Breevast B.V.

ANNUAL REPORT 2017

'adopted by the Annual General Meeting of Shareholders on 1 October 2018'

Table of Contents

Profile

Breevast B.V., a property company, was incorporated in 1963. It focuses on developing, building and operating commercial and residential real estate in the Netherlands, Belgium and the United States. Breevast aims to stretch its portfolio across sectors and countries with a view to spreading risk. The company has its registered office in Amsterdam, the Netherlands.

Strategy

Breevast is seeking to broaden and improve the quality of its property portfolio. To this end, it not only acquires individual properties, but also purchases existing property portfolios, either on a stand-alone basis or with joint venture partners. Within joint ventures, Breevast usually assumes responsibility for asset management.

Breevast develops commercial real estate in the form of portfolio investments for the purposes of:

- Achieving higher initial yields.
- Keeping the property portfolio relatively young and maintaining its high quality.
- Retaining market-relevant knowledge for the company.

Breevast also develops property for sale to third parties.

Breevast mitigates the risk of property development by leasing out a substantial portion of a development before construction begins and by enforcing a strict budgetary discipline.

Breevast has had a presence in the United Stated since 1996 through its subsidiary Breevast U.S., Inc., a development and asset management company. In this geography, the focus is on creating added value by developing and redeveloping real estate over a relatively short span of two to three years.

With a view to cost efficiency and retaining in-house knowledge, Breevast seeks to insource most of the back-office duties and the commercial and technical management associated with its portfolio. Direct and frequent contact with tenants and the property market allows Breevast to capitalize on market developments. For Breevast, monitoring and optimizing cash flows plays a key role in developing, building and operating real estate.

Breevast actively monitors and manages risks inherent in investing in and developing real estate. Risk management, which includes assessing and, where necessary, adjusting internal business processes and procedures, focuses on strategic, operational, financial and reporting risks as well as on compliance risks.

Corporate Governance

Although, as an unlisted company, Breevast is not governed by regulations and guidelines for listed companies, it does follow developments in this area. Breevast's policy is to assess the rules and standards for listed companies on their merit for Breevast and to follow them where this is practical for, and offers added value to, the company.

Key Figures *(in thousands of euros)*

INVESTMENT PROPERTY	(YE) 2017	(YE) 2016	(YE) 2015
Rental property	392,767	354,485	854,415
Rental income	21,441	65,905	66,299
Development property	31,592	21,598	69,299
Inventory property	8,968	9,827	22,398

EARNINGS

Total operating income (including finance revenue)	67,598	107,049	90,110
Total operating expenses (including finance costs)	(21,254)	(77,939)	(85,776)
Direct investment income	46,344	29,110	4,334
Realized gains and losses from changes in value of property	(550)	26,645	6,219
Unrealized gains and losses from changes in value of property	66,692	37,392	36,402
Indirect investment income	66,142	64,037	42,621
Group profit/(loss) before tax	112,486	93,147	46,955
Income tax expense	(15,045)	(12,495)	(3,629)
Share of profit/(loss) of associates	67,584	107,467	1,908
Group profit/(loss) for the year	165,025	188,119	45,234

EQUITY

Equity	579,281	429,945	246,981
Non-controlling interest	15,001	12,000	2,945
Group equity	594,282	441,945	249,926
Provisions	28,519	22,499	37,299
Non-current liabilities	107,767	63,722	146,400
Total equity and non-current liabilities	730,568	528,166	433,625

RATIOS

Solvency ratio (equity*/total assets at year end)	68	59	21
Solvency ratio (equity**/total assets at year end)	65	56	18

* Group equity as per statement of financial position including provisions
** Group equity as per statement of financial position excluding provisions

Personal Details

Supervisory Board

W. Brounts (born 1936)
Chairman of the Supervisory Board since 1999, re-elected in 2003 and 2007. Mr. Brounts served as Director General of Risk Management at ABN AMRO Bank N.V. of Amsterdam, the Netherlands, until 1998.

J.H. van Heyningen Nanninga (born 1946)
Member of the Supervisory Board since 2009. Mr. Van Heyningen Nanninga was a partner in Egon Zehnder International, which executive search firm he joined in 1979. He holds various supervisory, advisory and executive positions in the Netherlands.

J. Meines (born 1951)
Member of the Supervisory Board since 2010. Mr. Meines served as Director of Credit Risk Management at ABN AMRO Bank N.V. of Amsterdam, the Netherlands, until 2010. He holds a number of other supervisory and executive positions as well.

E.A.J. van de Merwe (born 1950)
Member of the Supervisory Board since October 1, 2017. Mr. Van de Merwe held various executive roles in the banking sector and served on the Supervisory Boards of Rabobank and Achmea until 2016. He holds a number of other supervisory and executive positions as well.

Mr. P.A. Verburgt, who had served on Supervisory Board since 2007, retired from the Supervisory Board on April 6, 2017.

Executive Board

H.G. Brouwer MRE (born 1962)
Executive Board Member of Breevast B.V. Mr. Brouwer joined Breevast B.V. in 1993.

W.A.J. Vermeij RA MRE (born 1966)
Executive Board Member of Breevast B.V. Mr. Vermeij joined Breevast B.V. in 2005.

Report of the Supervisory Board

To the Annual General Meeting of Shareholders

We are pleased to present the Annual Report 2017 of Breevast B.V., which was prepared by the Executive Board. This document includes the Management Discussion and Analysis, the financial statements and the other information.

The financial statements were audited by WVDB Accountants, who issued an unqualified audit opinion on them. WVDB Accountants' audit findings were discussed by the Supervisory Board in its annual meeting with the auditor. We propose that the shareholder adopt the financial statements in accordance with the proposal of the Executive Board and discharge the Executive Board from liability for its management and the Supervisory Board for its supervision. Adoption of the financial statements by the shareholder implies that the profit for 2017 will be added to the other reserves.

Developments in the property market were predominantly positive in 2017 thanks, in part, to further economic growth. 2017 was a record year for the investment market. The office and industrial property markets kept recovering in 2017, with an increase in take-up and a fall in supply. The retail market benefited from increased spending by consumers whose sentiment continued to brighten. Supply was down here too, thereby reducing the number of vacant retail properties, helped also by redesignation and demolition.

In the reporting period, the Supervisory Board devoted extra time and attention, both in and outside meetings, to advising and supporting the Executive Board on the most urgent policy areas, focusing on debt reduction and disposal policies, funding policy, risk management, liquidity planning and accounting policies. In addition, regular meetings were used to discuss strategy, developments in earnings and equity, and trends in the rental, development and investment markets, as well as legal and tax issues, financial accounting, organizational matters and HR issues.

The company has made considerable progress in recent years in implementing its disposal and debt reduction plan, and in improving its capital structure. In addition to optimizing the existing portfolio and improving its cash flows from operating activities, Breevast's current focus will continue to lie on further streamlining its capital structure. This will require the full commitment of all stakeholders over the coming years as well. We are grateful to everyone who contributed to the company's success in the year under review.

Amsterdam, the Netherlands, September 26, 2018

The Supervisory Board
W. Brounts, Chairman
J.H. van Heyningen Nanninga
J. Meines
E.A.J. van de Merwe

MANAGEMENT REPORT

In accordance with the provisions of Article 26 of the company's Articles of Association, we hereby report on 2017, the company's 54th financial year.

STRATEGY AND DEVELOPMENTS IN REAL ESTATE BUSINESS

Strategy and core business

The company's real estate activities in its core markets of the Netherlands, Belgium and the United States are based on three strategic pillars, i.e.:

1. BROADENING THE EXISTING PROPERTY PORTFOLIO AND IMPROVING PORTFOLIO QUALITY

Breevast acquires properties or property portfolios to which it can add value on the one hand and it sells optimized properties on the other. This is how it seeks to expand and rejuvenate its rental portfolio. The overall quality of a property, including its location, rentals and the quality of the tenant and the cash flows, are closely monitored in this process.

2. MANAGING ASSETS IN JOINT-VENTURE PORTFOLIOS AND PROVIDING CONTRACTED ASSET MANAGEMENT SERVICES

Breevast holds portfolios with joint-venture partners; after these portfolios have been acquired, Breevast is responsible for managing the associated assets. The special-purpose asset management structure actively manages the assets with a view to further optimizing the portfolio and, as a rule, sell it in tranches in the medium term. Breevast also provides contracted asset and property management services to third parties.

