100% of our tenants have an AED available within six minutes walking distance

Being a responsible organisation

Investing in affordable real estate

Our ambition is to have 60% of our total portfolio in the affordable mid-rental segment category (€ 720 to € 1,000; as per January 2020, € 737 and € 1,027). We are currently heavily involved in the ongoing national debate on affordable housing and we have looked at what we can do with our current housing stock. We also take the need for more affordable housing into account in our investment decisions. For instance, in 2019 we decided to raise the rents of our liberalised sector properties by no more than inflation plus 0.5%, which was even lower than the previous year's inflation plus 1% increase.

In 2019, we also lowered the income requirements for our rental properties, so more people will be eligible to live in them. We have already rented out two properties to a specific target group based on income. This opened up our homes to people who formerly qualified for government-regulated social housing. And of course, it freed up that social housing for the people who really need it. We believe that everyone should have the opportunity to live in their city of choice, as limiting urban living to a select group will have a major impact on the vibrancy and liveability of cities in the long run. We also worked closely with the municipality of Delft on our first acquisition of homes in the city to create a balanced mix of homes for all income groups, and the total of 302 homes in the Bethelpark project includes 70 mid-rental segment and 18 government regulated apartments.

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 of affordable homes, we believe the best way to maximise our positive societal impact is to invest in more affordable mid-market rental homes. This is why the Fund now focuses even more explicitly on affordable mid-rental segment homes when considering or making acquisitions.

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.

Collaboration with PropTech start-ups and scale-ups

New technologies, such as the Internet of Things, artificial intelligence, big data and blockchain can improve the quality, productivity and efficiency of our operations. We devote a great deal of attention to new property technologies (PropTech), start-ups and scale-ups that are developing solutions. At Bouwinvest, we foster a culture of innovation, to stay ahead of the ever-changing demands of our investors and tenants and to safeguard the value of our investments by helping to create future-proof cities. We are currently working on innovative solutions in various stages of development.

In addition, our Research department has developed a data integration solution to provide automatic data gathering and an advanced analytics platform. The solution includes a data warehouse, which is essentially a large collection of centrally-managed data from both internal and external sources. The solution supports decision making at operational, tactical and strategic levels and will be expanded over the coming years to unlock more value. In addition to the data integration solution we launched, we are currently looking for a partner who can help us develop a data-gathering and analysis tool to measure the environmental impact of our portfolio in detail. This solution will help us to make our portfolio 'Paris Proof' in the long term.

Our ambition is to be part of the early majority by enhancing our involvement in technological development. We focus on three central innovation themes: Sustainability & circularity, Customer & user experience and How we work. Up until now, our focus has been on the launch of new products and the continued development of these products. Some have been scaled up and rolled out on a wider scale, while others have been shut down when it turned out they generated too little added value.

We currently have a portfolio of several PropTech innovations. Examples include:

- Pilot for the use of batteries in combination with solar panels to lower the energy use of lifts
- Pilots with mobility hubs (Hely, Pon) and parking solutions (Parkbee)
- Several community-building apps
- Data integration solution to automate data gathering and conduct advanced research for better decision making
- Tenant portal, digital contracts and new ways to check the creditworthiness of residential tenants

Up:town

Apartments
Rotterdam
the Netherlands

Corporate governance

Bouwinvest Dutch Institutional Residential Fund N.V. (the 'Fund') was established in 2010. The Fund has a governance structure that 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 an Executive 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
- Elaborate approval process for all real estate investments
- Transparency and integrity integrated in daily business conduct
- Code of conduct
- Transparent and open shareholder communication

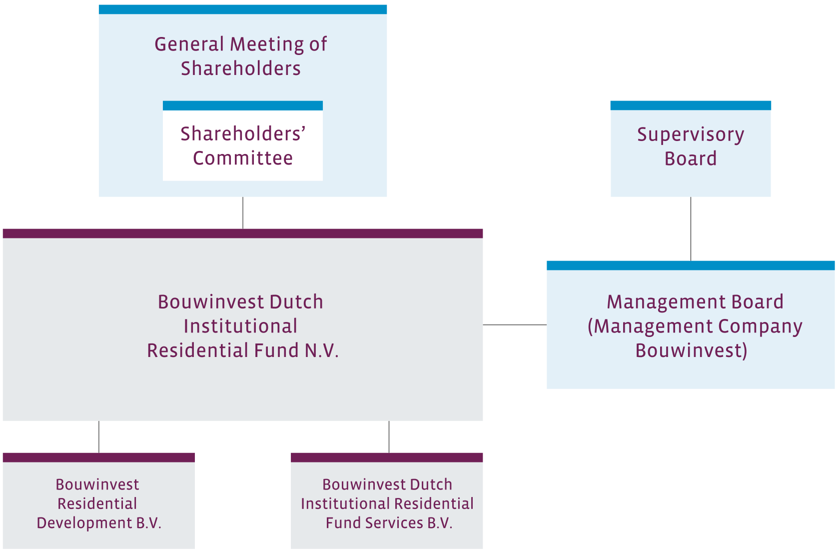
Structure of the Fund

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 Fund's renting activities and Bouwinvest Residential Development B.V., in which development activities are pursued that are ancillary to the Fund's investment portfolio. The aforementioned activities are placed in 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.

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.

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 fund manager 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.

Executive Board of Directors
Bouwinvest's Executive Board of Directors consist of the Chief Executive Officer, also Statutory Director, the Chief Financial & Risk Officer, also Statutory Director, 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 Executive 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 Executive 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 directly apply to Bouwinvest as it is an unlisted company, the Executive Board of Directors endorses the best practices of the Code in 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 Executive 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, responsible investment, health and safety, as well as our business partners. Bouwinvest has also instituted a whistleblower policy to deal with the reporting and investigation of unethical behaviour. All employees receive code of conduct training.

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 2019, there was no conflict of interest as referred to in the Bouwinvest Conflicts of Interest Policy, neither between the members of the Executive 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 the Asia-Pacific region, hotel properties through Bouwinvest Dutch Institutional Hotel Fund N.V. and healthcare properties through Bouwinvest Dutch Institutional Healthcare Fund N.V.

Risk Management & compliance

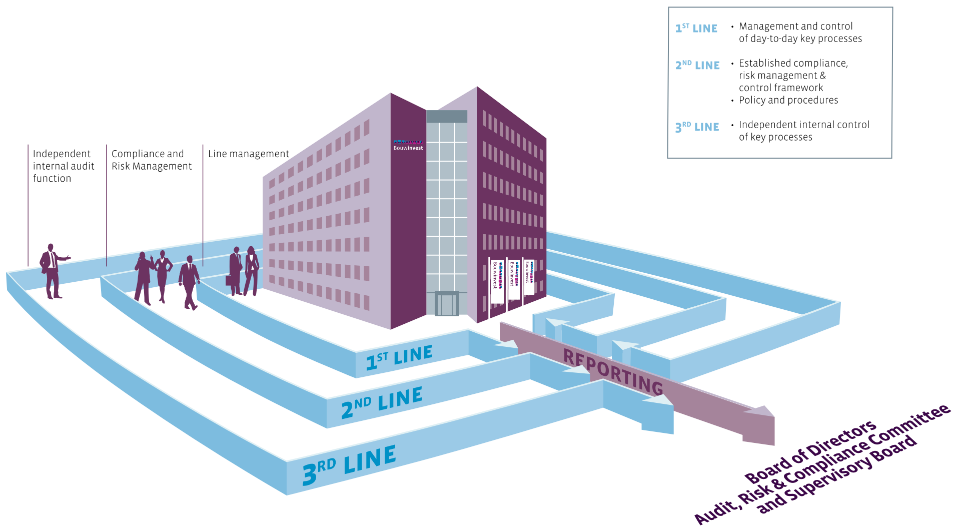
Risk guidelines

Bouwinvest constantly aims to strengthen the risk management function within the organisation. To support this continuous improvement on a structural basis, Bouwinvest has defined a long-term Integrated Risk Management Plan to take its risk management to Next Level Risk maturity. As part of this plan, Bouwinvest will make a transition to Integrated Risk Management. We have defined our Risk Taxonomy and Risk Policy and will continue to implement these in 2020. We will realise the continued growth in risk maturity in every all layer of the organisation. We will implement the Integrated Risk Management Policy in cooperation with the first line business. To realise this, Risk Management will act as a trusted partner in business, designing suitable risk policies and a challenging and risk monitoring role.

The three lines of defence and the risk taxonomy are two crucial elements of Bouwinvest's Risk Management Framework. These are applied to the Bouwinvest management organisation, the Dutch funds and the international mandates.

Three lines of defence model

Bouwinvest has organised Risk Management according to the three lines of defence model. The roles and high-level risk responsibilities are described for each of the lines.



First line: Line management

This line of defence is formed by the line management. Line management's first responsibility as risk owners is to manage the risks faced by Bouwinvest and its clients and to take adequate measures to control these risks. This involves system controls, documented process descriptions, procedures, segregation of duties, authorisations, reconciliations and review by line management. The first line of defence focuses on the following levels of risk management:

- Strategic: At strategic level (new products, markets, organisation and HR policy), the Executive Board of Directors is the owner of the (first-line) risk management.
- Tactical: Fund and mandate plans represent the tactical extrapolation of the strategic policy. Middle management is responsible for managing the tactical risks within the frameworks of the policy drawn up for this specific risk. Middle management also comprises the board members if and when they act in line with their hierarchical role.
- Operational: At operational level, each employee is responsible for implementation within the applicable processes and procedures, including risk assessment and the corresponding internal controls. They use Risk

and Control Self-Assessments (RCSAs) to assess whether the applicable processes and procedures are still managing the risks adequately and efficiently.

With respect to strategic risks, for which the Executive Board of Directors itself is part of the first line, the Supervisory Board (or in case of funds/mandates, the Shareholders) provides oversight of the functioning of the first, second and third lines of defence.

Second line: Risk and Compliance

The second line of defence consists of the Risk Management and Compliance departments. They are responsible for the design, implementation and effectiveness of risk management within the organisation and the monitoring of the first line of defence. It does this by setting policies to identify, measure, manage and monitor risks on an ongoing basis, and by facilitating and monitoring operational management's implementation of these processes. Furthermore, the second line monitors compliance with risk limits, the adequacy of internal controls, correctness and completeness of reporting, compliance with laws and regulations, and the timely mitigation of issues. They also advise the Executive Board of Directors on the integrated risk management for each of the identified scopes (Fund, mandate and the management organisation), help identify known and emerging issues, provide risk management frameworks and train and guide personnel.

Third line: Internal Audit

The third line of defence within Bouwinvest consists of Internal Audit, which is responsible for the evaluation of the adequacy and effectiveness of the internal control system and other elements of governance, including outsourced activities. Internal Audit also monitors the design and implementation of the Risk Management policy, by making recommendations and confirming that these recommendations are followed up. Internal Audit monitors both first-line and second-line risk management.

Bouwinvest Risk Universe and Taxonomy

To achieve an integrated approach to risk management, all the risks Bouwinvest is exposed to must be uniformly defined. To this end, Bouwinvest drew up a Risk Taxonomy that has been approved by the Executive Board of Directors. Bouwinvest defines the Risk Taxonomy as the classification and identification of different risk types that Bouwinvest is exposed to in its operations. Enterprise risk is the overall universe of risks to which Bouwinvest is exposed and beneath this there are many types of risks and risk manifestations. Categorising these risks with corresponding properties is the first step towards managing most of the important categories. The identified risk categories are applied to the Dutch Funds, international mandates and the management organisation and can be more or less relevant to each scope. The choices and definitions of the risk categories are based on the most common (principal) risks as they apply to Bouwinvest.

