

Bouwinvest Real Estate Investors B.V.

2018

Annual Report



Offices, Utrecht, The Netherlands, Central Park (Dutch Office Fund)

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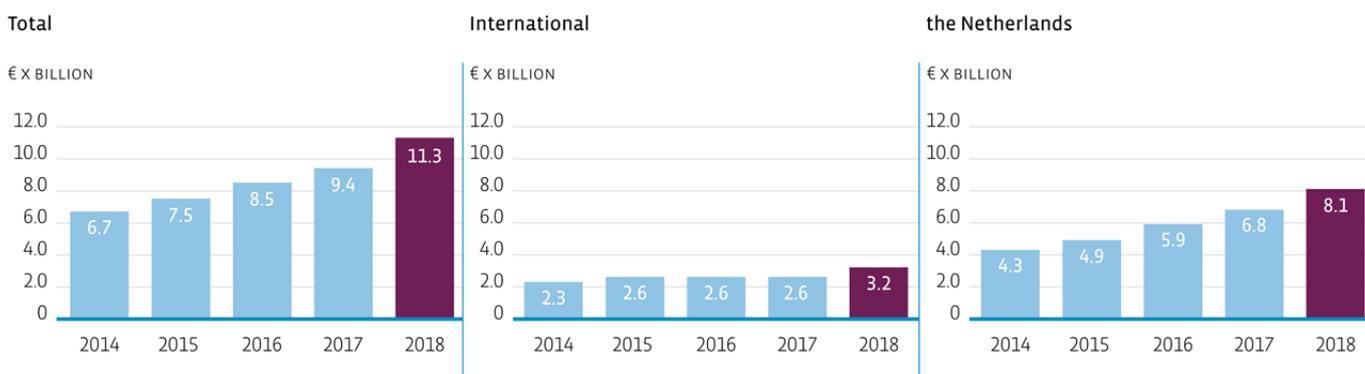
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2018 at a glance

Key figures



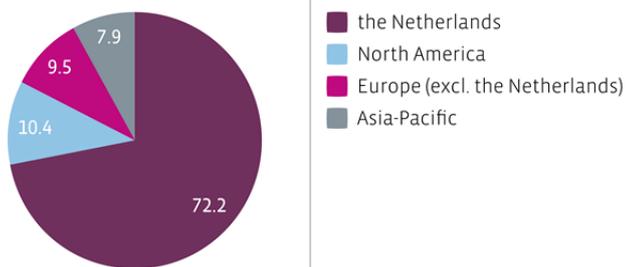
Invested capital



Distribution invested capital

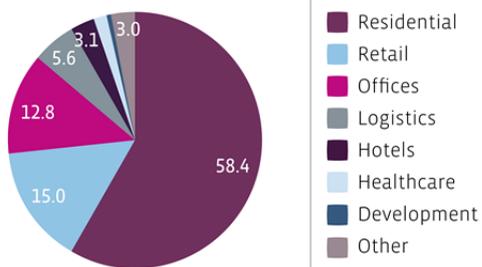
Regions

PERCENTAGE



Sectors

PERCENTAGE



Distribution invested capital funds and mandates

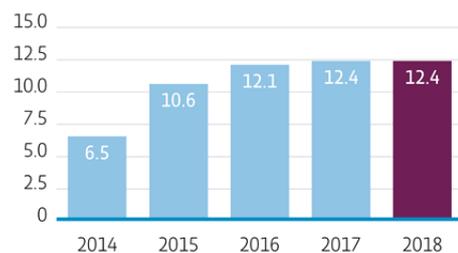
x € thousands, unless otherwise stated

	2018	2017
Europe Mandate	1,105,832	1,009,180
North America Mandate	1,170,903	1,023,604
Asia-Pacific Mandate	893,324	629,427
Dutch Residential Fund	5,761,761	4,751,642
Dutch Retail Fund	969,680	888,896
Dutch Office Fund	771,241	631,446
Dutch Hotel Fund	259,111	221,610
Dutch Healthcare Fund	178,443	112,001
Other	167,516	156,206
	11,277,811	9,424,012

Return on invested capital

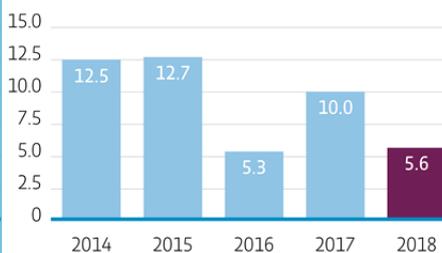
Total

PERCENTAGE



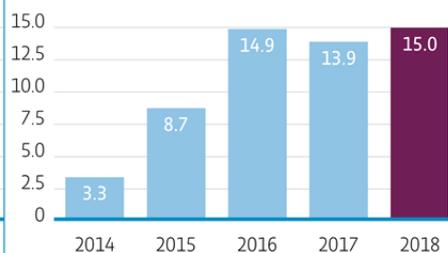
International

PERCENTAGE



the Netherlands

PERCENTAGE



Transactions

x € million

Transactions	2018	2017
International		
Europe Mandate	100	115
North America Mandate	442	145
Asia-Pacific Mandate	311	102
	853	362
The Netherlands		
Dutch Residential Fund	480	300
Dutch Retail Fund	53	50
Dutch Office Fund	167	-
Dutch Hotel Fund	-	-
Dutch Healthcare Fund	57	73
	757	423
Total	1,610	785

Homes and healthcare real estate

Paris, France, Villa Gabriel
(Europe Mandate, AEW Residys)



Homes

Los Angeles, United States
Park Fifth High Rise
(North America Mandate, MacFarlane)



Logistics

Kobe City, Japan
Goodman Akamatsudai
(Asia-Pacific Mandate, Goodman)



Apartments & houses

Zaanstad, the Netherlands
Hembrug site
(Residential Fund)



Offices

Utrecht, the Netherlands
Central Park
(Office Fund)



Healthcare real estate

Hilversum, the Netherlands
Villa Overbosch
(Healthcare Fund)



Overview responsible investment & business

	Europe Mandate	North America Mandate	Asia-Pacific Mandate	Residential Fund	Retail Fund	Office Fund	Hotel Fund	Healthcare Fund
GRESB participant	In part (92%)	In part (66%)	In part (66%)	✓	✓	✓	✓	✓
GRESB star rating 2018*	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
(average) GRESB score	75	73	77	79	79	88	73	51
Share of sustainable investments (GRESB 4/5 stars)	51%	33%	37%	100%	100%	100%	0%	0%

* On the basis of invested capital GRESB participants year-end 2018

Figures satisfaction survey

Results satisfaction surveys	most recent	previous
Investors	7.9 (2016)	7.7 (2014)
Employees	8 (2017)	8 (2015)
Tenants	7.3 (2018)	6.7 (2017)

Key information over five years

x € thousands, unless otherwise stated

	2018	2017	2016	2015	2014
Number of shares (actual)	225,000	225,000	225,000	225,000	225,000
Net result	3,175	4,660	2,595	4,422	3,173
Per share	14.11	20.71	11.53	19.65	14.10
Assets under management	11,277,811	9,424,012	8,456,869	7,495,325	6,700,206
Total assets	47,301	43,287	36,889	33,010	30,770
Shareholders' equity	33,152	33,977	29,317	29,422	27,186
Per share	147.34	151.01	130.30	130.76	120.83
Solvency ratio	70%	78%	79%	89%	88%
Management fee income	38,474	34,288	30,722	30,503	27,854
Personnel costs	24,867	20,846	19,276	17,959	17,014
Number of FTEs (year-end)	169.7	152.5	136.6	131.1	128.0
Personnel costs per FTE	146.5	136.7	141.1	137.0	132.9
Fee per FTE	226.7	224.8	224.9	232.7	217.6

Message from the CEO

Bouwinvest celebrated its 15th anniversary in 2018. In this period, Bouwinvest has evolved from a project developer into an asset manager, fund manager and ultimately into an international real estate asset manager.

This anniversary year was a good year for us. We recorded a return on invested capital of 12.4% in 2018, making last year the fourth year in a row that we have reported double-digit returns. In 2018, we also passed the € 11 billion mark in terms of invested capital and we signed transactions worth € 1.6 billion, twice as much as in 2017. This included € 853 million in investments outside the Netherlands.

Our investments last year included rental homes in Los Angeles, New York, Tokyo, Shanghai and Paris, together with The Spiral office building at Hudson Yard, New York. In the Netherlands, we added a number of projects to our pipeline, including the Sluishuis in Amsterdam-IJburg and the Central Park office building next to the Utrecht central station. We were able to expand our pipeline to € 1.8 billion, while adhering to our quality and return criteria. We also attracted a number of new clients last year, taking our total to 22 clients, who committed a total of € 759 million to our funds in 2018.

This growth demands a lot from our organisation, which is why we devoted a great deal of attention to recruitment in 2018. Despite fierce competition on the labour market, we managed to fill all our vacant positions last year, and increased our total workforce to almost 170 FTEs.



‘We expect our invested capital to increase to € 15 billion. Our spearheads for the coming years are client-focus, sustainability and international growth’

Dick van Hal,
CEO and statutory director

One significant development last year was a new urgency in the call to increase sustainability from all sections of society. As part of this effort, Bouwinvest contributes to four of the United Nations Sustainable Development Goals (SDGs): Good Health and Well-being, Affordable and Clean Energy, Decent Work and Economic Growth and Sustainable Cities and Communities. We made solid progress on these fronts in 2018. No less than 78.7% of our invested capital qualifies as sustainable investments.

Last year, we were surprised by the Dutch government’s announcement that it was considering the abolition of the Fiscal Investment Institution (FII) regime for real estate investment companies. A number of sector organisations lobbied against this move, in view of the value of the FII regime for investment in Dutch real estate. Bouwinvest is relieved that the government abandoned these plans and that we can continue to invest in the future of the Netherlands.

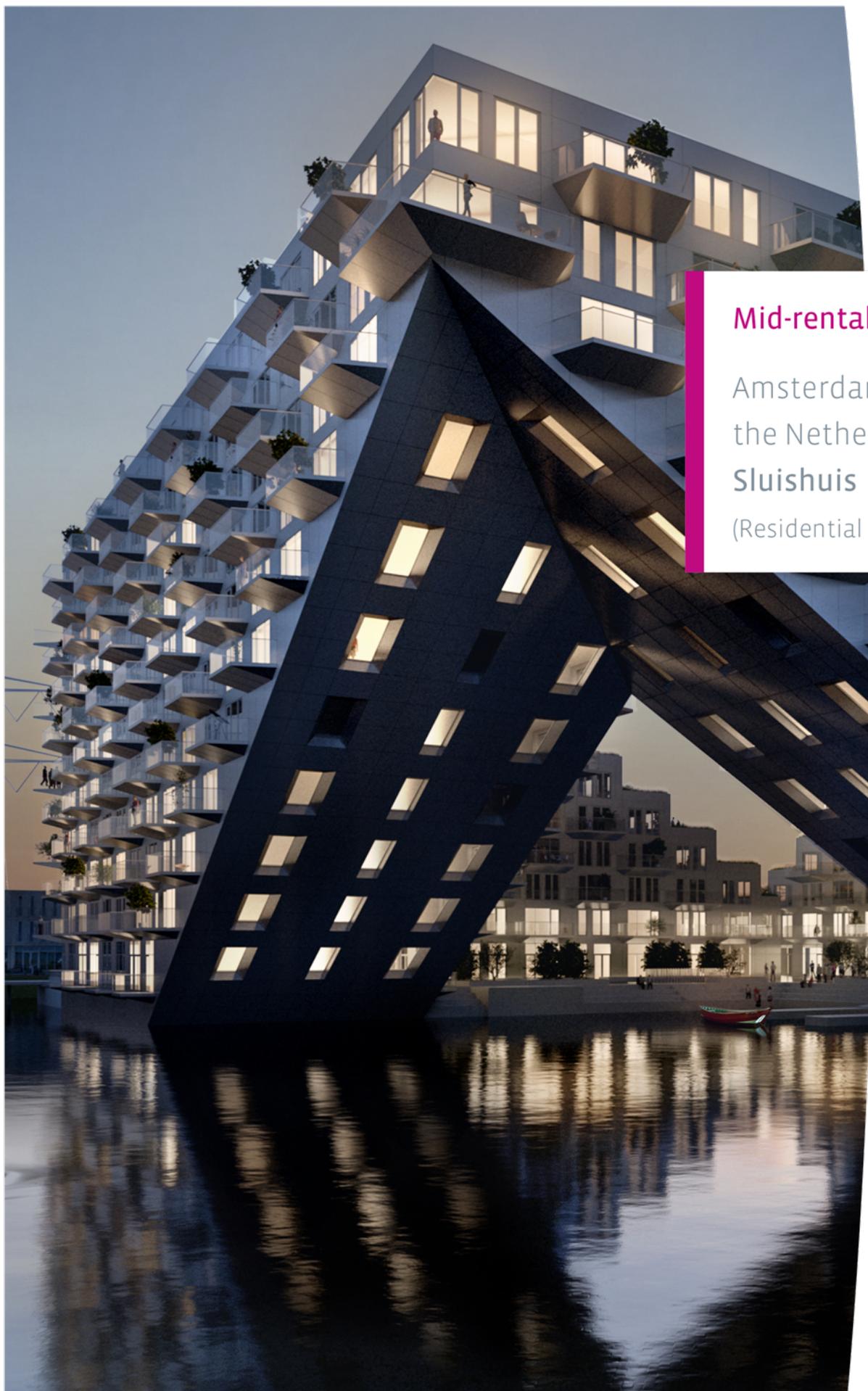
A rapidly changing society, with change driven by urbanisation, social-demographic developments, internationalisation, energy transition and technology, has a major impact on the use of real estate. Our motto for the coming years is therefore *Move up to the Next Level*, with the key priorities being client orientation, sustainability and international growth. A new ambition deserves a new name: Bouwinvest Real Estate Investment Management has been changed to Bouwinvest Real Estate Investors.

Looking to the future, we expect the value increases in real estate to level off going forward. Steadily increasing interest rates, more moderate macro-economic forecasts and political factors could all have an impact on the investment climate. We will therefore have to take into account lower returns than we have seen over the past few years, but we still believe that a return of between 5% and 7% is feasible, barring unforeseen circumstances. So even in these circumstances, real estate is a good match with the long-term expectations of pension funds and insurance firms.

Last year ended rather turbulently with the announcement of the resignation of the full Supervisory Board in December. We would like to thank the board for its constructive supervision over the past few years. The Supervisory Board will resign as per 18 April 2019. In the meantime, we are close to appointing a new Supervisory

Board. In addition, I would like to thank our clients for their trust in Bouwinvest. And, just as importantly, I would like to thank all our employees for their commitment, cooperation and dedication over the past year.

Dick van Hal, CEO and statutory director



Mid-rental segment

Amsterdam
the Netherlands

Sluishuis

(Residential Fund)

Society and our organisation

Trends

The world in which Bouwinvest makes its long-term investments is marked by continuing urbanisation, ongoing globalisation, the increased ageing of the population, rapid technological changes and an urgent need to increase sustainability. Plus we are seeing the emergence of geo-political tensions. Are these trends a threat? Or are they in fact creating new opportunities?

Urbanisation

All over the world, people and businesses are moving to metropolitan regions. And that is not going to change any time soon. People and businesses are following each other in the search for work and good employees. The metropolitan regions are therefore growing faster than their countries as a whole. The challenge is to make sure these regions remain places where people can and want to live. Because the increasing pressure and densification is likely to increase air pollution and threaten green areas.

The continued pressure on urban environments is making homes more expensive: owner-occupier homes are becoming ever more expensive and there are simply not enough available and affordable rental homes to meet growing demand. Price rises have simply gone too far in some cities, making living in the city too expensive for a broad target group. This has led to falling prices in some cities. This situation offers institutional investors the opportunity to help reduce the shortage of homes and by doing so improve the inclusivity of the cities they invest in. At the same time, investors are facing the challenge of getting financially feasible projects off the ground in Dutch cities, due to rising ground prices and construction costs. This could slow down the realisation of sufficient new-build projects and lead to more projects with relatively small homes. These smaller homes may meet the current demand from the specific target group of one-person households, but this may not be the case in the longer term. We expect to see an increase in demand for homes in the municipalities around the big cities in the future.

Globalisation

Globalisation is marked by increasing economic, cultural and political integration at a global level. Thanks to digitalisation, it is easier for goods, services and people to move from one place to another. International online retail platforms like Alibaba and Amazon are spreading right across the world. More and more jobs are disappearing to low-wage countries and many of the jobs that remain are more flexible. In the 'old world', the uncertainty this is creating is leading to political tensions between low-skilled workers and the more highly educated and between young people and older people.

Economies that are transparent and societies with a high level of social equality are in the best position to profit from globalisation. But protectionism, the anti-globalisation movement, can have a negative impact on the real global economy. This could reduce the demand for real estate. On the other hand, increasing globalisation is boosting the growth of tourism and the continued internationalisation of the academic world. This could push up demand in all real estate sectors, but primarily for hotel rooms and student residences.

Technology

In the decades ahead, digitalisation, artificial intelligence and robotisation will all have a major impact on how we live, work, shop and move around. Smart buildings can help boost energy performance and improve the comfort of living and working environments. At the same time, technological developments such as big data, blockchain technology and increasing internet connectivity will have an impact on how we work. Employees will be more flexible and working at home will become even easier. This will affect the office market. 'Online global access' will increase global competition, both in the retail market (Amazon, Alibaba) and on the hotel market (Airbnb). This will have the biggest impact on the demand for physical stores.

However, rapidly changing technological developments are also creating opportunities for real estate investment asset managers, but they do need to be alert to opportunities and respond quickly. Globalisation and technology mean that real estate investment need to respond more quickly to global trends and developments. At the same time, we are faced with ever-increasing amounts of data, which real estate investment managers can use to track and respond to market developments.

