Bouwinvest

Profile

- Real estate investment manager for institutional investors
- Anchor investor: Dutch Contraction Workers Pension Fund (bpfBOUW - 4th largest)
- Total AUM € 6.7 billion (YE ‘14) including € 2.7 billion of Dutch residential
- 134 employees
- Based in Amsterdam
Acquired projects: pipeline
Dutch private rental sector: > € 710 rent per month

Amsterdam, Summertime
197 apartments

Amsterdam, Rivers
75 apartments

The Hague, Oostduinlaan
154 apartments

Amsterdam, Stadionplein
100 apartments

Amsterdam, Pontsteiger
300 apartments

Utrecht, Meyster’s Buiten
49 apartments

Amsterdam, Jeruzalem
24 family homes

Amsterdam, Statendam
108 apartments
Dutch Residential Market
1. Restructuring market in favour of PRS

Private rental sector (non-regulated) is growing

Dutch residential stock - by segment

- Owner occupied market: 4.100.000 (56%)
- Rental market: regulated / social (< € 710 per month): 2.730.000 (38%)
- Rental market: non-regulated / PRS / liberalised (> € 710 per month): 420.000 (6%)

Dutch residential stock – growth scenario’s

Source: CBS, ABF Research
1. Restructering market in favour of PRS

Regulated or non-regulated rent?

- Check rental level with point system!
  - < 141 points: regulated – initial rent maximized and future rent increases in line with inflation
  - > 141 points: non-regulated - monthly rent is result of supply / demand

- New regulation:
  - Value of house incorporated in point system
  - Tenants in the middle- or high income group: additional rent increases

- Result: more upward mobility rental sector
2. Housing market shortage increased

Solid long term fundamentals

**Structural shortage in the Netherlands:**

- Population and household growth
- Low amount of new completions
- Urbanisation (increase of one person households)

Bron: CBS, ABF Research (Sept. 2013)
3. House prices rise again

Turning point after six years

House prices and number of transactions

Affordability index the Netherlands

Best affordability in 2014
An average of 17.5% of net monthly income relative to net housing costs*

Source: Calcsa (2014)
* The assumption is the purchase of a new home at the average house price, the average mortgage interest rate, the average household income. Fiscal aspects are taken into account.
4. Most attractive: Western part of country and cities
Focus on strongest regions!

Growth of number of households (‘14-’25)

Core regions Bouwinvest

Source: CBS, ABF Research, Bouwinvest Research
5. Stable income returns and positive return outlook!

Dutch private rental sector

- Housing market shortage
- Incomes increased strongly
- Credit expansion / interest rates declined

Income returns:
- Rent level
- Occupancy rate
- Maintenance costs

Capital growth:
- House prices (vacant value)
- Rental level
- IRR / risk perception investors

Forecast

Income return (%)  Capital growth (%)  Total return (%)

Bron: IPD, Bouwinvest Research forecast en adapted (2014)
One of the largest investable markets…
Residential market attractive for institutional investors

Residential by region - capital value (€ bln)

<table>
<thead>
<tr>
<th>Region</th>
<th>Capital Value (€ bln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netherlands</td>
<td>€ 40,4</td>
</tr>
<tr>
<td>Europe (other)</td>
<td>€ 16,4</td>
</tr>
<tr>
<td>Japan</td>
<td>€ 14,7</td>
</tr>
<tr>
<td>North America</td>
<td>€ 74,4</td>
</tr>
</tbody>
</table>

Dutch real estate by sector - capital value (€ bln)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Capital Value (€ bln)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>€ 16,4</td>
</tr>
<tr>
<td>Offices</td>
<td>€ 11,5</td>
</tr>
<tr>
<td>Retail</td>
<td>€ 5,5</td>
</tr>
<tr>
<td>Logistics</td>
<td>€ 1,4</td>
</tr>
<tr>
<td>Other</td>
<td>€ 1,0</td>
</tr>
</tbody>
</table>
7. Investment dynamics growing…

Foreign investors enter the residential market

Source: PropertyNL, Bouwinvest Research adapted
7 takeaways Dutch private rental sector (PRS)

1. Restructuring market in favour of PRS
2. Structural shortage: solid long term fundamentals
3. House prices rise again
4. Most attractive: Western part of country and cities
5. Positive return outlook
6. One of the largest investable markets
7. Investment dynamics at record levels
Questions?

Robert Koot
Head of Research
r.koot@bouwinvest.nl
+31(0)6 5067 1122