Policies to structure the risk management process can be per risk category for Bouwinvest. Identifying the risk appetite then becomes part of the Integrated Risk Management process.

The risk taxonomy is not exhaustive: sub-categories of risk or new risks may emerge that require their own risk policy. Where applicable, these will be dealt with in supplementary policies per risk category or sub-category.

Main Fund risks

1 Market risk

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 Fund's income return and cash flows, while others primarily affect capital growth. A decline in the value of direct real estate in the Fund has a direct effect on the Fund’s capital growth.

The following risk factors may also influence 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 Fund’s cash flows and returns.

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 Fund's returns.

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 Fund's (future) cash flows. In addition, real estate prices in general are influenced by general price rise assumptions.

Valuation risk

This is 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.

Market 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. This makes the Fund 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 signalled) 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 & Funding Risk
This is the risk that the Fund has insufficient means to pay current or future commitments. This risk has two angles:

- Liquidity: the liquidity required to pay the Fund's current expenses and dividends to its shareholders.
- Funding risk: the risk that insufficient (investor) funding is available for the unfunded future commitments at the time of actual investment. This may then interact with market liquidity risk, which is the risk that 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 is lacking (i.e. not distressed prices).

4 Non-financial risks
The Fund is also subject to the following non-financial risks:

- Fiscal risk: the risk that changes in tax laws unexpectedly influence the value of the underlying properties or the value of the Fund's certificates.
- Legal risk: the risk that interpretations of contracts and legal clauses unexpectedly influence the value of these contracts.
- Outsourcing risk: risk that outsourced activities are not executed with the expected quality or integrity.
- IT risk: Risk related to IT systems, cybercrime, data security or IT strategies that are adequate enough to support key processes.
- Model 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.

Other non-financial risks are mainly related to the management organisation and are managed at that level.

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 Executive 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.

Risks in the portfolio are monitored closely and the following events and risks were noteworthy in 2019.

Market concentration risk
The Fund's concentrations in its core regions (largest cities, notably Amsterdam) is based on its investment strategy with a focus on areas with good economic prospects and a healthy demand for rental homes underpinning long-term rental and valuation growth. In 2019, the Fund has reduced its concentration in the G4, with most of last year's acquisitions in other cities, such as Delft, Zwolle or Eindhoven.

Occupancy risk
The Fund devotes a great deal of attention to the kind of homes it acquires, the services it provides and the tenants journey, from rental process to dealing with queries and complaints. Combined with its focus on core regions and affordable (mid-rental homes), and despite some initial vacancy for properties with higher rental rates, the vacancy levels have remained very low.

Counterparty risk
The Oostduinlaan project was successfully delivered at year-end 2019, following a prolonged delay by the builder. Thanks to tight contracts, the delay has not resulted in financial damage, as the builder fully compensated the Fund for missed rental income. The issues around nitrogen emissions and PFAS levels has not resulted in financial difficulties for builders of other projects in the Fund's pipeline.

Liquidity risk
The Fund was exposed to an expected liquidity squeeze when its bank accounts were temporarily frozen (as a result a commercial dispute with one of the projects undertaken by the Fund). Thanks to its good banking relations and committed funding, this situation was resolved quickly and after a week the freeze was lifted, without any lasting impact on the Fund.

Funding risk
The overshooting of the acquisition target (part of the Fund's growth ambition) has resulted in a potential funding gap situation, despite commitments from new or existing shareholders. The Fund has monitored its funding and liquidity situation carefully and has ample projected liquidity up to 2021. In light of the still high levels of uncalled commitments and its planned divestment strategy, the Fund has continued its strategy of selectively prioritising future new-build assets over currently available commitments, anticipating continuing investor demand and or sufficient market liquidity for divestments.

Compliance

Bouwinvest sees integrity, transparency and corporate social responsibility and important prerequisites to achieving its business objectives. In that context, Bouwinvest strives for ethical and controlled business operations, in which Bouwinvest and its employees comply with laws and regulations and the company's own code of conduct.

Compliance function
Bouwinvest has an independent compliance function. This function focuses on monitoring compliance with laws and regulations, the development of policy, the monitoring of the management of compliance risks, conducting investigations in response to integrity reports and providing (solicited and unsolicited) advice.

In addition to this, the compliance function focuses on increasing integrity awareness and promoting the desired behaviour in the Bouwinvest organisation, among other things through training courses.

The compliance function reports to the Chief Executive Officer and also reports on a quarterly basis to the Audit, Risk and Compliance Committee of the Supervisory Board.

In 2019, the compliance function intensified its cooperation with other Bouwinvest departments, including Risk management, HR, Internal Audit and Corporate Communications. The reason behind this drive to intensify cooperation is Bouwinvest's wish to take a more integrated approach to the likes of risk management and activities on the culture & conduct front.

Laws and regulations
Laws and regulations are constantly changing. Once again in 2019, the compliance function worked on the regular updates of a number of internal rules and regulations.

Bouwinvest closely monitors legal and regulatory developments and will continue to adapt its own internal policies to changes in new or amended legislation.

In 2019, Bouwinvest started a project aimed at revising the company's internal policies related to the implementation of the Dutch Act on the Prevention of money-laundering and the financing of terrorism.

Management of compliance risks
Bouwinvest applies the three lines of defence model to manage its risks. In the context of this model, the compliance function is part of the second line of defence and its primary task is to manage any compliance risks. Compliance risks include the main risk categories regulatory risk and integrity risk.

As part of its second line of defence role, the compliance function supports, advises, coordinates and monitors the first line of defence's management of Bouwinvest's identified compliance risks. The compliance function supports the first line of defence by increasing the awareness of these risks and by making it clear how employees can mitigate or manage these risks, and what Bouwinvest expects of them on this front. One important activity on this front is the execution of the annual Systematic Integrity Risk Analysis (SIRA), which involves a large number of people across the organisation. The aim of the SIRA is to take stock of the compliance risks and assess the effectiveness of the management of those risks. The SIRA is applied to both the management company and the funds and includes specific scenarios for the various activities. The results of the SIRA are used as input for the compliance year plan for the year ahead.

In the spring of 2019, the compliance function ran a number of integrity workshops. The workshops were mandatory for all Bouwinvest employees were aimed at increasing integrity awareness among employees by prompting the discussion of integrity themes.

Training & awareness
In addition to the main compliance themes, such conflicts of interest, corruption, fraud and courtesy and respect (conduct), one of the central themes of the workshops was moral courage. The workshops were also used to address dilemmas that people can face in their day-to-day work.

Reports and advice
In 2019, there were no incidents that resulted in a report to the regulator, the Dutch Financial Markets Authority (AFM).

The compliance function is largely asked for advice on the subjects; assessment of business partners, ancillary positions, gifts & events and privacy.

Outlook

The following market trends reflect the main opportunities and threats the Bouwinvest Dutch Institutional Residential Fund will take into account as it seeks to meet its strategic objectives in the period ahead.

Housing market remains under pressure

The forecast growth in the number of households (+800,000 households through to 2040) 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. This will not be helped by the restrictive environmental measures related to nitrogen emissions and PFAS levels. 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.

Increasing competition and a lack of product

It is still unclear how the government will deal with the above-mentioned restrictions, but investor demand for residential property will remain high in 2020 and beyond. Although 2019 investment volumes were lower than in 2018, this was mainly due to a lack of product. Yields remained stable in the major cities but yields in second tier cities have compressed. We expect this to continue in 2020.

The pressure on this market and the resultant high pricing is making it increasingly difficult to find and acquire residential property in the largest cities. Institutional investors have therefore increased their focus on new-build residential projects and second tier cities and we expect this continue and possible increase in the period ahead.

Focus on quality, sustainability and affordability

In light of the above developments, the Fund will continue to increase its focus on the three pillars of our dynamic investment strategy - quality, sustainability and affordability - to realise our targeted controlled growth. We will optimise our portfolio by acquiring only top-quality assets and by disposing of assets that no longer match our vision of the three pillars. And we will optimise the standing portfolio through active asset management and continuous investments to keep our homes up-to-date and fit-for-purpose.

In the period ahead all new homes will be highly sustainable, with 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. As part of our climate change ambition, we are targeting a near energy neutral and resilient portfolio by 2045. We have set out clear targets for the reduction of the environmental footprint of our portfolio and improving the positive social impact of our assets.

To meet the growing demand for affordable homes, the Fund will focus even more on the mid-rental segment of the Dutch rental market, or homes in the € 737 - € 1,027 price range. In a fiercely competitive market, the Fund will have to pull out all the stops to make mid-rental projects in good locations cost-effective. However, we believe we are in an excellent position to continue to acquire the right assets to optimise our financial and social returns in the long run.

Political, economic and pandemic developments create uncertainty

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.

Global tensions (for example in the field of trade or in the Middle East), the effects of Brexit, pandemic developments and any changes in the ECB's monetary policy (and potential rate hikes) are among the biggest risks for the economy and are therefore also potential threats for the residential market.

The construction and real estate markets, especially the residential market, are currently being hampered by recent rulings concerning nitrogen and PFAS levels within the Netherlands. Recently, temporary legal exemptions have been introduced in order to prevent construction coming to a halt, however, political and environmental debates are ongoing, and it remains unclear how this debate will turn out.

The continued spread of the coronavirus across the world is affecting the global real economy. Tourism has been and will continue to be badly affected. Due to government policies and quarantine measures, international journeys are being postponed and airlines are drastically cutting the number of operational flights. Trade is subdued, as factories across the world have shut down, impacting global logistics. Experts are currently unable to predict the duration and severity of the pandemic, let alone the overall economic impact it could have. Additionally, central banks are working in tandem to tackle the economic threat of this global crisis.

The impact of the coronavirus will affect our organisation and the Fund's results and forecasts. In the coming period, we will be monitoring the impact on our organisation and the Fund closely and will inform our investors about the effects of this pandemic and actions taken to mitigate the related risks among others in our quarterly reports and investor calls.