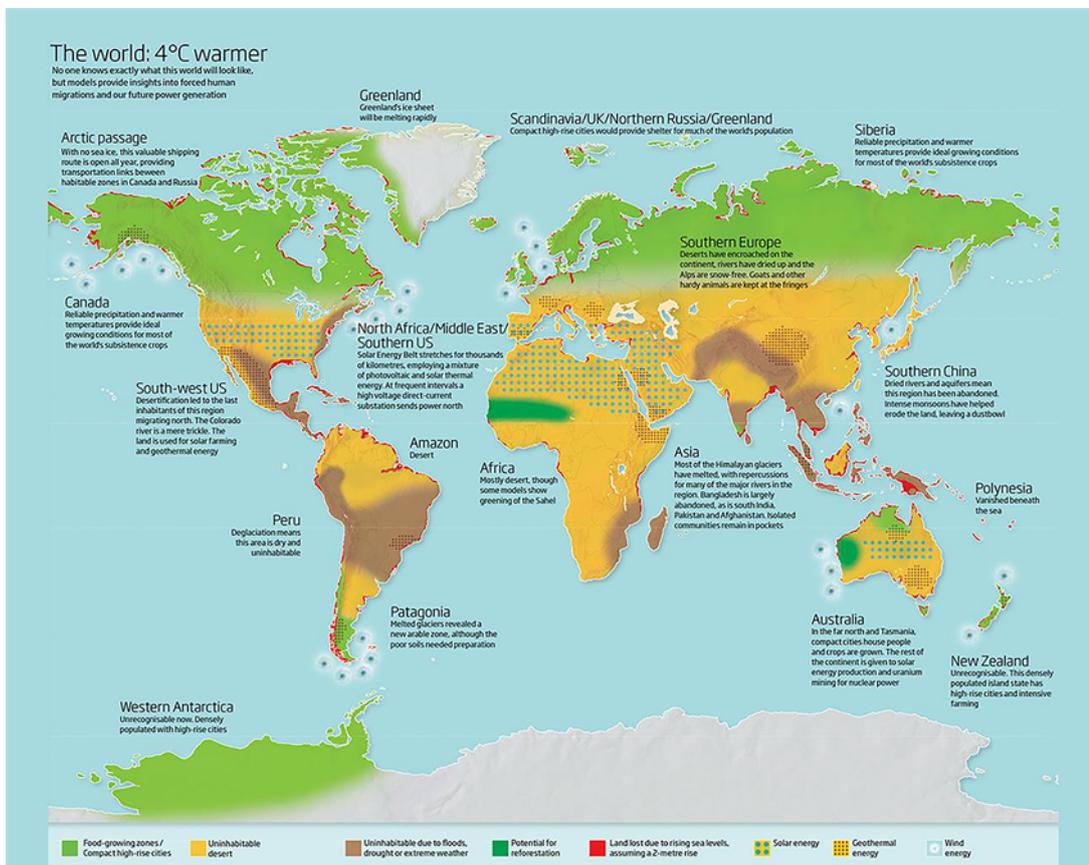
Sustainability

There is growing global awareness that we urgently need to stop global warming and increasing CO₂ emissions. The Paris climate agreement and the United Nations' Sustainable Development Goals (SDGs) provide direction for what we need to do. And of course the built environment accounts for a large proportion of global CO₂ emissions.

The demand for sustainable and circular buildings will increase worldwide, among both the users and the buyers of real estate. This is creating opportunities for a company like Bouwinvest, to invest in sustainable and energy-neutral real estate and improve the sustainability of its existing real estate. This could be through measures such as installing solar panels or investing in smart buildings. We also expect to see an increase in the use of public transport, which will make it attractive to invest in real estate developments close to public transport hubs.

Global warming and rising sea levels will of course increase certain risks in the longer term, as certain places will eventually no longer be useable for homes, offices or other workplaces. This will increase migration to more habitable parts of the world. This will of course push demand to certain parts of the world, but could also lead to social unrest.

Climate change will lead to flooding in certain regions and drought in others. Many cities and metropolitan areas were not designed to deal with this kind of pressure. This will require investments in drainage and infrastructure to deal with floods and drought in the built environment.



Source: Parag Khanna, Connectography

Social-demographic developments

More wealth, better living conditions and good healthcare are increasing life expectancy. What is more, populations are not growing at the same rate everywhere. This will push up the average age of the population. In the Netherlands, for instance, by 2035 one in four inhabitants will be 65 or older and one in three of these will be 85 or older. This ageing population will put increasing pressure on collective amenities: higher healthcare costs and longer pension entitlements. The same ageing of the population will also result in a sharp increase in the demand for comfortable and safe rental homes. It will also require the expansion/improvement of current healthcare facilities. We are seeing the same trend at an international level, with steadily increasing demand for healthcare accommodation.

But ageing is not the only social-demographic development. We also have the strong growth of the middle class in Asia, which is having a positive impact on consumer spending and international tourism. The average household size is declining worldwide, which is changing the demand for real estate. At the same time, the pay gap is growing in Europe and the United States, which is reducing the size of the middle class in both regions.

Geopolitical developments

Nationalism and populism are on the rise in an increasing number of countries on the international politics and trade relations fronts. International migration is also putting increasing pressure on individual countries and on international treaties. Brexit, the divisions in the European Union, the outspoken presidency of Donald Trump and the trade war between the United States and China are all examples of the rise in populism and nationalism. These geopolitical developments are creating uncertainty and could have an impact on capital markets, the real economy and – indirectly – on real estate in the period ahead.

A long-term real estate investor constantly has to deal with these kinds of global developments. The recent geopolitical tensions underline the importance of a global investment strategy. A good geographical spread of investments can reduce the sensitivity to conflicts and disasters.

Market developments 2018

Economic developments

The global economy continued to grow last year, certainly in the United States, where the growth rate was higher than in 2017. However, growth slowed in Asia and Europe in 2018. On a European level, the Dutch economy has grown faster than that of any other Western European country over the past few years. This growth continued strongly in 2018. This growth was driven – more than in the past – by domestic spending. For the past 19 quarters, consumers have spent more than in the year-earlier period, a trend driven in turn by high consumer confidence scores.

The above-mentioned trends also have an impact on the real economy. A large part of the world has seen an extended period of economic growth. This growth will stop at some point. We are already seeing the first signs of this slowdown in regions that recorded the strongest growth after the most recent crisis. Economic growth is levelling off slightly in these regions and the rise in real estate values is flattening out. This does not necessarily mean that we are heading into a long-term economic recession. It could just as well be a correction that will last for a period of one or two years.

Real estate market

What did all of this mean for the real estate market in 2018? Due to the long period of low interest rates and the yield spreads that real estate investments offer, the invested capital in the real estate market remained high in 2018. The real estate investment market has profited strongly from the positive market sentiment of the past few years. Global investment volumes came in at € 1.5 trillion in 2018. The Netherlands itself saw high real estate investment volumes of € 20 billion last year.

Prices are currently high in all real estate sectors. But a number of economic and social challenges could bring this period of high prices to an end. For one, the European Central Bank (ECB) is expected to wind down its quantitative easing programme from mid-2019. Plus the effect of Brexit and the trade war could have a greater impact than expected and affordability on the housing market could continue to be a problem.

However, Bouwinvest expects willingness to invest to remain high for real estate investments. Mainly due to the benefits real estate offers as an investment category: diversification and higher returns than other investment categories.

Our role in society

For a long-term investors like Bouwinvest, financial and social returns increasingly go hand in hand. By investing in better, more sustainable real estate, Bouwinvest contributes to the well-being and health of the areas it invests in. And this in turn is good for the stability of our financial returns. After all, people will continue to live, work, shop and stay in these areas.

Mission

We enhance pension benefits in a responsible way by investing in sustainable real estate worldwide.

Vision

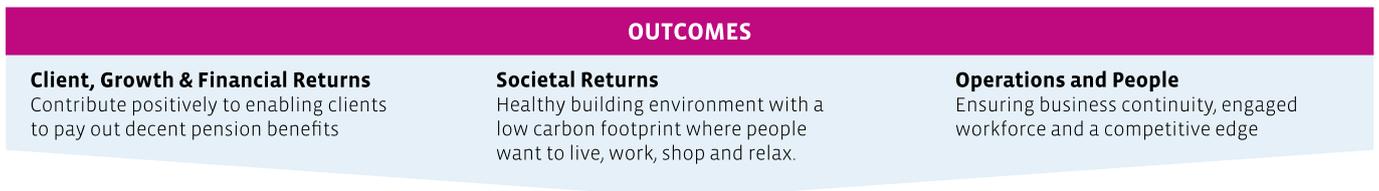
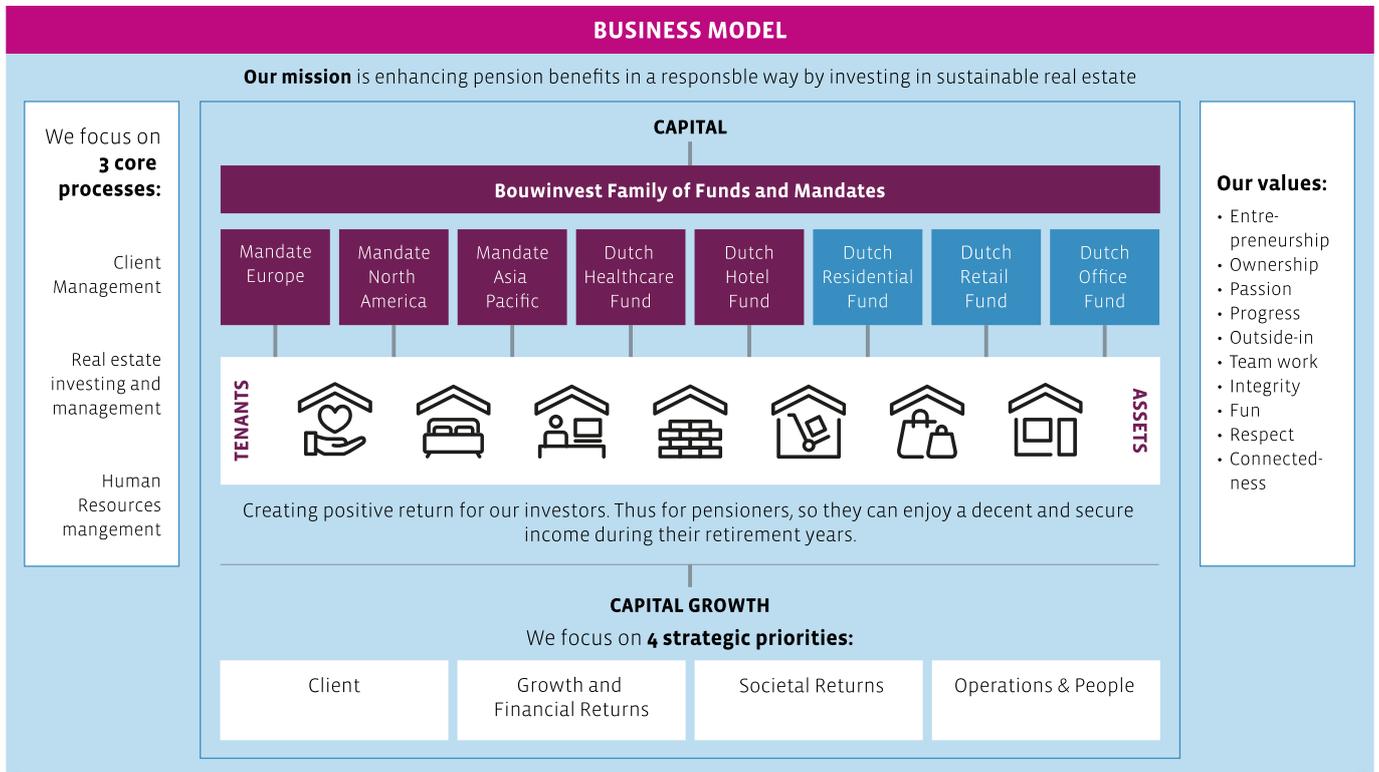
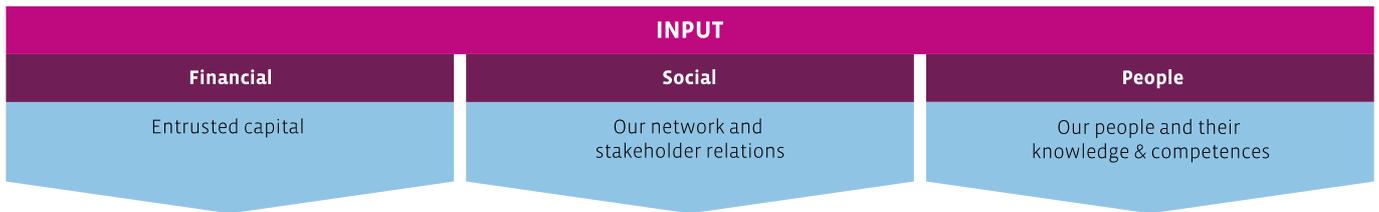
The future of the institutional real estate investment industry is about both financial and societal returns. Institutional investors, such as pension funds and insurance firms, are searching for yield in a low interest environment and coverage ratios are still under pressure. At the same time, world population growth, urbanisation, sustainability, technology and transparency demand responsible investors with a long-term view on fulfilling increasing needs in all sectors and on contributing to human well-being.

In the short term, we may experience some tension between the two, but in the long run we will all benefit from this next level, long-term investors in particular, as financial and societal returns converge.

Our impact on society

In 2018, Bouwinvest drew up a value creation model. This will help us to gain insight into which financial, social and human capital we use, how we add value to that capital and what value this ultimately creates for society. This involves both financial, and non-financial value. Gaining insight into the value we create will help our company to think and act in a fully integrated manner.

Value creation model



Contribution to UN SDGs



How we create value

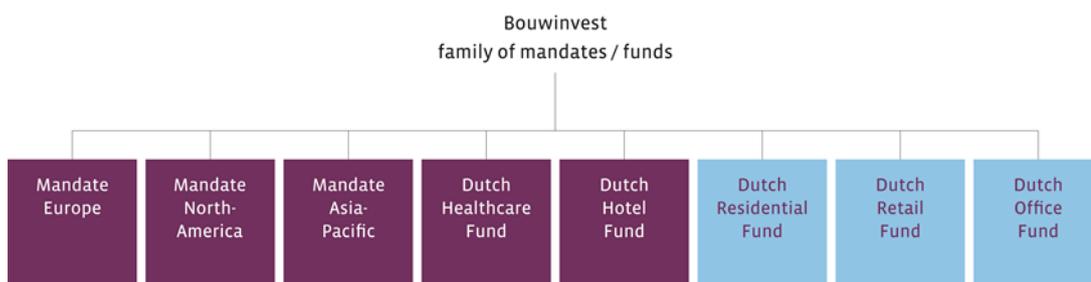
Strategy

Bouwinvest invests globally in metropolitan areas in ten countries and in six sectors. This strategy enables Bouwinvest to derive the maximum benefit from trends and developments, such as population growth, urbanisation and globalisation. What is more, this international approach ensures that Bouwinvest can benefit from various economic cycles in the fastest-growing real estate markets. Given these trends, Bouwinvest expects to increase its invested capital to € 15 billion and its workforce to 200 FTEs in 2021.

Although the world is globalising, we see real estate as a local business and believe long-term cooperation is essential to finding and making the right acquisitions. This is why we have decided to open an office in Sydney and why we are planning to open an office in New York. We expect this to enable us to seize opportunities more quickly and to work more closely with our local network. In the Netherlands, Bouwinvest manages its own real estate portfolios; we work in close cooperation with our Dutch partners and we play an active role in a number of real estate sector platforms.

Market proposition

Bouwinvest manages three international mandates and five Dutch sector funds. Three of the funds – Residential, Retail and Office – are open to investors. We currently have 22 clients that have invested in our funds. We manage the other funds and the mandates exclusively for bpfBOUW, the pension fund for the construction industry.



Client orientation

To make sure we execute our strategy correctly, Bouwinvest has made our clients our number one priority. Clients entrust their capital to Bouwinvest for the long term. It goes without saying that they expect us to provide top quality and all-inclusive service, which we believe requires proactive and transparent communications. The competition in our sector is also increasing and our (potential) clients can now choose from various parties. What this means is that ‘we need to say what we do and we need to do what we say’ - in terms of investment exposure, returns, risks, costs, sustainability and liquidity. This is partly why we want to continue to invest in close relationships with our clients and in outstanding proactive and transparent communications. We will look back and look forward and we will follow current affairs even more than we do right now. In 2018, we were faced with various geopolitical developments, such as growing trade wars, the Brexit turmoil and the collapse of retail chains. All these developments required us to act proactively by providing our clients with information in a timely fashion.

Material aspects

Bouwinvest considers the insights and expectations of the world around us as extremely important. This is why we are in constant dialogue with our stakeholders and why Bouwinvest works continuously on building and protecting our good reputation. In 2018, we conducted an analysis to chart the material aspects of our clients, local operators, tenants and employees. We then initiated a dialogue with these stakeholders on our (social) role and the aspects important to them that our organisation has an impact on. The better we perform on these aspects, the more value we create for society and our stakeholders. We discuss each aspect in more detail below and you will find a detailed materiality matrix in the addenda to this annual report.

Integrity and transparency

Trust is crucial for Bouwinvest, if we are to continue to attract investors, such as pension funds and other institutional investors, for our real estate funds. This is why we see integrity, honesty and transparency as major priorities. Bouwinvest's management communicates openly on its decision-making and its financial and non-financial business performance, both via regular reporting channels and online. Bouwinvest adheres to international reporting standards, such as the Global Reporting Initiative (GRI).

We have an independent compliance team that identifies, assesses and monitors the company's compliance risks and provides advice and reports on same to the Board of Directors. Our compliance team uses the Bouwinvest Compliance Cycle to plan, execute and report on all the relevant activities within the company.

Energy-efficient buildings

The built environment accounts for some 40% of the world's energy consumption and as much as 30% of global CO₂ emissions. Energy-efficient buildings have a major impact on the fight to reduce energy use and consequently on the reduction of global CO₂ emissions. This is how Bouwinvest contributes to the fight against climate change and compliance with the Paris climate agreement (COP21).

