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6 Investment property

Movements in the value of investment property are explained in the following table.

(x EUR million)	Investment property market value	Investment properties held for sale	Investment property under construction	Minimal lease obligations	Total investment property
Book value as per 1 January 2015	2,689.0	-	6.1	2,598.8	5,293.9
Changes in book value:					
- Maintenance investments in investment property	32.7	-	5.5	-	38.2
- New business investments in investment property	4.1	-	-	-	4.1
- Acquisitions through business combinations	14.9	-	-	-	14.9
- Divestments in investment property	-2.4	-	-1.2	-	-3.6
- Movement in capitalised lease obligations due to time effect	-	-	-	-63.3	-63.3
- Lease obligations new contracts	-	-	-	76.1	76.1
- Revaluation financial year	4.2	-	-	-	4.2
- Relocation from/to fixed assets	1.3	-	-2.0	-	-0.7
- Foreign exchange rate differences	21.5	-	-	46.4	67.9
- Other	-	-	-	210.9	210.9
Book value as per 31 December 2015	2,765.3	-	8.4	2,868.9	5,642.6

(x EUR million)	Investment property market value	Investment properties held for sale	Investment property under construction	Minimal lease obligations	Total investment property
Book value as per 31 December 2015	2,765.3	-	8.4	2,868.9	5,642.6
Changes in book value:					
- Maintenance investments in investment property	28.7	-	-	-	28.7
- New business investments in investment property	23.9	-	9.1	-	33.0
- Acquisitions through business combinations	44.3	-	-	-	44.3
- Divestments in investment property	-2.7	-	-	-	-2.7
- Movement in capitalised lease obligations due to time effect	-	-	-	-45.4	-45.4
- Lease obligations new contracts	-	-	-	73.6	73.6
- Revaluation financial year	61.9	-	-	-	61.9
- Relocation from/to fixed assets	5.9	-16.0	-5.1	-	-15.2
- Foreign exchange rate differences	-54.7	-	-0.1	-133.3	-188.1
- Other	-	-	-0.9	39.4	38.5
Book value as per 31 December 2016	2,872.6	-16.0	11.4	2,803.2	5,671.2

Market value

The table shows the market value of objects valued internally and externally as well as per object type. The market value of externally valued investment property stated in the table corresponds to the total market value as determined in the valuations made by the external valuer.

(x EUR million)	2016	2015
Market value of investment property valued externally	2,745.1	2,690.4
Market value of investment property valued internally	127.5	74.9
Total market value	2,872.6	2,765.3
Of which legally owned property	1,300.5	1,253.0
Of which concessions	422.7	440.6
Of which ground lease constructions	382.6	331.0
Of which lease contracts with protective constructions	208.8	201.0
Of which other lease contracts	558.0	539.7
Total market value	2,872.6	2,765.3

Valuation method

In accordance with IFRS 13, the market value calculation used classifies as a 'level 3' revaluation method for the whole portfolio.

The investment property part of all legally owned and ground lease facilities is calculated based on the rental value capitalisation method. The main drivers for these objects are the net initial yield (which is a derivative of the price that will be paid in the market) and the estimated rental income.

The operational part of all legally owned and ground lease facilities, as well as all long-term lease and concession contracts, are calculated based on the discounted cash flow model.

The incoming and outgoing cash flows included in the valuation of the investment property are based on the revenue, costs related to operational and financial lease, other operating expenses and maintenance investments.

The discount rate consists of the risk free interest rate per country, plus – if applicable – an object-specific surcharge that depends on several aspects:

- I type of the contract (Freehold/Leasehold);
- I nature of the object (parking lot, garage above ground, garage underground);
- I location;
- I maintenance status;
- I uncertainties in the future cash flows.

The table shows the weighted average discount rate and the net initial yield per region.

	Discount rate		Net initial yield	
	2016	2015	2016	2015
Region 'Mid'	9.5%	9.3%	6.3%	6.4%
Region 'West'	11.6%	10.1%	6.4%	6.4%
Region 'South'	7.3%	7.7%	5.7%	5.7%
Region 'North'	10.1%	9.3%	5.7%	5.7%
Total	9.2%	8.8%	6.2%	6.2%

The weighted average discount rate showed a slight increase of 0.4%, whereas the weighted average net initial yield remained stable compared to the previous financial year.

Revaluation result

The revaluation result for 2016 is EUR 61.9 million (2015: EUR 4.2 million). The 2016 revaluation result is the consequence of a stable growth in cash flow and the aforementioned discount rate and initial yield. The table gives insight into the revaluation result per region.

(x EUR million)

	Revaluation	
	2016	2015
Region 'Mid'	88.0	17.1
Region 'West'	-28.8	-16.0
Region 'South'	-25.4	-8.7
Region 'North'	28.1	11.8
Total	61.9	4.2

Sensitivities

A sensitivity analysis which gives insight into the impact of changes to the discount rate and initial yield on the fair value of the investment property is shown in the table.

(x EUR million)	Discount rate		Net initial yield	
	-0.5%	+0,5%	-0.5%	+0,5%
Region 'Mid'	22.8	-21.5	71.2	-60.4
Region 'West'	9.0	-8.5	10.5	-9.0
Region 'South'	20.3	-19.2	25.5	-21.3
Region 'North'	10.7	-10.1	5.4	-4.6
Total	62.8	-59.3	112.6	-95.3

Other notes

Regarding the movements in the minimum lease obligations, please refer to the notes on the lease obligations explained as part of the 'non-current liabilities'.

The total market value of the investment property sold in the financial year amounted to EUR1.2 million. At the close of 2015, these property investments were part of the regular property investments and were not marked as fixed assets held for sale.

The total market value of the investment property includes contracts with a negative market value recognised for an amount of EUR 79.3 million (2015: EUR 85.9 million).