3. CREATING PORTFOLIO INVESTMENTS BY DEVELOPING COMMERCIAL REAL ESTATE

By developing properties under its own management, Breevast seeks to achieve relatively high initial yields. Breevast can do so because it enforces a very strict budgetary discipline and mitigates risks by leasing out a substantial portion of a development before construction begins. What is more, market-relevant knowledge is retained for the company by way of its property development activities. After completion, young and marketable real estate is usually added to the rental portfolio.

GENERAL

The Dutch economy reached a peak in 2017 with economic growth reaching 3.3%. For the years 2018 to 2020, the Dutch Central Bank (DNB) projects GDP growth at gradually slowing rates of 2.5%, 2.2% and 1.9% respectively. In these years, economic growth will largely be determined by rising domestic spending. All signs point to a sustained boom. Businesses in a growing number of sectors are hampered by shortages of staff and other resources. DNB expects the unemployment rate to decline to an average of 3.8% of the labor force this year. In 2019 and 2020 unemployment is set to stabilize at around 3.5%, the lowest level seen in 45 years, with the exception of the 3.1% rate recorded in 2001. The tight labor market will have an effect on wage levels. This will be a major factor in inflation picking up from 1.1% in 2018 to 2.5% in 2019. That said, flaring up protectionism, possibly culminating into a trade war between the United States, China and the EU, poses a risk to the projected economic developments. Mutually imposed additional import tariffs weigh on international trade and dampen confidence, thereby putting a drag on the world economy. In an alternative projection scenario featuring an escalating trade conflict, DNB predicts that the Dutch economy will be severely affected, with annual GDP growth 0.5 percentage points down in all three years.

Developments in the property market were predominantly positive in 2017 thanks, in part, to further economic growth. 2017 was a record year for the investment market. In total, more than € 9.7 billion was invested in commercial real estate. Most of the demand came from Anglo-Saxon countries. The office property market continued its recovery in 2017. The supply of office space fell sharply in 2017. Over the course of one year, the available supply fell by more than 1.1 million square meters. Available supply plummeted in the four major Dutch cities in particular and local rents rose significantly as a result. The decline in available supply was fueled not only by high demand from office users, but also by the conversion of vacant offices into housing. The stiff demand for high-quality office space calls for the construction of new office space. The trend towards greater flexibility in the office market continued as well, especially in the large urban centers. To illustrate: providers of flexible office space in Amsterdam accounted for approximately 15% of the take-up.

The market for industrial property also developed well in 2017. The take-up rate was up 5%, while supply dropped by 11%. The logistics property market experienced a record year thanks, in part, to the continued growth of e-commerce, which prompted huge demand for large distribution centers in particular. The industrial real estate market benefited from a higher number of start-ups, a fall in the number of bankruptcies and growing confidence among businesses operating in the logistics, construction and the industrial sectors. Rentals for industrial premises were up.

The retail market benefited from increased spending by consumers whose sentiment continued to brighten. The economy kept recovering. Not only did the supply of retail properties drop for the second consecutive year, but the number of transactions was up on the previous reporting period too. Average rents rose for the first time since 2008. In medium-sized Dutch cities, the problems in the retail market persisted. A decline in supply could not conceal the fact that long-term vacancy levels continued to increase. Although there were large differences between regions, most areas experienced a fall in the number of vacant stores last year. This was also due to the fact that the number of retail properties was reduced as a result of redesignation and demolition. A general trend in the retail market was that the difference between appealing and less appealing cities with extensive shopping facilities continued to grow.

In summary, 2017 turned out to be an extremely good year thanks to the thriving Dutch economy.

In addition to optimizing the existing portfolio and improving its cash flows from operating activities, Breevast's current focus will continue to lie on further streamlining its capital structure. No properties were purchased in the reporting period. The value of properties sold was € 1.7 million (2016: € 93.4 million). The gross return on the rental portfolio (after revaluation) stood at 6.0% (2016: 6.0%), based on theoretical annual rents. The occupancy rate was 87.1% at year end (2016: 84.5%).

At year end, Breevast's rental portfolio was worth € 392.8 million (2016: € 354.5 million). The value of the development portfolio including inventories was € 40.6 million (2016: € 31.4 million). This brings the value of the total property portfolio to € 433.4 million based on current value (2016: € 385.9 million). The average value of Breevast's rental portfolio was 16.6 times theoretical rental income (2016: 16.6). The valuation is based on fair values; in 2017, 78% of the total property portfolio (rental and development property and inventories) in and outside the Netherlands was valued by an external valuer to verify this (2016: 87%).

Geographical spread of property portfolio (rental and development property and inventories) (as of December 31, 2017)

Based on fair value *(in millions of euros)*

The Netherlands	217,479	50.2%
Belgium	46,468	10.7%
Spain	3,384	0.8%
Poland	213	0.0%
Curaçao	2,463	0.6%
United States	163,320	37.7%
	433,327	100.0%

Functional spread of rental portfolio (as of December 31, 2017)

Based theoretical annual rents as of January 1, 2018 *(in millions of euros)*

Office	25	97.1%
Retail	0	0.0%
Industrial	1	2.5%
Other	0	0.4%
	26	100.0%

Based on fair value as of December 31, 2017 *(in millions of euros)*

Office	410	94.8%
Retail	0	0.0%
Industrial	1	0.2%
Other	22	5.0%
	433	100.0%

Based on rentable floor area as of December 31, 2017 *(in thousands of square meters)*

Office	186	90.4%
Retail	0	0.0%
Industrial	18	8.7%
Other	2	0.9%
	206	100.0%

THE NETHERLANDS

No properties were acquired or sold in 2017.

In Zoetermeer, work continued in 2017 on the development of the land holdings at Boerhaavelaan. Early in 2016, a zoning plan, which was drawn up in dialogue with the city in previous years, became irrevocable, offering space for 80,000 square meters in GFA for housing and 120,000 square meters in GFA for offices and amenities. Shortly thereafter, the city announced plans to improve the city entrance to Zoetermeer and to build additional residential units. In that context, Breevast entered into further talks with the city in 2017 to add extra square meters in GFA for development purposes. Most of these newly to be developed properties will be residential. This continued development is a priority on the political agenda. Parallel to this, talks with the city are ongoing about starting the construction of the residential units that have already been commissioned under the current zoning plan. Construction is scheduled to start in 2019.

Breevast holds an indirect equity stake of 25% in Accres Real Estate N.V., a company focusing on commercial real estate investments in the Netherlands. Accres Real Estate N.V. sold € 6.1 million worth of properties in 2017. Its property purchases (including investments) amounted to € 7.9 million. At year end, the current value of the portfolio stood at € 406 million. The occupancy rate was 84%. Accres Real Estate N.V. was refinanced in April 2017 with a new seven-year loan.

Breevast holds an indirect equity stake of 35% in Tasman Properties C.V. At year-end 2017, Tasman's property portfolio consisted of 13 office buildings located in the Netherlands. Breevast manages this portfolio at an arm's length fee. Expectations are that the last remaining properties in this portfolio will have been sold by the end of 2018. Tasman Properties C.V. is a subsidiary of Cooktown C.V., whose general partner is Cooktown GP B.V.

BELGIUM

In Belgium, Breevast holds an equity stake of 30% stake in Financietoren N.V. This company owns the Financietoren office building in Brussels, which measures approximately 200,000 square meters. A long-term lease for the office building, which houses 4,600 civil servants working in various federal government departments, has been signed with the Belgian Government Buildings Agency. The carrying amount of the participating interest is € 164.3 million.

In October 2017, Breevast sold three investment properties to Antwerp-based investment company Buysse & Partners in a share transaction. The shares were transferred in March 2018. The net sales proceeds were used for debt reduction.

Early in 2018, the last apartment in the third stage of the Boortmeerbeek residential development (75 apartments in total) was sold. The only units that have yet to be sold from this stage are a commercial space and 20 parking spots. The final stage of the Boortmeerbeek development will be completed in October 2018. All apartments (19) and parking spots from this stage were sold. In addition, the four commercial spaces that had originally been planned were converted into four apartments, which were sold in April 2018 as well.

A new building permit for the development site in Beveren was submitted in the second quarter of 2018; this permit is for the construction 18 single-family homes and 74 apartments. Construction of this project is expected to start in the spring of 2019.

UNITED STATES

In the United States, Breevast has two office investments in San Francisco. They are located at Brannan Street and at Townsend Street.

The five-storey office building at Brannan Street, which has a floor area of over 10,000 square meters, is a recent build; it was completed at the end of 2015. A long-term lease for the office building was signed with Dropbox. Breevast sold this property in February 2018. It will be transferred late in 2018. Breevast plans to use the proceeds from the sale to make a replacement investment.