Amsterdam, 23 March 2020

Bouwinvest Real Estate Investors B.V.
Dick van Hal, *Chief Executive Officer and Statutory Director*
Rianne Vedder, *Chief Financial & Risk Officer and Statutory Director*
Allard van Spaandonk, *Chief Investment Officer Dutch Investments*
Stephen Tross, *Chief Investment Officer International Investments*

Financial statements 2019

Consolidated statement of comprehensive income

All amounts in € thousands, unless otherwise stated

	Note		2019		2018
Gross rental income	6	229,908		207,094	
Service charge income	6	6,323		5,546	
Other income		642		613	
Revenues			**236,873**		**213,253**
Service charge expenses		(6,657)		(5,782)	
Property operating expenses	7	(61,282)		(53,539)	
			(67,939)		**(59,321)**
Net rental income			**168,934**		**153,932**
Result on disposal of investment property			**(1,373)**		**8,456**
Positive fair value adjustments completed investment property	12	498,898		667,369	
Negative fair value adjustments completed investment property	12	(24,743)		(1,935)	
Fair value adjustments on investment property under construction	13	65,712		78,715	
Net valuation gain (loss)			**539,867**		**744,149**
Administrative expenses	8		(32,235)		(27,812)
Result before finance result			**675,193**		**878,725**
Finance expenses	9	(3,977)		(639)	
Net finance result			**(3,977)**		**(639)**
Result before tax			671,216		878,086
Income taxes	10		(8)		(73)
Result for the year			**671,208**		**878,013**
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			**671,208**		**878,013**
Net result attributable to shareholders			671,208		878,013
Total comprehensive income attributable to shareholders			**671,208**		**878,013**
Distributable result	20		135,413		125,372
Pay-out ratio	20		100%		100%

Consolidated statement of financial position

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2019	2018
Assets			
Non-current assets			
Investment property	12	6,209,139	5,185,923
Investment property under construction	13	388,303	558,704
		6,597,442	**5,744,627**
Current assets			
Trade and other current receivables	14	2,031	3,472
Cash and cash equivalents	15	100,188	44,976
		102,219	**48,448**
Total assets		**6,699,661**	**5,793,075**
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		1,397,674	1,345,913
Share premium		2,451,069	2,272,987
Revaluation reserve		2,439,856	1,931,943
Retained earnings		(430,519)	(667,095)
Net result for the year		671,208	878,013
Total equity	16	**6,529,288**	**5,761,761**
Liabilities			
Non-current lease liabilities	17	114,355	-
Current trade and other payables	18	56,018	31,314
Total liabilities		**170,373**	**31,314**
Total equity and liabilities		**6,699,661**	**5,793,075**

Consolidated statement of changes in equity

For 2019, 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 2019	1,345,913	2,272,987	1,931,943	(667,095)	878,013	5,761,761
Comprehensive income						
Net result	-	-	-	-	671,208	671,208
Total comprehensive income	**-**	**-**	**-**	**-**	**671,208**	**671,208**
Other movements						
Issued shares	51,761	178,082	-	-	-	229,843
Appropriation of result	-	-	-	878,013	(878,013)	-
Dividends paid	-	-	-	(133,524)	-	(133,524)
Movement revaluation reserve	-	-	507,913	(507,913)	-	-
Total other movements	**51,761**	**178,082**	**507,913**	**236,576**	**(878,013)**	**96,319**
Balance at 31 December 2019	**1,397,674**	**2,451,069**	**2,439,856**	**(430,519)**	**671,208**	**6,529,288**

* See explanation dividend restrictions in Note 16.

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.

Consolidated statement of cash flows

All amounts in € thousands

	Note	2019	2018
Operating activities			
Net result		671,208	878,013
Adjustments for:			
Valuation movements		(539,867)	(744,149)
Result on disposal of investment property		1,373	(8,456)
Net finance result		3,977	639
Movements in working capital		26,146	(3,435)
Cash flow generated from operating activities		**162,837**	**122,612**
Interest paid		(1,243)	(639)
Cash flow from operating activities		**161,594**	**121,973**
Investment activities			
Proceeds from disposal of investment property		81,338	45,807
Payments of investment property	12	(45,351)	(8,418)
Payments of investment property under construction		(238,688)	(421,802)
Cash flow from investment activities		**(202,701)**	**(384,413)**
Finance activities			
Proceeds from the issue of share capital		229,843	254,000
Dividends paid		(133,524)	(121,894)
Cash flow from finance activities		**96,319**	**132,106**
Net increase/(decrease) in cash and cash equivalents		55,212	(130,334)
Cash and cash equivalents at beginning of year		44,976	175,310
Cash and cash equivalents at end of year	15	**100,188**	**44,976**

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 15 April 2020, 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 2019 was a normal calendar year from 1 January to 31 December 2019.

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 Dutch 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 2019, the Fund adopted the new IFRS standards, amendments to IFRS and the interpretations that are mandatory for accounting periods that begin on or after 1 January 2019. The Fund did not adopt any new or amended standards issued but not yet effective.

- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19 Plan Amendments, Curtailment or Settlement
- 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

With the exception of IFRS 16, the application of these amendments had no material impact on the disclosures in the Fund's financial statements.

Effect first time adoption IFRS 16

As of 2019, the new IFRS 16 lease accounting standards are in place. For the Fund acting as a lessor, there were no relevant changes. The new standard did not affect the accounting principles for the Fund's operational rental activities.

The impact of applying IFRS 16 Leases to land lease contracts is most significant on the property and liability positions in the balance sheet. It also has a minor impact to the income statement. However, the impact on both equity and net profit is nil.

The Fund has applied IFRS 16 making use of the practical expedient to recognise a lease liability at the date of transition to this standard. As a result, the comparative information is not restated. Instead, the fund recognises the cumulative effect of initially applying this standard as an adjustment to the opening balances of Investment property, Investment property under construction and Non-current lease liabilities as at 1 January 2019.

The impact in the opening balance as per 1 January 2019 amounted to € 114 million for both the right-of-use assets and the non-current lease liability.

New and amended standards and interpretations, effective for financial years beginning on or after 1 January 2020

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 1 and IAS 8: Definition of Material
- Amendments to References to the Conceptual Framework in IFRS Standards

The Fund is monitoring these regulatory changes.

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
- Amendment to IFRS 3 Business Combinations
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform

The Fund is monitoring these regulatory changes.

Preparation of the financial statements

The consolidated financial statements have been prepared on a 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 accordance 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 intra-group 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 is initially measured 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.

The fair value assessment of the investment property takes into account the potential effect on future cash flow with respect to granted lease incentives.

The right-of-use component of land leases is included as an integral part of the Investment property. The accounting principles for land leases are disclosed in more detail in note 2.5 Leases.

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

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 other things, 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 in December 2017.

The right-of-use component of land leases is included as an integral part of the Investment property under construction. The accounting principles for land leases are disclosed in more detail in note 2.5 Leases.

2.5 Leases
The Fund shall assess at the inception of a contract whether the contract is, or contains, a lease. A lease contract conveys the right to control the use of an identified asset owned by another party for a period of time in exchange for consideration. The economic benefits deriving from that asset are transferred to the Fund. Where the Fund is a lessee, the Fund recognises a right-of-use asset and a lease liability.

The lease liability is the primary basis for the accounting of the right-of-use asset. At inception, the right-of-use asset comprises the lease liability plus any direct costs of obtaining the lease, less any incentives provided by the lessor. After initial recognition, the Fund measures the right-of-use asset applying a cost model. For leases, the Fund applies the fair value model in IAS 40.

The accounting principles for lease liabilities are disclosed in more detail in note 2.10 Non-current lease liabilities.

2.6 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. At initial recognition, financial assets 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 initially recognised 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. At initial recognition, financial liabilities 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.

2.7 Prepayments

Prepayments are stated at cost less any accumulated impairment losses.

2.8 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.

2.9 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.

2.10 Non-current lease liabilities

At initial recognition, a lease liability is measured at the present value of the lease payments in the lease, including any renewal options where it is reasonably certain the Fund will exercise the option and the lease payments due after exercising the option can be estimated.

Lease payments are discounted using the rate implicit in the lease. If this rate cannot be estimated, the Fund's incremental borrowing rate for borrowings secured by a similar asset and for a similar term as the lease is used. Lease payments include fixed payments and variable payments that depend on an index or rate including any renewal options included in the determination of the term of the lease.

After initial recognition, the Fund measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications

For land lease contracts, the Fund takes into account a perpetual view, even when the land lease contracts have a continuous character. Continuous contracts may include a potential break option, however this break option is considered theoretical, as the land lease is highly interlinked with the investment property. Breaking the lease destroys the value of the property. Therefore, the lease term for continuous contracts is also considered perpetual.

The Amsterdam municipality offers the possibility of converting continuous residential land lease contracts to perpetual contracts. in 2019, the Fund decided to make use of this option and has re-assessed the expected future cash flows accordingly.

2.11 Current trade and other payables
Trade and other payables are initially recognised 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 one 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.

2.12 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.

2.13 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.

2.14 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.

2.15 Other income
This is income attributable to the year that cannot be classified under any of the other income categories.

2.16 Finance income and expenses
The 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.

2.17 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.

2.18 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.

2.19 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. The subsidiaries of the fund are subject to Dutch corporate income tax at a rate of 19% - 25%

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 maximised to 2.0 million in 2019 (2018: 3.5 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	2019	2018
Region		
Randstad	5,342,274	4,335,693
Mid East	385,409	287,339
Brabantstad	433,875	253,485
Non-core regions	47,581	309,406
Total	**6,209,139**	**5,185,923**

6 Gross rental income and service charge income

	2019	2018
Theoretical rent	235,529	213,376
Incentives	(687)	(928)
Vacancies	(4,934)	(5,354)
Total gross rental income	**229,908**	**207,094**

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 € 6.3 million (2018: € 5.5 million) receivable from tenants for the services utilities, caretakers, etc. when the Fund acts as a principal.

7 Property operating expenses

	2019	2018
Taxes	8,361	7,405
Insurance	479	467
Maintenance	29,096	25,724
Valuation fees	630	598
Property management fees	4,088	3,901
Promotion and marketing	383	714
Letting and lease renewal fees	6,209	5,284
Other operating expenses	11,617	9,173
Addition to provision for bad debts	419	273
Total property operating expenses	**61,282**	**53,539**

In 2019, € 0.2 million (2018: € 0.6 million) of the maintenance expenses related to unlet properties.

8 Administrative expenses

	2019	2018
Management fee Bouwinvest	30,253	25,766
Audit fees	39	37
Marketing fees	325	285
Other administrative expenses	1,408	1,709
Legal fees	210	15
Total administrative expenses	**32,235**	**27,812**

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

	2019	2018
Finance expenses on bank balances	609	639
Interest on leaseliabilities	3,368	-
Total finance expenses	**3,977**	**639**

The Fund had no external loans and borrowings during 2019. 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 realised 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 (2019: 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 2019. The effective tax rate was 0% (2018: 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 formalised.

11 Employee benefits expense

The Residential Fund has no employees.

12 Investment property

		2019		2018
At the beginning of the year		**5,185,923**		**4,143,094**
First time adoption IFRS16		82,007		
Transfers from investment property under construction	504,447		406,226	
Investments	45,351		8,418	
Total investments		**549,798**		**414,644**
Disposals		**(82,711)**		**(37,249)**
Net gain (loss) from fair value adjustments on investment property (like-for-like)	340,232		598,939	
Net gain (loss) from fair value adjustments on investment property	133,923		66,495	
In profit or loss		**474,155**		**665,434**
In other comprehensive income		-		-
Transfers out of level 3		-		-
Leasehold ground movement		(33)		-
Total investment property (level 3) at the end of the year		**6,209,139**		**5,185,923**

The Fund's investment properties are valued by independent external appraisers on a quarterly basis. On 31 December 2019, 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 2019, and 1 January 2019, 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 right of use of land is included as an integrated part of the Investment property. To compare the externally appraised values of the Investment property the lease liabilities are deducted from the Total investment property value.

