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YOU NEVER CHANGE THINGS BY FIGHTING THE EXISTING REALITY. TO CHANGE SOMETHING, BUILD A NEW MODEL THAT MAKES THE EXISTING MODEL OBSOLETE

1.0 — Essential Evolution



Essential Evolution: these two words have never described anything as perfectly as the state of OVG in the present moment.

‘Evolution’ translates as a process of change, the gradual shift to a more refined, robust, and fit-for-purpose state. ‘Essential’ refers to what is needed, to what is fundamental. And the fundamental shift in real estate as implemented by OVG is absolutely essential to this branch, in which we have triggered so much change.

In our vision evolution is undeniable - you have to deal with it. The only option is to jump into the game and start creating the envisioned future with the resources at hand.

That’s what we did. We envisioned smart, sustainable and healthy cities. We sought out ways that modern technology could play a role and this led to our developments, with which we’ve created a new movement in real estate.

We have influenced the essence, the core purpose of real estate. That has driven an evolution to a new urban existence, in which sustainable and smart buildings can communicate with each other, and with people. The entire urban landscape of city, buildings and people can interconnect. And in this new context, we are all capable of so much more than ever before.

At OVG it is our purpose to create healthier working, living and learning environments that lead us all toward a more sustainable world. And with our iconic Amsterdam office building The Edge, we launched an Essential Evolution.

We have shown that there is much more to a building than just bricks and mortar. Our latest projects are an emblem of the virtually endless (and increasingly sustainable) possibilities leading to greater shared well-being.

Our buildings have not only affected our clients; all of our partners have in some way developed a new way of working, thinking and acting through interacting with our buildings. Also our financial partners, who have developed different manners of cooperation and collaboration thanks to the collective future we envisioned, and the evolution in buildings and cities we have begun to create.

The Edge for example has been widely noted for its innovation, nationally and internationally, and the result is that people are demanding this type of building. This level of development is already becoming mainstream, creating an evolving and more sustainable state of international real estate.

We can say with pride and joy that OVG’s 2016 was truly an Essential Evolution: our innovative developments have created fundamental development in real estate, resulting in a more sustainable industry and world.

2.0 — International Emergence

From CNN to TEDxBerlin to New York

International emergence marks OVG's 2016. The Edge had more than 10.000 visitors, who came from all over the globe to see the most sustainable office building in the world. The international press, business and governmental organizations were our guests in visiting The Edge. This created the opportunity to share ideas and learn from each other.

2016 was not just about the world coming to us. We also realized a dream every player in real estate has: expanding to the USA by opening an office in New York City and starting our first project.

While we were expanding our reach across the ocean, we also increased our influence in our 'second homeland' Germany, by opening an office in Hamburg.

It was in the German capital in November 2016 that our CEO Coen van Oostrom presented 'Smart cities: How technology will change our buildings' at TEDxBerlin. Coen told his personal story, sharing his drive to create smart and sustainable cities. It was a privilege to be one of the few players in real estate that have made it to the TEDx stage, inspiring others with ideas worth spreading.

The Danish philosopher Soren Kierkegaard said "Life can only be understood backwards but it must be lived forwards" and so it is with the journey of OVG.

A few years back we knew that the Internet of Things, technology and big data were about to change our world. We didn't know exactly how. But we embraced the uncertainty, sculpting an idea along the way and seeking out true innovation from mere technological novelties.



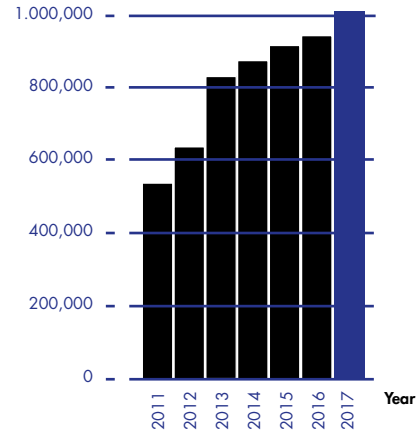
Coen van Oostrom –
Founder and CEO of OVG

This approach resulted in our construction of the most sustainable office building in the world. This building – The Edge – is an example of our way of thinking and it is just the beginning of endless and 'smart' new opportunities in real estate.

With The Edge as a prototype for what smart buildings can do we have impacted the international world of real estate. This is truly game changing. This is 'Essential Evolution'.

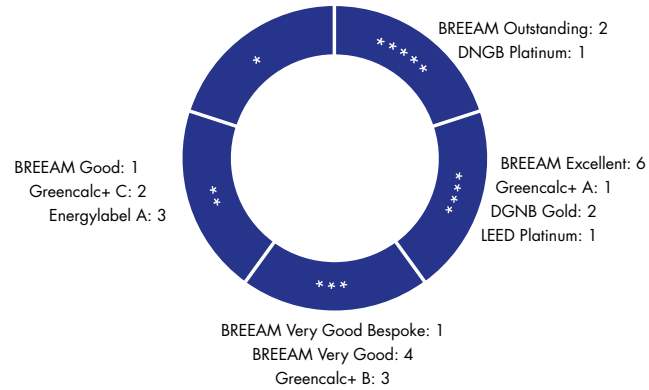
Cumulative Completed real estate in Gross Floor Area

2017 showing the expected sqm to be completed



Sustainability Project Ratings 2016

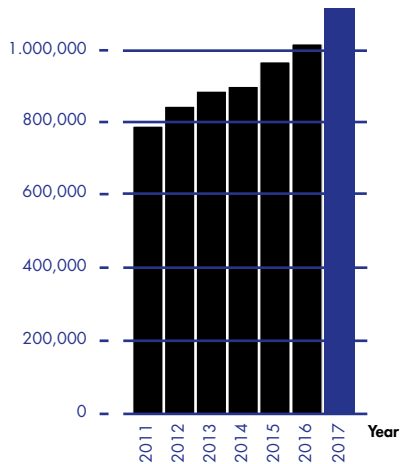
registered for assessment



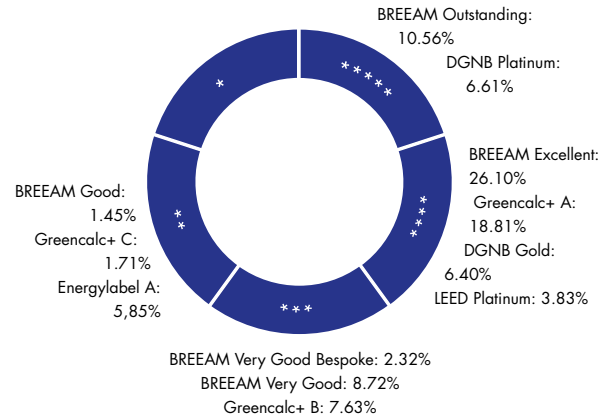
Valley -
A towering multifunctional complex in Amsterdam

Cumulative Signed Rental Agreements in Gross Floor Area

2017 showing the expected sqm to be signed



Investment per sustainability level



2016 in retrospect

2016 has been a year full of opportunities and the realization of success, in the financial sense as well as in the sense of reaching our goals and fulfilling our purpose.