Energy-efficient buildings tend to have lower (service) costs, provide greater levels of comfort and have higher occupancy rates. This helps them to retain their value and be better prepared for any future tightening of laws and regulations as a result of climate agreements and the like. We are building an energy-efficient real estate portfolio by investing in buildings with a well-insulated shell construction and the subsequent application of state-of-the-art heating, cooling and lighting systems and systems aimed at generating sustainable energy.

Energy labels and the measurement of actual energy consumption per square metre (energy intensity) are two of the methods we use to realise an energy-efficient portfolio. Our target was to have a Dutch portfolio with 100% green energy labels (A, B or C) by the end of 2018 and to reduce the energy use of our entire portfolio by 2% per year.

Limiting CO₂ emissions in the real estate portfolio

The climate is changing due to the fact the earth's temperature is rising. This is because more and more greenhouse gases such as CO₂ are being emitted into the earth's atmosphere. Real estate accounts for a significant share of these greenhouse gases. As an investor in buildings, we consider it our responsibility to make a contribution to the fight against climate change.

We want to contribute to this fight by reducing our use of energy and materials to the minimum, by investing in well-insulated buildings, by generating sustainable energy in and around our buildings and by building a fossil-free real estate portfolio. We have set ourselves long-term targets for 2030 and 2045. Sustainable building certificates give us the data we need for the next steps in this process. We are reducing our direct emissions (gas), we are 'greenifying' the electricity we use and opting for sustainable energy sources, such as solar panels, heat pumps and thermal energy storage systems. Up to the end of 2018, our target was to reduce the CO₂ emissions of our real estate funds by 2% per year.

Satisfied tenants and users

The satisfaction of the tenants and users of the buildings in our portfolio is a good indicator of whether those buildings and the related services we offer are meeting expectations. We listen to our tenants to learn more about their wishes and requirements, now and in the future.

Surveys and tenant panels provide us with the insights we need on an annual basis. We use the results of these surveys and panels to improve our processes and products. We are convinced that satisfied tenants and users contribute to stable rental income and reduce the risk of vacancy. Bouwinvest targets an average tenant satisfaction score of at least 7.

Client-centric approach to investors

Maintaining the trust of institutional investors, such as pension funds, insurance firms and charitable organisations, is essential to Bouwinvest's future growth. Clients entrust their capital to Bouwinvest for the long term. Bouwinvest assures its own continuity by serving the interests of our stakeholders.

Bouwinvest conducts regular client satisfaction surveys and targets an average client appreciation score of at least 7. For 2019 onwards, we have raised this target to 7.5.

Satisfied and engaged employees

Bouwinvest's success depends very heavily on its employees. It is thanks to their dedication and commitment that we are able to record such outstanding results and meet our targets. Satisfied and engaged employees act as our ambassadors and are vital to the continuity of our organisation.

Bouwinvest wants all its employees to be satisfied and engaged and measures this every two years via a survey. We target an average satisfaction score of at least 7. For 2019 onwards, we have raised this target to 7.5.

Cybersecurity and privacy

Bouwinvest considers data security as strategically important. Clients and tenants can rest assured that their personal data is well protected. Bouwinvest recognises the dangers of cybercrime and has strict procedures in place to guarantee effective protection.

All of our critical operating processes are backed up by IT applications. Our Governance function treats IT data security as an integral part of the risk management process. One of the defined risks in the scheduled IT Risk Assessment is the threat of a cybersecurity attack. To mitigate this risk, we have designed a number of control measures and we carry out regular tests. Because we work with chain partners in the real estate sector, we conduct annual surveys at our chain partners to check the effective operation of their IT security related to Bouwinvest's data. To measure our resilience on the cybersecurity front, in late 2018 we organised a 'hacking attempt' on Bouwinvest, which revealed that we are well secured. Our goal is to manage our data effectively and prevent any major incidents on the data privacy front.

Affordable rental homes

We consider the affordability of homes to be an important issue, as we have been investing in Dutch urban areas for 20 years or more. Liveable, affordable and inclusive cities offer a better guarantee for the attractiveness of an area and therefore the value retention of the buildings in that area. People want to live, work and stay in these areas now and will continue to do so in the future. This provides our clients with a long-term stable return on real estate. What is more, we are currently facing a major shortage of affordable (rental) homes. So on this front social interests coincide with the financial interests of our clients.

Bouwinvest want to provide sufficient affordable homes. This is why we specifically focus on the addition of mid-rental segment homes in the Netherlands.

New technology and innovation

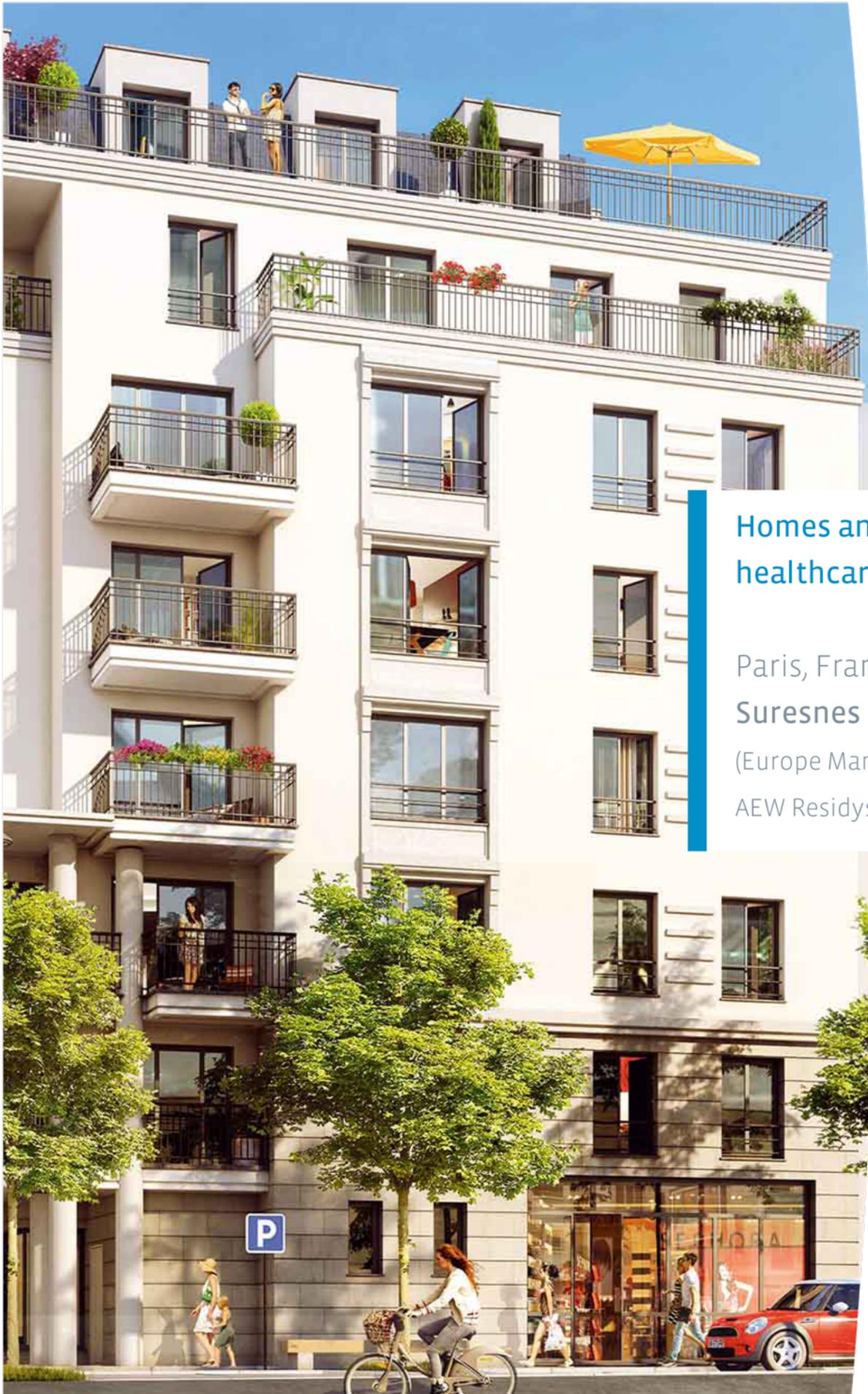
Bouwinvest keeps a very close eye on new technological developments and we invest in innovative companies we consider relevant to our business operations. Examples include new technologies that make it possible to reduce the impact of buildings on the environment and improve peoples' health. The same goes for artificial intelligence, smart technology, big data and predictive analyses, blockchain, process automation, digital communication platforms and innovations devised by new FinTech firms.

To stay abreast of new developments and new players that could help us to future-proof our investments and business operations, one of the targets we have set for this year is to join various knowledge platforms in the fields of real estate and innovation. We will run small-scale pilots of any new opportunities that emerge from these platforms and that are in line with our targets. If these pilots are successful, we will then ramp these up on a larger scale. Our CSR & innovation department will coordinate, stimulate and facilitate these efforts.

Safety in the construction process

The impact of our investments starts right at the beginning, in the construction process. Building sites have an impact on their immediate environment. We consider the safety, health and working conditions of construction workers and limiting the nuisance levels for the local environment to be very important.

This is why whenever possible we ensure that developers and construction firms apply the Dutch Considerate Builders (Bewuste Bouwers) code of conduct in the Netherlands. This code provides the entire construction team (from carpenters to project managers) with concrete guidance for working with consideration for the environment, safety and reducing nuisance to the minimum. We have set ourselves the target of having at least 50% of the building sites in which we invest (both new-build and redevelopment) registered under the Considerate Builders scheme by the construction companies involved.



Homes and healthcare real estate

Paris, France

Suresnes

(Europe Mandate,
AEW Residys)

Report of the Board of Directors

In the Business Plan 2018-2020 'Sustainable Growth', Bouwinvest set itself a number of goals. An average long-term return of 5% to 7% per year, excluding current exchange result. An annual transaction volume of € 800 million. And a GRESB 4 or 5-star rating for at least 70% of our total invested capital.

Bouwinvest also set itself the target of scoring a minimum of 7 in its client, employee and tenant satisfaction surveys. To support the growth of the organisation, Bouwinvest will increase the number of FTEs working at the organisation to 180 in 2020. Bouwinvest also set itself the target of fleshing out investment strategies for emerging markets (Asia) and setting up local offices in New York (North America) and Sydney (Asia-Pacific) in the plan period 2018-2020.

The realisation of the above targets in 2018 was as follows. The return on invested capital came in at 12.4%, excluding currency exchange effects, the transaction volume stood at € 1,610 million and 78.7% of Bouwinvest's invested capital had a GRESB 4 or 5-star rating. In addition, tenant satisfaction stood at 7.3 and the number of FTEs increased to 170 in 2018.

Strategy for responsible investment and business

Bouwinvest's goal is to realise a solid return on sustainable real estate investments for institutional investors and their participants. Because we invest for the long term, we do this in a responsible manner. Sustainability in the fields of environment, society and good governance (ESG criteria) play an important role in all our business operations.

The built environment consumes around 40% of the world's energy consumption and accounts for as much as 30% of the world's annual greenhouse gas emissions. On top of this, the construction sector is a major user of raw materials. As a real estate investor, we feel it is our responsibility to find solutions that will help protect and improve the environment and society as a whole. We can do this by making a positive contribution to a CO₂-neutral, sustainable, circular, resilient and healthy living environment.

To make sure we can continue to generate sustainable returns in the long term, we include environmental, social and governance (ESG) criteria in all our investment decisions. This is in line with the United Nations Principles of Responsible Investment (UN PRI), which we signed in early 2018. By signing the UN PRI, we underwrite the importance of responsible investment and publicly commit to the implementation of the six principles in our investment process.

Our strategic target is to make sure in 2020 at least 70% of our invested capital has an above-average sustainability rating (GRESB 4 or 5 stars) and to make a positive contribution to the United Nations Sustainable Development Goals. These goals are related to sustainable cities and communities (SDG 11), affordable and clean energy (SDG 7), decent work and economic growth (SDG 8), health and well-being (SDG 3), climate change and other social challenges, with 2030 set as the horizon.



By acting in line with the tenets of corporate social responsibility, we want to create a situation in which all the employees in our organisation take responsibility for the impact of their actions on the environment and society as a whole. Our strategy is focused on reducing the environmental impact of the management organisation, increasing employee satisfaction and community engagement. In addition to this, we offer financial support to activities with a social impact and that increase knowledge within our organisation and the real estate sector.

Responsible investment

Portfolio results 2018

Name	Size 2018	Secured pipeline 2018	Target size 2021	Return 2018	Relative performance 2013 - 2017
Europe Mandate	€ 1.1 billion	€ 138 million	€ 1.6 billion	4.7%	0.9%
North-America Mandate	€ 1.2 billion	€ 426 million	€ 1.7 billion	4.3%	1.2%
Asia-Pacific Mandaat	€ 0.9 billion	€ 225 million	€ 1.5 billion	8.9%	(1.1)%
Dutch Residential Fund	€ 5.8 billion	€ 736 million	€ 7.3 billion	18.1%	1.5%
Dutch Retail Fund	€ 1.0 billion	€ 1 million	€ 1.1 billion	5.6%	3.3%
Dutch Office Fund	€ 0.8 billion	€ 224 million	€ 1.2 billion	11.5%	(1.0)%
Dutch Hotel Fund	€ 0.3 billion	€ 29 million	€ 0.4 billion	17.0%	-
Dutch Healthcare Fund	€ 0.2 billion	€ 53 million	€ 0.6 billion	8.1%	-
Bouwinvest Development	€ 0.1 billion				
Other	€ 0.1 billion				

Europe Mandate

The European portfolio recorded a return of 4.7% in 2018 (2017: 10.9%). At year-end 2018, the European portfolio was valued at € 1.1 billion. We made € 100 million in investments in 2018, in homes, offices, shops and logistics centres. We invested € 75 million in the residential and healthcare sectors in major French cities. The projects were not confined to Paris, and also included cities such as Marseilles, Nancy, Lyon, Lille and Nice. The Europe Mandate has a pipeline of some € 138 million in investments. In 2018, 51% of the investments in the European portfolio had above-average scores on the sustainability front (GRESB 4 or 5 stars). Unfortunately, the energy use of the assets in the Europe Mandate increased by 0.9% in the period 2016 – 2017.



Offices

Helsinki
Finland
Hameentie
(Europe Mandate,
Genesta)

North America Mandate

The North American portfolio recorded a return of 4.3% in 2018 (2017: 6.2%). At year-end 2018, the portfolio had a value of € 1.2 billion. Over the past year, our investments included € 442 million in homes, high street shops and shops for daily groceries and logistics centres. For instance, the North America mandate invested some € 136 million in inner city homes in Los Angeles and New York and in shops in Seattle and Phoenix. The mandate also invested € 107 million in The Spiral office building in New York. The North America Mandate has an investment pipeline of € 426 million. At year-end 2018, 33% of the North American portfolio had above-average scores on the sustainability front (GRESB 4 or 5 stars). The energy use of the assets in the North America Mandate declined by 2.5% in the period 2016 – 2017.



Shops
 Seattle
 United States
 2200 Westlake
 (North America
 Mandate)

Asia-Pacific Mandate

The Asia-Pacific portfolio recorded a return of 8.9% in 2018 (2017: 16.2%). At year-end 2018, the portfolio was valued at € 893 million. In 2018, the Asia-Pacific Mandate invested a total of € 311 million in offices, retail properties, logistics and student accommodation. For instance, the mandate invested € 74 million in six residential projects in central Tokyo. The mandate invested an additional € 96 million in logistics properties in Australia, New Zealand, Japan, Singapore and Hong Kong. The Asia-Pacific Mandate has an investment pipeline of € 225 million. In 2018, 37% of Bouwinvest’s investments in the Asia Pacific portfolio had an above-average sustainability rating (GRESB 4 or 5 stars). The energy use of the assets in the Asia-Pacific Mandate declined by 7.4% in the period 2016 – 2017.



Homes
 Tokyo
 Japan
 Shibaura
 (Asia-Pacific Mandate,
 TH/Kenedix)

Residential Fund

The Residential Fund recorded a total return of 18.1% in 2018 (2017: 15.6%), with a direct return of 2.6% (2017: 2.8%). The indirect return came in at 15.6% last year (2017: 12.8%).

At year-end 2018, the Fund had invested capital of € 5.8 billion and the transaction volume for the year came in at € 480 million. The Residential Fund’s investments in 2018 included the Sluishuis project in Amsterdam and the Rachmaninoffhuis project in Utrecht. The Fund has an investment pipeline of € 736 million. The Fund has 20 clients and clients committed for a total of € 448 million in investments (including 1 January 2019). The Fund welcomed three new investors.

In the GRESB benchmark, the Residential Fund once again retained its GRESB 4-star rating. The energy use of the assets in the Residential Fund declined by 1.7% in the period 2017 – 2018.



Apartments

Utrecht
the Netherlands
Rachmaninoffhuis
(Residential Fund)

Retail Fund

The Retail Fund recorded a total return of 5.6% in 2018 (2017: 7.8%). This was the result of a direct return of 3.6% (2017: 4.5%) and an indirect return of 2.0% (2017: 3.3%).

At year-end 2018, the Fund’s invested capital stood at € 970 million and the transaction volume for the year was € 53 million. In line with its strategy, the Fund invested in shopping centres for daily groceries (convenience). For instance, the Retail Fund acquired 13 Jumbo supermarket buildings in the Overijssel, Noord-Brabant, Zeeland and Zuid-Holland provinces. The Fund also invested in the busiest shopping streets of the largest shopping cities (experience), such as Broerstraat in Nijmegen. The Fund also invested in upgrading its standing assets. Last year, the Fund started the renovation of the Muntpassage (15.800 m² - 50 retail units) in Weert, Limburg. The Fund has an investment pipeline of € 1 million. In 2018, the Fund’s clients committed for a total of € 88 million. Over the past year, the Fund welcomed one new investor (including 1 January 2019) and now has six clients (including 1 January 2019).