	2019	2018
Investment Property	6,209,139	5,185,923
Less: lease liabilities	(89,804)	-
Valuation as per valuation report	**6,119,335**	**5,185,923**

Transfers

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	2019	2018
Randstad	445,927	347,618
Mid East	49,983	38,573
Brabantstad	53,430	28,086
Non-core regions	458	367
Total investments and transfer from investment property under construction	**549,798**	**414,644**

Disposals	2019	2018
Randstad	-	(36,245)
Mid East	(22,700)	-
Brabantstad	-	-
Non-core regions	(60,011)	(1,004)
Total disposals	**(82,711)**	**(37,249)**

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

2019	Randstad	Mid East	Brabantstad	Non-core regions	Total
Current average rent (€/unit)	1,146	939	939	834	1,104
Market rent (€/unit)	1,215	967	968	877	1,166
Gross initial yield	3.8%	4.4%	4.3%	5.1%	3.9%
Net initial yield	2.7%	3.2%	3.0%	2.9%	2.8%
Current vacancy rate (no rental units)	1.3%	2.5%	0.1%	1.2%	1.3%
Current financial vacancy rate	2.3%	1.3%	0.6%	1.4%	2.1%
Long-term growth rental rate	2.4%	2.3%	2.2%	2.2%	2.4%
Risk free (NRVT)					0.4%

2018	Randstad	Mid East	Brabantstad	Non-core regions	Total
Current average rent (€/unit)	1,109	897	933	847	1,055
Market rent (€/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%
Risk free (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 € 561.8 million (2018: € 667.4 million) relating to investment properties that were measured at fair value at the end of the reporting period.

Sensitivity analysis

The appraisal of the portfolio implies a net initial yield of 2.8% (2018: 3.0%). If the yields used for the appraisals of investment properties on 31 December 2019 had been 100 basis points higher (2018: 100 basis points higher) than was the case at that time, the value of the investments would have been 28.3% lower (2018: 27.0% lower). In this situation, the Fund's shareholders' equity would have been € 1,765 million lower (2018 € 1,435 million lower).

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

		2019		2018
Change rental rates	-5%	5%	– 5%	5%
Value of the investment property change	(347,089)	260,516	(259,296)	259,296

		2019		2018
Change net initial yield	– 25 bps	+ 25 bps	– 25 bps	+ 25 bps
Value of the investment property change	552,405	(541,323)	474,185	(400,876)

13 Investment property under construction

	2019	2018
At the beginning of the year	**558,704**	**463,040**
First time adoption IFRS16	30,272	-
Investments	238,688	423,175
Transfers to investment property	(504,447)	(406,226)
Net gain (loss) from fair value adjustments on investment property under construction	65,712	78,715
In profit or loss	**65,712**	**78,715**
In other comprehensive income	-	-
Transfers out of level 3	-	-
Leasehold ground movement	(626)	-
At the end of the year	**388,303**	**558,704**

The right of use of land is included as an integrated part of the investment property under construction. To compare the externally appraised values of the Investment property under construction the lease liabilities are deducted from the Total investment property value.

	2019	2018
Investment Property	388,303	558,704
Less: lease liabilities	(24,551)	-
Valuation as per internal valuation	**363,752**	**558,704**

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 21.

The net valuation gain (loss) for the year included a positive fair value adjustment of € 80,650 (2018: € 106,805) relating to investment properties under construction that are measured at fair value at the end of the reporting period.

The as if completed value of the investment property under construction is determined by independent external valuation experts.

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

Investments	2019	2018
Randstad	186,204	343,626
Mid East	27,726	40,620
Brabantstad	24,758	32,822
Non-core regions	-	6,107
Total investments	**238,688**	**423,175**

Transfers to investment property	2019	2018
Randstad	(425,142)	(341,156)
Mid East	(46,076)	(37,536)
Brabantstad	(33,229)	(27,534)
Non-core regions	-	-
Total transfers to investment property	**(504,447)**	**(406,226)**

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

2019	Randstad	Mid East	Brabantstad	Total
Gross initial yield	4.2%	4.7%	4.1%	4.2%
Net initial yield	3.6%	3.9%	3.5%	3.6%
Long-term growth rental rate	1.7%	1.5%	2.3%	1.7%
Average 10-year inflation rate (NRVT)	0.4%	0.4%	0.4%	0.4%
Estimated average development profit on completion	3.1%	0.2%	12.4%	3.9%
Estimated average percentage of completion	50.3%	56.1%	55.6%	51.0%
Current average rent per unit (in €)	1,158	1,042	1,046	1,140
Construction costs (€/m²)	4,298	3,032	3,219	4,089

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

14 Trade and other current receivables

	2019	2018
Trade receivables	1,160	1,166
VAT Receivables	440	-
Other receivables	431	2,306
Balance as at 31 December	**2,031**	**3,472**

15 Cash and cash equivalents

	2019	2018
Bank deposits	20,000	20,000
Bank balances	80,188	24,976
Balance as at 31 December	**100,188**	**44,976**

The bank balances of € 80.0 million are freely available to the Fund as at 31 December 2019. In order to minimalise the costs of the negative interest rate on the bank balances, in 2019 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 2019, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2019	1,345,913	2,272,987	1,931,943	(667,095)	878,013	5,761,761
Comprehensive income						
Net result	-	-	-	-	671,208	671,208
Total comprehensive income	**-**	**-**	**-**	**-**	**671,208**	**671,208**
Other movements						
Issued shares	51,761	178,082	-	-	-	229,843
Appropriation of result	-	-	-	878,013	(878,013)	-
Dividends paid	-	-	-	(133,524)	-	(133,524)
Movement revaluation reserve	-	-	507,913	(507,913)	-	-
Total other movements	**51,761**	**178,082**	**507,913**	**236,576**	**(878,013)**	**96,319**
Balance at 31 December 2019	**1,397,674**	**2,451,069**	**2,439,856**	**(430,519)**	**671,208**	**6,529,288**

* See explanation dividend restrictions in this Note.

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.

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 2019	**1,345,913**	**1,345,913**	**2,272,987**	**3,618,900**
Dividends paid	-	-	-	-
Issued shares	51,761	51,761	178,082	229,843
Balance at 31 December 2019	**1,397,674**	**1,397,674**	**2,451,069**	**3,848,743**
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**

Issued capital

The authorised capital consists of five (5) million shares each with a nominal value of € 1,000. As at 31 December 2019, a total of 1,397,674 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 2019 was determined at the individual property level.

17 Non-current lease liabilities

	2019	2018
Opening balance at 1 January 2019	-	-
First time adoption IFRS16	112,279	-
Interest	2,734	-
Other movements	-658	-
Balance at 31 December 2019	**114,355**	-

The average discount rate used for discounting the lease payments is 3%.

Land lease obligations	2019	2018
Year 1	111,591	-
Year 2	-	-
Year 3-5	-	-
Year > 5	37,212	-
Total Land lease obligations	**148,803**	-

18 Current trade and other payables

	2019	2018
Trade payables	26,623	10,464
Rent invoiced in advance	2,507	2,628
Tenant deposits	15,009	12,660
VAT payable	-	1,225
Other payables	11,879	4,337
Balance as at 31 December	**56,018**	**31,314**

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

19 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.

	2019	2018
Net result attributable to shareholders	671,208	878,013
Weighted average number of ordinary shares	1,372,444	1,319,869
Basic earnings (€ per share)	489.06	665.23

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

20 Dividends per share

In 2019, the Fund paid out a dividend of € 97.29 per share (2018: € 94.99) which amounts to a total of € 133.6 million (2018: € 121.9 million). A total dividend of € 135.4 million (2018: € 125.4 million), is to be proposed at the Annual General Meeting of shareholders on 15 April 2020. These financial statements do not reflect this dividend payable.

The dividend proposal for 2019 has not been accounted for in the financial statements. The dividend for 2019 will be paid in cash.

21 Contingent liabilities and assets

As at 31 December 2019, the Fund's total future commitments amounted to € 784 million (2018: € 736 million). These commitments are made up as follows:

Investment commitments (in € million)	2020	2021	2022+
Hembrug, Zaandam	51	26	28
Bethelpark, Delft	47	38	12
De Meester, Haarlem	55	26	2
Houthavenkade (WON), Zaandam	28	34	18
Sluishuis (WON), Amsterdam	30	29	9
TT Vasum (WON), Amsterdam	35	28	5
Strijp S veld T (WON), Eindhoven	12	9	16
Wickevoort, Haarlemmermeer	32	3	-
van Wanrooij (WON) , Ntb	13	17	5
Kop van West Veld F (WON), Purmerend	8	11	6
Breezicht, Zwolle	20	-	-
van de Ven, Eindhoven	7	10	3
Licht & Lucht Kerckebos, Zeist	6	7	2
Simon Stevin, Ede	12	2	-
Vogelzang, Eindhoven	6	7	-
Other	48	16	8
	410	**261**	**113**

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 2019, the Fund had unprovisioned contractual obligations for future repairs and maintenance of € 3.1 million (2018: € 2.4 million).

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

22 Related parties

The Fund's subsidiaries and members of the Supervisory Board and Executive 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 € 30.3 million fee in 2019 (2018: € 25.8 million).

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

Members of the Supervisory Board and Board of Executive 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 Executive Board of Directors.

The members of the Supervisory Board and Executive Board of Directors of Bouwinvest held no personal interest in the Fund's investments in 2019.

23 Management fee

Bouwinvest is the manager and the Statutory Director of the Fund. The management fee paid for the year 2019 amounted to € 30.3 million (2018: € 25.8 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 2019 annual report of Bouwinvest Real Estate Investors B.V., which is filed and public.

24 Audit fees

The table below shows the fees charged over the year 2019 by Deloitte Accountants B.V. and the Deloitte Network in respect of activities for the Residential Fund.

	2019	2018
Audit of the financial statements	39	37
Other audit engagements	-	-
Tax advisory services	-	-
Other non-audit services	-	-
Total fees	**39**	**37**

25 Subsequent events

As of January 2020, a Dutch pension fund committed for a total of € 90 million.

In March 2020, shares were issued for € 25 million.

In March 2020, the Fund completed an acquisition of € 70 million.

The coronavirus became a real factor in the Netherlands in the first quarter of 2020. The impact on the Fund's future returns and operations is unknown and will only gradually become clear in the course of 2020.

Company balance sheet

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2019	2018
Assets			
Non-current assets			
Investment property		6,209,139	5,185,923
Investment property under construction		388,303	558,704
Financial assets	3	321	286
		6,597,763	**5,744,913**
Current assets			
Trade and other current receivables		1,965	3,473
Cash and cash equivalents		99,933	44,605
		101,898	**48,078**
Total assets		**6,699,661**	**5,792,991**
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		1,397,674	1,345,913
Share premium		2,451,069	2,272,987
Revaluation reserve		2,439,856	1,931,943
Retained earnings		(430,519)	(667,095)
Net result for the year		671,208	878,013
Total equity	4	**6,529,288**	**5,761,761**
Liabilities			
Non-current lease liabilities		114,355	-
Current trade and other payables		56,018	31,230
Total liabilities		**170,373**	**31,230**
Total equity and liabilities		**6,699,661**	**5,792,991**

Company profit and loss account

All amounts in € thousands, unless otherwise stated

	2019	2018
Profit of participation interests after taxes	35	284
Other income and expenses after taxes	671,173	877,729
Result for the year	**671,208**	**878,013**

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

	2019	2018
As per 1 January	285	56
Acquisitions and capital contributions	-	-
Dividends received	-	-54
Net result for the year	35	284
As per 31 December	**321**	**286**

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

For 2019, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2019	1,345,913	2,272,987	1,931,943	(667,095)	878,013	5,761,761
Comprehensive income						
Net result	-	-	-	-	671,208	671,208
Total comprehensive income	**-**	**-**	**-**	**-**	**671,208**	**671,208**
Other movements						
Issued shares	51,761	178,082	-	-	-	229,843
Appropriation of result	-	-	-	878,013	(878,013)	-
Dividends paid	-	-	-	(133,524)	-	(133,524)
Movement revaluation reserve	-	-	507,913	(507,913)	-	-
Total other movements	**51,761**	**178,082**	**507,913**	**236,576**	**(878,013)**	**96,319**
Balance at 31 December 2019	**1,397,674**	**2,451,069**	**2,439,856**	**(430,519)**	**671,208**	**6,529,288**

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

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.