Overall we can say that we are satisfied with the results of 2016. We have reached most of our targets. In 2015 we filled the pipeline and in 2016 we capitalized on that. New projects were started and at the same time existing projects were sold.

The position of OVG is considered strong and stable. For the past few years we have seen profit moving up to pre-crisis level. Our financial results are moving towards the desired level. Expectations are that our financial position will further strengthen over the next few years starting with 2017 outperforming 2016. We have invested a great deal in projects that support this prosperous perspective, which is partly shown in our balance sheet.

We managed a large part of our portfolio and set up new possibilities to reach a great level of de-risking: we invested to grow while in the same year we were able to shift risk by involving third parties, and selling our projects to investors.

What we see is that we have an attractive proposition, as there is a great demand from users for sustainable and smart buildings at prime locations. At the same time there is an enormous drive to buy based on the availability of liquidity in the market combined with ultra-low interest rates.

The global political situation worries us. With Brexit the question arises: will the European Union still exist in a couple of years? This development has led OVG to an active de-risk strategy: our projects are rented and sold quickly.

We continue to stay cautious and keep the level of risk low while operating with a clear vision and clean corresponding strategy. Within OVG we challenge ourselves to know what our clients want - and then we make sure we deliver it before they are even aware of the desire. We go from a client's perspective to a product strategy that is attractive to both users and investors.

Organization

Now operating from three countries – The Netherlands, Germany and the USA – it is of importance to have our way of working and thinking consistent throughout all of our offices.

Activities in The Netherlands

In 2016 the construction of the new smart ING office in Amsterdam was officially started with the demolition of their former office, the Frankemaheerd. The newly constructed office has a design that is phenomenal in terms of energy efficient technology. It is also the largest circularity deal enhancing sustainability: concrete will be re-used on a large scale.



Frankemaheerd –
Impression of the new head office of ING

Due to this energy efficient technology and the cooperation with ING we are confident this project will be a great success leading to a building with a high level of sustainability. We have also reached agreement on the sale with TCN a long term real estate investor.

The development of Rabobank's office at the Fellenoord in Eindhoven reached its highest point and this energy efficient development is on schedule. It is due to welcome its users in the second half of 2017. And then there is The Valley – an icon for the city of Amsterdam - a



Rabobank Eindhoven –
Rabobank Eindhoven will be delivered in October 2017

towering multifunctional complex. Its unique design contributes to an innovative responsible environment. This daring new development will start in 2017.

A great initiative was started with ABN AMRO bank. For OVG and its purposes ABN AMRO created the first so-called 'green loan', a loan to finance the transformation of four office buildings into more sustainable structures. Three 'transformations': MM25 (formerly known as Maximum), The Boutique Office and Spark were started this year. While a fourth project, New Tide, is already finished and delivered. With these redevelopments we will contribute to a savings of around 750 tonnes of CO2 emissions per year.

Activities in Germany

In 2016 we expanded the team, moved to a new office and added new developments.

In February the foundation stone for M_Eins, our development together with LBBW Immobilien in Berlin, was laid and it reached its highest point in September. Earlier that year the project was sold to La Française Forum. The development of the new office for our client Zalando will be handed over in June 2017.

In the summer of 2016 we purchased land in Berlin next to the Mercedes-Benz Arena to develop The Eastside Tower. This is a project with enormous prestige. It will be a dedicated office highrise, a technical and sustainable masterpiece: a vertical The Edge so to speak. The functionality for users will be the same, but the technique and technology will be completely different. The design of the tower is so completely divergent that the systems to create the same functionality as in The Edge are completely different and we seek smart solutions to create it.

In Berlin we purchased land for the development of a new office potentially combined with a hotel building at the Südkreuz rail station in Berlin-Schöneberg. It is the perfect location to build creatively with reasonable pricing. This property contributes to our growing development portfolio in Germany.



MM25 –
One of the four redevelopments financed by the Green Loan by ABN AMRO

One of the innovations that we have pioneered is the placement of the PowerWindow in our developments, world's first truly transparent window that converts sunlight into electricity. We've created a partnership with PHYSEE, the developers of this innovative product. Our goal is to have these windows in every viable OVG project.

The plans for the redevelopment of De Basisweg are all set; this redeveloped project will be extremely sustainable due to smart technology. It will be a revolutionary redevelopment, taking the technology of The Edge but in this case implementing it within an existing building. De Basisweg will be aesthetically pleasing with a beautiful atrium, and smart not just through the use of sensors and technology but also by the smarter use of the building. The increased level of sustainability in this existing building will be enormous. Meanwhile it has been rented to Alliander who shares our ambition in sustainability.

We sold many of our projects: Signum, De Borderwijk, New Tide, Strawinskyhuis were all handed over in 2016, will ING headquarters and The Boutique Office were sold based on future development.



East Side Tower –
OVG purchases land in Berlin for development of East Side Tower

Grand Central Berlin: a magnificent development in a challenging environment. Next to the HumboldtHafen we will develop a brand new state of the art office building.

Simultaneously with the opening of our office in Hamburg, we obtained an option to purchase land position at Hafencity. In order to facilitate this, Hafencity deviated from its original policy of issuing land position only to users. Why this exception for OVG? Hamburg is experiencing increased demand from clients in the market. And to serve these clients, smart buildings of every scale are needed. With The Edge as a proven concept, Hamburg and Hafencity know they can put their faith in us to fulfill these demands.

Activities in the USA

We opened our New York City office with Unilever as launching customer. Together with Normandy Real Estate Partners we are redeveloping the Unilever North American headquarters. This 23-acre campus will be entirely transformed into a highly smart and sustainable headquarters which truly reinforces the Unilever Sustainable Living Plan, and is completely in line with our purpose. The Unilever project focuses not only on the sustainability of the building, but also on the well-being of its users. Unilever headquarters is a landmark and this creates many opportunities for us; at the local (US) level we can bring an unique proposition into a highly competitive market.



Impression Unilever NA head office –
OVG redevelops office in New Jersey

Risk and Risk Management

Over the years it has become very clear that the main risks for international developments as OVG is conducting are to be found in macroeconomic and geopolitical events.

Macroeconomy dictates the market perception in which OVG is operates: the way OVG is able to contract its builders, its buyers and its financiers is highly dependable on where in the economic cycle a country is at the moment this contract needs to be closed. Mitigation on these economic cycles are taken by ensuring short term positions meaning a minimum timeframe between acquiring the project, securing the contractor and selling the project to an end-investor. By securing the exit of the project at an early stage of the development the financing of a project becomes a minor issue.