Last year, the Fund once again retained its GRESB 4-star rating. The energy use of the assets in the Retail Fund declined by 5.7% in the period 2017 – 2018.



Convenience

Zoutelande
the Netherlands
Westkapelseweg 10
(Retail Fund)

Office Fund

The Office Fund recorded a total return of 11.5% in 2018 (2017: 13.1%). The direct return came in at 2.3% (2017: 2.9%) and the indirect return was 9.2% (2017: 10.2%).

At year-end 2018, the Office Fund had invested capital of € 771 million. Last year, the transaction volume amounted to € 167 million and the Fund has an investment pipeline of € 224 million. The Office Fund acquired the new-build office building Central Park in the Central Business District of Utrecht. In 2018, clients committed for a total of € 223 million (including 1 January 2019). Over the past year, the Fund welcomed one new investor (including 1 January 2019) and now has four clients.

The Office Fund improved its GRESB score in 2018 and retained its 5-star rating, the highest rating in the GRESB universe. The energy use of the assets in the Office Fund increased by 0.3% in the period 2017 – 2018.



Offices

Amsterdam
the Netherlands
Hourglass
(Office Fund)

Hotel Fund

The Hotel Fund delivered a total return of 17.0% in 2018 (2017: 13.4%), with a direct return of 5.1% (2017: 5.4%) and an indirect return of 12.0% (2017: 8.0%).

At year-end 2018, the Fund had total invested capital of € 259 million and there were no transactions. The Meininger Hotel in the Amstel Tower in Amsterdam opened its doors in 2018. The Hotel Fund has an investment pipeline of € 29 million.

The Hotel Fund improved its GRESB score considerably in 2018 and raised its GRESB rating to three stars. The Hotel Fund is the global sector leader in unlisted real estate funds.



Three-star hotel

Amsterdam
the Netherlands
Meininger
(Hotel Fund)

Healthcare Fund

The Healthcare Fund recorded a total return of 8.1% in 2018 (2017: 8.0%), with a direct return of 3.1% (2017: 3.0%) and an indirect return of 4.9% (2017: 5.0%).

At year-end 2018, the Fund had invested capital of € 178 million and recorded strong growth on the acquisition front. The Fund executed € 57 million in transactions for investments in independent care apartments and intramural healthcare complexes in cities including Apeldoorn, Den Bosch, Leidschendam, Almere, Heiloo, Amsterdam and Groningen. The Fund has an investment pipeline of € 53 million.

The Healthcare Fund improved its sustainability performance and was awarded a GRESB 1-star rating in 2018. The Fund’s GRESB score is relatively low, due to the fact that it has only been collecting data for the GRESB-benchmark since 2016. The Fund has set itself the target of achieving a 4-star rating in 2020.



Assisted living

Den Bosch
the Netherlands
Boschstede
(Healthcare Fund)

Sustainable real estate investments

Our sustainable real estate investment strategy focuses on the continuous improvement of our sustainability performance by investing in sustainable real estate, improving stakeholder value and acting as a responsible organisation.

Investing in sustainable real estate

Our main goal is to ensure that at least 70% of our invested capital has an above-average sustainability rating by 2020.

Target for improving sustainability performance

In 2020, at least 70% of the invested capital has an above-average sustainability rating (GRESB 4 or 5 stars)	On track:78.7 %
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Our sustainable real estate investment strategy to achieve that goal is based on two pillars: certified sustainable real estate and the reduction of our environmental impact. Sustainable real estate helps fight climate change and generates broader social, economic, ecological and health benefits. We are convinced that our approach reduces risk, helps us to generate better returns and makes our real estate and portfolios more attractive.

In 2018, Bouwinvest was once again the Dutch Green Building Council’s (DGBC) biggest client for the certification of new-build plans and buildings. Last year, 62% of Bouwinvest’s buildings had been awarded a sustainability label. The design for the Boot & Co hotel complex was awarded an Excellent certificate. And thanks to the installation of solar panels, the amount of renewable energy we generate increased to 6.0 Megawatt peak (MWp). Last year, we reduced energy consumption by 0.6% (the Dutch portfolio) and 4.5% (international mandates). Over the past few years, the Residential Fund has initiated and implemented numerous energy-saving measures and acquired thousands of energy-efficient homes. Thanks to this effort, 100% of the residential portfolio had green energy labels in Q1 2019.

Target for sustainable buildings	
100% of Dutch portfolio labeled in 2020	On track: 62%
Target for environmental impact	
Reduction of 2% per year	Not achieved: 0.6%
3 MWp of installed capacity in 2020	Achieved: c. 6.0 MWp

Improving stakeholder value

One of Bouwinvest's main priorities is to optimise its long-term relationships with its stakeholders. To gain a better understanding of the needs of our stakeholders, last year we conducted a materiality analysis (see pages 13 and 14). In addition to this, we are actively working to increase awareness of environmental and social issues and good governance in the real estate sector. This is why we sponsored the Dutch Green Building Week in 2018.

In 2018, Bouwinvest and more than 60 other real estate market players developed the Sustainable Renovation Deltaplan. This is a multi-year sustainable development programme for the likes of shops, supermarkets, offices, logistics centres and social real estate, including schools and healthcare institutions. We want to achieve the goals laid out in this plan by 2040, 10 years ahead of the target of 2050 set by the current government. We believe this is necessary if we are to meet the targets set in the Paris climate agreement.

Last year, we also worked on safety at construction sites. In the agreements we closed with project developers and construction firms, Bouwinvest included the condition that the related construction sites should be registered with the Dutch Considerate Constructors scheme (Bewuste Bouwers). Back in 2017, we set the target of having more than 50% of our construction projects registered with the Considerate Constructors scheme. In 2018, 20 construction sites (46%) had been registered (2017: 18; 43%).

In addition to this, Bouwinvest is a member of sector organisations and is involved in various sustainability initiatives. The Bouwinvest Board of Directors and employees actively participate in working groups or the boards of ULI, GRESB, DGBC, FSC the Netherlands, NEPROM, ANREV, AFIRE, INREV and IVBN. You will find a more detailed list of the (board) positions in (network) organisations occupied by Bouwinvest employees in the addendum.

Targets for improving stakeholder value	
Conducting a client and tenant satisfaction survey every two years	Partly achieved. Client survey not conducted
Satisfaction score of > 7	Achieved: tenant satisfaction score 7.3
Minimum of 50% of building sites registered as considerate building site	Not achieved: 46% registered

Being a responsible organisation

We run our business on the basis of integrity, honesty and transparency and we respect the interests of those with whom we maintain relationships. We have embedded these values throughout our organisation and included them in our code of conduct. We believe integrity, honesty and corporate social responsibility are essential to ensure that we do our work properly. These conditions will enable us to optimise returns for our clients. To guarantee accountability and transparency and progress on these fronts, we set targets based on international sustainability standards. We will include these themes in the reputation survey we are planning to conduct in 2019.

Target for being a responsible organisation	
Zero incidents as a result of negligence	No issues

Summary of results 2018

In 2018, Bouwinvest achieved the following results on the sustainable real estate investment front:

	Results responsible investment
Continuous improvement of our sustainability performance	<p>79% above-average sustainable investments total portfolio (GRESB 4/5 Stars) (2017: 76%) 94% of the Dutch investments had GRESB 4/5 stars in 2018 (2017: 93%) 41% of the investments in the international mandates had GRESB 4/5 stars in 2018 (2017: 34%)</p> <p>Transparency: As they did last year, all the Dutch sector funds participated in GRESB. 75% of the international mandates (on the basis of invested capital) participated in GRESB. This is a rise of 3% compared with 2017</p> <p>Sustainability performance: The Dutch funds have an average GRESB score of 79 points (2017: 74) The average GRESB score of the international mandates in 2018 (75 points) is five points higher than the previous year and seven points higher than the GRESB global average in 2018 (68 points)*</p>
Investing in sustainable real estate	<p>Sustainable building certificates 62% of the total floor space of the Dutch funds has been awarded a sustainable building certificate (2017: 31%) The International mandates scored an average of 56 points (2017: 54) on the component sustainable building certificates in GRESB. This is five points higher than the global average.* Reducing environmental impact</p> <p>Renewable energy: The buildings in the Dutch funds had solar panels generating c. 6.0 MWp of electricity in 2018. This was an increase of 3.8 MWp compared with 2017. 25% of the energy consumption of the international investments came from renewable sources in 2018*</p> <p>Reduction of energy consumption: The Dutch portfolio recorded a like-for-like energy reduction of 0.6% compared with 2017. The International mandates recorded a 4.5% reduction in energy consumption compared with the previous year*</p> <p>Energy-efficient buildings: 95% of the Dutch portfolio has a green energy label (A, B, C) and the average energy index improved to 1.15</p>
Improving stakeholder value	<p>46% of the construction projects were registered as Considerate Building Sites (2017: 43%). 23 of Bouwinvest's employees have active positions on 26 boards or working groups of the following organisations: IVBN, ANREV, INREV, AFIRE, VBA, ULI, DGBC and NEPROM</p>

* Results of the most recent GRESB benchmark 2018

Responsible business

Sustainable business operations

We see corporate social responsibility as much more than simply complying with minimum laws and regulations. CSR plays a role in every decision we take and choice we make. This does of course create dilemmas, as we have to make decisions in that area of conflict between financial profit and social profit. The challenge for us is to act according to the principle of corporate social responsibility in a way that is appropriate for Bouwinvest, that responds to the expectations of our stakeholders and creates added social value. Our strategy is focused on reducing the environmental impact of the management organisation, increasing employee satisfaction and engagement, community engagement and sponsoring.

Environmental impact management organisation

The management organisation is working on the reduction of its environmental impact. We have reached agreement with the owner of the Bouwinvest head office in Amsterdam on adjustments to the building's shell and improvements to the climate installations. The renovation of the building started in 2018. Together with the owner, we are aiming to achieve BREEAM In-Use good certification and energy label A or B. Our goal is to reduce energy consumption from the current 128 kWh/m² to the Paris Proof norm of 50 kWh/m².

Our new mobility scheme, in which we stimulate the use of sustainable forms of mobility and which sets a maximum limit on the CO₂ emissions of our lease cars, resulted in a 10% reduction in CO₂ emissions in 2018.

Last year, our absolute CO₂ emissions came in 5% higher at 579 tonnes of CO₂. The emission intensity, expressed in tonnes of CO₂e/FTE, did fall by 6% to 3.4 tonnes CO₂e/FTE/year.

Increasing employee satisfaction and engagement

Our results are heavily dependent on the efforts and commitment of our employees. In addition to the continued growth of the organisation to 200 FTEs in 2021, Bouwinvest's HR policy focuses on the promotion of a positive working climate and offering employees the room for personal growth and development.

The organisation is looking for respectful, sympathetic employees with integrity who are prepared to share knowledge and information with each other and to work together constructively. But we also want people who are able to embrace change and who see opportunities and challenges. The changes the organisation is going through and the need to be more client-centric in the face of a fiercely competitive environment requires different competencies from our employees. This is why we devoted a great deal of attention to involving employees in the new business strategy.

The central role of the individual also gets a high score in our employee satisfaction surveys. Last year, two departments took part in a pilot to incorporate 360-degree feedback in the evaluation cycle. The pilot did not have the desired result and we are looking at how we can implement 360-degree feedback differently in the organisation.

Bouwinvest attaches a great deal of importance to being a good employer. We have a vitality policy and because of this we invited people to participate in a preventive medical study. To support the sustainable employment of our employees, Bouwinvest offers attractive secondary employment terms and has an appropriate remuneration policy. To enable the company to define success factors more effectively in the future, last year Bouwinvest made preparations for the introduction of a new job classification system with groups of related functions with similar responsibilities.

Community engagement & sponsoring

Last year, Bouwinvest launched the Promotion of Community Service scheme for employees. Each employee is now allowed to devote one working day per year to a good cause via the DeedMob platform. Over the past year, 14 employees made use of this scheme. They organised meals for homeless people and helped elderly people suffering from dementia with their daily activities. Finally, we sponsor various social initiatives, such as Homeplan and the Museum Het Schip in Amsterdam. Bouwinvest employees also opted to give up their Christmas boxes in exchange for a € 12,000 donation to help renovate an old nursing home in South Africa.

Financial analysis

Income

Net profit came in at € 3.2 million in 2018 (2017: € 4.7 million). The operating result of € 2.3 million recorded in 2018 was € 2.4 million lower than in 2017. This decline was due to € 6.6 million higher operating expenses, offset by a € 4.2 million increase in the management fee.

Management fee

Compared with 2017, the management fee increased by € 4.2 million to € 38.5 million (2017: € 34.3 million). The increase in the management fee was driven by the 20% rise in invested capital compared with 2017. Both the international mandates and the Dutch funds saw an increase in invested capital.

Operating costs

Operating costs increased by € 6.6 million (23,7%) to € 36.1 million in 2018, compared with € 29.5 million in 2017. This rise was the result of € 4.0 million higher personnel costs, € 0.1 million lower amortisation costs and higher operating costs of € 2.7 million.

The rise in personnel costs was due to the increase in the number of employees to 169.7 FTEs (2017: 152.5 FTEs), reservations for personnel-related redundancy costs and the extra hiring of personnel. This increase in staff numbers will enable Bouwinvest to increase its managed capital in a controlled manner and to remain state-of-the-art as an organisation. The extra hires were largely deployed to fill open vacancies and for the management of current projects.

The amortisation costs were € 0.1 million lower in 2018, following the accelerated amortisation booked in 2017. The completion of the renovation of the Bouwinvest office building and a number of major IT projects, including the SAP upgrade, will increase amortisation levels in the future.

Other operating costs increased by € 2.7 million in 2018 compared with 2017. Automation costs came in € 0.8 million higher due to IT support and the execution of major projects. On a general note, rising costs and heavy investments resulted in a € 0.7 million higher cost for non-deductible VAT. The VAT audit for the Dutch funds was completed in 2018. Bouwinvest has decided to recognise the related penalty payment of € 0.2 million in its own result. The opening of Bouwinvest's first foreign office in Sydney, Australia, had a negative impact of € 0.2 million on the result.

Fiscal result

Bouwinvest used virtually the entire remaining deferred tax asset on the basis of losses incurred in previous years to reduce the tax rate in 2018. The remainder of this tax asset is no longer deductible and was charged to the result. At year-end 2018, Bouwinvest recognised a tax liability of € 0.9 million for the difference between the fiscal and commercial valuation of its participations.

Financial position

Bouwinvest's shareholders' equity declined by € 0.8 million to € 33.2 million in 2018, due to the payment of dividends and the addition of the net profit. The solvency ratio declined by 8% to 70% in 2018 (2017: 78%) on the back of a decline in shareholders' equity and an increase in short-term borrowings.

Cash position

At year-end 2018, Bouwinvest had € 26 million available in its current account with house banker ABN AMRO. This was more than sufficient to meet all of its outstanding obligations and to meet the formal requirements of the Alternative Investment Fund Manager Directive (AIFMD).

Profit distribution and dividend policy

The Board of Directors proposes to pay out a dividend of € 3.0 million for 2018 and to add € 175,000 to the retained earnings.

Taxes

Bouwinvest Real Estate Investors B.V. has proactively initiated talks with the Dutch tax authorities regarding the allocation of the development loss suffered by Bouwinvest Office Development B.V. They are discussing which part of the loss should be attributed to the Office Fund N.V. for arriving at a settlement agreement with the contractor.

Outlook

As a long-term investor, we are committed to a process of continuous improvement to realise attractive buildings in vibrant towns and cities and to make our assets and portfolios future proof. In the years ahead, we want to go beyond simply making our assets more sustainable and make a real positive contribution to reducing the wastage of raw materials, the industrialisation of construction processes and the introduction of new technologies.

Building on its previously formulated goal of Sustainable Growth, Bouwinvest sees opportunities to raise its investments in the Dutch and foreign real estate markets to a higher and more future-proof level.

Bouwinvest's international investments and its Dutch sector funds will be able to grow thanks to capital inflows from new clients or the expansion of existing mandates. In 2021, we expect investments in Europe, North America and the Asia-Pacific region to account for 30% of our total portfolio. For the long term, we expect to record an annual return of between 5% and 7% on our entire portfolio. Thanks to continued growth in our invested capital and efficiency benefits, we also expect growth in the profitability of the management organisation.

We expect our invested capital to increase to € 15.3 billion by 2021, from the current € 11.3 billion. This growth will be driven by our well-filled pipeline, currently valued at € 1.8 billion, and new investments of around € 800 million each year.

Amsterdam, 20 March 2019

Bouwinvest Real Estate Investors

Dick van Hal, Chief Executive Officer and statutory director

Arno van Geet, Chief Finance & Risk Officer

Allard van Spaandonk, Chief Investment Officer Dutch Investments

Stephen Tross, Chief Investment Officer International Investments

Assurance report of the independent auditor

To the shareholder and supervisory board of Bouwinvest Real Estate Investors B.V.

Our conclusion

We have reviewed the sustainability information in the accompanying annual report for the year 2018 of Bouwinvest Real Estate Investors B.V. at Amsterdam. A review is aimed at obtaining a limited level of assurance.

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

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

The sustainability information consists of performance information in the following sections:

- Section 'Overview responsible investment & business' part of chapter '2018 in a glance' on page 5 of the 2018 Annual Report.
- The indicator 'energy consumption of assets' in the sections 'Europe mandate', 'North America Mandate' and 'Asia-Pacific Mandate' part of chapter 'Portfolio results 2018' on pages 20-21 of the 2018 Annual Report.
- Section 'Summary of results 2018' part of chapter 'Sustainable real estate investments' on page 26 of the 2018 Annual Report.

Basis for our conclusion

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

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

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

Reporting criteria

The sustainability information needs to be read and understood together with the reporting criteria. Bouwinvest Real Estate Investors B.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 Sustainability Reporting Standards of the Global Reporting Initiative (GRI) Core Option and the applied supplemental reporting criteria as disclosed on page 72 of the annual report.