Issued capital

The authorised capital comprises five (5) million shares each with a nominal value of € 1,000. As at 31 December 2019, a total of 1,397,674 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 2019 was determined at the individual property level.

Appropriation of profit 2018

The Annual General Meeting of shareholders on 24 April 2019 adopted and approved the 2018 financial statements of the Residential Fund. A dividend of € 125.4 million (in cash) is paid. Of the profit for 2018 amounting to € 878 million, € 878 million was incorporated in the retained earnings.

Proposal for profit appropriation 2019

The management of the Fund proposes to the General Meeting of shareholders that a dividend of € 135.4 million (in cash) is to be paid. Of the profit for 2019 amounting to € 671.2 million, € 671.2 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 23 of the consolidated financial statements.

Signing of the Financial Statements

Amsterdam, 23 March 2020

Bouwinvest Real Estate Investors B.V.

Dick van Hal, *Chief Executive Officer and Statutory Director*
Rianne Vedder, *Chief Financial & Risk Officer and Statutory Director*
Allard van Spaandonk, *Chief Investment Officer Dutch Investments*
Stephen Tross, *Chief Investment Officer 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 Executive 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 2019 included in the annual report

Our opinion

We have audited the accompanying financial statements 2019 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 2019, and of its result and its cash flows for 2019 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 2019, and of its result for 2019 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 2019.
2. The following statements for 2019: 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 2019.
2. The company profit and loss account for 2019.
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 € 65 million. The materiality is based on 1% 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	€ 65 million
Basis for materiality level	1% of total investment property
Threshold for reporting misstatements	€ 3,250 thousand

We agreed with the executive Board of Directors that misstatements in excess of € 3.250 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 executive 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.

Emphasis of the impact of the coronavirus

The coronavirus also impacts Bouwinvest Dutch Institutional Residential Fund N.V. Management disclosed the current impact and her plans to deal with these events or circumstances in page 8, 55, and 82 of the financial statements. Management indicates that it is currently not possible for them to properly estimate the impact of the Coronavirus on the financial performance and health of Bouwinvest Dutch Institutional Residential Fund N.V. Our opinion is not modified in respect of this matter.

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 contain other information that consists of:

- Report of the executive 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 executive 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 executive 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 23, 2020

Deloitte Accountants B.V.

Signed on the original: J. Holland

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 2019 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 2019 in accordance with the reporting criteria as included in the section 'reporting of performance indicators'.

The sustainability information consists of performance information in the section 'Highlights sustainability performance 2019' part of chapter 'Sustainability performance' on page 35 of the 2019 Annual Report.

Basis for our conclusion

We performed our examination in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (assurance engagements other than audits or reviews of historical financial information). This engagement is aimed to obtain limited assurance. Our responsibilities in this regard are further described in the 'Our responsibilities for the examination of the sustainability information' 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 requirements 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.

Emphasis of the impact of the coronavirus

The coronavirus also impacts Bouwinvest Dutch Institutional Residential Fund N.V. Management indicates that it is currently not possible for them to properly estimate the impact of the coronavirus on the ESG performance of Bouwinvest Dutch Institutional Residential Fund N.V. Our opinion is not modified in respect of this matter.

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. The reporting criteria used for the preparation of the sustainability information are the reporting criteria as disclosed in the Bouwinvest annual report in the section 'ESG prestatie-indicatoren'.

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 of performance' and the applied supplemental reporting criteria as disclosed on page 116 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 of performance indicators' on page 116.

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 3000A, 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 23, 2020

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 =cy figures	Actual impact on =ly 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 2019	Per share 2019	Total 2018	Per share 2018
	NAV as per the financial statements	6,529,288	4,671.54	5,761,761	4,280.93
	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	6,529,288	4,671.54	5,761,761	4,280.93
	Fair value of assets and liabilities				
3	Revaluation to fair value of investment properties	-	-	-	-
4	Revaluation to fair value of self-constructed or developed investment property	-	-	-	-
5	Revaluation to fair value of investment property held for sale	-	-	-	-
6	Revaluation to fair value of property that is leased to tenants under a finance lease	-	-	-	-
7	Revaluation to fair value of real estate held as inventory	-	-	-	-
8	Revaluation to fair value of other investments in real assets	-	-	-	-
9	Revaluation to fair value of indirect investments not consolidated	-	-	-	-
10	Revaluation to fair value of financial assets and financial liabilities	-	-	-	-
11	Revaluation to fair value of construction contracts for third parties	-	-	-	-
12	Set-up costs	-	-	-	-
13	Acquisition expenses	5,580	4.0	6,913	5.14
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	6,534,868	4,675.53	5,768,674	4,286.07
	Number of shares issued	1,397,674		1,345,913	
	Number of shares issued taking dilution effect into account	1,397,674		1,345,913	
	Weighted average INREV NAV	6,152,333		5,284,427	
	Weigthed average INREV GAV	6,187,357		5,317,570	
	Total Expense Ratio (NAV)	0.53%		0.54%	
	Total Expense Ratio (GAV)	0.53%		0.53%	
	Real Estate Expense Ratio (GAV)	0.99%		1.00%	

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 2019, 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 2019.

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 2019.

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 2019, 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 2019, 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 2019, 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 2019, 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 2019, 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 2019, 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 2019, 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 2019, the set-up costs of the Fund have been amortised, so no adjustment had been made per 31 December 2019.

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 2018	6,913
Acquisition costs 2019	997
Amortisation acquisition costs in 2019	-2,330
Adjustment NAV (excluding tax)	**5,580**

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 2019, 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 2019, 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 2019, 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 2019, 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 2019 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 96 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.

Emphasis of the impact of the coronavirus
The coronavirus also impacts Bouwinvest Dutch Institutional Residential Fund N.V. Management disclosed the current impact and her plans to deal with these events or circumstances in page 6, 8, 55, and 82 of the financial statements. Management indicates that it is currently not possible for them to properly estimate the impact of the Coronavirus on the financial performance and health of Bouwinvest Dutch Institutional Residential Fund N.V. Our opinion is not modified in respect of this matter.

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 96 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 23, 2020

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 2019, four investors committed for a total of € 100 million. Furthermore, as of January 2020 one investors has expanded his commitment for a total amount of € 90 million.

Name shareholder	Number of shares at year-end 2019
Shareholder A	1,121,824
Shareholder B	36,783
Shareholder C	33,268
Shareholder D	26,733
Shareholder E	24,922
Shareholder F	20,685
Shareholder G	19,598
Shareholder H	18,537
Shareholder I	17,596
Shareholder J	13,486
Shareholder K	10,746
Shareholder L	10,264
Shareholder M	9,392
Shareholder N	8,939
Shareholder O	8,651
Shareholder P	8,065
Shareholder Q	5,866
Shareholder R	2,319
Total	**1,397,674**

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 Executive Board of Directors proposes to pay a dividend of € 135.4 million for 2019 (2018: € 125.4 million), 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, 75.6% was paid out in the course of 2019. The fourth instalment was paid on 25 February 2020. The rest of the distribution over 2019 will be paid in one final instalment following the Annual General Meeting of shareholders on 15 April 2020.

Shareholders' calendar

25 February 2020	Payment interim dividend fourth quarter 2019
15 April 2020	Annual General Meeting of Shareholders
22 April 2020	Payment of final dividend 2019
15 May 2020	Payment interim dividend first quarter 2020
10 June 2020	Shareholders committee
12 August 2020	Payment interim dividend second quarter 2020
4 November 2020	Shareholders committee
12 November 2020	Payment interim dividend third quarter 2020
9 December 2020	General Meeting of Shareholders
15 February 2021	Payment interim dividend fourth quarter 2020

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 2019, 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 call +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 € 12.9 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 Executive Board of Directors

Chief Executive Officer and Statutory Director

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

Dick van Hal has been CEO 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 and Statutory Director

M.A. (Rianne) Vedder (1970, Dutch)

Rianne Vedder has been Chief Financial and Risk Officer since her appointment on 15 October 2019. She was formerly Partner at EY Financial Services Advisory and co-responsible for the growth and further development of the consultancy practice of the EY organisation. Previously, she held positions within EY Financial Services and Capgemini. Rianne studied Business Economics at the Maastricht University and holds a postgraduate Register Controller degree. She is an INSEAD Certified Independent Non-Executive Director.

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 and AFIRE.

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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Glossary

Acquired residential units in mid-rental segment
The total number of acquired units with a rental prices between 720 and 1.000 euro per month in the period 1-1-2019 until 31-12-2019

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.

Fund capital growth (INREV)
Fund capital growth is the total return (INREV), less the distributable result, divided by INREV NAV at the beginning of the period plus the time weighted (daily) contributions for the quarter minus the time weighted (daily) distributions/ redemptions for the quarter. Annual fund capital growth is calculated compounded on the basis of 4 quarters.

Fund income return (INREV)
The fund income return per period as a percentage is equal to the distributable result, divided by INREV NAV at the beginning of the period plus the time weighted (daily) contributions for the quarter minus the time weighted (daily) distributions/ redemptions for the quarter. Annual fund income return is calculated compounded on the basis of 4 quarters.

Fund total return (INREV)
The fund total return for the quarter is equal to the sum of the unrounded fund income return and fund capital growth. As a result rounding differences may occur. The annual fund total return is calculated compounded on the basis of the quarterly fund total return. As a result fund total return is not the sum of fund income return and fund capital growth.

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.

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.

Property value
The Property value equals the fair value of the Investment Property and Investment Property under Construction excluding the value of Lease Liabilities.

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.

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.

Megatrends

In the 'Market environment' chapter, we describe the Fund-specific trends. In this appendix, we discuss a number of megatrends that are affecting and will continue to affect markets at national, European and global levels. We deal with the effects of these megatrends in the same order as in the above-mentioned chapter: economy, public policies, sustainability and climate change, demographics and social change, technology and innovation.

Economy

Positive global economic growth with corresponding challenges

We have recently seen a gradual decline in global economic growth. This came in at 3.8% in 2017, but had dipped to 3.6% in 2018 and the IMF expects global economic growth to have declined further to 2.9% for the full year 2019. The IMF does expect growth to pick up to 3.3% in 2020 and to 3.4% in 2021. The IMF recently downgraded economic growth forecasts for 70% of countries, and went as far as to halve 2019 growth forecasts for Latin America midway through the year.

The main reasons for these downgrades are the growing uncertainty prompted by trade restrictions, political tensions, government debt levels, the pension reforms required in various countries and the high share prices on the world's financial markets. At the same time, expansionist monetary policies continue to act as an economic driver.

ECB interest rate hikes fail to materialise

The ECB's expected interest rate hikes, which markets assumed in the baseline scenario last year, failed to materialise. On the contrary, interbank rates have actually fallen into negative territory, the ECB cuts rates again in September and resumed its bond buy-back programme. The main goal of the ECB measures is to keep economic growth at a reasonable level and increase inflation to around 2%.