In terms of geopolitical events the effects on our market and performance can be significant. We have seen that the BREXIT has not (yet) lead to a stand still in the financial world and markets in general seem less impacted by these major changes. Nevertheless, the on-going insecurity of geopolitical events, as there are the elections in Western Europe & President Trump in the US, could have a major impact on OVG and its investment strategy. By securing the exits and funding for our projects at an early stage we are protecting ourselves from the impact these geopolitical events could have.

Besides the aforementioned elements of risk, it is apparent that the technological developments, like “big data” and “the Internet of Things” have a direct impact on the way new developments by OVG are viewed and valued. OVG is of the opinion these technological innovations need to be adopted and incorporated in the products we deliver. Through adding personnel with the knowledge in these fields we ensure our future products will fulfil the expectations of a new generation.

The overall appetite to take risk is considered limited, working on a limited availability of cash combined with volatile market situations demands OVG to mitigate risk to a large extend.

OVG is well known for its development based on a signed lease agreement. Her business model is built on the financial stability of the tenant in combination with the preferred location of the assets. In Germany OVG acts according to the standards of the German market in which she operates. Naturally OVG is always led by solid risk analysis. OVG has the best advisors in the market who undertake an extensive spatial planning analysis prior to every binding lease agreement in order to limit spatial planning risks. OVG strategically works together with financial strong contractors in order to limit construction risks with regard to schedule, price and supply reliability. By working together with these parties, OVG reduces the risk of main contractor bankruptcies and the consequent risks that can be involved. Knowledge exchange and innovative contracting with these preferred suppliers also enables OVG to increase the supply reliability and innovation of its buildings for her clients.

The new developments must be carefully thought through since they are measured against a combination of OVG's own risk/reward analysis and the strict requirements put on projects by financial parties.

Overall the financial model for OVG's developments is depending on extensive external financing, which ensures a large degree of external control. It is our pleasure to see that over the years we have seen the trust from our bankers increase along with the numbers of banks that support our projects.

Interest risks on loans with variable interest rates are no longer mitigated by use of interest swap instruments, as the expectation is that the interest rates will not increase significantly in the near future.

The company trades only with creditworthy parties and has implemented procedures to check the creditworthiness and moral behaviour of parties. The company applies strict credit control and reminder procedures. Due to these measures the credit risk for the company is considered minimal.

Awards, nominations in 2016

We feel gratitude and humility each and every time we are recognized by the press, through awards and award nominations. This support in the greater world reinforces our drive to continue to work for towards our goals and our purpose.

- February** Avery Dennison receives BREEAM Very Good
- March** Immobilien Manager Award for HumboldthafenEins
The Edge wins two BREEAM Awards
- June** Second Ibcon Digie Award for The Edge
- July** The Edge nominated for FGH Vastgoedprijs
- October** American Architecture Prize for The Edge
- November** OVG and PLP architecture win prestigious ULI Global Award for Excellence for The Edge



The ULI Global Award for Excellence -
OVG received the award for The Edge

International Press in 2016

The Edge and our smart and healthy offices did not go unnoticed by the international press and media.



"In this intelligent office it is guaranteed that nothing remains hidden"



"Intelligent office energy and ecological coexistence"



"It is like a breathing living structure that has thought about you before you have even set foot in the frontdoor"



"A state of the art office promises to keep staff happy, healthy and productive"



"It knows how you like your coffee, your job and your agenda"



"Welcome to the office where your smartphone can customise your day"



"Robots as colleagues"



"Health, exercise and balance between exertion and relaxation are central to this"

Essential Evolution in Real Estate

Innovations are evolutionary; they change the way a system works. And as innovations in real estate development go, The Edge was just the beginning – the front runner of future development. It is a metaphor for the new generation of smart buildings that will rise throughout the world - buildings that will be able to communicate leading towards connected, smart and sustainable cities.

Amsterdam's The Edge is the first office building to accomplish the merger of technology, big data and real estate. In the past year we have tested its functions and improved them. Continued investment in innovations that serve our purpose is part of our core business. And this core focus on innovation is opening new areas of potential for OVG.

The demand for sustainable high tech smart building is enormous in North America. At the same time there are hardly any local developers who offer the same level of sustainable and technological developing we do. While sustainability is on the political agenda, we can demonstrate something else: in every way – whether it is financial or ecological – it is simple common sense to develop or redevelop buildings into smart sustainable buildings. It saves an incredible amount of energy – and that is always a good thing.



Climate ceilings –

New projects have climate ceilings that allow for sustainability and well-being of users.

And it is not just the sustainability of the environment that is on our radar. We also look at the well-being of the buildings' users. It is our purpose to create healthier working, living and learning environments. The new headquarters of Unilever will be LEED certified and WELL certified. WELL is the first and only certificate that focuses on the health and well-being of the people, the users of the building. It rates across 7 standards: air, light, water, nutrition, vitality, comfort and mental well-being. It is an evidence-based system for measuring, certifying and monitoring the performance of building features that impact health and well-being.

We keep looking for projects to follow on in strategically great locations– New York, Boston and throughout the world. Using The Edge as a test case we can now lower the costs of innovation, resulting in greater accessibility to all these new and sustainable functionalities for our clients.

From the investors' side there is great interest in our model -developing highly sustainable and smart building. It supports us in our motivation and drive to keep innovating. We are joined in cooperative relationships with partners who share our vision and see opportunities for pushing the Essential Evolution forward. These partnerships give us a chance to keep our level of risk low; investors share the vision of high quality, high technological and sustainable buildings on A-locations.

OVG always moves from a client's perspective to a product strategy. We ask questions and use our expertise and knowledge. That is how OVG is capable of developing an office that exceeds expectations and intuitively, seamlessly fulfills the unconscious needs clients have.

Technology is creating many new possibilities, in and outside of the real estate arena. In 2016 it has become fully integrated into our core business. We constantly seek new innovations, initiatives and inventions that support our vision. We are fundamentally curious and never rest on our laurels.

OVG will keep stirring up the real estate world, changing the playing field and manifesting a Essential Evolution that challenges ourselves and everyone around us to think and act better, smarter, and more sustainably.

Major Developments in 2016

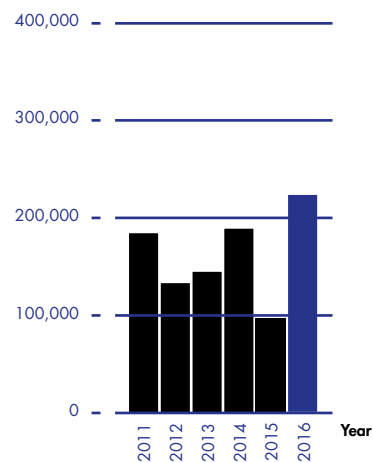
As expected the revenue for 2016(€ 218.453 million) increased significantly compared to 2015(€ 101.659 million). The main reason for the increase is found in the fact that during 2015 we were able to fill the pipeline for the years to come showing first effects in 2016. The impact of Investment Management in previous years shown in result from participations is not present in 2016 with under a million in result but is expected to increase in 2017 based on expected sale from the OVG Redevelopment Venture B.V..