Unreviewed corresponding information

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

Limitations to the scope of our review

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

Responsibilities of the management board and the supervisory board for the sustainability information

The management board is responsible for the preparation of the sustainability information in accordance with reporting criteria as included in the section 'reporting criteria' and the applied supplemental reporting criteria as disclosed on page 72 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 chapter 'About this Report' on page 72-73.

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.

The supervisory board is responsible for overseeing the reporting process of Bouwinvest Real Estate Investors B.V.

Our responsibilities for the review of the sustainability information

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

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

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

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

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

Our review included amongst others:

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

- Assessing whether the Report has been prepared in accordance with the Sustainability Reporting Guidelines (GRI Standards Core option) of the Global Reporting Initiative

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

Amsterdam, March 20, 2019

Deloitte Accountants B.V.

Signed on the original: J. Holland



Offices

New York
United States

The Spiral

(North America Mandate,
Tishman Speyer)

Report of the Supervisory Board

The Supervisory Board met five times in 2018. The subjects the members of the Supervisory Board discussed included the changes in the Dutch and global real estate market. In addition, the board devoted specific attention to the current situation on (international) markets, the choice of the right investment product and the risks attached to certain investment constructions.

In the context of its supervisory role, the Board also conducted seven conference calls regarding the most significant investments of the international mandates and the Dutch real estate funds. These included the investment in 901 apartments in Los Angeles and New York, an investment in six residential projects in central Tokyo and the acquisition of 369 rental homes in the Sluishuis project in Amsterdam.



Homes

Los Angeles
United States
Park Fifth High Rise
(North America
Mandate, MacFarlane)

In addition, the Supervisory Board discussed the various (quarterly) reports and the compliance and risk management policies. The supervisory directors also attended a themed conference organised by Bouwinvest on the residential and healthcare real estate markets. The Supervisory Board appreciates the passing on of such information, as it gives its members insight into the latest trends and developments on the real estate market.

The Supervisory Board also devoted a good deal of attention to Bouwinvest's strategy for the future. The board endorses a number of items, including the Board of Directors' decision to devote extra attention to the social returns of its investments and its international growth.

However, the Supervisory Board was forced to note that there are differences of opinion between the Supervisory Board and bpfBOUW, Bouwinvest's shareholder, about the Bouwinvest's strategy and the structuring of the organisation. The discussion that followed revealed that these differences of opinion were irreconcilable. This was reason for the full Supervisory Board to tender its resignation in December 2018. In constructive talks, it was agreed that the four members of the board would remain until 18 April 2019. Kees Beuving already resigned on 1 February 2019. The Supervisory Board will confine itself to the activities required to maintain continuity during the transitional period.

Due to the proposed resignation of the Supervisory Board, the board did not conduct a self-evaluation regarding 2018.

Financial statements

The Supervisory Board discussed the financial statements drawn up by the Board of Directors. Deloitte Accountants audited the financial statements and provided an unqualified independent auditor's report. The financial statements will be submitted to the 2018 General Meeting of Shareholders as part of the 2018 annual report. The Supervisory Board will propose that the General Meeting of Shareholders adopt the financial statements and discharge the Board of Directors for its management of the company and its invested capital and the Supervisory Board for its supervision of same.

Audit committee

The Audit Committee has two members: J.H.W.R. van der Vlist, chairman, and R. Th. Wijmenga. The Audit Committee met five times in 2018, to discuss the annual and quarterly results and the reports of the external auditor.

The Audit Committee also met with the external auditor in the absence of the Board of Directors. In addition to financial reporting, the Audit Committee discussed the auditor's report, valuations, the monitoring and control framework, including risk management, the risk reports, the compliance reports and the Internal Audit function.

The internal auditor has a separate line of reporting to the Chairman of the Audit Committee. The Audit Committee also advised the Supervisory Board on the performance of the external auditor, which was judged to be adequate.

Selection and remuneration committee

The Selection and Remuneration Committee has two members: C.G. Gehrels, chairman, and C.J. Beuving. The Selection & Remuneration Committee met once in 2018 and discussed Bouwinvest's HRM policy and succession planning. The Committee also discussed the performance of the members of the Board of Directors and target-setting.

We would like to thank the members of the Board of Directors and all Bouwinvest employees for their dedication and engagement and for the excellent results they once again achieved in 2018.

The Supervisory Board

Jan van der Vlist
Roel Wijmenga
Carolien Gehrels



**Healthcare
real estate**

Kortenhoeft
the Netherlands
Veenstaete
(Healthcare Fund)

Governance

Corporate governance

Bouwinvest Real Estate Investment Management B.V. ('Bouwinvest') is a wholly owned subsidiary of Stichting Bedrijfstakpensioenfonds voor de Bouwnijverheid (bpfBOUW), the Dutch pension fund for the construction industry. Bouwinvest manages the following funds:

- Bouwinvest Dutch Institutional Residential Fund N.V.;
- Bouwinvest Dutch Institutional Retail Fund N.V.;
- Bouwinvest Dutch Institutional Office Fund N.V.;
- Bouwinvest Dutch Institutional Hotel Fund N.V.;
- Bouwinvest Dutch Institutional Healthcare Fund N.V.

Since 2010, the Bouwinvest Residential Fund, the Bouwinvest Retail Fund and the Bouwinvest Office Fund have been open to institutional investors. Bouwinvest has separate mandates from bpfBOUW for the management of international real estate investments in Europe, North America and the Asia-Pacific region.

Board of Directors

The Bouwinvest Board of Directors consists of four persons: the Chief Executive Officer, also statutory director, the Chief Financial & Risk Officer, the Chief Investment Officer Dutch Investments and the Chief Investment Officer International Investments. The statutory director is appointed by the General Meeting of Shareholders following nomination by Bouwinvest's Supervisory Board. The Board of Directors is governed by a set of regulations that also outline its tasks and responsibilities. The Board of Directors endorses the Dutch Corporate Governance Code.

Supervisory Board

The role of the Supervisory Board is to supervise the policies of the Board of Directors and the general affairs of the company. The Supervisory Board has appointed an Audit Committee and a Selection & Remuneration Committee. Both committees have a set of regulations that lay down their tasks and responsibilities.

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 Supervisory Board is supported by the company secretary. The company secretary ensures that the correct procedures are followed and that the Supervisory Board acts in accordance with its legal and statutory obligations and powers and the applicable corporate governance rules.

General Meeting of Shareholders

General Meetings of Shareholders are held at least once a year to discuss the company's business over the past year and the annual report, to adopt the financial statements, decide on the dividend proposal, discharge the members of the Board of Directors for their management and discharge the members of the Supervisory Board for their supervision of same. When necessary, the meeting also appoints the members of the Supervisory Board and the statutory director. Shareholder approval is required for resolutions that have a material impact on Bouwinvest's strategy or risk profile.

Internal/external audit

Bouwinvest has established an independent internal audit function to help the company meet its operational and business targets. The internal audit function ensures that the company takes a systematic, disciplined approach to evaluation, the continuous improvement of the effectiveness of our risk management, the financial administration, the tenant administration and the fund administration and monitors the control and governance processes.

On the operational front, this involves an audit of the ISAE processes, the custodian/depository processes and the AFM processes, as well all IT-related processes (such as COBIT, the SAP system and eFront software), to ensure that Bouwinvest's IT systems are always secure and operate effectively. The Internal Audit team takes a proactive approach to its tasks and offers advice and recommendations on potential improvements and updates to processes and systems.

Since 2016, the Internal Audit team's auditing coverage has included the assessment of the processes at our external property managers. The internal audit function reports to the Board of Directors and the Supervisory Board.

The Dutch Management and Supervision Act

The Dutch Management and Supervision Act includes a guideline for a balanced gender ratio within the Board of Directors and Supervisory Board. At least 30% of these positions should be filled by women and at least 30% by men. Bouwinvest's Board of Directors and Supervisory Board do not yet have the above-mentioned gender balance. Based on the profiles of the members of the Board of Directors and/or the Supervisory Board, in the event of future resignations Bouwinvest will carry out an evaluation to determine the desired profile of any new members. This evaluation will of course take into account diversity criteria, including a balance of male and female members.

Internal controls and risk management

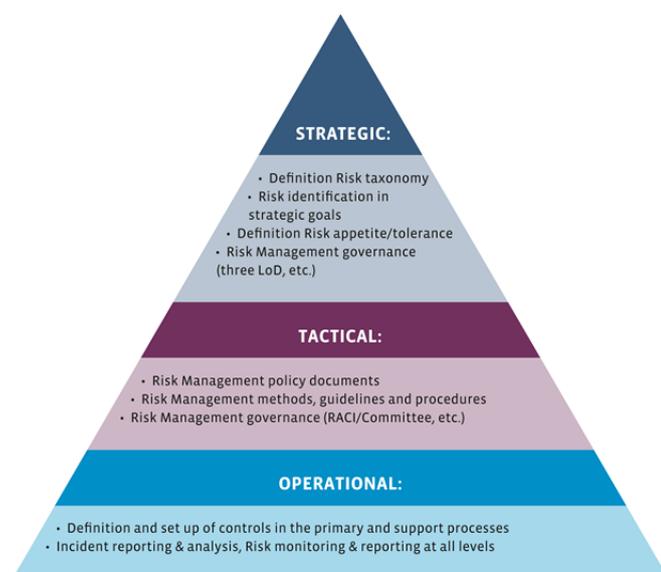
Risk management

Bouwinvest is well aware that it invests retirement assets. The organisation is compact and client centric. We add value on the basis of a sound vision of the developments in real estate markets. Risk management plays a key role in this vision.

Risk management is the process of understanding the risks to which Bouwinvest and its clients are exposed and then managing those risks effectively within certain tolerances. For this purpose, we have an effective and efficient system of control measures we use to measure and monitor the degree of risk management at every level.

We look at risks at strategic, tactical and operational levels, as shown in the image below:

Risk management levels



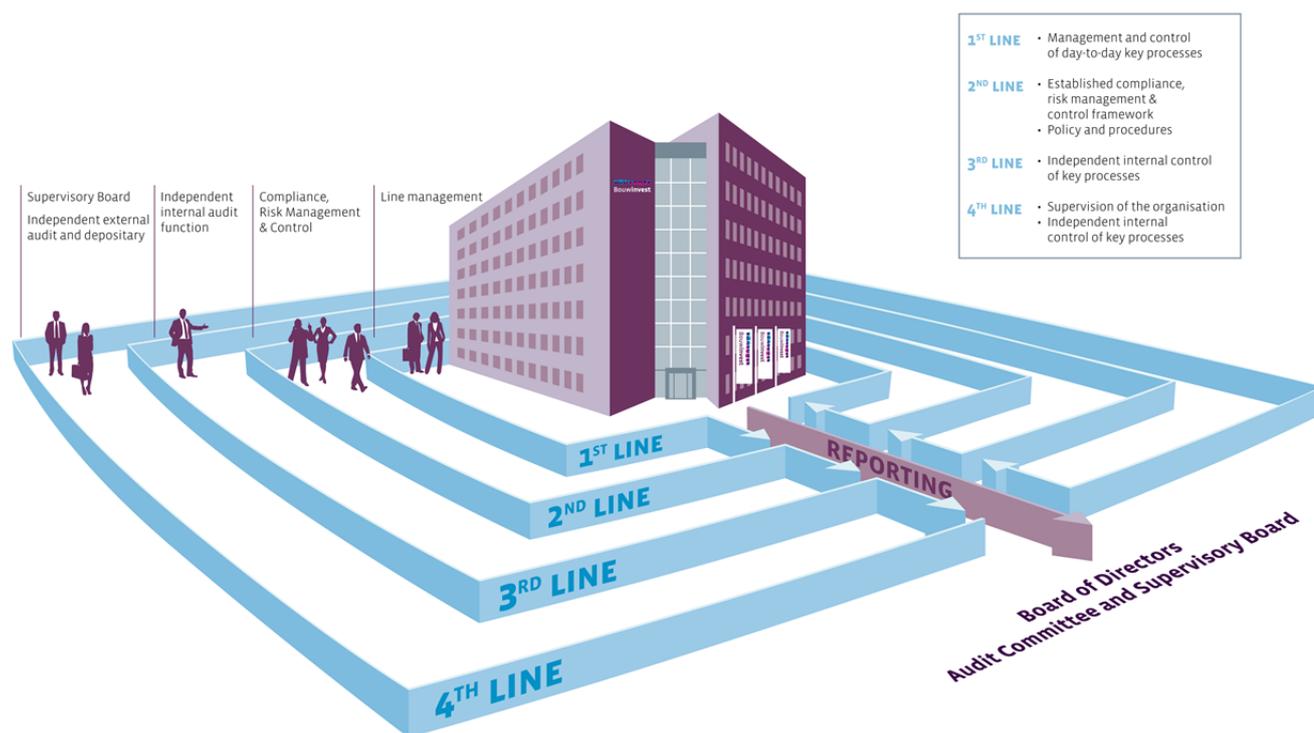
Lines of defence

Bouwinvest recognises the importance of choosing an effective structure and permanent monitoring of its internal risk management and control systems and a solid reporting system. These systems have to provide the management with insight into the nature of the risks (both retrospective and prospective) and which control measures are being taken (in terms of both substance and procedure). It should also be clear what the independent opinion is on the remaining risks and whether additional control measures are needed, from a prospective view of the risks taken.

Setting up such a framework requires a structured approach. The COSO framework is the global standard on this front. Bouwinvest's risk management model is based on COSO II, or the Enterprise Risk Management Framework (ERMF). Departments including Compliance, Business Control, Risk Management and Internal Audit have all been structured in line with this model. Bouwinvest has integrated Compliance and Risk Management in such a way as to meet all the requirements of regulatory bodies, shareholders and the outside world, while making the execution of the supervisory functions as effective and efficient as possible.

Bouwinvest defines 'lines of defence' as follows:

1. Line management – responsible for the risks inherent in day-to-day business operations.
2. Compliance, risk management and business control – responsible for safeguarding the effective performance of the risk control/management by the first line of defence.
3. Internal Audit – supervises the functioning (soundness and effectiveness) of the internal control mechanisms.
4. Supervisory Board and external auditor – the Supervisory Board supervises the identification and management of the risks related to the strategy and Bouwinvest's business operations and the structuring and operation of the internal risk management and control systems.

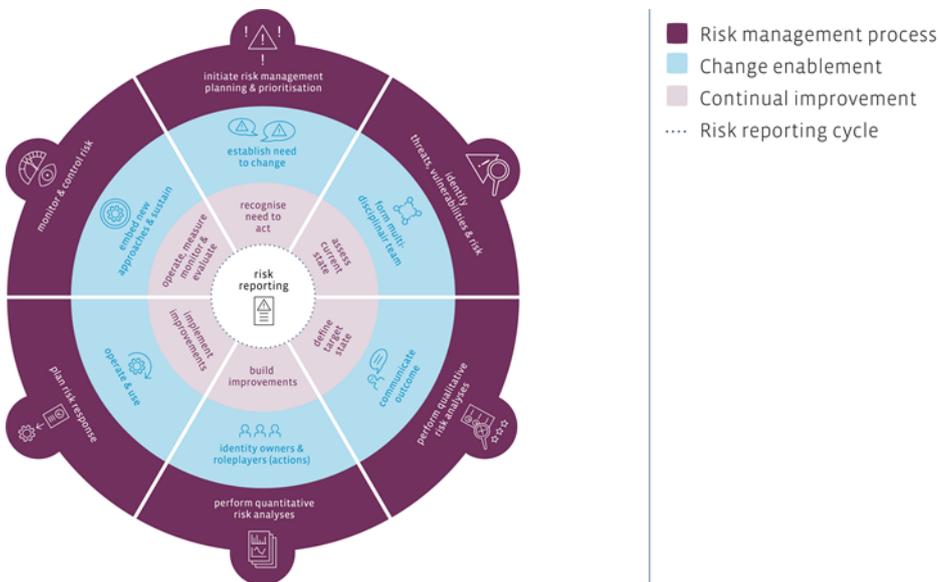


Risk Management

The Risk Management team plays a coordinating role in providing an integrated overview of all risks within Bouwinvest and the portfolios it manages. Risk Management is responsible for risk taxonomy, draws up the integrated risk policy and plays a coordinating role when it comes to the risk policy of the other departments. Where necessary, Risk Management consults with external stakeholders. Its primary task consists of identifying risks and determining the potential impact of those risks. The department plays an evaluative role when it comes to timeliness, correctness and completeness; both in prospective and in retrospective terms, and both in

substantive and procedural terms. Risk Management makes recommendations for risk management measures in line with the management’s intended risk appetite.

Risk Management uses a risk management cycle to determine how risk management targets are set and achieved. This cycle is shown below.



Bouwinvest recognises the following areas in terms of risk management:

- Strategic & Business risks
- Financial risks
- Operational and IT risks
- Integrity and compliance risks

Risk Taxonomy Bouwinvest Real Estate Investors

STRATEGIC & BUSINESS RISKS	FINANCIAL RISKS	OPERATIONAL RISKS	INTEGRITY & COMPLIANCE RISKS
<ul style="list-style-type: none"> • Governance risk • Environmental risk - Competition - Dependency - Reputation - Business climate • Model risk • Ability to change 	<ul style="list-style-type: none"> • Valuation risk • Interest risk • Market risk • Counterparty risk • Credit risk • Liquidity risk • Currency risk 	<ul style="list-style-type: none"> • Process failures • IT-risks: <ul style="list-style-type: none"> - Security - Manageability - Continuity • Information risk • Outsourcing risk • HR-risk • Legal/Fiscal risk 	<ul style="list-style-type: none"> • Integrity risks: <ul style="list-style-type: none"> - Insider trading - Money laundering - Terrorist funding - Improper act - Conflict of interest - Fraude and corruption • Compliance with laws and regulations <ul style="list-style-type: none"> - AP/AVG/Privacy - AFM/AIFMD - DNB/ICAAP

Priorities

In 2018, the Risk Management department focused primarily on the overall risk policy, taking into account the developments in laws and regulations and the requirements of regulators. This has resulted in streamlined Lines of Defence, Risk cycle and Risk taxonomy, which has given us a stronger foundation to embed risk management across Bouwinvest’s operations. Based on this revised strategy, we have made a start on the more detailed formalisation and documentation of risk strategy and associated control measures and processes in sub-areas. For

instance, in 2018 we took a closer look at the insurance risks in the property portfolios. And in the field of risk governance, we formulated a charter for the Risk Management department in line with the existing Compliance charter.