SPAIN

Breevast owns an empty office building in Marbella. An attempt was made to sell the property in its current condition.

CURAÇAO

Two lots of the Zuurzak development, a reallocation with a residential designation, were sold in the reporting period; as a result, a total of 88% of the available lots had been sold at year-end 2017.

EARNINGS AND EQUITY

Income from rental property (i.e. rental income from investment property less property operating expense) fell by 67.3% to € 18.0 million in 2017. This decrease is attributable to the deconsolidation of the Mesdag Delta companies at the end of 2016 when a number of companies came to be in default because their mortgage loans fell due. Because of the default situation, Breevast no longer had decisive control of these companies at year-end 2016. In view of this, the Mesdag Delta companies were deconsolidated at year-end 2016, meaning that the statements of profit or loss of these companies were still included in Breevast's consolidated financial statements 2016, but their statements of financial position were not. Breevast's consolidated financial statements 2017 no longer include the statements of profit or loss of these companies, which explains the decrease in income from rental property.

Breevast divides its share of profit of participating interests into unrealized gains and losses from changes in the value of property and income from participating interests. Income from participating interests was € 6.8 million (2016: € 9.2 million). Financietoren N.V. was the main contributor to this income. The unrealized gain from changes in the value of participating interests was € 60.8 million (2016: loss of € 5.6 million). In addition, share of profit of participating interests included an exceptional gain of € 103.9 million in 2016 as a result of the deconsolidation of the Mesdag Delta companies. The deconsolidation had an upward effect of € 103.9 million on earnings and equity in the consolidated financial statements 2016.

Compared with 2016, finance revenue rose by € 3.8 million in 2017 and finance costs fell by € 47.4 million. The sharp drop in finance costs was the result of the deconsolidation mentioned above.

The unrealized gain from changes in the value of investment property was € 66.7 million (2016: € 37.4 million).

The realized loss from changes in value as a result of disposals was € 0.6 million (2016: gain of € 26.6 million).

The net currency loss of € 11.4 million (2016: gain of € 3.5 million) on the translation of equity and the earnings of foreign participating interests has been charged directly to equity.

Profit for the year was € 160.8 million (2016: € 179.5 million).

Equity amounted to € 579.3 million as of December 31, 2017 (2016: € 429.9 million). The solvency ratio stood at 65.0% (2016: 56.2%).

RISK APPETITE AND RISK MANAGEMENT

Breevast is prepared to incur risks that are prudent and in line with the interests of its stakeholders. Breevast actively monitors and manages risks inherent in investing in and developing real estate. Risk management focuses on strategic, operational, financial and compliance risks. Internal business processes are reviewed periodically and adjusted where required based on internal and external reports. The objective is always to strike the right balance between identifiable risks on the one hand and expected returns on the other.

<u>Strategic risks</u>
The extent of the strategic risks is largely determined by the strategic choices Breevast makes in its investment policy. The relevant question is what amount Breevast is willing to invest in what type of property where and when. Given that economic and property cycles usually do not run parallel, Breevast aims to achieve a balanced distribution of the portfolio in sectors as well as in countries in order to spread these risks.

<u>Operational risks</u>
Operational risks arise from day-to-day activities and transactions conducted within the strategic framework. They include investment risks, rental risks, cost control risks, credit risks, legal and tax risks, and reporting risks. Before an investment is made, Breevast undertakes an in-depth due diligence process and follows an internal approval procedure. To mitigate rental risk, the portfolio is periodically screened for the nature and location of the property, the quality of the property and the quality of tenants and leases. In addition, reports on vacancy levels and the risk of vacancy are submitted at least once a month, making allowance for the expiration calendar of the leases.

A 1% rise in vacancy rate will have an adverse effect of € 0.24 on direct investment income. To manage the cost control risk, Breevast uses budgets at development and property level as well as at company level, periodically offsets estimated costs against actual costs, and has in place approval procedures for entering into maintenance and investment obligations. To mitigate credit risk, tenants are screened when they sign a new lease, security deposits or bank guarantees are usually requested for new leases, and procedures are in place to ensure the timely collection of rents receivable and timely reports on arrears.

Legal risks are mitigated by having contracts and agreements screened by the in-house legal counsel with the support of external legal advisors where required. Breevast seeks the advice and support of expert external tax specialists when it comes to mitigating tax risks. Reporting risk is a key aspect of operational risk; it relates to the failure to report information promptly or correctly, as a result of which incorrect decisions would be made or external parties would receive incorrect information. Breevast seeks to mitigate this risk as much as possible. The reports, most of which are drawn up once every quarter, are analyzed internally and discussed in detail with the Executive Board.

<u>Financial risks</u>
Financial risks that are relevant to Breevast are financing risk, liquidity risk, valuation risk, interest rate risk and currency risk. When it comes to financing risk, Breevast regularly weighs up improving its returns through leverage against mitigating the risk of no longer being able to meet its interest and repayment obligations in an economic decline. In that context, Breevast formulated a disposal and debt

reduction plan early in 2012, which is currently being implemented. To manage the liquidity risk, liquidity exposures are regularly assessed and cash flow forecasts drawn up. It can be argued that financing risk and liquidity risk have had a significant impact on Breevast over recent years. The company was effectively faced with the fact that a number of short-term loans had fallen due and were repayable on demand as a result. A new expiration date that is in line with the expected duration of the disposal and debt reduction plan has either been agreed with the current lenders or the debt has been refinanced by other lenders. To monitor the valuation risk, at least 25% of the total portfolio is subject to rotational external valuations every year in addition to internal valuations of the portfolio being conducted. The risk of changes in the value of the property pertains to a potential decline in value of the property that will have a negative impact on Breevast's financial position. A 1% change in the value of the property portfolio will have an effect of approximately € 3.9 million on indirect investment income.

Returns also depend on interest rate developments because of leveraged financing. A 1% rise in interest rates will have an effect of € 1.8 million on direct investment income. The currency risk is mainly limited to capital invested in US-dollar-based investments.

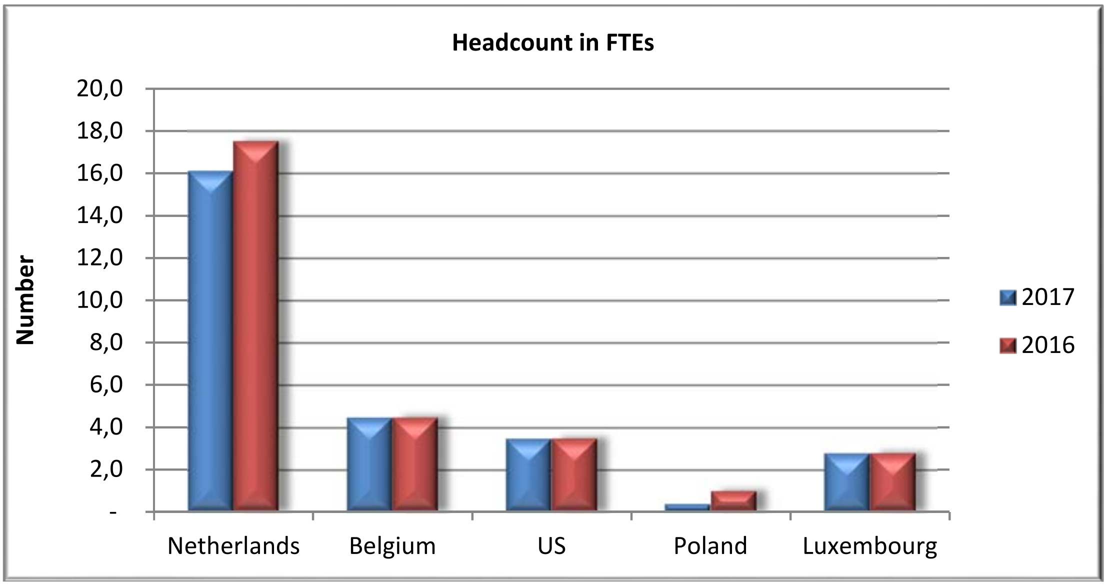
Compliance risk

Compliance risk includes the risk that rules and regulations are not or insufficiently observed. For this reason, Breevast attaches great value to effective internal supervision of compliance with external and internal rules and regulations. Breevast aims to maintain sufficient knowledge of changes in relevant rules and regulations; in this endeavor, it is supported by its in-house legal counsel and external legal and other advisors.