The shareholders equity shows an increase of 21% which is the result of the net proceeds combined with a dividend payment in 2016. During 2016, staff numbers increased from 50 FTE in January 2016 to 72 as of December 31, 2016. The increase was mainly driven by the growth of the German team as well as new talents supporting both the international and innovation teams.

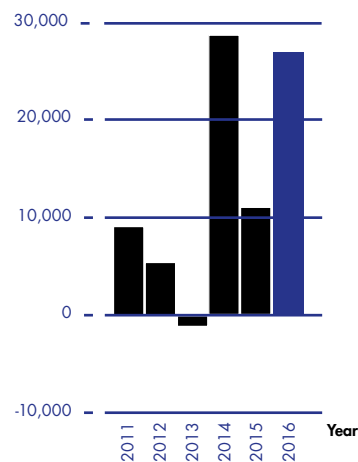
The average number of FTE in 2016 was 62 (2015: 46). All figures stated in this report are in thousands of €'s unless stated otherwise. The main risks and uncertainties for the year 2016 were managing the cash flow and de-risking the portfolio. During the year, cash was deployed to support the kick-off of the new projects. The cashflow amounts to - € 11.045 (2015: - € 3.568).

The company is focussed on selecting the best opportunities in the acquisition of profitable projects or standing assets. Besides the focus on cash OVG has been able to source approximately 140.000 sqm of new projects during 2016 bringing the pipeline to a company all time high position. The growth in staff during 2016 will support the current portfolio in both Germany and The Netherlands, it is expected that the teams for USA and new developments will grow in 2017.

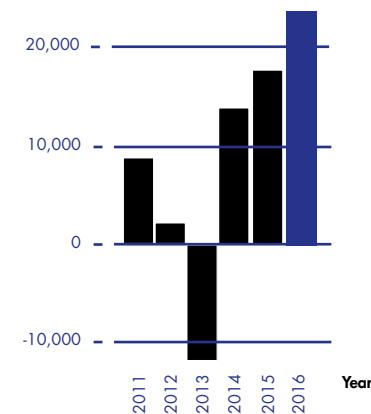
Revenue
(Euro x 1,000)



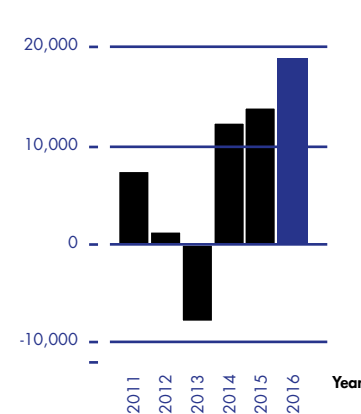
Operating Result
(Euro x 1,000)



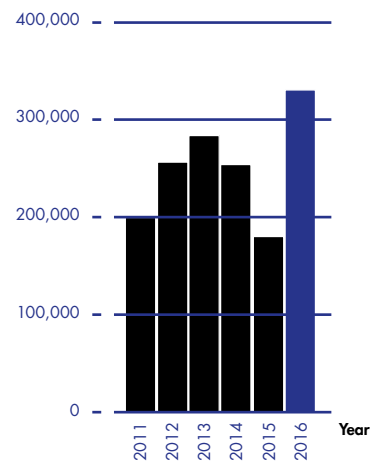
Earnings before tax
(Euro x 1,000)



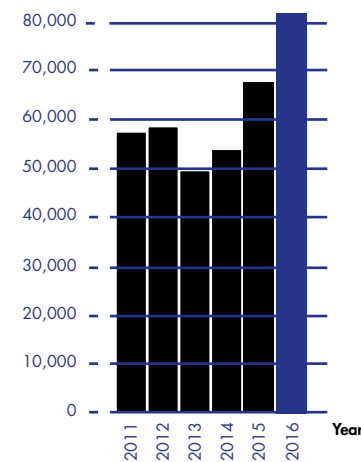
Net Earnings
(Euro x 1,000)



Total Assets
(Euro x 1,000)



Shareholders' Equity
(Euro x 1,000)



2016 In Brief — Calendar

Jan

11th La Française Forum acquires M_Eins from LBBW Immobilien and OVG

Feb

11th Signum and De Bordwijk sold

12th OVG and LBBW lay foundation stone for M_Eins

Mar

3rd Immobilien Manager Award for HumboldtHafenEins

9th The Edge wins two BREEAM Awards for The Edge

14th Start demolition Frankemaheerd

Apr

1st OVG starts partnership with PHYSEE PowerWindows

May

10th Rabobank Eindhoven reaches highest point

Jun

12th Second Ibcon Digie Award for The Edge

Aug

23rd Start of redevelopment Maxium

27th 14th edition of the Veerhaven Concert is held

31st OVG purchases land in Berlin for development East Side Tower

Sep

1st Start of redevelopment The Boutique Office

4th Coen van Oostrom shares his vision at TEDx Berlin

12th OVG opens office in New York, USA

14th OVG and Normandy to redevelop new Unilever NA head office

22nd M_Eins reaches highest point

27th Andreas Thamm appointed Development Director OVG Germany

Oct

3rd OVG for the third time at EXPO REAL in Munich

12th First Greenloan from ABN AMRO for sustainable buildings

25th American Architecture Prize for The Edge

26th OVG participates in National Climate Summit 2016

26th OVG organizes special premiere Before the Flood with National Geographic

Nov

2nd OVG and PLP architecture win prestigious ULI Global Award for Excellence for The Edge

3rd OVG develops new office location Südkreuz Berlin

Dec

15th OVG delivers New Tide

21st OVG signs with TBI Companies CroonWolter&Dros, Mobilis and Servicis for new head office

3.0 — Key Statistics

Consolidated Income Statement (x1,000 euros)	2016	2015	2014	2013	2012	2011
Revenue	218.453	101.659	191.709	146.252	134.784	188.066
Operating result	27.027	10.315	28.921	(1.399)	5.831	9.832
Financial expenses	1.861	2.359	5.139	4.215	1.208	1.831
Earnings before tax	26.340	17.265	13.401	(12.654)	2.685	9.861
Net earnings	18.820	13.770	11.929	(8.259)	1.650	7.471

Consolidated Balance Sheet (x1,000 euros)	31-12-16	31-12-15	31-12-14	31-12-13	31-12-12	31-12-11
Total fixed assets	18.464	26.784	57.821	78.133	83.479	56.402
Work in progress	263.649	109.464	138.358	178.551	138.747	101.984
Group equity	89.976	71.010	53.788	50.493	58.752	57.599
Long term liabilities	65.482	43.909	49.623	48.622	42.989	26.702
Balance sheet total	328.958	188.518	255.816	292.904	243.533	200.398