Risk matrix

Risk	Definition	Control measures
Continuity risk	The continuity risk is the risk that the management organisation can no longer meet the terms of its agreements with bpfBOUW, other clients, its own employees and the organisation.	<ul style="list-style-type: none"> • Bouwinvest business plan • Framework letters • Investment plan and fund plans • Annual plans of the business units and departments • Reporting process • Annual ISAE 3402 type II audit • Business continuity plan • Service Level Agreements with outsourcing partners • Data security policy (COBIT)
Integrity risk	Integrity risks are related to non-compliance with laws and regulations (such as fraud and cyber crime) or transparency requirements of Bouwinvest, its employees or any party with whom Bouwinvest is conducting business	The Compliance policy and the measures are explained in the following section.
Quality risk	This is the risk that the management organisation delivers poor quality, as a result of which Bouwinvest is unable to meet the terms of its agreements with its clients.	<ul style="list-style-type: none"> • Framework letters • Investment plan and fund plans • Investment Committee • Due diligence of business partners • Internal (process) control framework in accordance with ISAE 3402 type II • External auditor • Business incidents procedure • Pricing & Valuation Committee
Key people risk	This is the risk that the organisation does not have employees with the right skills and qualities.	<ul style="list-style-type: none"> • Transparent culture and remuneration policy • Measures to safeguard a high level of employee satisfaction • Succession and promotion policy • Building and retention of a good reputation on the employment markets
Legal and liability risk	The risk of threats to the legal position of the organisation, including the risk of the possibility that contractual provisions cannot be enforced or are not correctly documented.	<ul style="list-style-type: none"> • Internal Legal Affairs department • External specialised law firms • Various corporate and asset insurance policies (professional and directors liability) • Risk checks on main assets • Insurance manual
Fiscal risk	This is the risk that the organisation's fiscal position is determined incorrectly, as a result of which the current and deferred tax (position) is depicted incorrectly.	<ul style="list-style-type: none"> • Internal Tax Affairs department • (Structural) involvement of external tax specialist (who also plays an evaluative role) • Tax policy principles
Funding risk	The risk that the funding position is not adequate and/or safeguarded, due to the fact that the growth of the organisation's invested capital is not covered by the addition of new capital from investors.	<ul style="list-style-type: none"> • Investors Relations department's proactive approach to the acquisition of funding • Clear annual funding statement in the fund plans • Financing of a part of the investment proposal
Reputation risk	In the event that one of the above-mentioned risks occurs, (some) measure of reputation damage is inevitable.	<ul style="list-style-type: none"> • Transparent and frequent communications with clients • Integrity risk analysis

Monitoring and reporting

The Board of Directors monitors the risks related to Bouwinvest's various activities and the funds it manages. To support this monitoring and to optimise risk transparency, the risk controller produces quarterly risk reports.

In 2018, three quarterly risk reports were produced:

- Risk report for bpfBOUW portfolio
- Business incident reports
- Risk report as part of fund reports for AIF funds

The risk report for the bpfBOUW portfolio was adjusted further in line with the strategy and the risk reporting for the funds was tightened. The format for business incident reporting remained unchanged in 2018.

Compliance

Bouwinvest has an independent compliance team that identifies, assesses and monitors the company's compliance risks and advises and reports on same. The team uses the Bouwinvest Compliance Cycle for the planning, execution and reporting of all compliance activities. This cycle consists of a number of grouped activities. The first group of activities focuses on the identification and interpretation of existing and new legislation relevant to Bouwinvest and its stakeholders and the determination of its impact. Bouwinvest subsequently identifies and assigns scores to the relevant compliance risks. On the basis of same, we set priorities and translate the (amended) legislation and identified risks into policies, which we then implement.

The compliance team designs the processes, procedures and/or controls needed to execute the updated and new policies. Both during implementation of new policies and on a continuous basis, the members of the compliance team devote a great deal of effort to creating awareness and providing advice on relevant compliance risks and how to deal with them, which has helped us to reduce the number of incidents.

Bouwinvest's compliance team supervises and monitors the effectiveness of the controls and initiates specific investigations when this is necessitated by incidents or findings from regular monitoring activities. In regular compliance reports, we report on any areas of potential improvement, as well as on any investigations initiated.

Priorities

Creating risk awareness is one of the compliance department's top priorities. As is making clear how employees can reduce or control those risks and what is expected of them in that context. Increasing risk awareness was once again a key focal point in 2018. The compliance team conducted a number of training courses and meetings on legal changes and amendments to procedures. Bouwinvest organises annual integrity workshops for its employees and participation is mandatory.

The compliance risk environment is extremely dynamic and legislation changes constantly. In 2018, the compliance team once again worked on the updating of a number of internal rules and regulations. Bouwinvest closely monitors relevant legislation and regulations and will continue to adapt and update its own internal compliance regulations in line with new or amended legislation.

Code of Conduct

Bouwinvest has a Code of Conduct that applies to all its employees. This code includes rules with respect to ethical conduct, conflicts of interest, compliance with laws and (internal and external) regulations, Corporate Social Responsibility, health and safety and requirements for our business partners. The Code also includes specific regulations for the Board of Directors and the Supervisory Board with respect to conflicts of interest and investments.

Bouwinvest has a whistleblower scheme in place with guidelines for reporting and investigating unethical behaviour.

Conflicts of interest

Bouwinvest has also drawn up a Conflicts of Interest policy, with the aim of ensuring that no material conflicts of interest occur that could inflict damage on our clients, our funds, or our management organisation. 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 control' statement

The Board of Directors has issued an in control statement on the financial reporting risks and strategic and operational risk management at Bouwinvest. The Board of Directors is responsible for proper risk management and internal control systems, as well as for the assessment of the effectiveness of same. On the basis of its assessment of the risk management and internal control systems, the Board of Directors believes that these systems provide a reasonable level of assurance that the financial reports contain no material errors. Bouwinvest has been ISAE3402 type II certified for its financial reporting processes since 2012, which shows these are in order.

In general, the risk management and internal control systems functioned properly in 2018 and there is no indication that these systems will not function properly in 2019. We did not identify any shortcomings that could have a material impact in these systems in 2018, nor up to the date this annual report was signed in 2019.

Furthermore, we did not identify any deficiencies in the internal control systems that could have a material impact on operational and compliance risks, nor on the financial reporting function and the functioning of the internal and external auditors.

Composition of the boards

Composition of the Board of Directors



D.J. (Dick) van Hal, Chief Executive Officer and statutory director
(1958, Dutch)

Dick van Hal has been CEO since 2008. Prior to joining Bouwinvest, 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.

Mr. Van Hal studied Investment Analysis (VBA) at the University of Amsterdam. In May 2017, he was appointed Chairman of IVBN (Dutch Association of Institutional Investors in Real Estate).



A. (Arno) van Geet, Chief Finance & Risk Officer
(1973, Dutch)

Arno van Geet has been CFRO since 2014. Prior to joining Bouwinvest, he held various management positions at Interpolis and Westland Utrecht Hypotheekbank and most recently as CFO at Allianz Nederland. He is responsible for financial and risk management, financial accounting, reports, corporate control, internal audit, business process management, IT and research.

Mr. Van Geet studied Law and Economics at the University of Utrecht.



A. (Allard) van Spaandonk, Chief Investment Officer Dutch Investments
(1961, Dutch)

Allard van Spaandonk has been Chief Investment Officer Dutch Investments since 2013. Prior to this, he was Director Asset Management at Bouwinvest, Director Residential and Retail Investments at Syntrus Achmea Vastgoed and head of Residential Mortgages at Achmea Vastgoed.

Mr. Van Spaandonk is a board member at NEPROM.



S.A. (Stephen) Tross, Chief Investment Officer International Investments
(1967, Dutch)

Stephen Tross has been Chief Investment Officer International Investments since 2010. Prior to joining Bouwinvest, he worked in the real estate audit practices at KPMG Accountants NV and PricewaterhouseCoopers in the Netherlands, New York and London.

He studied Business Economics at the Hogeschool Utrecht and accountancy at NIVRA Nyenrode. Mr. Tross is a professional member of the British Institution of Chartered Surveyors and a member of the ANREV Management Board.

Composition of the Supervisory Board

The Supervisory Board has four members, all with Dutch nationality. All the members of the board are independent. The composition of the Supervisory Board did not change in 2018.

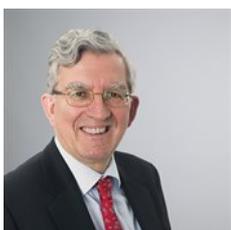


C.J. (Kees) Beuving, chairman, until 31 January 2019

Kees Beuving (1951) joined the Supervisory Board of Bouwinvest in August 2014 and was appointed chairman in December 2014. In connection to his appointment to acting chairman of PGGM he resigned the Supervisory Board as per 1 February 2019.

Mr. Beuving has a long history in the banking industry. Until 2013, he was Chairman of the Board of Directors of the former Friesland Bank. Before that, he held a number of executive positions at Fortis Bank, including Chairman of the Board of Directors from 2002 to 2006.

He has a great deal of experience in supervisory directorships. He is currently a member of the Supervisory Board of Bank Nederlandse Gemeenten (BNG) and Chairman of the board of Stichting VSB Vermogensfonds. He is also Chairman of the Supervisory Board of charity VOxImpuls and chairman of the Supervisory Board of Dutch microfinance organisation Qredits Microfinanciering Nederland. Until 1 January 2018, Mr. Beuving was a member of the Supervisory Board of Delta Lloyd Bank N.V.



J.H.W.R. (Jan) van der Vlist, chairman as per 1 February 2019

Jan van der Vlist (1954) was first appointed to the Supervisory Board in 2013. He will resign as per 18 April 2019.

Mr. Van der Vlist is currently director of consultancy firm Klockensteijn B.V. Until 2011, he was Head of Investment Management and Managing Director at NIBC Bank N.V. Prior to joining NIBC, Mr. Van der Vlist held a number of positions at Dutch pension fund PGGM.

Mr. Van der Vlist currently holds several supervisory positions, including chairman of the Supervisory Board of Holland Property Group BV, Chairman of the Board of NIBC Infrastructure Partners I B.V., director at Barrage Vastgoed B.V., non-executive director at Aventicum Real Estate Partners Europe GP Ltd. and member of the Investment committee at Aventicum Capital Management.



R.Th (Roel) Wijmenga

Roel Wijmenga (1957) was first appointed to the Supervisory Board in 2014. He will resign as per 18 April 2019.

Mr. Wijmenga has a background in the insurance industry. His most recent role was CFO at Dutch insurer ASR Verzekeringen. Prior to this, he held a number of financial executive positions at companies including AMEV, Interpolis and Eureko.

He holds several (supervisory) positions, including chairman of the Board of Philips Pensioenfonds and a member of the Supervisory Board of insurer Achmea.



C.G (Carolien) Gehrels

Carolien Gehrels (1967) was first appointed to the Supervisory Board in 2015. She will resign as per 18 April 2019.

Ms. Gehrels is currently European Cities Director at Arcadis. Prior to this, she worked in the public sector, serving as an Alderperson on Amsterdam City Council, where she was responsible for economic affairs, arts & culture.

Ms. Gehrels is a member of the Supervisory Board of Technical University (TU) Delft, a member of the Supervisory Board of World Waternet and a member of the board of the Forum for City Renewal and Urban Development.

Financial statements 2018

Balance sheet as at 31 December

Before appropriation of result, all amounts in € thousands	Note	2018	2017
Assets			
Intangible fixed assets	1	1,041	571
Tangible fixed assets	2		
Leasehold improvements		1,311	209
Equipment		800	224
		2,111	433
Financial fixed assets			
Participations	3	14,243	12,705
		14,243	12,705
Current assets			
Receivables		-	5
Receivables group companies	4	92	50
Taxes	5	926	530
Deferred tax assets	6	-	776
Other receivables and accrued assets		2,547	294
Cash and cash equivalents	7	26,341	27,923
		29,906	29,578
Total assets		47,301	43,287
Equity and liabilities			
Issued capital		225	225
Share premium		41,367	41,367
Retained earnings		(11,615)	(12,275)
Net result for the year		3,175	4,660
Shareholders' equity	8	33,152	33,977
Provisions			
Deferred tax liabilities	9	903	718
		903	718
Current liabilities			
Accounts payable		18	384
Taxes and social security premiums	10	1,241	1,065
Pension premiums	11	660	584
Payables group companies	12	7,026	3,969
Other liabilities		2,598	1,119
Accrued liabilities		1,703	1,471
		13,246	8,592
Total equity and liabilities		47,301	43,287

Profit and loss account

All amounts in € thousands

	Note	2018	2017
Management fee	13	38,474	34,288
Operating costs			
Personnel costs	14	24,867	20,846
Depreciation costs	1-2	848	955
Other operating costs	15	10,410	7,733
Total operating costs		(36,125)	(29,534)
Operating result		2,349	4,754
Result from participations	16	1,882	1,556
Interest income and expenses	17	(95)	(96)
Result before taxes		4,136	6,214
Corporate income tax	18	(961)	(1,554)
Result after taxes		3,175	4,660

Statement of cash flows

All amounts in € thousands

	2018	2017
Cash flow from operating activities		
Net result	3,175	4,660
Adjustments for:		
Depreciations	848	955
Result from participations	(1,882)	(1,556)
Interest income and expenses	95	96
Movements in working capital and provisions:		
Movement in deferred tax assets	776	1,251
Movement in receivables	(2,686)	31
Movement in provisions	185	303
Movement in current liabilities	4,654	1,435
	5,165	7,175
Interest paid	(95)	(96)
Cash flow from operating activities	5,070	7,079
Cash flow from investment activities		
Investments in tangible fixed assets	(1,917)	(378)
Investments in intangible fixed assets	(1,079)	(328)
Dividends received	344	347
Cash flow from investment activities	(2,652)	(359)
Cash flow from financing activities		
Dividends paid	(4,000)	-
Cash flow from financing activities	(4,000)	-
Net cash flow	(1,582)	6,720
Cash and cash equivalents as at 1 January	27,923	21,203
Increase/(decrease) in cash and cash equivalents	(1,582)	6,720
Cash and cash equivalents as at 31 December	26,341	27,923

Notes to the financial statements

All amounts in € thousands unless otherwise stated

General

Legal structure and principal activities

Bouwinvest Real Estate Investors B.V. ('Bouwinvest' or 'the company'), domiciled in Amsterdam, is a private company with limited liability incorporated on 9 October 2002. The Company is registered with the Amsterdam Chamber of Commerce under number 34180506. Bouwinvest's objective is to provide real estate investment services to the Stichting Bedrijfstakpensioenfondsvoor de Bouwnijverheid (pension fund for the Dutch construction industry - bpfBOUW), to other institutional investors and to bpfBOUW group companies as defined in article 2:24b of the Dutch Civil Code. All shares in the company are held by bpfBOUW. The company forms part of a group, headed by bpfBOUW in Amsterdam, the Netherlands. The company's financial information has been recorded in the financial statements of bpfBOUW. Copies are available in the trade register of the Chamber of Commerce, as well as on the bpfBOUW website.

Bouwinvest is an investment manager specialised in real estate for institutional investors. Bouwinvest manages five Dutch sector funds. Bouwinvest also manages a separate mandate for BpfBOUW for real estate investments in Europe, North America and the Asia-Pacific region. In the Netherlands, the management services cover the entire real estate chain, from acquisition, development and redevelopment to asset management and disposal. For the international investments, the management services consist mainly of fund selection and monitoring the performance of the selected fund managers and funds.

Bouwinvest and bpfBOUW are a single fiscal entity for the purposes of VAT. bpfBOUW is the head of the fiscal entity, which in addition to Bouwinvest also includes Bouwinvest Dutch Institutional Hotel Fund N.V., Bouwinvest Dutch Institutional Healthcare Fund N.V., Bouwinvest Development B.V. and GIP Beheer B.V. for VAT purposes. The fiscal entity for VAT purposes was actually created on 1 January 2018. The companies encompassed in the fiscal entity submit independent VAT returns.

Basis for the preparation of the financial statements

The financial statements have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code.

The legal entity is subject to the medium-sized company financial statements regulations as defined in article 2:397 of the Dutch Civil Code.

Accounting policies

Assets and liabilities are valued and results are determined on a historical cost basis. Unless stated otherwise in the relevant policy regarding a specific balance sheet item, assets and liabilities are valued on a cost basis.

Income and expenses are accounted for in the period to which they pertain. Profit is only included if this has been realised on the balance sheet date. Losses originating before the end of the financial year are recognised if they are known before preparation of the financial statements.

The financial statements of the company are presented in thousands of euro (€), unless otherwise stated.

Financial instruments

Financial instruments include primary financial instruments, such as receivables and payables.

The notes to the specific items of the balance sheet disclose the fair value of the related instrument if this deviates from the carrying amount. The carrying amounts of all financial instruments approximate the fair value. If the financial instrument is not recorded in the balance sheet, the information on the fair value is disclosed in the notes to the 'Contingent rights and obligations'.

For the principles of primary financial instruments, reference is made to the recognition per balance sheet item.

Intangible fixed assets

Intangible fixed assets are stated at purchase price less straight-line depreciations, calculated taking into account the estimated economic life of the assets in question, and, if applicable, less impairments in value. Acquisitions in the year under review are subject to depreciation according to the proportion of the year they have been held.

Depreciation is over a period of three to five years.

Tangible fixed assets

Tangible fixed assets are stated at purchase price less straight-line depreciations, calculated taking into account the estimated economic life of the assets in question, and less impairments if applicable. Any assets purchased in the year under review are subject to depreciation according to the proportion of the year they have been held.

Depreciation is over a period of three to five years.