Breevast focuses heavily on managing the risks listed above. Breevast has opted to limit its headcount so as to remain an agile organization that is spread over the various geographies. In practice, the organization is characterized by its informal character. Given the limited complexity of the day-to-day transactions and the short internal lines of communication, we consider this justified from a risk management perspective, subject to strict compliance with the four-eye principle. The risk management function is periodically reviewed for meeting the relevant requirements. Such a review has been scheduled for next year.

HUMAN RESOURCES

The group's headcount at year-end 2017 was 31 (2016: 32). This corresponds to 27.3 FTEs (2016: 29 FTEs). The Executive Board and the Supervisory Board are made up entirely of men. As a result, Breevast does not comply with the standard specified in the Dutch Management and Supervision (Public and Private Companies) Act (at least 30% women). Breevast does not pursue an active policy to change the male/female ratio on the Executive Board and Supervisory Board.



OUTLOOK AND FUNDING

Breevast has made considerable progress in recent years in implementing its disposal and debt reduction plan, and in improving its capital structure. In the consolidated statement of financial position, non-current liabilities increased from € 63.7 million at year-end 2016 to € 107.8 million at year-end 2017. Current liabilities decreased from € 258.7 million at year-end 2016 to € 184.3 million at year-end 2017. The net debt reduction of € 30.3 million in total liabilities (i.e. both current and non-current) was one of the reasons why group's solvency ratio rose from 56.2% at year-end 2016 to 65.0% at year-end 2017.

Of the € 184.3 million in current liabilities at year-end 2017, € 145.2 million qualified as borrowings. Of this amount, € 14.6 million was repaid after the reporting date, € 31 million was subject to an offer for renewal until year-end 2018 and € 94.2 million was refinanced by a different lender with the loan falling due in June 2023. In addition to optimizing the existing portfolio and improving its cash flows from operating activities, Breevast's current focus will continue to lie on further improving its capital structure.

Amsterdam, the Netherlands, September 26, 2018

The Executive Board

H.G. Brouwer MRE
W.A.J. Vermeij RA MRE

CONSOLIDATED FINANCIAL STATEMENTS 2017

Consolidated Statement of Financial Position as of December 31, 2017 (after Profit Appropriation) *(in thousands of euros)*

ASSETS	#		12-31-2017		12-31-2016
INVESTMENT PROPERTY					
Rental property	1	392,767		354,485	
Development property	2	31,592		21,598	
Associates	3	168,141		100,900	
			592,500		476,983
OTHER NON-CURRENT ASSETS					
Other property, plant and equipment	4	483		714	
Other financial assets	5	279,538		268,160	
			280,021		268,874
NON-CURRENT ASSETS			**872,521**		**745,857**
INVENTORY PROPERTY	6		8,968		9,827
RECEIVABLES	7		6,891		6,102
CASH AND CASH EQUIVALENTS	8		26,454		25,097
CURRENT ASSETS			**42,313**		**41,026**
TOTAL ASSETS			**914,834**		**786,883**

EQUITY AND LIABILITIES	#		12-31-2017		12-31-2016
GROUP EQUITY					
Equity	9	579,281		429,945	
Non-controlling interest	10	15,001		12,000	
			594,282		441,945
PROVISIONS	11		28,519		22,499
NON-CURRENT LIABILITIES					
Mortgage loans	12	107,767		53,409	
Other non-current liabilities	13	-		10,313	
			107,767		63,722
CURRENT LIABILITIES	14		184,266		258,717
TOTAL EQUITY AND LIABILITIES			**914,834**		**786,883**

= Note no.

Consolidated Statement of Profit or Loss (in thousands of euros)

	#	2017	2016
Rental income from investment property	*15*	21,441	65,905
Other operating income	*16*	8,255	7,036
TOTAL OPERATING INCOME		**29,696**	**72,941**
OPERATING EXPENSES			
Property operating expense	*17*	(3,414)	(10,756)
Administrative expenses	*18*	(8,099)	(9,928)
Other operating expenses	*19*	-	(98)
TOTAL OPERATING EXPENSES		**(11,513)**	**(20,782)**
NET FINANCE COSTS			
Finance revenue	*20*	37,902	34,108
Finance costs	*21*	(9,741)	(57,157)
		28,161	**(23,049)**
DIRECT INVESTMENT INCOME BEFORE TAX		**46,344**	**29,110**
REALIZED GAINS AND LOSSES FROM CHANGES IN VALUE OF PROPERTY	*22*	(550)	26,645
UNREALIZED GAINS AND LOSSES FROM CHANGES IN VALUE OF PROPERTY	*23*	66,692	37,392
INDIRECT INVESTMENT INCOME BEFORE TAX		**66,142**	**64,037**
GROUP PROFIT/(LOSS) BEFORE TAX		**112,486**	**93,147**
INCOME TAX EXPENSE	*24*	(15,045)	(12,495)
Share of profit/(loss) of participating interests	*25*	67,584	107,467
GROUP PROFIT/(LOSS) FOR THE YEAR		**165,025**	**188,119**
Non-controlling interest	*10*	(4,266)	(8,645)
PROFIT/(LOSS) FOR THE YEAR		**160,759**	**179,474**

 # = Note no.

Statement of Comprehensive Income	**2017**	**2016**
Profit/(loss) for the year	**160,759**	**179,474**
Foreign currency translation reserve	(11,423)	3,490
TOTAL COMPREHENSIVE INCOME	**149,336**	**182,964**

Consolidated Statement of Cash Flows *(in thousands of euros)*

Cash flows from/(used in) operating activities	**2017**	**2016**
Profit/(loss) for the year	**160,759**	**179,474**
Adjustments to profit items without cash impact:		
Depreciation of other property, plant and equipment	273	472
Effect of lease incentives	357	(3,503)
Realized gains and losses from changes in value	-	(26,645)
Unrealized gains and losses from changes in value	(59,035)	(37,392)
Share of profit/(loss) of participating interests	(73,857)	(3,596)
Exceptional gain due to deconsolidation	-	(103,871)
Dividends received	3	3
Amortization of financial assets	(342)	251
(Increase)/decrease in financial assets (interest/guarantee fee)	(14,006)	(13,269)
(Increase)/decrease in loan to shareholder (interest)	(3,951)	(4,090)
Increase/(decrease) in non-current liabilities (interest)	573	593
Increase/(decrease) in borrowings (interest)	(5,476)	13,110
Gains and losses on non-controlling interests	4,116	8,645
Changes in loan to shareholder (income tax)	10,661	8,092
Changes in provision for deferred income tax	7,822	4,883
Changes in other provisions	-	-
Changes in working capital:		
(Increase)/decrease in trade receivables	140	1,281
(Increase)/decrease in other receivables	1,376	6,992
Increase/(decrease) in trade payables	(729)	(1,192)
Increase/(decrease) in other current liabilities	(3,301)	(44,507)
Changes in inventories	523	14,998
Net cash from/(used in) operating activities	**25,906**	**729**
Cash flows from/(used in) investing activities		
Purchases of investment property	(2,435)	(21,909)
Investments in participating interests	-	(350)
Purchases of other property, plant and equipment	(53)	(131)
Purchases of financial assets	(5,012)	(5,541)
Changes in non-controlling interests	(3,420)	-
Disposals of investment property	649	91,866
Disposals of participating interests	-	9,112
Disposals of other property, plant and equipment	9	49
Disposals of other financial assets	2,176	4,212
Net cash from/(used in) investing activities	**(8,086)**	**77,308**
Cash flows from/(used in) financing activities		
Proceeds from short-term loans	31,083	13,596
Proceeds from long-term loans	84,746	17,500
Repayment of short-term loans	(109,864)	(104,766)
Repayment of long-term loans	(20,973)	(14,322)
	(15,008)	**(87,992)**
Increase/(decrease) in cash and cash equivalents	**2,812**	**(9,955)**
Net cash and cash equivalents at January 1	**25,097**	**52,108**
Exchange differences	(1,455)	752
Effect of deconsolidation	-	(17,808)
Net cash and cash equivalents at December 31	**26,454**	**25,097**

Accounting Policies

General
The Annual Report 2017 includes both the consolidated and the separate financial statements of Breevast B.V. The accounting policies for the statements of financial position and profit or loss used in the consolidated financial statements and the separate financial statements are the same, provided that consolidated group companies are recognized at net asset value in the separate financial statements. All amounts specified in this Annual Report are in thousands of euros, unless stated otherwise. The reporting period coincides with the calendar year.

Breevast B.V. is registered with the Dutch Chamber of Commerce under number 30037036.

The shareholder of Breevast B.V. is ZBG Holdings N.V. The group is headed up by Drienim B.V.