Ratios	31-12-16	31-12-15	31-12-14	31-12-13	31-12-12	31-12-11
Average # staff	62	46	39	41	44	51
Operating result / revenues	12.4%	10.1%	15.1%	-1.0%	4.3%	5.2%
Net earnings / revenues	8.6%	13.5%	6.2%	-5.6%	1.2%	4.0%
Revenues / average # staff	3.523	2.210	4.916	3.567	3.063	3.688
Solvency*	27.4%	37.7%	21.0%	17.2%	24.1%	28.7%
Working capital**	148.033	96.185	57.852	30.572	25.705	39.679
Net earnings / average group equity	23.4%	22.1%	22.9%	-15.3%	3.0%	13.9%

* Represents group equity divided by total assets

** Represents current assets minus current liabilities

With the level of revenue and net earnings being the highest since 2010 OVG is pleased to present its 2016 annual performance. The strong increase in the P&L is mainly caused by the increased portfolio. Investments started already in 2015 and they partly materialized during 2016. This is also reflected in the sharp increase of the balance sheet as locations and projects, both in Germany and The Netherlands, were added and taken into production.

The focus of the company is to de-risk the projects by selling to third parties at an early stage ensuring OVG to achieve positive year-ends for the coming years. The equity position of the company remains strong with a solvency level which remained at a high level considering the sharp increase of the balance sheet. OVG foresees a strong improvement of equity in 2017 combined with further improvement of our ratio's as completed projects will most likely reduce the balance sheet total at the end of 2017.

Staffing has increased as the company needs to strengthen the team for its international expansion in line with the strategy and its focus. As new business opportunities are foreseen the number of staff is likely to increase further although not as strong as in 2016. Further increase of personnel is highly depending on further growth of teams outside Germany and The Netherlands. For 2017, the company remains interested to find alternative financing to increase the financial position and to support the growth in investment and developments. The company remains focused on setting up partnerships to improve the innovative elements that are to be incorporated in future projects across the globe.

To further support OVG's smart strategy the team for innovation in the field of healthy, sustainable workplaces and high-tech offices grew during 2016 and will keep on doing so in 2017. OVG will increase its investments supporting the search for innovative solutions to be implemented in technologically advanced buildings. We see these technological solutions as the anchor of future developments. The achievements of this team will have a great impact on all OVG's concepts and thereby supporting our growth ambitions. It also underlines OVG's value of company excellence as OVG strives to do better each time and keep on introducing new features in our working environment to improve productivity as well as creating a healthier workplace.

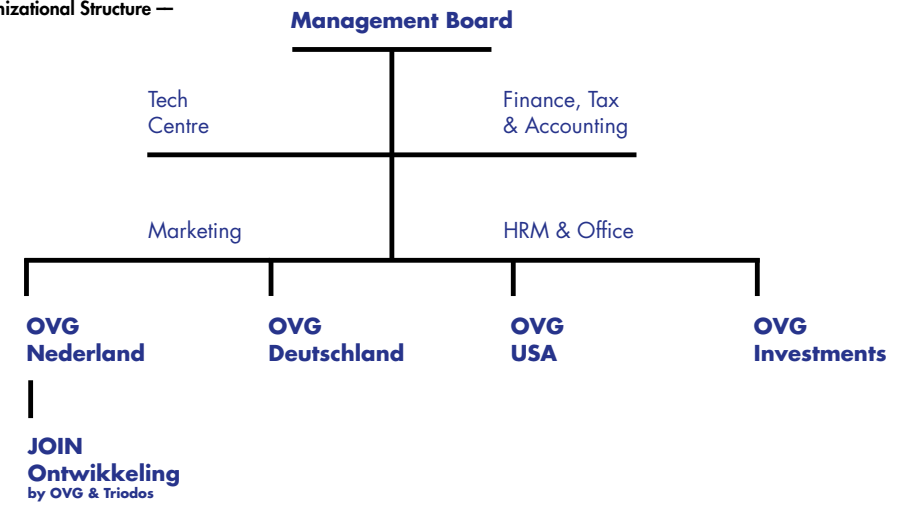
OVG REAL ESTATE HAS FOUR COMPONENTS: OVG NEDERLAND, OVG DEUTSCHLAND, OVG USA AND OVG INVESTMENTS

4.0 — Management Board



The OVG board –
Eva Hukshorn, Coen van Oostrom and Alex Kompier

Organizational Structure —



4.1 Management Board

The Management Board is responsible for OVG policy. Under the chairmanship of Chief Executive Officer Coen van Oostrom, the Board comprised three Board Members (Coen van Oostrom, Alex Kompier and Eva Hukshorn) in 2016 each with joint responsibility for running the company, implementing its strategy and achieving its objectives and results. In addition to their joint responsibility each Board Member has different core tasks. As of August 1st 2015, Eva Hukhorn joined OVG as Chief Operating Officer.

Coen van Oostrom —**Chief Executive Officer**

- Chairman of the Executive Board
- Chairman of OVG USA
- Chairman of OVG Nederland
- Chairman of OVG Deutschland
- Chairman of OVG Investment Management
- Managing Director of JOIN Ontwikkeling (OVG/Triodos joint venture)
- Company Strategy

Alex Kompier —**Chief Financial Officer**

Responsibilities and core tasks include:

- Company Strategy
- Finance, Tax and Accounting
- Risk Management
- Fund Management
- Corporate Finance

Eva Hukshorn —**Chief Operating Officer**

Responsibilities and core tasks include:

- Company Strategy
- Human Resource Management
- Information Communication Technology Management
- Marketing & Branding

Coen van Oostrom is the only statutory director on the Management Board. With respect to the Management Board the new legislation regarding diversity will be taken into account when new Management Board members are appointed. As there is only one statutory director, diversity is not possible.

4.2 Advisory Board

In 2016 the Advisory Board comprises two members:

Mr. Joost H. van Heijningen Nanninga and Mr. Dick P.P Verbeek.

Mr. Joost H. van Heijningen Nanninga —

Current posts: Partner of Egon Zehnder International, Member of the Advisory Board, CVC Benelux, Member of the Supervisory Board of Breevast, ZBG Group, Member of INSEAD Dutch Council, Member of Advisory Board of Rotterdam School of Management.

Mr. Dick P.M. Verbeek —

Current posts: Vice Chairman Emeritus of Aon Group, Member of the Supervisory Boards of Aegon N.V. and Aon Groep Nederland B.V., Member of the Advisory Board CVC Benelux, Member of the INSEAD Dutch Council, Board Member of the Stichting Administratiefonds Rotterdam.