Financial fixed assets: Participations

When significant influence is exercised, associated companies are valued at net asset value. When no significant influence is exercised, associated companies are valued at cost less impairment, if applicable. The valuation of associated companies takes into account any impairment.

Current assets

Upon initial recognition, receivables are included at fair value and then valued at amortised cost. The fair value and amortised cost equal the face value. Any provision for doubtful debts deemed necessary is deducted. These provisions are determined by individual assessment of the receivables.

Deferred tax assets

Deferred tax assets are recognised if it is likely that the temporary differences will be settled in the near future. These deferred tax assets are valued at face value and are predominantly of a short-term nature.

Cash and cash equivalents

Cash and cash equivalents are valued at face value. If cash equivalents are not freely disposable, then this should be taken into account in the valuation of same.

Provisions

Provisions are recognised if the company has a legally enforceable or constructive obligation as a result of a past event; it is likely that an outflow of resources will be required to settle the obligation; and the amount can be estimated reliably. Provisions are taken for the cash value of the outflows that are expected to be required for the settlement of the obligation, if the impact of same is material.

Deferred tax liabilities

Deferred tax liabilities are recognised for the difference between the fiscal and commercial valuation of the participations. These deferred tax liabilities are valued at face value and are predominantly of a long-term nature.

Current liabilities

Upon initial recognition, the liabilities recognised are stated at fair value and then valued at amortised cost.

Management fee

The management fee is calculated on the basis of the invested capital and project turnover.

Taxes

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes, and with deferred tax assets (if applicable) only recognised insofar as their realisation is likely.

Notes to the cash flow statement, general principles

The cash flow statement is drawn up according to the indirect method. The funds in the cash flow statement consist of cash and cash equivalents. Cash equivalents are considered to be highly liquid investments. Interest income and expenses are recognised in the cash flow from ordinary operations.

Notes to the balance sheet

All amounts in € thousands

1 Intangible fixed assets

	2018	2017
Book value as at 1 January	571	517
Investments	1,079	328
Depreciations	(609)	(274)
Book value as at 31 December	1,041	571
Purchase value	9,183	8,104
Derecognition of old hardware and software	(7,220)	-
Cumulative depreciations	(922)	(7,533)
Book value as at 31 December	1,041	571

2 Tangible fixed assets

	Leasehold Improvements	Equipment	Total 2018	Total 2017
Book value as at 1 January	209	224	433	736
Investments	1,338	579	1,917	378
Depreciations	(236)	(3)	(239)	(681)
Book value as at 31 December	1,311	800	2,111	433
Purchase value	7,055	2,095	9,150	7,233
Derecognition of old renovations and business equipment	(4,491)	(900)	(5,391)	-
Cumulative depreciations	(1,253)	(395)	(1,648)	(6,800)
Book value as at 31 December	1,311	800	2,111	433

3 Participations

The movement in the participations and loans recognised in the financial fixed assets that do not belong to the group were as follows:

	Book value 31-12-2017	Deposit/ repayment	Dividend	Result 2018	Book value 31-12-2018
Bouwinvest Dutch Institutional Residential Fund NV (0,2%)	8,603	-	(216)	1,539	9,926
Bouwinvest Dutch Institutional Retail Fund NV (0,3%)	2,141	-	(79)	108	2,170
Bouwinvest Dutch Institutional Office Fund NV (0,3%)	1,961	-	(49)	235	2,147
Bouwinvest Asia Pacific Pty Ltd (100%)	-	-	-	-	-
Total	12,705	-	(344)	1,882	14,243

Bouwinvest Asia Pacific Pty Ltd was founded in December 2018 with a paid up capital of 10 AUD.

4 Receivables group companies

	2018	2017
Bouwinvest Retail Development B.V.	10	-
Bouwinvest Office Development B.V.	81	50
Bouwinvest Office Fund N.V.	1	-
Total	92	50

5 Taxes

	2018	2017
Value added tax	823	364
Dividend tax	103	166
Total	926	530

6 Deferred tax assets

	2018	2017
Deferred tax assets	-	776
Total	-	776

The compensable losses amounted to € 0.0 million at year-end 2018 (2017: € 3.1 million). Based on the compensable losses, the deferred tax asset was set at € 0.8 million in 2017. This deferred tax asset was realised in 2018.

7 Cash and cash equivalents

	2018	2017
Bank balances	26,341	27,923
Total	26,341	27,923

The cash and cash equivalents are freely available to the company.

8 Shareholders' equity

Before appropriation of result

	Issued capital	Share premium	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2018	225	41,367	(12,275)	4,660	33,977
Net result for the year	-	-	-	3,175	3,175
Appropriation of result	-	-	4,660	(4,660)	-
Dividend paid	-	-	(4,000)	-	(4,000)
Balance at 31 December 2018	225	41,367	(11,615)	3,175	33,152

Before appropriation of result

	Issued capital	Share premium	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2017	225	41,367	(14,870)	2,595	29,317
Net result for the year	-	-	-	4,660	4,660
Appropriation of result	-	-	2,595	(2,595)	-
Dividend paid	-	-	-	-	-
Balance at 31 December 2017	225	41,367	(12,275)	4,660	33,977

Issued capital

The shares have a nominal value of 1 euro. As per 31 December 2018 a total of 225,000 shares had been issued and fully paid up.

Appropriation of profit 2017

The General Meeting of Shareholders held on 17 April 2018 adopted the 2017 financial statements. The profit of € 4,660,000 for 2017 was added to the retained earnings.

Proposal for appropriation of profit 2018

The Board of Directors proposes that the General Meeting of Shareholders approve the proposal to pay a dividend of € 3,000,000 and add the remaining profit of € 175,000 to the retained earnings. The net profit for 2018 amounted to € 3,175,000.

This proposal has not been incorporated in the financial statements.

9 Deferred tax liabilities

	2018	2017
Deferred tax liabilities	903	718
Total	903	718

A deferred tax liability of € 0.9 million has been recognised for the difference between the fiscal and commercial valuation of the participations of € 4.4 million at year-end 2018 (2017: € 2.9 million). The deferred tax liability is of a long-term nature.

10 Taxes and social security premiums

	2018	2017
Payroll taxes	1,241	1,065
Total	1,241	1,065

11 Pension premiums

The movements in the short-term liabilities related to pension premiums were as follows:

	2018	2017
Balance as at 1 January	584	486
Payment relating to previous years	(584)	(486)
	-	-
Premiums due for the financial year	2,593	2,236
Payments relating to the financial year	(1,933)	(1,652)
Total	660	584

12 Payable to group companies

	2018	2017
Payable bpfBOUW	4,416	3,954
Payable Retail Fund	1,367	
Payable Office Fund	1,082	
Payable Residential Fund	161	
Payable Bouwinvest Development B.V.	-	15
Total	7,026	3,969

Contingent rights and liabilities

Contingent rights

Bouwinvest has management agreements with the funds for an indefinite period with a two-year notice period, as well as a mandate with bpfBOUW regarding the International portfolios for an indefinite period with a five-year notice period. The management fee is calculated on the basis of net asset value and this is expected to be approximately € 38 million for the year 2019.

Contingent liabilities

This pertains to rental and lease agreements and costs related to the renovation of the maincourt building:

	2018	2017
First year	5,162	1,746
Second to fifth year	5,408	5,334
More than five years	8,826	8,774
Total	19,396	15,854

Notes to the profit and loss account

All amounts in € thousands

13 Management fee

Bouwinvest received a management fee totalling € 38.5 million in 2018 (2017: € 34.3 million), consisting of € 38.3 million (2017: € 33.3 million) based on the invested capital. The fee for the project development activities was € 0.2 million (2017: 1.0 million) on the basis of the invoiced instalments.

Bouwinvest provides real estate services to the following funds and entities (group companies, as defined in article 2:24b of the Dutch Civil Code). The company's total invested capital at year-end is stated below.

	2018	2017
Bouwinvest Dutch Institutional Residential Fund N.V.	5,761,761	4,751,642
Bouwinvest Dutch Institutional Retail Fund N.V.	969,680	888,896
Bouwinvest Dutch Institutional Office Fund N.V.	771,241	631,446
Bouwinvest Dutch Institutional Hotel Fund N.V.	259,111	221,610
Bouwinvest Dutch Institutional Healthcare Fund N.V.	178,443	112,001
Bouwinvest Development B.V.	63,337	65,020
bpfbOUW (mandates International Investments & Heritage)	3,274,238	2,753,397
Total	11,277,811	9,424,012

The management fee was € 38.5 million in 2018 (2017: € 34.3 million). For the funds, this fee is calculated as 0.5% of the net asset value; for bpfbOUW's international investments, the fee is calculated as 0.25% of the net asset value.

14 Personnel costs

	2018	2017
Wages and salaries	15,597	13,103
Social security charges	1,585	1,297
Pension fund charges	2,545	2,202
Temporary staff	2,060	1,819
Other personnel costs	3,080	2,425
Total	24,867	20,846

The pension fund costs chargeable to the financial year can be broken down as follows:

	2018	2017
Pension fund agreements chargeable to the financial year	2,928	2,516
Deductions	(383)	(314)
Total	2,545	2,202

In line with the Dutch pension system, this pension plan is financed by contributions to an industry pension fund. For Bouwinvest, this is APG's Ondernemingspensioenfond (OPF).

The accrued entitlements are always fully financed in the relevant calendar year via - at the very least - cost-effective contribution payments. The pension plan is a career average plan including a single payment scheme, for both active and inactive participants (sleepers and retired persons). The granting of supplementary premiums (indexation) depends on the investment return. The annual accrual of pension entitlements amounted to 23.1% of the pensionable salary in 2018 (2017: 23.1%), with a maximum of € 105,075. The annual employee contribution is at least 1.75% and capped at 4.2% of the pensionable salary. The management board of the industry pension fund determines the contribution each year on the basis of the coverage ratio and expected returns.

In addition to this basic scheme, which is mandatory for every Bouwinvest employee, Bouwinvest also has a net pension scheme (*Netto Pensioen Regeling - NPR*), which is offered to employees with a total fixed income above the permissible fiscal limit of € 105,075. These employees receive an employer contribution amounting to the maximum deposit in a net pension scheme. Participation in the net pension scheme is voluntary.

The industry pension fund in question has stated that its coverage ratio was 116.8% in 2018 (2017: 114.5%). On the basis of the agreed pension scheme, the group has no obligation to make additional contributions in the event of a deficit, other than in the form of higher future contributions.

Employees

The number of employees stood at 169.7 FTEs at year-end 2018 (2017: 152.5 FTEs). The average number of employees in 2018 was 162.0 FTEs (2017: 143.0 FTEs).

Remuneration

In the year under review, Bouwinvest, paid total remuneration (including social security charges and pension premiums) of € 19.7 million to 169.7 FTEs (2017: € 16.6 million to 152.5 FTEs), 5.3% of which was variable remuneration, with the remainder fixed remuneration.

The total remuneration includes an amount of € 1.4 million (2017: € 1.3 million) for the members of the Board of Directors. The Board of Directors are the only staff members whose actions have a significant influence on the risk profile of the Residential Fund, the Retail Fund, the Office Fund and the other Funds and the separate mandates of the investment manager. The variable remuneration is awarded on a discretionary basis determined by the Bouwinvest Board of Directors and is partly dependent on the performance of the company. The variable remuneration of the Board of Directors is determined by the Supervisory Board and is capped at 20% of the annual salary.

The remuneration for the members of the Supervisory Board amounted to a total of € 125,000 in 2018 (2017: € 125,000).

Bouwinvest manages five Dutch real estate sector funds and three mandates for international real estate investments. The Residential Fund, the Retail Fund and the Office Fund are open for institutional clients. Bouwinvest manages the Hotel Fund and the Healthcare Fund, together with its international real estate investments, exclusively for bpfBOUW. The international portfolio includes both listed and non-listed real estate funds in Europe, North America and the Asia-Pacific region. It is not possible to allocate the remuneration per investment entity and this information is therefore not available.

15 Other operating costs

	2018	2017
Office expenses	2,069	1,890
Automation expenses	3,157	2,368
Communications expenses	974	712
Consultancy costs	629	360
Research and Investor Relations costs	471	341
Non-deductible VAT	2,358	1,708
Other expenses	752	354
Total	10,410	7,733

16 Result from participations

	2018	2017
Result from participations	1,882	1,556
Result from participations	1,882	1,556

17 Interest income and expenses

	2018	2017
Interest expenses	(95)	(96)
Interest income and expenses	(95)	(96)

18 Corporate income tax

	2018	2017
Result before taxes	4,136	6,214
Corporate income tax	(925)	(1,554)
Impairment deferred tax assets	(36)	-
Corporate income tax previous years	-	-
Total	(961)	(1,554)

Subsequent events

There were no significant events after the balance sheet date.

Signing of the financial statements

Amsterdam, 20 March 2019

The Board of Directors

Dick van Hal, *Chief Executive Officer and statutory director*

Arno van Geet, *Chief Finance & Risk Officer*

Allard van Spaandonk, *Chief Investment Officer Dutch Investments*

Stephen Tross, *Chief Investment Officer International Investments*

The Supervisory Board

Jan van der Vlist

Roel Wijmenga

Carolien Gehrels

Other information

Provisions of the Articles of Association pertaining to the appropriation of profit

Profit is appropriated in accordance with Article 4 of the Articles of Association, which stipulates that the General Meeting of Shareholders decides which portion of the profit shall be added to the reserves. The remaining profit is at the disposal of the General Meeting of Shareholders.

Independent auditor's report

To the shareholder and the Supervisory Board of Bouwinvest Real Estate Investors B.V.

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

Our opinion

We have audited the accompanying financial statements 2018 of Bouwinvest Real Estate Investors B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Bouwinvest Real Estate Investors B.V. as at 31 December 2018, and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

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

Basis for our opinion

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

We are independent of Bouwinvest Real Estate Investors B.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.

Report on the other information included in the annual accounts

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

- Report of the Board of Directors
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.
- Additional other information.

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

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

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

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

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

Description of responsibilities regarding the financial statements

Responsibilities of management and the Supervisory Board for the financial statements

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

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

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

The Supervisory Board is responsible for overseeing the company's financial reporting process.

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.

We communicate with the Supervisory Board 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.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Amsterdam, March 20, 2019

Deloitte Accountants B.V.

Signed on the original: J. Holland

Appendices

Company profile

Bouwinvest Real Estate Investors B.V. invests the capital of institutional investors (pension funds and insurance firms) in real estate. We invest for the long term and we do this in a responsible manner, with respect for the world around us. Our goal is to provide our clients with risk diversification and solid returns. We manage a diversified array of three international mandates and five Dutch sector funds. We currently manage total invested capital of € 11.3 billion (year-end 2018).

Expertise as a foundation for growth

Bouwinvest has more than 65 years of experience in the real estate and pension worlds and we fully understand the needs of our clients and anticipate and respond effectively in constantly changing markets. We are able to apply our decades of experience and knowledge of the Dutch market to international real estate markets. And our international expertise helps us to be successful in the Dutch market. Bouwinvest has a team of almost 180 professionals. For more information, please visit our corporate website www.bouwinvest.com.

Glossary

GRESB participation

The share of Bouwinvest's investments that participate in GRESB in the reporting period, weighted against the NAV at the end of said reporting period.

GRESB score

The GRESB (Global Real Estate Sustainability Benchmark) score is a measurement of the ESG performance of an entity – shown as a number between 0 and 100. The score is the result of an annual assessment by GRESB of the real estate entity.

GRESB star rating

The GRESB star rating is based on the GRESB score and the relative position in the entire GRESB universe, which is determined each year on the basis of the scores. If an entity ends in the top 20% it is awarded a five-star rating. If an entity ends in the lowest 20% it is given a one-star rating, etc. Due to the fact that the GRESB star rating is calculated as a relative score vis-a-vis the worldwide scores of participating entities, the rating shows a fund's performance on a worldwide scale.

Above-average sustainable investments

These are investments with a GRESB 4 or 5-star rating. The share is shown as a percentage of the total NAV at the end of a reporting period. Investments participating in GRESB for the first time are given the option of not publishing their performance. If the score is communicated to Bouwinvest, this is included in its overall score.

Green portfolio

This is the share of lettable floor area (LFA) with an A, B or C energy label, as a percentage of the total lettable floor area of the portfolio of Dutch sector funds. For the residential portfolio, the green portfolio share is calculated per residential unit.

Energy index of the portfolio

This is the average energy index of the Dutch real estate portfolio, weighted according to lettable floor surface. Real estate investments without an energy index are not included in the calculation. For the residential portfolio, the average energy index is calculated per residential unit.

Certified sustainable portfolio (Dutch sector funds)

This is the relative share of real estate investments in a portfolio that have been formally assigned a sustainable building certificate (such as BREEAM-NL and GPR Building) at the end of a reporting period, as a percentage of the total portfolio (on the basis of m² LFA).

Certified sustainable portfolio (International mandates)

This is the average score of the investments on the Building Certificates aspect in the GRESB assessment, weighted against the total NAV of the International mandate investments that participate in GRESB.

Reduction of energy consumption (Dutch sector funds)

This is the percentage change in energy consumption (electricity and gas) at the end of the reporting period, compared with the previous year on a like-for-like basis for energy meters under the direct control of the funds. Like-for-like refers to the energy consumption of a portfolio with consistent activities in the comparative periods. Gas consumption is converted from m³ into kWh on the basis of the conversion factors published at the end of the period at <https://www.cozemissiefactoren.nl>. The gas consumption in the year under review is adjusted for the differences in the figures for 'degree days' (actual average day temperatures versus an agreed level) in De Bilt (the Netherlands) between the year under review and the previous year.

Reduction of energy consumption (International mandates)

This is the average like-for-like energy reduction (year-on-year), as reported by GRESB, weighted according to the NAV of international investments that participate in GRESB. Any reduction is based on the energy consumption period year one versus year two.

Energy, emission and water intensity

Energy, emission and water intensity is reported on the basis of like-for-like use data and lettable floor area. This pertains to collectively purchased components and consumption data for common areas, as well as consumption data for leased areas that are not individually metered. Both scope 1 and scope 2 emissions data are included in the measurement.