Going concern
As disclosed in the financial statements under the headings *current liabilities* and *events after the reporting date*, Breevast's financial position has improved significantly thanks to a recovering property market, property sales and refinancing. As a result of these developments, there is currently no material uncertainty about the company's ability to continue as a going concern.

Comparative figures 2016 – deconsolidation of Mesdag Delta companies
At the end of 2016, a number of companies came to be in default because their mortgage loans fell due. Because of the default situation, Breevast no longer had decisive control of these companies at year-end 2016. In view of this, the Mesdag Delta companies were deconsolidated at year-end 2016, meaning that the statements of profit or loss of these companies were still included in Breevast's consolidated financial statements 2016, but their statements of financial position were not.

Basis of preparation
The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the firm pronouncements of the Dutch Accounting Standards as issued by the Dutch Accounting Standards Board.

Asset or liabilities are presented as current when they are expected to be realized within 12 months of the reporting date.

Basis of consolidation
The consolidated financial statements include the full financial statements of the companies in which Breevast B.V. has direct or indirect control. The non-controlling interest in group equity and earnings of companies in which Breevast B.V. holds less than 100% of the shares is stated separately. See page 55 for a list of group companies and participating interests. The separate statement of profit or loss has been condensed in accordance with the provisions of Section 402, Book 2, of the Netherlands Civil Code.

Companies in which Breevast B.V. has an equity stake of more than 50%, but in which it has no decisive control, are consolidated proportionally, meaning that their assets and liabilities and their income and expense are recognized in the consolidated financial statements by reference to the equity stake or the share of profit, as the case may be. If a partnership is based on joint ownership of assets (not in a legal entity), the joint assets, liabilities, income and expense are recognized in the financial statements on a proportional basis.

Accounting policies for participating interests and joint ventures
Companies in which Breevast B.V. does not have decisive or shared control are recognized in the financial statements as participating interests (based on net asset value).

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the reporting date. Gains and losses denominated in foreign currencies are translated at the average exchange rate for the reporting period. Any resulting exchange differences are directly added to or charged against equity.

Assets and liabilities of foreign group companies denominated in foreign currencies are translated at the rate of exchange on the reporting date. Gains and losses denominated in foreign currencies are translated at the average exchange rate for the reporting period. Any resulting exchange differences are directly added to or charged against equity. If a foreign operation is sold, the cumulative amount of exchange differences is recognized within proceeds from the sale of participating interests through profit or loss.

Accounting policies for the statement of financial position

Estimates: The preparation of the financial statements in accordance with Dutch rules and regulations requires the use of judgements and estimates that affect the recognition and reported amounts of assets and liabilities, disclosures about contingent assets and liabilities at the reporting date and reported income and expense for the reporting period. Although these estimates regarding current events and actions are made to the best of management's knowledge, these estimates may not correspond to the actual outcomes. In the opinion of the Executive Board, the financial statement items *rental property* and *participating interests* require the use of estimates and assumptions in particular.

Investment property is recognized at fair value. The fair value is based on the estimated amount for which a property can be sold in an arm's length transaction at the reporting date. The fair value of a property is determined using external and internal valuations at market value. At least 25% of the portfolio is subject to rotational external valuations every year. The market value of a property is determined based on the capitalized rental value method (GIY/NIY), in which process market rents are capitalized net of the property operating expense. The capitalization factor, the present value of the differences between market rent and contractual rent, vacancy levels and maintenance costs are determined for each property. Selling expenses payable by the buyer, including transfer tax, are deducted from the market value.

The measurement is based on observed market data and/or transactions at arm's length conditions. A property valuation is a time-critical estimate; the value reflects market conditions on the valuation date. A property's fair value in the market can only be determined with certainty when the property is actually sold.

Development property refers to real estate under construction or development for future use as an investment. This property is presented in the financial statements under investment property in accordance with Dutch Accounting Standard 213.106.

Owner-occupied property is stated at historical cost in principle.

Determining the fair value of development property that will not be realized or sold in the near future typically entails a high degree of uncertainty. In such cases, historical cost or market value, whichever is lower, is used as the best estimate of fair value.

Changes in the fair value of rental and development property are recognized through profit or loss within unrealized gains and losses on changes in the value of investment property.
Any resulting deferred income tax liabilities are added to the provisions through profit or loss.

participating interests are recognized at net asset value, which is determined based on the accounting policies in effect for Breevast B.V.

Other property, plant and equipment are stated at cost, less any investment grants, net of accumulated depreciation and impairments, where appropriate. Other property, plant and equipment are depreciated on a straight-line basis over 60 months without making allowance for residual value.

Other financial assets include receivables that are expected to fall due in more than one year. These receivables are recognized at amortized cost less any allowances deemed necessary. By applying the effective interest method, transaction costs and any paid-in surplus or discounts are recognized through profit or loss within amortization.

Capitalized finance costs are also recognized within this item. These costs are amortized on a straight-line basis over the term of the loan in question.

Inventories: Development property, whether or not under construction or held for sale, is recognized within inventories. This property is measured at historical cost or market value, whichever is lower.

Receivables are initially measured at fair value and subsequently at amortized cost less any allowances deemed necessary. By applying the effective interest method, transaction costs and any paid-in surplus or discounts are recognized through profit or loss within amortization.

Financial instruments are recognized at cost; their fair value is specified in the notes. Breevast B.V. has chosen to apply cost price hedging to derivatives (mainly interest rate swaps) in accordance with Dutch Accounting Standard 290. Prior documentation is prepared for each individual derivative; this documentation includes a description of the hedge relationship and how it ties in with the overall interest rate risk management strategy. The documentation also provides a description of the prospective effectiveness of the derivative and the periodic tests of that effectiveness.

The financial effects of derivatives are recognized over the duration of the contract or when the hedged position is realized. Any changes in the value of the derivatives themselves are described in the notes.

Cash and cash equivalents are measured at nominal value. They are freely available, unless otherwise stated.

The *revaluation reserve* is charged against other reserves for gains or losses arising from a change in the fair value of investment property. The revaluation reserve corresponds to the difference between the fair value of investment property and its carrying amount based on cost or manufacturing price less deferred income tax liabilities. The carrying amount is determined based on cost or manufacturing price without making allowance for any depreciation or impairment losses.

Pension liabilities are recognized at the best estimate of the amount that will be required to settle the obligation at the reporting date. The pension costs for all employees of Breevast B.V. are based on the contributions paid during the reporting period net of the members' own contributions. Members accrue their pension on an individual basis. Where pension contributions have not yet been paid at the reporting date, a liability is recognized within current liabilities. Breevast Development Belgium N.V. offers its employees a supplementary pension policy. The annual contributions are based on an employee's annual salary and their years of service in line with a statutory graduated scale. The Belgian pension plan is modeled after the Dutch pension system in terms of the elements referred to in Dutch Accounting Standard 271.320.

Deferred income tax liabilities concern liabilities arising from temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Similar to tax losses, they are recognized at the applicable tax rate and valued making allowance for their term to maturity. In forming the provision for deferred income tax liabilities, allowance is made for the possibility of forming a reinvestment reserve upon sale.

Deferred income tax assets and liabilities are netted only if they have arisen within the same tax group.

Other provisions include liabilities and losses arising from a past event resulting in the company having no realistic alternative to settling the obligation. These provisions are recognized at the nominal value of the expenditure that is expected to be required to settle the obligation or the loss.

Mortgage loans are initially measured at fair value and subsequently at amortized cost. Mortgage loans with a remaining term to maturity of less than one year will continue to be included in this item if the company has the intention and the right to renew the loan at the reporting date. Mortgage loans are broken down further by remaining term to maturity. Installments due on all mortgage loans in the coming year are recognized within current liabilities.

Other *non-current liabilities* are initially measured at fair value and subsequently at amortized cost. These liabilities have remaining terms to maturity of more than one year.

Current liabilities are initially measured at fair value and subsequently at amortized cost. These liabilities fall due in less than one year.

Accounting policies for the statement of profit or loss

General: With due observance of the accounting principles, income and expense are allocated to the reporting period to which they relate. Income and expense are shown on a net basis, i.e. before indirect taxes such as sales tax.

Investment income concerns rentals from rental property net of the property operating expense and share of profit of participating interests. Rent-free periods and other lease incentives are amortized by reference to the term of the contracts and deducted from rentals. In determining the term, a break option is used as the end date, unless the break option involves considerable costs for the tenant.

The *property operating expense* refers to the costs associated with the rental property insofar as they have not led to an increase in value and to the extent that they are not borne by tenants. Service charges charged to tenants and any associated expenses are presented on a net basis.