5.0 — Financial Statements 2016

“It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change.”
Charles Darwin – Naturalist, geologist and biologist —

5.1 Consolidated Balance Sheet (after appropriation of result)*

	Note	31 December 2016	31 December 2015
Tangible fixed assets	1	1.059	1.192
Investment property	2	-	12.359
Financial fixed assets	3	<u>17.405</u>	<u>13.234</u>
Total fixed assets		18.464	26.785
Work in progress	4	120.872	20.480
Inventory		17.196	38.611
Construction contracts	5	125.581	50.373
Accounts receivables	6	1.649	1.457
Receivable from affiliated companies	7	266	157
Other receivables and prepayments	8	<u>10.173</u>	<u>4.853</u>
Total receivables		12.088	6.467
Cash and cash equivalents	9	34.757	45.802
Total current assets		<u>310.494</u>	<u>161.733</u>
Total assets		<u>328.958</u>	<u>188.518</u>

	Note	31 December 2016	31 December 2015
Shareholders' equity		81.222	67.402
Minority interest		<u>8.754</u>	<u>3.608</u>
Group equity	10	89.976	71.010
Provisions	11	11.039	8.051
Long term loans	12	65.482	52.229
Long term liabilities		65.482	52.229
Short term loans	13	115.138	29.322
Accounts payables		10.014	8.092
Payable to affiliated companies	14	6.896	6.896
Tax payables and social charges	15	1.236	272
Accruals and other payables	16	<u>29.177</u>	<u>12.646</u>
Current liabilities		162.461	57.228
Total equity & liabilities		<u>328.958</u>	<u>188.518</u>

* All amounts are in 1,000 euro's

5.2 Consolidated Income Statement*

	Note	FY 2016	FY 2015
Revenue from projects	A	135.271	64.794
Change in inventories of finished projects and in work in progress	A	78.977	28.894
Other revenue	B	4.205	7.971
Total revenue		218.453	101.659
Direct project costs		170.562	72.189
Cost of exploitation	C	1.836	3.049
Salaries & pensions	D	10.831	6.756
Depreciation & amortisation		381	573
Impairment of current assets		1.500	1.450
Other operating expenses	E	6.316	7.327
Total operating expenses		191.426	91.344
Operating Result		27.027	10.315
Financial income		2.120	2.383
Financial expenses		(1.861)	(2.359)
Result from participations	F	729	9.043
Result from revaluation	G	(1.675)	(2.117)
		(687)	6.950
Earnings Before Tax		26.340	17.265
Company Tax	H	(2.321)	(870)
Result third party interest		(5.199)	(2.625)
Net Result		18.820	13.770
Other comprehensive income		-	-
Total result of the legal entity		18.820	13.770

* All amounts are in 1,000 euro's

5.3 Consolidated Cash Flow Statement*

	FY 2016	FY 2015
Operating result	27.027	10.315
Adjustments for:		
Depreciation tangible fixed assets	381	573
(Increase)/decrease provisions	2.988	(5.083)
Revaluation investment property and ground positions	(1.675)	(2.117)
Changes in working capital:		
(Increase)/decrease in inventory	(143.501)	56.234
Decrease in other current assets (excl. cash)	(8.959)	3.800
(Increase)/decrease in current liabilities (excl. financing credit institutions)	19.399	(13.734)
	(133.061)	46.300
Cash flow from business activities	(104.340)	49.988
Interest	261	24
Taxation	(2)	(350)
Cash flow from operating activities	(104.081)	49.662
Investments tangible fixed assets	(248)	(1.270)
Disposals/(investments) in participations (incl. loans to participations, net)	(1.372)	(4.075)
Disposals in investment property	-	9.000
Repayments loans	500	-
Investments/(disposals) in minority interest	-	824
Dividends received	139	8.371
Cash flow from investment activities	(981)	12.850
Dividends paid	(5.052)	-
Additions/(repayment) long term liabilities	13.253	(5.714)
Movement project financing	85.816	(60.366)
Cash flow from financing activities	94.017	(66.080)
Increase / (decrease) cashflow	(11.045)	(3.568)
Opening cash	45.802	49.370
Movement cash	(11.045)	(3.568)
Closing Cash	34.757	45.802

* All amounts are in 1,000 euro's.

5.4 Notes to the Consolidated Financial Statements

All amounts are stated in thousands of Euros unless indicated otherwise.

Activities

OVG Real Estate B.V. having its legal seat at Marten Meesweg 8 in Rotterdam, is engaged in development of real estate, mainly in the commercial market. In this respect OVG Projectontwikkeling B.V. represents the service organization for the projects of OVG Real Estate B.V.

Group structure

Financial information relating to subsidiaries within the group is included in the consolidated financial statements. The consolidated financial statements have been prepared in accordance with the accounting principles regarding valuation and profit recognition of OVG Real Estate B.V.

Minority interests in equity and results of group companies are separately disclosed in the consolidated financial statements.

The results of subsidiaries acquired during the year are consolidated from the date of acquisition. At acquisition the assets, provisions and liabilities are valued at fair values. Goodwill paid is capitalized. The results of subsidiaries sold during the year are consolidated until the movement of leaving the group.

Consolidation principles

The consolidated financial statements include the accounts of OVG Real Estate B.V. and all entities in which a direct controlling interest exists. All intercompany balances and transactions have been eliminated in the consolidated financial statements.

Pursuant to Section 409 of Book 2 of the Dutch Civil Code, the financial data of Joint Ventures are consolidated proportionally in the consolidated financial statements. Since the interest concerns a joint venture with a company not forming part of the group, and over which joint control is exercised under a collaboration arrangement concluded with the other partner, management believe such presentation means that the statutory required true and fair view is met.

The consolidated companies in the report are:

Entities	Established in	% Shareholders	Shareholder(s)
OVG Real Estate B.V.	Rotterdam	91.0%	C.P.G. van Oostrom Beheer B.V.
		9.0%	Stichting ESA
OVG NL Holding B.V.	Rotterdam	90.9%	OVG Real Estate B.V.
OVG International B.V.	Rotterdam	100%	OVG Real Estate B.V.
OVG Blue Holding B.V.	Rotterdam	100%	OVG Real Estate B.V.
The Garage B.V.	Rotterdam	100%	OVG Real Estate B.V.
OVG Projectontwikkeling B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Landbank B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Projecten II B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Projecten V B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Projecten VI B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Projecten VII B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Projecten XI B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Projecten XII B.V.	Rotterdam	100%	OVG NL Holding B.V.
Laan op Zuid B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Projecten XVIII B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Projecten XIX B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Projecten XX B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Projecten XXI B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Projecten XXII B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Projecten XXIII B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Projecten XXV B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Projecten XXVI B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Projecten XXIX B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Projecten XXXIV B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Projecten XXXV B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Projecten XXXVI B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Projecten XXXVII B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Projecten XXXVIII B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Nederland B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Property Investments B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Investment Management B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG IM Holding B.V.	Rotterdam	100%	OVG NL Holding B.V.
OVG Projecten III B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten IV B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten VIII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten IX B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten X B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten XIII B.V.	Rotterdam	100%	OVG Nederland B.V.