Solar panels installed (Dutch sector funds)

This is the amount of installed capacity (measured in kilowatt peak - KWp) from solar panels in the portfolio.

Share of renewable energy (International mandates)

This is the share of renewable energy in the total consumption of the international investments that participate in GRESB, as reported annually by GRESB. This consists of renewable energy that is generated and used/exported within the investments and that is generated outside the investments and used within the investments.

Considerate Building Sites

This is the share of the building sites related to Bouwinvest's acquisitions or renovations that are registered as Considerate Building Sites under the Dutch Considerate Builders (Bewuste Bouwers) scheme in the reporting period, weighted according to acquisition price.

Membership of sector organisations

This is the number of employees who are active members of boards or working groups of a real estate sector organisation in the reporting period.

Knowledge platform aimed at innovation

A knowledge platform is an interactive online/offline environment used to facilitate knowledge exchange and networking between various parties, with the aim of re-using existing knowledge and the development of new knowledge and technologies that contribute to the improved performance of real estate. This is also referred to as PropTech.

Addition of mid-rental segment homes

This is the total number of new homes added to the Dutch residential portfolio with a rental price between €711 and €1,250 per month in the reporting period.

Compliance incident

This is an act or an event that endangers the ethical performance of Bouwinvest's business operations or those of one of its affiliated companies, such to include the violation of laws or regulations, fraud, corruption and the violation of a duty of confidentiality.

Personal data security incident

This is the number of major incidents involving the failure to comply with legal provisions and standards in the field of personal data protection, or security incidents that may be deemed data breaches. An incident qualifies as major if Bouwinvest is obliged to report said incident to a regulator, if a regulator or similar official body filed a report with Bouwinvest, or if an external party files a complaint with Bouwinvest and Bouwinvest considers said complaint legitimate.

Like-for-like reduction of emissions

Like-for-like data and changes pertain to real estate assets in our portfolio that were owned by Bouwinvest for the full period of 24 months and were operational in that period. Real estate assets that were acquired, sold or underwent a major renovation in this period are not included. The total emissions figures pertains to direct CO₂ emissions (scope 1) and indirect CO₂ emissions (scope 2) generated by electricity, gas and district heating systems. Total net CO₂ emissions after compensation is the total CO₂ emissions after offsetting and compensation via Guarantees of Origin. To calculate CO₂ emissions, Bouwinvest uses country-specific and energy source-specific conversion factors that can change from year to year. Bouwinvest uses the most recent conversion factors (source: www.co2emissiefactoren.nl).

Tenant Satisfaction

The total tenant satisfaction score is the unweighted average total score of the tenant satisfaction score per sector fund in the year under review. The score at fund level is also unweighted and average.

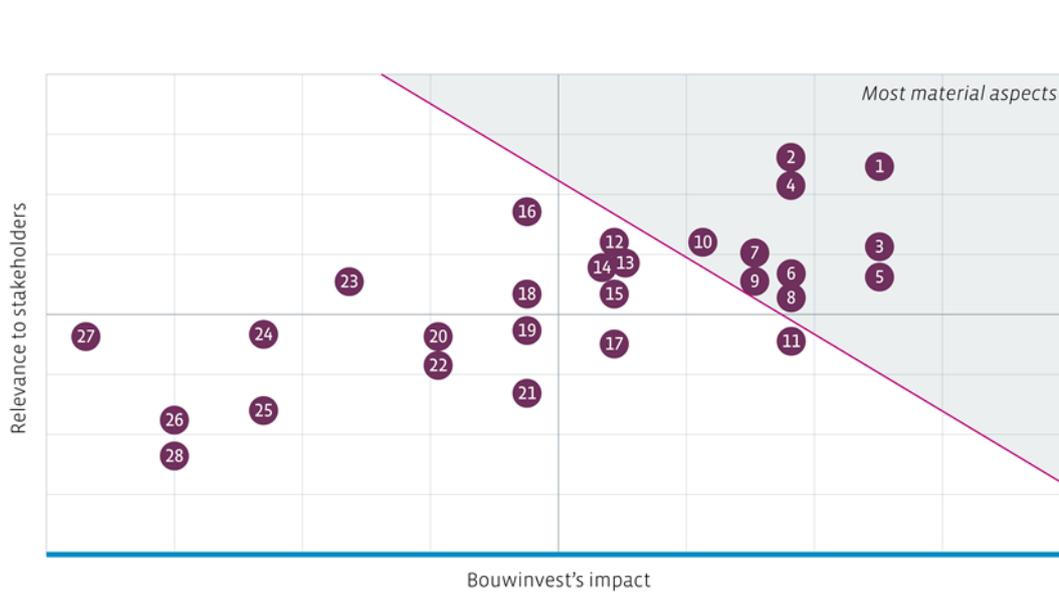
Client appreciation

This is the average score clients (pension funds, insurance firms and charitable organisations) have given in satisfaction surveys in a certain reporting year.

Employee satisfaction

This is the unweighted average score in the biennial employee satisfaction survey.

Materiality matrix



- 1 Integrity and transparency
- 2 Energy-efficient buildings
- 3 Limit CO₂ emissions from the real estate portfolio
- 4 Satisfied tenants & users
- 5 Client-centric approach to shareholders
- 6 Satisfied and engaged employees
- 7 Cybersecurity and privacy
- 8 Affordable rental homes
- 9 New technologies and innovation
- 10 Safety in the construction process
- 11 Circular construction and use
- 12 Liveable cities & areas
- 13 Climate-proof buildings
- 14 Initiate dialogue with main stakeholders
- 15 Reputation and leadership
- 16 Healthy buildings
- 17 Recruitment of talent
- 18 Generate energy on site
- 19 Lifecycle-proof homes
- 20 Development & training employees
- 21 Sustainability certification of buildings and portfolio
- 22 Changing mobility needs
- 23 Responsible procurement
- 24 Reduce and separate waste
- 25 Prevent retail vacancy
- 26 Maintain biodiversity
- 27 Reduce water consumption
- 28 New office concepts

ESG performance indicators

Continuous improvement of our sustainability performance

Impact area	Indicator	Measure	Unit	2018	2017	% change
Above-average sustainable investments	GRESB	Percentage above-average sustainable investments total portfolio	%	79%	76%	2%
	GRESB	Percentage Dutch funds with GRESB 4/5 stars	%	94%	93%	1%
	GRESB	Percentage of GRESB 4/5-star ratings in the regional mandates	%	41%	34%	6%
	GRESB	GRESB coverage total portfolio	%	92%	91%	2%
	GRESB	GRESB coverage of Dutch funds	%	100%	100%	0%
	GRESB	GRESB coverage of the regional mandats	%	75%	72%	3%

Investing in sustainable real estate

Impact area	Indicator	Measure	Unit	2018	2017	% change
Sustainable building certificates	BREEAM or GPR	Share of sustainable building certificates based on m2 (BREEAM or GPR) (GRI-CRESS: CRE8)	%	62%	31%	31%

Reducing environmental impact

Impact area	Indicator	Measure	Unit	2018	2017	% change
Energy labels	EPC	Share of energy labels based on m2 (GRI-CRESS: CRE8)	%	100%	100%	0%
		Share of green energy labels based on m2 (A, B or C label)	%	95%	93%	2%
		Average energy index	#	1.15	1.22	-2%
		Number of DUO Labels	#	521	536	-3%

Impact area	Indicator	Measure	Unit	2018 (Abs)	2017 (Abs)	% change (LfL)
Energy	Electricity	Total electricity consumption (GRI: 302-2)	MWh	37,045	31,120	-0.3%
	Gas	Total gas consumption (GRI: 302-1)		1,787	2,243	-3.7%
	District heating and cooling	Total consumption district heating and cooling (GRI: 302-2)		10,154	10,239	-0.8%
	Total	Total energy consumption all sources (GRI: 302-2)		40,396	40,725	-0.6%
	Energy intensity	Average energy intensity of the buildings (GRI-CRESS: CRE1) Coverage ration data energy and CO2	kWh/m ² /year	34 284 of 328	35 261 of 298	-0.6%
CO2 emissions	Direct	Scope 1 (GRI: 305-1)	tonnes CO2e	524	637	-3.7%
	Indirect	Scope 2 (GRI: 305-2)		17,489	17,696	-0.4%
	Total	Total CO2 emissions (GRI: 305-2) Scope 1 and Scope 2		18,012	18,333	-0.4%
		Total CO2 emissions after offsetting	1,840	1,964	-1.3%	
	CO2 emission intensity	Average CO2 intensity of the buildings (GRI-CRESS: CRE3)	kg CO2e/m ² /year	15	16	-0.4%
Water	Total	Total water consumption (GRI:303-1)	m ³	71,390	78,433	-7.0%
	Water intensity	Average water intensity of the buildings (GRI-CRESS: CRE2)	m ³ /m ² /year	0.37	0.42	-7.0%
Waste	Total	Total waste by weight (GRI: 306-1)	tonnes	810	751	8.5%
		Recycling percentage	%	32%	30%	4.5%

Improving stakeholder value

Impact area	Indicator	Measure	Unit	2018	2017	% change
Stakeholder engagement	Tenant satisfaction	Response percentage (GRI: 102-43)	%	58%	45%	13%
		Average total score (GRI: 102-43)	#	7.3	6.7	10%
Promote sustainability in the chain	Considerate building sites	Number of registered building sites	#	20 (of 60)	18 (of 43)	
		Percentage of registered building sites (acquisition price)	%	46%	43%	3%

Responsible organisation

Impact area	Indicator	Measure	Unit	2018	2017	% change
Sustainable agreements	Rental contracts	Number of new rental contracts	#	4,248	3,849	10%
		Number of sustainable rental contracts (green leases)	#	120 of 18,349	44 of 17,980	173%

Environmental data head office

Impact area	Indicator	Measure	Unit	2018 (abs)	2017 (abs)	% change (Lfl)		
Energy	Electricity	Total electricity consumption	MWh	551	717	-23%		
		Share of electricity from renewable sources		0	0			
	Gas	Total gas consumption (GRI: 302-1)		0	0			
	District heating and cooling	Total district heating and cooling (GRI: 302-2)		574	594	-3%		
		Percentage locally generated heating and cooling		0	0			
	Total	Total energy consumption all sources (GRI: 302-2)		1,125	1,311	-14%		
Energy intensity	Energy intensity head office gross floor area (GRI-CRESS: CRE1) Coverage data Energy and CO2		kWh/m ² /year	128	149	-14%		
				1 of 1	1 of 1			
Waste	Total	Total waste by weight (GRI: 306-1)	tonnes	22,774	24,100	-6%		
		Recycling percentage	%	33%	23%	10%-punt		
Mobility	Distance	Lease cars	km	2,078,245	2,585,824	-20%		
		Public transport		402,987	391,313	3%		
		Air travel		1,258,131	676,976	86%		
CO2 emissions	Direct	Scope 1 (GRI: 305-1)	tonnes CO2e	310	346	-10%		
	Indirect	Scope 2 (GRI: 305-2)		268	204	31%		
	Total	Total CO2 emissions (GRI: 305-2) Scope 1 and 2		579	551	5%		
		Total CO2 emissions after compensation		579	551	5%		
	CO2 emission intensity	CO2 intensity head office (GRI-CRESS: CRE3) CO2 intensity mobility (GRI-CRESS: CRE3) CO2 intensity total (GRI-CRESS: CRE3)			kg CO2e/FTE/year	0.3	0.4	-15%
					kg CO2e / FTE / year	3.1	3.2	-3%
			kg CO2e / FTE / year	3.4	3.6	-6%		
Water	Total	Total water consumption (GRI:303-1)	m ³	1,758	1,189	48%		
	Water intensity	Water intensity head office (GRI-CRESS: CRE2)	m ³ /FTE/year	10.3	7.8	33%		

Social data

Impact area	Indicator	Measure	Unit	2018	2017
Employees	Contract (incl. proportion of women)	Number of employees (GRI: 401-1)	FTE	169.7 (33.8)	152.5 (31.3%)
		Full-time contract percentage (GRI: 401-1)	%	74% (21.7)	77% (23%)
		Part-time contract percentage (GRI: 401-1)	%	26% (74)	23% (70%)
		Temporary contract percentage (GRI: 401-1)	%	11%(45)	13% (33%)
		Permanent contract percentage (GRI: 401-1)		89% (34)	87% (34%)
	Health	Absenteeism (GRI: 403-3)	%	2.6%	3%
	Staff turnover	Staff turnover percentage (GRI: 401-2)	%	5.4%	3.8%
	Employee satisfaction	Employee engagement - survey response percentage (GRI: 103)	%	see 2017	96.1%
		Average satisfaction score (GRI: 103)	#	see 2017	8.0
		Employee engagement score		see 2017	8.1
Employee enthusiasm score			see 2017	8	
Equality & diversity	Percentage of women (GRI: 405-2)	%	35.4%	34%	
	Percentage of women in senior management (GRI: 405-2)		19.2%	19%	
Training & development	Number of internships and graduate positions	#	4	4	
Age (incl. proportion of women)	<30	Ratio	7.4 (31)	9% (29%)	
	30-40		28.6 (28)	29% (28%)	
	40-50		38.3 (37)	34% (33%)	
	50-60		19.4 (35)	24% (42%)	
	>60		6.3 (45)	4% (43%)	
Clients	Investor satisfaction	Response percentage (GRI: 102-43)	%	na	na
		Average total score (GRI: 102-43)	#	na	na

About this report

The goal of this annual report is to inform our stakeholders regarding the financial and non-financial developments at our company in the 2018 calendar year. We use this report to update our stakeholders on the progress we have made in our performance with respect to a number of material themes – the boundaries and scope of which we have determined in consultation with our stakeholders. You will find a description of the process of determining materiality and a full list of material themes in the section on the determination of materiality.

Scope of this report

We based the determination of the content and parameters of this report on the wishes of our stakeholders via the materiality analysis. In this matrix, we have set the degree of importance of aspects against the interest that our external stakeholders attach to said aspects. The annual report and the financial statements pertain to Bouwinvest Real Estate Investors B.V., the three international mandates (Europe, North-America and Asia-Pacific) and its five funds (Retail, Residential, Office, Healthcare and Hotel).

Unless otherwise stated, the scope of the report extends to all Bouwinvest's activities. This means it includes sub-contractors, unless otherwise stated.

The annual report is drawn up annually, based on a reporting period of one calendar year. The previous report dated 19 March 2018 pertained to the calendar year 2017. The 2018 annual report was drawn up on 20 March 2019 and published on 25 April 2019 and pertains to the calendar year 2018 that ran from 1 January 2018 through 31 December 2018.

Reporting policy and guidelines

Bouwinvest strives to improve its reporting each year, in line with the nature, risks and opportunities of the organisation. Bouwinvest has therefore set itself the goal of reporting in accordance with the GRI Standards Core version of the guidelines of the Global Reporting Initiative (GRI) from 2019/2020. To make an early step in that direction, in 2018 Bouwinvest has reported in line with GRI Standards wherever possible. GRI Standards are the global standard on the reporting guidelines front. GRI is based on the principle of materiality and requires organisations to report their management approach to their most material aspects. Reporting in line with GRI adds focus on material aspects to our annual report and allows us to report solely on aspects that are important to internal and external stakeholders. You will find general information on GRI at: www.globalreporting.org.

Data collection and verification of non-financial data

Data collection

We present our non-financial KPIs in this report. The non-financial data are collected in the first quarter of each year. Whenever possible, we collect data centrally, while some data are collected locally. Once we have collected the data, we consolidate the data and subject it to a trend analysis. If there are any considerable deviations in trends, we add context and verify with the relevant data provider. The data in this report has been quantified. In the absence of data, we have made estimates. We did not identify any inherent limitations in the data as a result of measurements, estimates and calculations.

Reporting environmental data

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

Absolute use is the total use of the real estate assets in our funds during the period under review and provides insight into the overall environmental impact.

Like-for-like data and any changes pertain to real estate assets in our portfolio that were fully owned by Bouwinvest and operational for the full 24-month period. We have excluded assets that were acquired, sold or underwent large-scale renovations in this period. This data therefore provides insight into the movement of an indicator over time at a constant portfolio scope. Total net CO₂ emissions, after compensation, represent the total CO₂ emissions after reduction and compensation of carbon emissions via Guarantees of Origin (*Garanties van Oorsprong* - GVO). This is in line with Bouwinvest's commitment to reduce the impact its operations have on climate change and to encourage sustainable energy generation.

Energy, emissions and water consumption are reported on the basis of like-for-like usage data and lettable floor area (LFA). This pertains to collectively purchased components and usage for shared areas, as well as usage data for tenant areas that are not individually metered.

Changes

Significant changes in definitions and measurement methods compared with previous reporting periods are explained where relevant. We did not make any changes to our ESG strategy or our targets in 2018. The aspects included in this report were selected on the basis of our materiality analysis.

Verification

For the year 2018, we had a few non-financial KPIs verified by an external auditor. We see this as a step towards integrated reporting according to GRI Standards. On page 26, you will find an overview of all verified KPIs. In the appendix on page 64 we explain the related definitions. You will find an online GRI content index at <https://www.bouwinvest-annualreport2018.com>.

Feedback

For additional information on this report, please feel free to contact our Client Management department via clientmanagement@bouwinvest.nl or Karen Huizer, Director Client Management: +31 (0)20 677 1598. Bouwinvest appreciates any feedback on its annual report.

Colophon

Text: Bouwinvest

This PDF annual report 2018 is a translation of the audited Dutch annual report for the financial year 2018 of Bouwinvest Real Estate Investors B.V. The Dutch annual report 2018 is the legally binding annual report. In the event that differences occur between this translation and the audited Dutch annual report, the audited Dutch annual report prevails.

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La Guardiaweg 4
1043 DG Amsterdam
The Netherlands
T +31 (0)20 677 16 00

www.bouwinvest.com
www.linkedin.com/company/bouwinvest

**Bouwinvest
Real Estate Investors B.V.**