Realized gains and losses from changes in the value of investment property include the difference between the selling price and the carrying amount based on the fair value in the year of sale. The notes disclose what the outcome would have been on a historical cost basis.

Unrealized gains and losses from changes in the value of investment property relate to changes in the fair value of investment property during the reporting period. The corresponding deferred income tax liability is recognized within the income tax expense.

Amortization and depreciation are based on economic life and calculated as a fixed percentage of cost or manufacturing price of other property, plant and equipment.

The *corporate income tax expense* is calculated based on profit, making allowance for tax-exempt profit components and tax loss utilization options.

Share of profit of participating interests includes both the share of the operating profit of participating interests and unrealized gains and losses from changes in the value of participating interests.

Accounting policies for the statement of cash flows

The consolidated statement of cash flows has been prepared using the indirect method. Cash flows from operating activities are split into two categories. The first category matches profit for the year to the related cash flows. This is in line with the guideline provided in Dutch Accounting Standard 360.211. Interest received and paid, dividends received and income taxes are included in this category. In the second category, cash flows from operating activities are broken down by changes in working capital.

Notes to the Consolidated Statement of Financial Position *(in thousands of euros)*

INVESTMENT PROPERTY

1. Rental property	**2017**	**2016**
Movements in this item were as follows:		
At January 1	354,485	854,415
Added	1,836	16,907
Capitalization of lease incentives	123	5,040
Amortization of lease incentives and letting commission	(481)	(1,537)
Transferred (to)/from development property	-	-
Sold	-	(30,787)
Unrealized gains and losses from changes in value	55,740	40,169
Translation difference	(18,936)	3,980
Effect of deconsolidation	-	(533,702)
At December 31	**392,767**	**354,485**

In line with the accounting policies, at least 25% of the portfolio is subject to rotational external valuations every year. Of rental property, 78% had been valued externally and 22% internally at the reporting date. The external valuations are verified and adopted by the Executive Board. The external valuations were confirmed by the external valuer at the reporting date.

The external valuation was performed in accordance with the mandatory rules and best practice guidance of the RICS Valuation-Professional Standards (“Red Book”) of June 2017, as prescribed by the Royal Institution of Chartered Surveyors and/or the International Valuation Standards (IVS). The valuer is a certified expert and the valuation is an independent and objective opinion (PS 2).

The valuation of vacancy levels depends on the nature, size and location of the specific property and makes allowance for frictional vacancy, period to reletting and possible incentives.

Rental property has effectively been valued at a gross initial yield of 6.0% (2016: 6.0%). An increase in average initial yield by 0.1% will have an adverse effect of € 5.6 million on equity and earnings (2016: € 5.1 million). A percentage of 6.1% on average has been deducted from the valuation in the Netherlands to account for purchase costs.

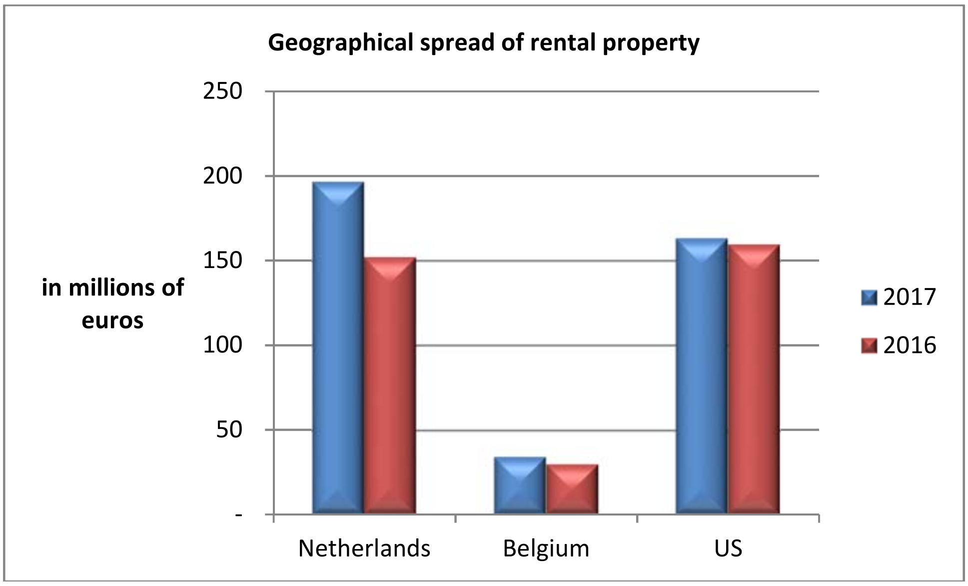
The valuers incorporate any lease incentives offered into the property valuation; they may result in a downward adjustment of the valuation. In the reporting period, an amount of € 742,000 was offered in the way of lease incentives (2016: € 593,000). On balance, this will lead to a reduction in total reported rentals.

The average vacancy rate stood at 12.9% at year-end 2017 (2016: 15.5%).

Unrealized gains and losses from changes in value consist of a downgrade of € 0.6 million (2016: € 19.0 million) and an upgrade of € 56.3 million (2016: € 59.2 million).

Breevast B.V. has a right of leasehold on a property with a carrying amount of € 32.5 million (2016: € 26 million). The annual obligation by virtue of this leasehold is € 22,000 (2016: € 22,000). The average remaining term to maturity is 24 years (2016: 25 years).

Based on the effective gross initial yield, the capitalized value of the leasehold obligation is € 345,000 (2016: € 287,000). This has been netted against the value of rental property.



Of rental property, approximately € 7.2 million relates to owner-occupied property (2016: € 6.3 million). Of this amount, € 4.9 million relates to property located in the Netherlands (2016: € 3.9 million), € 2.0 million to property located in Belgium (2016: € 1.9 million) and € 0.3 million to property located in the United States (2016: € 0.4 million). Owner-occupied property in the Netherlands and the United States concerns small sections of buildings.

The value of rental property used as mortgage collateral for loans amounts to € 391 million (2016: € 353 million).

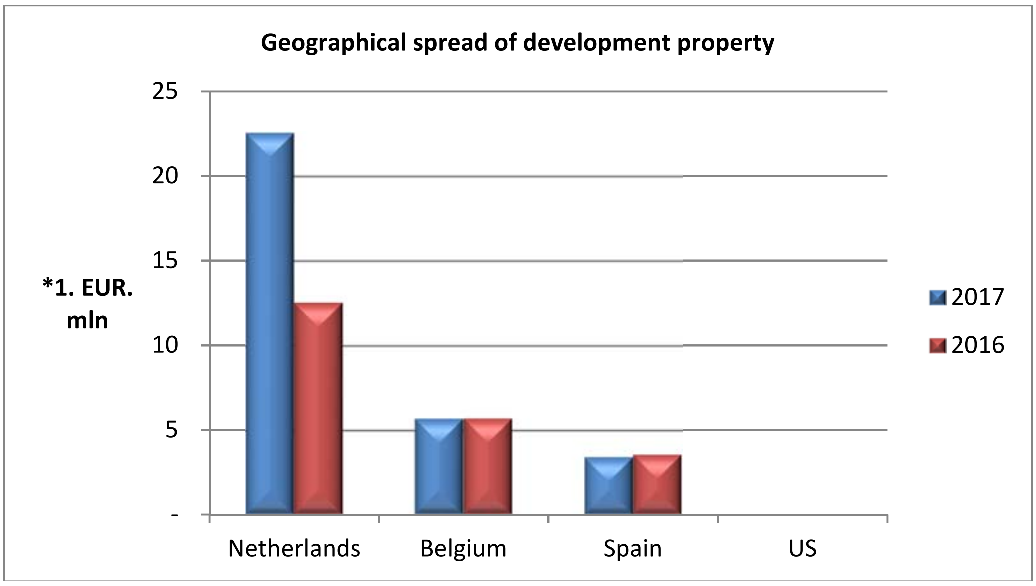
2. Development property

	2017	2016
Movements in this item were as follows:		
At January 1	21,598	69,299
Purchased	-	-
Added	599	5,002
Transferred (to)/from rental property and inventory property	-	-
Sold	(177)	(46,196)
Unrealized gains and losses from changes in value	9,572	(1,507)
Translation difference	-	-
Effect of deconsolidation	-	(5,000)
At December 31	**31,592**	**21,598**

Of the value of development properties, € 9.1 million is measured based on historical cost or market value, whichever is lower (2016: € 9.1 million). This is the best approximation of fair value for this particular segment of development property.

