

# Benelux/France

## Bouwinvest REIM

*“Excellent diversification across both its home market and abroad, including exposure to Asia and North America and listed and unlisted real estate with clear income and target returns”* – judge’s comment

Owned by bpfBOUW, the €43bn Dutch construction workers’ pension fund, Bouwinvest REIM is one of the largest Dutch real estate investment specialists, with €7.5bn portfolio at the end of last year.

In the Netherlands, Bouwinvest manages sector funds for institutional investors. But in a segregated account, its healthcare, hotel funds and international investments are exclusively managed for bpfBOUW. Bouwinvest has a solid outperformance track record, supported by best-in-class valuation and risk management policies.

Bouwinvest invests in the residential, retail, office, logistics, hotel and other real estate sectors, such as self-storage and parking. All investments are indirect via listed and unlisted real estate funds, joint ventures and club deals. As a manager of pension fund assets, the firm’s international investment team aims to generate stable and regular annual returns of around 7% to hedge its client’s long-term liabilities. The main goal of the substantial increase in the allocation to international real estate in recent years was to improve diversification, steadily increasing the allocation to promising regions such as Asia Pacific and the US, while shifting its initial focus away from Europe.

Bouwinvest adds another layer of diversification through its exposure to real estate sectors in different countries. The office sectors in Australia, the US and Japan are quite different from the Dutch office sector. The addition of listed funds three years ago added yet more diversification, enabling the team to fill a number of gaps in its international portfolio by targeting sectors offering attractive investment opportunities with higher returns than those generally found in unlisted funds.

An international investment portfolio also provides a diversified risk profile. Global real estate markets are dynamic, but market corrections and crises tend to affect the various sectors differently in different countries. Balanced exposure to the various sectors in different regions acts as a hedge to market volatility.

Bouwinvest’s investments in global mezzanine debt markets add yet more variety to its international portfolio. With the right expertise,

exposure in this niche gives bpfBOUW access to high quality properties and borrowers, generating attractive risk-adjusted returns and providing additional low cost exposure to real estate sectors that are otherwise difficult to penetrate via either listed or unlisted funds.

Bouwinvest’s firm commitment to its international portfolio means it can invest in the world’s real estate markets even during periods of crisis. This enabled the firm to take advantage of opportunities when others were withdrawing from the market. Although essentially a long-term investor, it nonetheless enjoys the flexibility to use short-term volatility to its advantage. Indeed, its best performing funds in 2015 included both recent and well-established investments, such as logistics holdings in Australia and office exposure in the US.

At country level, the main focus is on major cities, where continued urbanisation is leading to more and more so-called megacities that will require both offices and residential complexes to accommodate growth. This offers attractive risk-adjusted long-term stable returns.

Online shopping is fuelling demand for state-of-the-art logistics facilities, a focus area of the international portfolio. Given the huge expected surge in tourism, demand is likely to far outstrip supply in the hotel sector, making this an excellent investment opportunity. Rapidly ageing populations in countries like Japan, combined with higher life expectancy, will encourage growth in healthcare-related property. Bouwinvest sees this as very promising sector for the future. Finally, the growing affluence in the Asia Pacific region will drive a number of real estate trends, especially in the residential sector and in student accommodation, an area the firm is monitoring very closely.

### Bouwinvest REIM

Country: Netherlands  
Founded: 2003

#### Financial data

Market value, €m: 43,000 (bpf-BOUW)  
Value of real estate assets, €m: 7,500 (Bouwinvest)

As at 31 December 2015

Real estate performance: 12.8%

#### AT A GLANCE

- ➔ Large diverse international portfolio across regions and sectors
- ➔ Focus on major cities to exploit residential and office opportunities from urban growth
- ➔ Niche sectors include healthcare, online shopping logistics and student housing

#### SHORTLISTED

- ➔ APG Asset Management – Netherlands
- ➔ Nedlloyd Pensioenfond – Netherlands
- ➔ NN Group – Netherlands
- ➔ PGGM – Netherlands
- ➔ Rabobank Pension Fund – Netherlands

#### JUDGES

- ➔ Edward Barker
- ➔ Kees Hage
- ➔ Gianluca Romano
- ➔ Erick van Koppen