Entities	Established in	% Shareholders	Shareholder(s)
OVG Projecten XIV B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten XVII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten XXVII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten XXVIII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Lansingerpoort B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten XXXI B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten XXXII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten XXXIII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten XXXIX B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten XL B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten XLI B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten XLII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten XLIII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten XLIV B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten XLV B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten XLVI B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten XLVII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten XLVIII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten XLIX B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten L B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LI B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LIII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LVI B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LVII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LVIII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LIX B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LX B.V.	Rotterdam	100%	OVG Nederland B.V.
Stallingsgarage Beukenhorst Beheer B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LXII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LXIII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LXIV B.V.	Rotterdam	100%	OVG Nederland B.V.
Green Machine B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LXVI B.V.	Rotterdam	100%	OVG Nederland B.V.

Entities	Established in	% Shareholders	Shareholder(s)
OVG Projecten LXVII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LXVIII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LXIX B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LXX B.V.	Rotterdam	60%	OVG Nederland B.V.
OVG Projecten LXXI B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LXXII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LXXVII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LXXVIII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LXXIX B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LXXX B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LXXXI B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LXXXII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LXXXIII B.V.	Rotterdam	100%	OVG Nederland B.V.
OVG Projecten LXXXIV B.V.	Rotterdam	100%	OVG Nederland B.V.
Beharend Vennoot FMH B.V.	Rotterdam	50%	OVG Nederland B.V.
Beharend Vennoot AMP BV	Amsterdam	50%	OVG Nederland B.V.
Beharend Vennoot FMH 2 BV	Rotterdam	100%	OVG Nederland B.V.
Stichting Bewaarder REF Kantoor	Rotterdam	100%	OVG Nederland B.V.
OVG Deutschland B.V.	Rotterdam	100%	OVG International B.V.
OVG Real Estate GmbH	Berlin	100%	OVG Deutschland B.V.
OVG Humboldthafen Verwaltungs GmbH	Berlin	100%	OVG Deutschland B.V.
OVG MK6 GmbH	Berlin	50%	OVG Deutschland B.V.
OVG Cloud GmbH	Berlin	100%	OVG Deutschland B.V.
OVG Sky GmbH	Berlin	100%	OVG Deutschland B.V.
OVG Sun GmbH	Berlin	100%	OVG Deutschland B.V.
OVG Moon GmbH	Berlin	100%	OVG Deutschland B.V.
BAM-Huis Den Haag Beheer B.V.	Rotterdam	70%	OVG Projecten XXI B.V.
BAM-Huis Den Haag C.V.	Rotterdam	69.3%	OVG Projecten XXI B.V.
		1%	BAM-Huis Den Haag Beheer B.V.
Stichting OVG I	Rotterdam	100%	OVG Projecten XXXVIII B.V.
Sirius C.V.	Rotterdam	100%	OVG Projecten XXXVIII B.V.
OVG IM Beheer B.V.	Rotterdam	100%	OVG IM Holding B.V.
IM NHS B.V.	Rotterdam	100%	OVG IM Holding B.V.
Stichting Bewaarder NHS	Rotterdam	100%	OVG IM Holding B.V.
NHS CV	Rotterdam	100%	OVG IM Holding B.V.

Entities	Established in	% Shareholders	Shareholder(s)
OVG Venture Nederland II B.V.	Rotterdam	100%	OVG IM Holding B.V.
Join Ontwikkeling B.V.	Rotterdam	70%	OVG NL Holding B.V.
Join Projecten 1 B.V.	Rotterdam	100%	Join Ontwikkeling B.V.
Join Projecten 2 B.V.	Rotterdam	100%	Join Ontwikkeling B.V.
Join Projecten 3 B.V.	Rotterdam	100%	Join Ontwikkeling B.V.
Join Projecten 4 B.V.	Rotterdam	100%	Join Ontwikkeling B.V.
Join Projecten 5 B.V.	Rotterdam	100%	Join Ontwikkeling B.V.
REF Kantoor B.V.	Rotterdam	100%	OVG Projecten LXX B.V.
OVG Ventures Nederland B.V.	Rotterdam	100%	OVG IM Holding B.V.
OVG Venture Nederland I BV	Rotterdam	100%	OVG Ventures Nederland B.V.
OVG Asset Management Nederland B.V.	Rotterdam	100%	OVG Ventures Nederland B.V.
Consortium Frankemaheerd C.V.	Rotterdam	49.9%	OVG Projecten LXXXII B.V.
		0.2%	Beherend Venoot FMH B.V.
Project Orange B.V.	Amsterdam	100%	Beherend Venoot FMH B.V.
Consortium Amsterdamse Poort C.V.	Amsterdam	49.9%	OVG Projecten LXXXIV B.V.
	Amsterdam	0.2%	Beherend Venoot AMP B.V.
OVG Blue 1 B.V.	Rotterdam	100%	OVG Blue Holding B.V.
OVG Blue 2 B.V.	Rotterdam	100%	OVG Blue Holding B.V.
OVG Blue 3 B.V.	Rotterdam	100%	OVG Blue Holding B.V.
OVG Rent B.V.	Rotterdam	100%	The Garage B.V.
Della S.à.r.l.	Luxembourg	90%	OVG Deutschland B.V.
OVG USA B.V.	Rotterdam	100%	OVG International B.V.
OVG Real Estate USA Holding LLC	Delaware	100%	OVG USA B.V.

Companies mentioned below are not consolidated in the report, because OVG Real Estate B.V. does not hold, directly or indirectly, more than half of the voting capital and does not have a decisive influence on these companies.

Entities	Established in	% Shareholders	Shareholder(s)
Businesspark Gouda B.V.	Rotterdam	50%	OVG Property Investments B.V.
Stadsherstel Historisch Rotterdam N.V.	Rotterdam	1%	OVG Real Estate B.V.
Parrot B.V.	Amsterdam	10%	OVG Venture Nederland I B.V.
OVG Redevelopment Venture B.V.	Amsterdam	20%	OVG Venture Nederland II B.V.
OVG Normandy RE LLC	USA	50%	OVG Real Estate USA Holding LLC
700 Sylvan Avenue LLC	USA	50%	OVG Real Estate USA Holding LLC

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements are prepared in accordance with generally accepted accounting principles in the Netherlands and Title 9, Book 2 of the Netherlands Civil Code.

Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at face value.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

The financial information relating to OVG Real Estate B.V. is included in the consolidated financial statements. Accordingly, in accordance with Article 402, Book 2 of the Netherlands Civil Code, a company profit and loss account has been presented in condensed form.