Public policies

In 2019, the political agenda was dominated by the Brexit negotiations in Europe, geopolitical tensions, trade barriers, including those between the US and China, and the prolonged protests in Hong Kong against China's political interference. These are all still major challenges and they are having a negative impact on economic growth.

On top of this, we have seen a sharp rise in populist (and nationalist) sentiments in many European countries, although there are certainly countries in which this trend has petered out or even been reversed. However, populist sentiments can result in more closed economies, which could have a negative impact on the European economy.

Sustainability and climate change

There is an increased awareness of negative social and environmental externalities, evidenced by newly introduced legislation, standards and governmental action on sustainability-related topics such as energy, biodiversity, the circular economy and ESG risks. Challenges for the construction and real estate sector that still need to be overcome include: the environmental impact strain of materials used and urbanisation, the availability of skilled workers and safety in the construction process, cutting the cost of measures, the development of new technologies, the digitalisation of the building process, the availability of proven solutions and resources.

Paris proof living environment

There is growing global awareness that we urgently need to stop global warming and rising greenhouse gas (GHG) emissions. Although the timing, scope and magnitude of the consequences remain uncertain, the potential risks are significant. With urgency and awareness increasing, the World Economic Forum has earmarked extreme weather events and climate-change mitigation and adaption failures as the top risks the world economy is currently facing (http://www3.weforum.org/docs/WEF_Global_Risks_Report_2019.pdf). In the aftermath of the Paris Climate Agreement, an increasing number of countries are introducing legislation aimed at a carbon free future. The Dutch government has joined these country initiatives through the implementation of the Dutch Climate Agreement to reduce carbon emissions by 49% in 2030, from 1990 levels, and by 95% in 2050. The European Union is also working on tightened legislation to achieve its 2050 climate goals. Legislation is expected to be effective in 2-3 years and could be even more stringent than the Dutch climate agreement.

On the built environment front: before 2050, the seven million homes and one million other buildings in the Netherlands will have to be made sustainable one way or another to convert them to low (or even net-zero) carbon emissions. This pertains largely to existing buildings, as any new development projects will have to be close to energy neutral from 2020 onwards. The building industry is currently developing a standardised norm for all asset classes, taking into account a threshold for building-related energy usage. Depending on progress made by the building industry in the period to 2050, the Dutch government will introduce legislative measures to speed up the transition if needed.

The Dutch policy position on transitioning towards a circular economy in 2050, with the focus on the use of resources, is supplementary to the government's climate agreement. The real estate industry will need to be transformed into a circular ecosystem.

ESG risk, transparency and accountability

The European Commission is also taking the lead in the areas of responsible investment and increasing transparency by companies and investors. For example, the European Occupational Retirement Provision Directive II (IORP II), which requires pension funds to take environmental, social and governance (ESG) factors and risks into account in their investment policy, overall risk management system and reporting. This will also have an impact on institutional real estate investors when they serve pension funds. In addition to environmental transition risks, they will also have to take physical risks into account. In addition to IORP, the European Union is developing a framework for sustainable finance, which will define which activities will be labelled as 'green', which could result in legislative changes in the future.

On the corporate responsibility front, there is an increasing demand for businesses to be transparent and accountable, not only towards employees or direct stakeholders, but towards their entire supply-chain and society as a whole. The real estate industry is increasingly using the UN's Sustainable Development Goals (UN SDGs) to demonstrate its commitment to making a positive contribution to society, but making this contribution needs to be taken seriously if the sector is to avoid accusations of 'green washing'.

Demographics

The dominant global long-term trends, which we also see reflected in the Netherlands, are population growth, the ageing of the population, urbanisation and polarisation (at every level). While the global population is set to increase by around two billion people to a total of 9.7 billion people, at the same time a growing number of countries will actually see their populations decline. This will have a significant impact on the relationships between countries, in terms of size, demographic composition and relative distribution on a global level.

On top of this, population concentrations will also change within countries, driven by the ongoing urbanisation trend. This urbanisation is driving strong demand for real estate, but is also creating challenges in terms of liveability, accessibility and affordability in constantly growing cities. Bouwinvest firmly believes that cities that manage to achieve a balance between demographic growth and a safe, affordable and sustainable urban environment will remain the most successful.

Another major trend is the ageing of the global population, driven by ever-rising life expectancy and declining birth numbers. This ageing will drive a shift in preferences in terms of living, working, shopping and leisure time, which will in turn result in a shift in the use of real estate. On top of this, we will see a major change in the ratios of the working and non-working sections of the population, with a strong decline in the former and a sharp rise in the latter. This will in turn demand a different kind of focus from governments, as pressure increases on fiscal resources, on investments in healthcare, pensions, education, new technologies and maintaining economic growth.

Technology and innovation

Venture capital investor interest in technology solutions for the real estate sector (PropTech) is at an all-time high. In the US, Fifth Wall Ventures recently raised almost US$ 500 million for a second proptech fund. More than five European VC funds are fundraising and big Asian funds, like the SoftBank Vision Fund, are setting targets for PropTech. In addition to indirect funding, an increasing number of corporates are investing directly in PropTech start-ups.

Emerging technologies which will affect real estate are for example:

1. **Artificial intelligence** (Swarm intelligence, neural networks, machine learning, affective computing)
2. **Digital manufacturing** (3D printing, 4D printing)
3. **Robotics** (Autonomous vehicles, unmanned aerial vehicles, service robots)
4. **Networks & computing systems** (Big data analytics, Virtual reality, Augmented reality, Smart fabrics, Sensors, Perceptual UIs, Modular electronics, Digital transactions)

As technology prices drop and the speed of adoption grows, the speed at which new solutions enter the market will also accelerate. For the real estate industry, new solutions or services fall in to the following categories: digitalising processes, flexible spaces, healthy places, new construction methods & materials, collaboration platforms, sustainability, virtual reality, digital asset mapping and new ways of funding.

The communications gap between corporates and start-ups seems to be narrowing, with corporates increasing their focus on conducting experiments and hiring data experts to get more out of new solutions. The additional challenge for the corporates will be to integrate new solutions into their existing IT landscapes, while keeping them secure and guaranteeing data privacy. Other industries will transform their businesses more easily by integrating new digital business models that compete with existing markets.

Governance matrix

Governance matrix

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

The rights of the General Meetings of Shareholders and the Shareholders' Committee are shown in the Governance Matrix.

Responsible investment performance indicators

Continued improvement of the Fund's sustainability performance

Impact area	Indicator	Measure	Units of measure	2019	2018	Change
Fund sustainability benchmark	GRESB	Star rating	# stars	4	4	-
	GRESB	Overall score (GRI-CRESS: CRE8)	# [1-100]	84	79	5

Investing in sustainable real estate

Impact area	Indicator	Measure	Units of measure	2019	2018	change
Asset sustainability certificate	GPR-Building	Green Building Certificates floor space (BREEAM or GPR) (GRI-CRESS: CRE8)	%	100%	59.2%	+ 40.8 pp
		Average score (GRI-CRESS: CRE8)	#	6.4	6.3	+ 1.6%

Reduce Environmental impact

Impact area	Indicator	Measure	Units of measure	2019	2018	change
Energy performance certificate	EPC	Labelled floor space (GRI-CRESS: CRE8)	%	100%	100%	0 pp
		Green labelled floor space (A, B or C label)	%	100%	98%	+ 1.9 pp
		A labelled floor space	%	43%	33%	+ 9.3 pp
		Average energy index	#	1.17	1.22	- 4.1%

Impact area	Indicator	Measure	Units of measure	2019 (Abs)	2018 (abs)	change (LfL)
Energy	Electricity	Total landlord-obtained electricity (GRI: 302-2)	MWh	7,646	7,418	-5.7%
	Gas	Total gas consumption (GRI: 302-1)		1,374	4,223	21.7%
	District heating and cooling	Total district heating and cooling (GRI: 302-2)		1,287	2,068	-4.0%
	Total	Total energy consumption from all sources (GRI: 302-2)		10,307	13,709	-2.2%
	Energy intensity	Building energy intensity (GRI-CRESS: CRE1)	kWh/m^2/ year	11	16	-2.2%
		Energy and associated GHG disclosure coverage		119 of 282	107 of 257	
GHG emissions	Direct	Scope 1 (GRI: 305-1)	tonnes CO_2e	265	815	21.7%
	Indirect	Scope 2 (GRI: 305-2)		4,418	4,392	-5.6%
	Total	Total GHG emissions (GRI: 305-2) Scope 1 and 2		4,683	5,207	-4.3%
		Total GHG emissions after compensation		432	1082	10.3%
	GHG emissions intensity	GHG intensity from building energy (GRI-CRESS: CRE3)	kg CO_2e/m^2/ year	5.2	6.1	-4.3%
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	2019	2018	change
Engage with stakeholders	Tenant satisfaction	Response rate (GRI: 102-43)	%	39.5%	39.0%	+ 0.5 pp
		Average total score (GRI: 102-43)	#	7.2	7.1	+ 1.4%
	Leases	Number of new leases	#	4,095	3,799	+ 7.8%
		Number of green leases	#	237 of 18,522	0 of 17,365	+ 1.3%
Sustainable stewardship	Considerate constructors scheme	Registered construction projects	#	16 of 43	10 of 44	+ 14.5%
		Participation rate (by acquisition price)	%	38.1%	30.1%	+ 8.0%
	Board seats and committee memberships industry organisations, related to the Dutch residential sector	Number	#	4	4	0.0%

Being a responsible organisation

Affordable real estate	mid-rental properties (€720-1000)	Newly signed acquisitions	#	610	437	39.6%
			%	51.2%	30.2%	21.0%
	Fair rental prices	Indexation above cpi	%	0.13%	1.03%	-0.9%