In 2017, the value of a land holding in Zoetermeer, the Netherlands, was increased by € 9.7 million on the basis of an external valuation.

The valuation makes allowance for € 16.8 million worth of redevelopment potential (2016: € 7.1 million).



3. Associates

	2017	2016
Movements in this item were as follows:		
At January 1	100,900	106,076
Additions/disposals	-	350
Share of profit	67,580	3,596
Dividends received and other distributions	(3)	(3)
Sold	(472)	(9,112)
Transferred (to)/from other items	136	(7)
At December 31	**168,141**	**100,900**

The share of profit includes an unrealized gain from a change in value of € 60.8 million (2016: loss of € 5.6 million).

The value of property of participating interests amounts to € 1,665 million (2016: € 1,665 million). Breevast's pro rata share in property of participating interests is € 482 million (2016: € 521 million); this amount can be broken down as follows:

- The Netherlands: approximately € 121 million (2016: € 160 million), of which approximately € 20 million (2016: € 75 million) will be held for a period of zero to two years and € 100 million (2016: € 85 million) will be held for a period of two to five years.
- Belgium: € 362 million (2016: € 360 million), which will be held for a period of more than five years.

Property of participating interests is largely financed by mortgage loans.

OTHER NON-CURRENT ASSETS

4. Other property, plant and equipment

	12-31-2017	12-31-2016
Cost	4,206	4,229
Accumulated depreciation	(3,723)	(3,515)
Carrying amount	**483**	**714**

Movements in this item were as follows:	2017	2016
At January 1	714	1,104
Added	53	131
Sold	(9)	(49)
Translation difference	(1)	-
Depreciated	(274)	(472)
At December 31	**483**	**714**

5. Other financial assets

	12-31-2017	12-31-2016
Loans to tenants	-	192
Loan to non-consolidated associates	39,795	30,193
Loan to shareholder	73,962	77,251
Loans to related parties	164,486	156,947
Other financial assets	1,295	3,577
	279,538	**268,160**

Movements in this item were as follows:	2017	2016
At January 1	268,160	247,242
Paid	8,432	19,896
Repaid	(2,176)	(4,212)
Interest added	17,957	12,285
Amortized	342	(251)
Set off	(10,661)	(8,092)
Transferred from/(to) other items	(2,516)	2,629
Effect of deconsolidation	-	(1,337)
At December 31	**279,538**	**268,160**

Loans to non-consolidated participating interests concern loans for which no repayment schedule has been agreed. Repayments depend on the sale of property by the participating interests in question; the average interest rate in 2017 was 5.5% (2016: 6.0%).

The collectability of the loans to the shareholder and related parties is largely based on the contribution of assets the shareholder has promised to make. The set-off relates to the corporate income tax charge that will be deducted from the loan to the parent company for tax purposes. The average interest rate in 2017 was 5% (2016: 5%).

The average interest rate on loans to related parties was 4.5% (2016: 4.8%).

6. INVENTORY PROPERTY

	12-31-2017	12-31-2016
Movements in this item were as follows:		
At January 1	9,827	22,398
Investments and disposals	1,040	3,926
Impaired (or reversed impairment) to lower market value	-	(139)
Sales	(1,563)	(16,442)
Exchange difference	(336)	84
At December 31	**8,968**	**9,827**

7. RECEIVABLES

	12-31-2017	12-31-2016
Rent receivables	367	294
Other trade receivables	77	290
Loans to non-consolidated associates	756	1,723
Prepayments and accrued income	608	445
Other taxes	78	116
Other receivables	5,005	3,234
	6,891	**6,102**

Other receivables mainly consist of a receivable from the buyer of a property in the Netherlands (€ 2.8 million) and a deposit for a guarantee provided on a sale in Belgium (€ 1 million).

8. CASH AND CASH EQUIVALENTS

	12-31-2017	12-31-2016
The Netherlands	4,770	5,935
Belgium	7,057	5,586
Luxembourg	6	8
Poland	725	841
Spain	131	39
United States	13,712	12,619
Curaçao	53	69
	26,454	**25,097**

Of cash and cash equivalents, € 5.3 million is not freely available in full (2016: € 5.2 million). Of this amount, € 3.5 million relates to Dutch bank accounts of which the lender has control in accordance with the terms of the loan. In Belgium and the United Stated, € 0.4 million and € 1.4 million are not freely available respectively to protect buyers of apartments and tenants.

9. EQUITY

	Share capital	Paid-in surplus	Reserve for unrealized gains and losses from changes in value	Reserve for share of profit/(loss) of associates	Reserve of exchange differences	Other reserves	Total equity for 2017	Total equity for 2016
At January 1	85,827	61,355	107,105	89,289	3,918	82,451	429,945	246,981
Changes in 2017:								
Realized gains and losses from changes in value	-	-	(3,891)	-	-	3,891	-	-
Unrealized gains and losses from changes in value	-	-	53,369	-	-	(53,369)	-	-
Changes in reserve for share of profit/(loss) of associates	-	-	-	67,595	-	(67,595)	-	-
Reserve for unrealized currency gains and losses	-	-	-	-	(11,423)		(11,423)	3,490
Retained earnings	-	-	-	-		160,759	160,759	179,474
At December 31	**85,827**	**61,355**	**156,583**	**156,884**	**(7,505)**	**126,137**	**579,281**	**429,945**

10. NON-CONTROLLING INTEREST

	2017	2016
At January 1	12,000	2,945
Profit	4,266	8,645
Exchange differences	(1,265)	410
At December 31	**15,001**	**12,000**

The non-controlling interest is valued at the relative stake of the parties in the company's equity. The non-controlling interest in the profit for both 2016 and 2017 largely relates to the revaluation of two properties in the United States.

11. PROVISIONS

Provision for deferred income tax

	At January 1, 2017	Prior-year adjustment	Through equity	Through profit or loss	At December 31, 2017
Tax loss	(1,928)	21	-	1,516	**(391)**
Deferred income tax on unrealized gains and losses from changes in value	2,192	(1,199)	(1,475)	6,858	**6,376**
Amortization and depreciation	17,116	1,186	(327)	757	**18,732**
Valuation or revaluation for tax purposes	1,101	-	-	1	**1,102**
Reinvestment reserve	1,294	-	-	(1,294)	**-**
Other	1,474	(8)	-	(16)	**1,450**
TOTAL	**21,249**	**-**	**(1,802)**	**7,822**	**27,269**

Direct changes in equity relate to exchange rate differences.

Deferred income tax liabilities
The deferred income tax liabilities concern the liabilities arising from the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The average term to maturity of deferred income tax liabilities is more than ten years. Breevast values deferred income tax liabilities at 12.5%, unless there is evidence of the differences leading to a tax liability in the short term. It has assumed that a replacement investment will be made for a sale in the US that will be completed at the end of 2018, so that the tax claim can be deferred. If no replacement investment is made, the current tax liability will be approximately € 26 million higher than the income tax deferral as it stands. At the nominal rate, total deferred income tax liabilities would be € 75 million (2016: € 62 million). Deferred tax losses are also valued at 12.5% provided there is sufficient evidence that they can be utilized. The provision for deferred income tax liabilities is chiefly of a long-term nature. The tax losses mainly relate to Belgium.

Deferred income tax on unrealized gains and losses from changes in value
Deferred income tax on unrealized gains and losses from changes in value are formed for the difference between the carrying amount of property and its historical cost on the reporting date.

Valuation or revaluation for tax purposes
The tax deferral on the revaluation for tax purposes has been formed because part of the portfolio was revalued for tax purposes in accordance with Section 20a(12) of the Dutch Corporate Income Tax Act. In addition, part of the portfolio has been written down for tax purposes to a lower value in use.

Amortization and depreciation
Amortization and depreciation represent deferred income tax liabilities for the difference between historical cost and the value for tax purposes of the property on the reporting date. These differences are due, on the one hand, to a tax write-down of 2.25% per year, the property value permitting, while being attributable to the forming of reinvestment reserves that are deducted from the purchase price of the newly acquired property for tax purposes on the other.

Reinvestment Reserve
A provision for deferred income tax has been formed under the reinvestment reserve for the tax gain on the sale of property that can be deducted for tax purposes from newly acquired property subject to conditions.

Other
This item relates to deferred income tax liabilities formed for receivables valued differently for tax purposes, maintenance provisions and finance costs.

Other provisions
In 2015, a provision was formed for the possible outcome of a legal dispute. Breevast will learn about the outcome of this dispute in or after 2019.