The management of the group makes various judgements and estimates when applying the accounting policies and rules for preparing the financial statements. Amongst others, significant judgements are made regarding the valuation of investment property, work in progress, construction contracts and provisions. These judgements and estimates are made from taking the present market conditions and market volatility into account.

Financial Instruments

The information included in the notes for financial instruments is useful in estimating the extent of risks relating to both on-balance-sheet and off-balance-sheet financial instruments. The group applies hedge accounting based on individual documentation per individual hedge relationship. The company's primary financial instruments, not being derivatives serve to finance the company's operating activities or directly arise from these activities. The company's policy is not to trade in financial instruments. The effective part of financial instruments designated for cost price hedge accounting is valued at cost. Ineffectiveness is only recorded in the profit and loss account insofar as it concerns a(n) (accumulated) loss. The principal risks arising from the company's financial instruments are interest rate risks and credit risks.

Interest rate risk

The company hedges this risk by entering into an interest rate swap contract to cover expected significant increases in market interest rates. The company hedges this w by entering into an interest rate swap contract to cover expected significant increases in market interest rates. Currently the company no longer hedges any interest rate risks.

Credit risk

The company trades only with creditworthy parties and has implemented procedures to check the creditworthiness of parties. The company applies strict credit control and reminder procedures. The company's credit risk is minimal due to the above measures. In addition, there are no significant concentrations of credit risk within the company.

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

Tangible fixed assets

Tangible fixed assets are presented at cost less accumulated depreciation and, if applicable, less impairments in value. Depreciation is charged to the income statement based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value.

Depreciation is provided from the date an asset comes into use. Tangible fixed assets relate to properties not held for development or investment purposes.

Investment property

Investment properties are those that are held either to earn rental income or for capital appreciation or for both and those properties are stated at fair value without depreciation. External, independent valuation companies, having an appropriate recognized professional qualification and recent experience in the location and category of property being valued, value the investment portfolio. Any gain or loss arising from a change in fair value is recognized in the income statement as result from revaluation.

Financial fixed assets

The (non-consolidated) participations are – on the basis of the share in the equity of the company – valued at net asset value and if applicable less impairments in value. The net asset value is based on the latest available financial statements of the company. With the valuation of participations any impairment in value is taken into account. The results are accounted for in profit and loss according to the interest held.

Participations with a negative equity are valued at nihil and to the amount of the negative equity a provision is made. In case of loans to or receivables on the participation, the provision will be charged to the receivables. In case a balance remains, a provision for participations is made.

Inventories

Inventories of assets are valued at acquisition price or lower net realizable value. This lower net realizable value is determined by individual assessment of the inventories.

Work in progress

Work in progress is the unsold construction of an asset or combination of assets whose performance generally extends over several reporting periods.

Project costs are the direct project costs, interest on loan capital, the mark-up for costs attributable to project activities in general and can be allocated to the project based on the normal level of project activity, and other costs that can be attributed to the principal under the project. A provision for expected losses on a project is charged to the item work in progress.

Construction contracts

A construction contract carried out at the instruction of a third party is a contract entered into with a third party for the construction of assets whose performance generally extends over several reporting periods. Contract revenue and contract costs from the construction contract are taken to the profit and loss account pro rata to the extent of the work performed at the balance sheet date, because the outcome of a construction contract can be reliably estimated (percentage of completion method).

Contract costs are the direct contract costs, interest on loan capital, the mark-up for costs attributable to contract activities in general and can be allocated to the contract based on the normal level of contract activity, and other costs that can be attributed to the principal under the contract.

A provision for expected losses on a contract is charged to the item construction contracts. In addition, instalments already invoiced are set off against the item construction contracts. The net amount for each construction contract is recognised as an asset or a liability where the balance of the construction contract is positive or negative, respectively.

Receivables

Receivables are included at face value, less any provision for doubtful accounts. These provisions are determined by individual assessment of the receivables.

Provisions

For amounts of taxation payable in the future, due to differences between the valuation principles in the annual report and the valuation for taxation purposes of the appropriate balance sheet items, a provision has been formed for the aggregate of these differences multiplied by the future tax rate. A provision is recorded for the negative fair value of an embedded option.

The provision for rental guarantees for completed projects is recorded on behalf of the estimated costs expected to arise from the current rental guarantees.

Provision is recorded for changes in fair value of ineffective hedges.

The provision for rental guarantees for completed projects is recorded on behalf of the estimated costs expected to arise from the current rental guarantees.

Other provisions are provisions for incentives to be paid according to signed rental agreements and for other amounts to be paid. A provision is recognized when an obligation exists.

Long term provisions are valued at net present value.

Principles for the determination of the results

All initial start-up costs for potential projects are expensed. Rental guarantees are expensed as part of the estimated profit upon completion.

Revenue from projects is recognized as actual costs plus mark-up. The mark-up is quarterly recognized by the formula: calculated profit end of work multiplied by the percentage of the stage of completion minus profit already accounted for. The stage of completion is determined by the number of days under construction divided by the total number of construction days. Profit mark-up commences in the case that the project is sold at the start of the construction period. Losses are recognized in the year in which they become foreseeable.

Other income and expenses

All costs which can not directly be allocated to a project are expensed. The lease income from investment properties is taken evenly to the profit and loss account over the term of the lease.

Corporate income tax

Corporate income tax is calculated at the applicable rate on the profits for the financial year, taking into account deductible costs and permanent differences between profit calculated according to the profit and loss account and profit calculated for taxation purposes.

Financial derivatives and hedge accounting

The company uses interest rate swaps to hedge its risks associated with interest rate fluctuations. The hedges are recognized on the basis of cost hedge accounting if the conditions for hedge accounting are met. The fair value of these hedges is disclosed in the notes to the consolidated balance sheet.

Tax liabilities

OVG Real Estate B.V. is the head of a fiscal unity for the value added tax and for that reason it is, jointly and severally liable for the tax liabilities of the whole fiscal unity.

As per 19 May 2015 all subsidiaries of OVG NL Holding B.V. formed a fiscal unity with OVG NL Holding B.V. for corporate income tax and is jointly and severally liable for the tax liabilities of the whole fiscal unity.

OVG Real Estate B.V. remains the head of a fiscal unity for the other subsidiaries for corporate income tax and is jointly and severally liable for the tax liabilities of the whole fiscal unity.

Tax liabilities of the subsidiary companies are presented under the tax payables in the balance sheet.

Principles for preparation of the consolidated cash flow statement

The cash flow statement is prepared according to the indirect method. The funds in the cash flow statement consist of cash, cash equivalents and bank facilities.

Corporate income taxes, issuances of share capital, interest received and dividends received are presented under the cash flow from operating activities. Interest paid and dividends paid are presented under the cash flow from financing activities.

Colophon —

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