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 2019 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	-	2010	Freehold	Randstad
Amersfoort	Vathorst II	55	-	2012	Freehold	Randstad
Amstelveen	Middenhoven	52	-	1985	Freehold	Randstad
Amstelveen	Westwijk I	68	30	1990	Freehold	Randstad
Amstelveen	Westwijk III	54	-	1990	Freehold	Randstad
Amstelveen	Westwijk IX	40	7	1993	Freehold	Randstad
Amstelveen	Westwijk VI	36	36	1990	Freehold	Randstad
Amstelveen	Westwijk VII	28	-	1990	Freehold	Randstad
Amstelveen	Westwijk VIII	75	-	1991	Freehold	Randstad
Amsterdam	Bloemfontein (De Werf B)	28	-	2018	Leasehold	Randstad
Amsterdam	Bloemfontein (De Werf B) COG	-	-	2018	Leasehold	Randstad
Amsterdam	Borneo Eiland I	173	-	1998	Leasehold	Randstad
Amsterdam	Borneo Eiland II	207	164	1998	Leasehold	Randstad
Amsterdam	Buitenveldert I	150	12	1986	Leasehold	Randstad
Amsterdam	Buitenveldert II	127	-	1986	Leasehold	Randstad
Amsterdam	Buitenveldert III	84	-	1986	Leasehold	Randstad
Amsterdam	Ceuta (De Werf C)	180	-	2018	Leasehold	Randstad
Amsterdam	Ceuta (De Werf C) COG	-	-	2018	Leasehold	Randstad
Amsterdam	De Heelmeesters I	98	114	2013	Leasehold	Randstad
Amsterdam	De Heelmeesters II	81	66	2013	Leasehold	Randstad
Amsterdam	De Heelmeesters, offices	-	-	2013	Leasehold	Randstad
Amsterdam	Doha (De Werf D)	62	-	2018	Leasehold	Randstad
Amsterdam	Explorer (De Werf E)	69	-	2018	Leasehold	Randstad
Amsterdam	Explorer (De Werf E) COG	-	-	2018	Leasehold	Randstad
Amsterdam	Feniks Studenten	342	-	2014	Leasehold	Randstad
Amsterdam	Frixos (De Werf F)	36	-	2019	Leasehold	Randstad
Amsterdam	Frixos (De Werf F) COG	-	-	2018	Leasehold	Randstad
Amsterdam	Geinwijk I	66	-	1997	Leasehold	Randstad
Amsterdam	Geinwijk II	36	-	1997	Leasehold	Randstad
Amsterdam	Glenlyon (De Werf G)	168	-	2019	Leasehold	Randstad
Amsterdam	Glenlyon (De Werf G) COG	-	-	2018	Leasehold	Randstad
Amsterdam	Halve Maen	86	86	2014	Leasehold	Randstad
Amsterdam	Het Baken Starters	130	65	2014	Leasehold	Randstad
Amsterdam	Ivens Studios (IJburg 1B)	70	-	2018	Leasehold	Randstad
Amsterdam	Java Eiland I	155	108	1996	Leasehold	Randstad
Amsterdam	Java Eiland II	155	94	1996	Leasehold	Randstad
Amsterdam	Java Eiland III	118	73	1997	Leasehold	Randstad
Amsterdam	Java Eiland IV	37	29	1997	Leasehold	Randstad
Amsterdam	Java Eiland V	91	81	1997	Leasehold	Randstad
Amsterdam	Java Eiland VI	70	67	1997	Leasehold	Randstad
Amsterdam	Java Eiland VII	48	-	1997	Leasehold	Randstad
Amsterdam	Java Eiland VIII	32	-	1996	Leasehold	Randstad

Amsterdam	Jeruzalem	24	13	2016	Leasehold	Randstad
Amsterdam	Kon. Wilhelminaplein I	96	102	1991	Leasehold	Randstad
Amsterdam	Kon. Wilhelminaplein II	123	93	1991	Leasehold	Randstad
Amsterdam	Koploper	176	87	2004	Leasehold	Randstad
Amsterdam	Koploper, offices	5	-	2004	Leasehold	Randstad
Amsterdam	Map I	17	-	1994	Leasehold	Randstad
Amsterdam	Map II	72	-	1994	Leasehold	Randstad
Amsterdam	Map III	49	49	1994	Leasehold	Randstad
Amsterdam	Nautique Living (De Werf A)	403	-	2017	Leasehold	Randstad
Amsterdam	Parking (De Werf H)	-	196	2018	Leasehold	Randstad
Amsterdam	Pontsteiger	252	165	2018	Leasehold	Randstad
Amsterdam	Rivers I	25	-	2016	Leasehold	Randstad
Amsterdam	Rivers II	50	51	2016	Leasehold	Randstad
Amsterdam	Sloten I	91	-	1991	Leasehold	Randstad
Amsterdam	Sloten II	64	-	1991	Leasehold	Randstad
Amsterdam	Sloten III	16	-	1991	Leasehold	Randstad
Amsterdam	Sloten IV	180	112	1991	Leasehold	Randstad
Amsterdam	Sloten IX	4	-	1993	Leasehold	Randstad
Amsterdam	Sloten V	24	24	1991	Leasehold	Randstad
Amsterdam	Sloten VI	6	-	1992	Leasehold	Randstad
Amsterdam	Sloten VII	96	-	1992	Leasehold	Randstad
Amsterdam	Sloten VIII	148	-	1993	Leasehold	Randstad
Amsterdam	Sloten X	215	-	1993	Leasehold	Randstad
Amsterdam	Sloten XI	16	-	1993	Leasehold	Randstad
Amsterdam	Sloten XII	113	-	1993	Leasehold	Randstad
Amsterdam	Sloten XIII	24	-	1993	Leasehold	Randstad
Amsterdam	Sloten XIV	30	-	1993	Leasehold	Randstad
Amsterdam	Sloten XV	50	51	1993	Leasehold	Randstad
Amsterdam	Stadionplein	100	86	2016	Leasehold	Randstad
Amsterdam	State I (Kop Weespertrekvaart)	160	103	2019	Leasehold	Randstad
Amsterdam	State II (Kop Weespertrekvaart)	102	-	2018	Leasehold	Randstad
Amsterdam	Statendam	108	114	2016	Leasehold	Randstad
Amsterdam	Summertime 11	94	76	2016	Leasehold	Randstad
Amsterdam	Summertime 12	103	74	2016	Leasehold	Randstad
Amsterdam	Summertime, offices	-	-	2016	Leasehold	Randstad
Amsterdam	Vaandeldrager	110	93	2004	Leasehold	Randstad
Amsterdam	Vaandeldrager, offices	-	-	2004	Leasehold	Randstad
Amsterdam	Winnaar	129	105	2004	Leasehold	Randstad
Amsterdam	Winnaar, offices	-	-	2004	Leasehold	Randstad
Apeldoorn	De Heeze I	24	3	1980	Freehold	Mid East
Apeldoorn	De Maten I	144	-	1982	Freehold	Mid East
Apeldoorn	Loolaan	39	39	2017	Freehold	Mid East
Apeldoorn	t Fort-Donjon	24	-	2001	Freehold	Mid East
Apeldoorn	t Fort-Hof	44	-	2001	Freehold	Mid East
Apeldoorn	t Fort-Hof, parking	-	77	2001	Freehold	Mid East
Apeldoorn	t Fort-Ruit	13	-	2001	Freehold	Mid East
Apeldoorn	t Fort-Vlieger	20	-	2001	Freehold	Mid East
Apeldoorn	Welgelegen Park EGW	20	-	2019	Freehold	Mid East
Apeldoorn	Welgelegen Park MGW	31	-	2019	Freehold	Mid East
Apeldoorn	Zonneweide	41	-	2019	Freehold	Mid East
Arnhem	Malburgen Nieuwe A	48	-	2017	Freehold	Mid East

Arnhem	Molenbeke	37	37	2014	Freehold	Mid East
Arnhem	Velperparc	36	-	2019	Freehold	Mid East
Berkel en Rodenrijs	Parkwijk-Oost	72	72	2012	Freehold	Randstad
Breda	BREDA	1	-	1965	Freehold	Brabantstad
Culemborg	Bellefleur	23	-	2017	Freehold	Mid East
Deurne	Dunantweg	26	20	1989	Freehold	Non-core region
Deventer	T&D kwartier EGW	30	15	2016	Freehold	Mid East
Deventer	T&D kwartier MGW	11	-	2016	Freehold	Mid East
Diemen	Noord I	20	20	1990	Freehold	Randstad
Diemen	Noord II	54	54	1990	Freehold	Randstad
Diemen	Noord VII	29	8	1989	Freehold	Randstad
Diemen	Noord VIII	54	-	1990	Freehold	Randstad
Diemen	Noord X	108	14	1991	Freehold	Randstad
Diemen	Noord XI	22	-	1991	Freehold	Randstad
Diemen	Noord XIII	36	4	1994	Freehold	Randstad
Diemen	Noord XIV I	24	24	1994	Freehold	Randstad
Diemen	Noord XIV II	10	10	1994	Freehold	Randstad
Diemen	Noord XV	44	-	1994	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
Ede	De Laren	30	-	2014	Freehold	Mid East
Ede	Elias Beeckman Kazerne	64	-	2018	Freehold	Mid East
Ede	Kraatsweg I	51	-	1980	Freehold	Mid East
Eindhoven	Blixembosch	44	28	1989	Freehold	Brabantstad
Eindhoven	Blok61 (Strijp S)	96	58	2017	Freehold	Brabantstad
Eindhoven	Gijzenrooi	55	40	1989	Freehold	Brabantstad
Eindhoven	Meierijlaan	24	43	2019	Freehold	Brabantstad
Eindhoven	Picuskadeblok	36	36	2016	Freehold	Brabantstad
Gouda	Groenhovenpark	220	-	1981	Freehold	Randstad
Gouda	Mammoet Oost	96	7	1983	Freehold	Randstad
Groningen	Hoornse Meer III	104	44	1991	Freehold	Mid East
Groningen	Hoornse Park	34	-	1992	Freehold	Mid East
Haarlem	Mauve I	24	24	2013	Freehold	Randstad
Haarlem	Mauve II	50	57	2013	Freehold	Randstad
Haarlem	Rosorum Residentie	-	23	2014	Freehold	Randstad
Haarlem	Zuiderpolder I	72	4	1987	Freehold	Randstad
Haarlem	Zuiderpolder II	48	-	1990	Freehold	Randstad
Helmond	Brandevoort	60	-	2013	Freehold	Brabantstad
Helmond	Liverdonk	26	-	2018	Freehold	Brabantstad
Helmond	Mierlo Hout	41	37	1986	Freehold	Brabantstad
Helmond	Parc Valere	75	76	2018	Freehold	Brabantstad
Hengelo	Hasseler Es	39	-	1982	Freehold	Mid East
Hilversum	Villa Industria - Entreegebouw	16	17	2016	Freehold	Randstad
Hilversum	Villa Industria - Pakhuizen	10	20	2016	Freehold	Randstad
Hilversum	Villa Industria, Gashouder I	32	32	2016	Freehold	Randstad
Hilversum	Villa Industria, Gashouder II	48	43	2016	Freehold	Randstad
Hoek Van Holland	Mercatorweg	33	4	1989	Leasehold	Randstad
Hoofddorp	Hof van Pampus	74	125	2019	Freehold	Randstad

Hoofddorp	Tudorpark EGW	98	-	2019	Freehold	Randstad
Hoofddorp	Tudorpark MGW	36	-	2019	Freehold	Randstad
Hoogland	De Ham	58	18	1989	Freehold	Randstad
Huizen	De Hoftuin	28	28	2006	Freehold	Randstad
Katwijk	't Duyfrak I	54	-	2010	Freehold	Randstad
Katwijk	't Duyfrak II	42	42	2011	Freehold	Randstad
Koog aan de Zaan	Westerkoog	151	-	1983	Freehold	Randstad
Leidschendam	Heuvelzijde I	87	24	1997	Freehold	Randstad
Leidschendam	Heuvelzijde II	92	-	1997	Freehold	Randstad
Leidschendam	Heuvelzijde III	76	15	1998	Freehold	Randstad
Lelystad	De Tjalk	121	13	1984	Freehold	Non-core region
Lent	Laauwik	22	-	2012	Freehold	Mid East
Lent	Park Lentseveld	26	-	2014	Freehold	Mid East
Maastricht	Belvedere Haven	57	66	2008	Freehold	Brabantstad
Maastricht	Belvedere Haven, retail	-	-	2008	Freehold	Brabantstad
Maastricht	Boschstraat Oost	196	-	1987	Freehold	Brabantstad
Maastricht	Cour Renoir I	73	110	2009	Freehold	Brabantstad
Maastricht	Cour Renoir II	14	14	2010	Freehold	Brabantstad
Maastricht	Eyldergaard	63	63	1986	Freehold	Brabantstad
Nieuwegein	Batau Noord I	176	16	1981	Freehold	Randstad
Nieuwegein	Batau Noord II	64	-	1981	Freehold	Randstad
Nieuwegein	Batau Noord III	40	-	1987	Freehold	Randstad
Nieuwegein	Fokkesteeg	78	-	1981	Freehold	Randstad
Nieuwegein	Galecop I	36	-	1995	Freehold	Randstad
Nieuwegein	Galecop II	36	-	1996	Freehold	Randstad
Nijmegen	Nieuw Nachtegaalplein I	29	-	2016	Freehold	Mid East
Nijmegen	Nieuw Nachtegaalplein II	38	-	2018	Freehold	Mid East
Nijmegen	Onder Onnes EGW	35	-	2016	Freehold	Mid East
Nijmegen	Onder Onnes MGW	11	-	2016	Freehold	Mid East
Nuenen	Centrum Oost	59	10	1985	Freehold	Brabantstad
Nuenen	Langakker I	104	26	1983	Freehold	Brabantstad
Nuenen	't Oog	25	25	2017	Freehold	Brabantstad
Oisterwijk	KVL	60	-	2019	Freehold	Brabantstad
Oosterhout	De Kreek	30	-	2018	Freehold	Brabantstad
Oosterhout	Dommelbergen II	32	3	1987	Freehold	Brabantstad
Pijnacker	Boszoom	57	-	2015	Freehold	Randstad
Pijnacker	MarquantPlus	78	78	2015	Freehold	Randstad
Purmerend	Kop van West	74	85	2019	Freehold	Randstad
Rijswijk	De Strijp	30	-	1996	Freehold	Randstad
Rijswijk	Rijswijk Buiten-Sion MGW	59	-	2020	Freehold	Randstad
Rijswijk	RijswijkBuiten 'de Tuinen van Sion'	43	-	2016	Freehold	Randstad
Roermond	Oranjelaan	87	40	1983	Freehold	Non-core region
Roosendaal	Watermolen	20	20	1987	Freehold	Non-core region
Rosmalen	De Vlondertuinen	25	-	2015	Freehold	Brabantstad
Rotterdam	Endenhout	42	-	1988	Leasehold	Randstad
Rotterdam	Grindweg	38	38	1992	Leasehold	Randstad
Rotterdam	Keizershof	44	2	1984	Leasehold	Randstad
Rotterdam	Kop van Zuid I	19	19	1995	Leasehold	Randstad
Rotterdam	Kop van Zuid II	311	175	1995	Leasehold	Randstad

Rotterdam	Maaskwadrant	120	123	2003	Leasehold	Randstad
Rotterdam	Noordelijk Niertje	112	68	1988	Leasehold	Randstad
Rotterdam	Oosterflank	102	-	1985	Leasehold	Randstad
Rotterdam	Oostplein	69	44	1991	Freehold	Randstad
Rotterdam	Oostplein, retail	-	-	1991	Freehold	Randstad
Rotterdam	Prinsenland I	138	-	1991	Leasehold	Randstad
Rotterdam	Prinsenland II	99	-	1990	Leasehold	Randstad
Rotterdam	Prinsenland III	70	68	1994	Leasehold	Randstad
Rotterdam	Prinsenland IV	18	18	2010	Leasehold	Randstad
Rotterdam	Prinsenparkbuurt	60	8	1995	Leasehold	Randstad
Rotterdam	Up Town	150	90	2019	Freehold	Randstad
Rotterdam	Zevenkamp IV	126	-	1985	Leasehold	Randstad
Sassenheim	Wasbeek	64	10	1982	Freehold	Randstad
'S-Hertogenbosch	Paleiskwartier	224	196	2017	Freehold	Brabantstad
The Hague	Bomenbuurt	42	-	1990	Leasehold	Randstad
The Hague	CentreCourt	122	-	2002	Freehold	Randstad
The Hague	Cityprince	50	45	2015	Leasehold	Randstad
The Hague	Cityprince COG	-	-	2015	Leasehold	Randstad
The Hague	Landouwen I	29	29	2006	Freehold	Randstad
The Hague	Landouwen II	29	29	2006	Freehold	Randstad
The Hague	Landouwen III	29	29	2006	Freehold	Randstad
The Hague	Landouwen IV	29	29	2006	Freehold	Randstad
The Hague	Landouwen V	29	29	2006	Freehold	Randstad
The Hague	Oostduinlaan	146	146	2016	Freehold	Randstad
The Hague	Oostduinlaan, Short Stay	-	-	2016	Freehold	Randstad
The Hague	Prinsenhof	204	-	2006	Leasehold	Randstad
The Hague	Riethof I	56	-	2003	Leasehold	Randstad
The Hague	Riethof II	60	60	2003	Leasehold	Randstad
Tilburg	De Noorderstreek	76	76	2017	Freehold	Brabantstad
Utrecht	3 FNV	3	-	1940	Freehold	Randstad
Utrecht	Boemerang, offices	-	18	2006	Leasehold	Randstad
Utrecht	De Bongerd I	33	33	2009	Leasehold	Randstad
Utrecht	De Bongerd II	38	38	2010	Leasehold	Randstad
Utrecht	Dichterswijk	124	123	2005	Leasehold	Randstad
Utrecht	Haarzicht	126	-	2019	Freehold	Randstad
Utrecht	Langerak I	10	-	1999	Leasehold	Randstad
Utrecht	Langerak II	20	-	1999	Leasehold	Randstad
Utrecht	Langerak III	80	80	2005	Leasehold	Randstad
Utrecht	Meyster's Buiten I	25	25	2015	Leasehold	Randstad
Utrecht	Meyster's Buiten II	24	24	2015	Leasehold	Randstad
Utrecht	Parkwijk Het Zand	98	1	2005	Leasehold	Randstad
Utrecht	Parkwijk Noord	89	61	2002	Leasehold	Randstad
Utrecht	Parkwijk Zuid veld 22	91	87	2003	Leasehold	Randstad
Utrecht	Parkwijk Zuid veld 25	70	70	2003	Leasehold	Randstad
Utrecht	Terweijde Zuid	100	106	2010	Leasehold	Randstad
Utrecht	Terwijde 14/15 I	38	38	2004	Leasehold	Randstad
Utrecht	Terwijde 14/15 II	67	67	2004	Leasehold	Randstad
Utrecht	Tuinpark I	74	71	2006	Leasehold	Randstad
Utrecht	Tuinpark II	187	197	2006	Leasehold	Randstad
Utrecht	Van der Marckhof	46	46	2018	Freehold	Randstad
Utrecht	Veemarkt City	65	50	2016	Freehold	Randstad

Utrecht	Veemarkt I	45	45	2015	Leasehold	Randstad
Utrecht	Veemarkt Portiek	47	47	2016	Leasehold	Randstad
Utrecht	Vredenburgplein	60	-	2017	Freehold	Randstad
Utrecht	Zijdebalen I	104	94	2017	Freehold	Randstad
Utrecht	Zijdebalen II	73	44	2017	Freehold	Randstad
Utrecht	Zijdebalen III	73	75	2018	Freehold	Randstad
Utrecht	Zijdebalen IV	52	34	2019	Freehold	Randstad
Veldhoven	Heikant Oost III	58	6	1987	Freehold	Brabantstad
Velserbroek	B3	46	4	1989	Freehold	Randstad
Velserbroek	Bastion	110	-	1992	Freehold	Randstad
Venlo	Craneveld	35	35	1986	Freehold	Brabantstad
Vlijmen	De Grassen I	23	-	2018	Freehold	Brabantstad
Zaandam	Westerwatering IV	24	24	1990	Leasehold	Randstad
Zoetermeer	Buytenwegh de Leyens I	81	-	1984	Freehold	Randstad
Zoetermeer	Buytenwegh de Leyens II	50	-	1985	Freehold	Randstad
Zoetermeer	Rokkeveen	91	9	1988	Freehold	Randstad
Zoetermeer	Rokkeveen Rad	244	-	1988	Freehold	Randstad
Zoetermeer	Stadscentrum	71	-	1987	Freehold	Randstad
Zoetermeer	Stadscentrum, retail	-	-	1987	Freehold	Randstad
Zwijndrecht	Heer Oudelands Ambacht II	38	11	1987	Freehold	Randstad
Zwolle	Bewegingshuis	93	95	2005	Freehold	Mid East
Zwolle	Havezate	57	-	2013	Freehold	Mid East
Zwolle	Schoolwoningen	24	30	2005	Freehold	Mid East
Zwolle	Stadshagen Haven	37	-	2002	Freehold	Mid East
Zwolle	Stadshagen I	33	-	1998	Freehold	Mid East
Zwolle	Stadshagen II	138	-	1998	Freehold	Mid East
Zwolle	Stadshagen III	64	-	1999	Freehold	Mid East
Zwolle	Stadshagen IV	12	-	2000	Freehold	Mid East
Zwolle	Stadshagen V	21	-	2000	Freehold	Mid East
Zwolle	Vrij Werkeren	46	-	2018	Freehold	Mid East
		18,227	**7,629**			

Key information over five years

All amounts in € thousands, unless otherwise stated

	2019	2018	2017	2016	2015
Statement of financial position					
Total assets	6,699,661	5,793,075	4,783,924	4,016,566	3,170,333
Total shareholders' equity	6,529,288	5,761,761	4,751,642	3,995,034	3,151,198
Total debt from credit institutions	-	-	-	-	-
Performance per share					
Dividends (in €)	97.29	94.99	90.82	94.03	98.33
Net earnings (in €)	489.06	665.23	508.28	569.66	319.75
Net asset value IFRS (in €, at year-end)	4,671.54	4,280.93	3,710.00	3,290.91	2,823.04
Net asset value INREV (in €, at year-end)	4,675.53	4,286.07	3,714.31	3,295.61	2,823.04
Result					
Net result	671,208	878,013	637,610	666,343	347,475
Total Expense Ratio (TER)	0.53%	0.54%	0.53%	0.53%	0.53%
Real Estate Expense Ratio (REER)	0.99%	1.00%	1.26%	1.32%	1.40%
Fund return					
Income return	2.3%	2.5%	2.7%	3.2%	3.8%
Capital growth	9.1%	15.4%	12.6%	17.0%	8.5%
Total Fund return	11.5%	18.2%	15.6%	20.6%	12.5%
Portfolio figures					
Investment property	6,209,139	5,185,923	4,143,094	3,547,470	2,833,309
Investment property under construction	388,303	558,704	463,040	353,078	205,579
Gross initial yield	3.9%	4.1%	4.6%	5.1%	5.7%
Total number of residential units	18,227	17,174	16,172	15,329	14,455
Average monthly rent per unit (in €)	1,104	1,055	1,020	1001	966
Financial occupancy rate (average)	97.9%	97.5%	97.8%	97.7%	97.6%
Sustainability (A, B or C label)	100.0%	98.0%	94.6%	93.3%	92.6%
Property performance (all properties)					
Income return	2.8%	3.1%	3.3%	3.9%	4.5%
Capital growth	9.3%	15.6%	13.0%	17.4%	8.9%
Total property return	12.4%	19.1%	16.7%	21.8%	13.7%
MSCI (Netherlands Property Index) residential real estate (all properties)					
Income return	3.2%	3.4%	3.8%	4.2%	4.5%
Capital growth	10.1%	14.7%	12.6%	10.6%	6.3%
Total return MSCI (NPI)	13.6%	18.6%	16.9%	15.3%	11.0%

Colophon

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