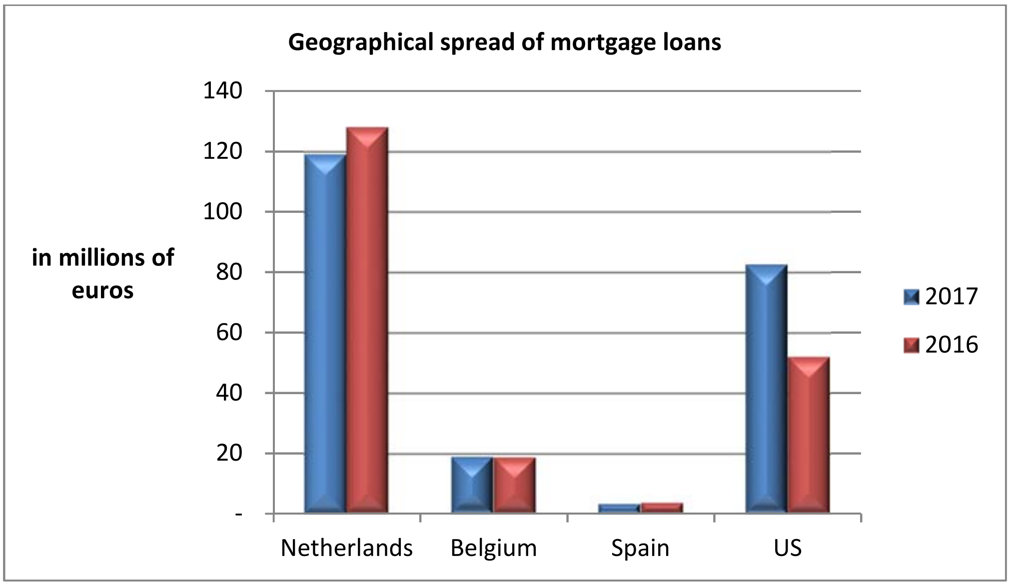
	12-31-2017	12-31-2016
Movements in this item were as follows:		
At January 1	1,250	1,250
Allocated	-	-
Released	-	-
At December 31	**1,250**	**1,250**

NON-CURRENT LIABILITIES

Repayment obligations and mortgages with a term of less than one year are recognized within current liabilities.

	12-31-2017	12-31-2016
12. Mortgages		
Movements in this item were as follows:		
At January 1	53,409	136,382
Regular repayments recognized within current liabilities	7,032	4,164
(Transferred to) current liabilities	(3,401)	(84,103)
Taken out in reporting period	84,746	17,500
Repaid	(19,223)	(14,059)
Exchange difference	(2,034)	557
At December 31	120,529	60,441
Recognized within current liabilities	(12,762)	(7,032)
Remaining balance	**107,767**	**53,409**

The fair value of the mortgage debts virtually corresponds to the amounts at which they were incurred. No allowance is made for credit risk in approximating this fair value.



Remaining terms to maturity of mortgage loans	2017	2016
1-2 years	-	20,356
2-5 years	99,788	18,444
5-10 years	5,748	6,428
10+ years	14,993	15,213
At December 31	**120,529**	**60,441**

The average remaining terms to maturity of all mortgages (including those with terms of less than one year) is 2.1 years (2016: 2.1 years).

Average interest rates on mortgage loans	2017	2016
The Netherlands	3.4%	4.6%
Belgium	3.5%	3.6%
Spain	2.0%	5.0%
United States	4.5%	3.0%

Loan conditions
A number of loan agreements contain a provision on a minimum solvency ratio or a minimum ICR or a maximum LTV of a property portfolio of Breevast or a group company. The minimum solvency and ICR requirements were met at the reporting date.

Securities
In addition to the first right of mortgage, a number of loan agreements contain a first right of pledge on rental income to the lender.

13. OTHER NON-CURRENT LIABILITIES

	2017	2016
Movements in this item were as follows:		
At January 1	10,313	10,018
Drawn down	-	-
Repaid	(1,750)	(263)
Interest added	572	593
Transferred from other items	(9,135)	(35)
At December 31	**-**	**10,313**

14. CURRENT LIABILITIES

	12-31-2017	12-31-2016
Borrowings, mortgages < 1 year	103,180	136,486
Borrowings, other facilities	35,125	69,599
Borrowings, other	6,928	24,129
Repayments on non-current liabilities	12,762	7,032
Trade payables	3,032	3,838
Loans from non-consolidated associates	1,829	706
Loans from related parties	9,135	-
Accruals and deferred income	8,935	10,714
Security deposits	726	717
Income tax expense	451	2,913
Sales tax and social security contributions	506	428
Other current liabilities	1,657	2,155
	184,266	**258,717**

Of current liabilities, which totaled € 184.3 million at year-end 2017, € 145.2 million qualifies as borrowings. Of this amount, € 14.6 million was repaid after the reporting date, € 31 million was subject to an offer for renewal until year-end 2018 from the lender and € 94.2 million was refinanced by a different lender with the loan falling due in June 2023.

The repayment obligation for the coming year fell by € 9.8 million after the reporting date. Of this amount, € 1.4 million was repaid from the proceeds of a sale and € 8.4 million was repaid with available cash.

The shares of a number of group companies were pledged to lenders in the form of security.

COMMITMENTS AND CONTINGENCIES

Guarantees
Breevast B.V. has provided guarantees for loans to non-consolidated participating interests and a related party; the guarantees were for an amount of € 477 million in total (2016: € 518 million). The non-consolidated participating interest that leases out Financietoren in Brussels has issued a guarantee of € 12.5 million for the renovation works to the building, which are scheduled for 2026. This amount has been index-linked since 2001. Breevast B.V. has issued a guarantee for this obligation.

Ground lease
The annual obligation by virtue of this ground lease is € 22,000 (2016: € 22,000).

Taxes
Breevast B.V. has not been the principal of the tax entity since 2007. From that year onwards, it and a large number of its subsidiaries have been members of an existing tax group at a level above Breevast. In accordance with the prevailing tax group requirements, Breevast and the other companies are jointly and severally liable for the tax obligations of the entire tax group.

FINANCIAL RISKS

Financial risks that are relevant to Breevast are financing risk, liquidity risk, credit risk, valuation risk, interest rate risk and currency risk. When it comes to financing risk, Breevast regularly weighs up improving its returns through leverage against mitigating the risk of no longer being able to meet its interest and repayment obligations in an economic decline. In that context, Breevast has formulated a disposal and debt reduction plan, which is currently being implemented. This plan is regularly updated and updates are shared with the lenders in question. To manage the liquidity risk, liquidity exposures are regularly assessed and cash flow forecasts drawn up. Credit risk is mitigated by an active reminder and collection policy. The Executive Board is acutely aware of the current credit risk concentration and will work to further reduce this risk over the coming years. To monitor the valuation risk, at least 25% of the total (i.e. Dutch and international) portfolio is subject to cyclical external valuations every year in addition to internal valuations of the portfolio being conducted. Returns also depend on interest rate developments because of leveraged financing.

Breevast's exposure to interest rate risk can be summarized as follows:

(in millions of euros)

Year	**Interest rate in 2017**	**2018**	**2019**	**2020**
Interest rate profile exclusive of derivatives				
Floating-rate loans	3.2%	248	231	224
Fixed-rate loans	4.0%	18	16	15
Total loans	**3.3%**	**266**	**247**	**239**

The currency risk consists mainly of net capital invested in US-dollar-based investments of US$ 82 million (2016: US$ 92 million). Breevast also has limited exposures in Netherlands Antillean guilders (NAF) of 3.2 million (2016: 3.5 million) and in Polish zlotys (PLN) of 0.8 million (2016: 1.7 million).

INCOME TAX EXPENSE

The Netherlands
Breevast B.V. has not been the principal of the tax entity since 2007. From that year onwards, it and a large number of its subsidiaries have been members of an existing tax group at a level above Breevast. The tax group's income tax liability is deducted from the loan to the shareholder in accordance with option a. offered by Dutch Accounting Standard 272.803. Deferred income tax is recognized in line with option b. of Dutch Accounting Standard 272.806. The other tax groups in the Netherlands have filed their tax returns up to and including 2016. These tax returns have been approved by the Dutch Tax and Customs Administration.

Belgium
The tax returns have been filed up to and including the year 2016. The total tax loss of Breevast Development Belgium N.V. and its subsidiaries was approximately € 12.8 million at year-end 2017. The related deferred income tax asset was not recognized at the reporting date.

United States
The tax returns have been filed up to and including the year 2016. Breevast U.S. Inc. utilized its tax losses for both federal tax and state tax at year-end 2015.

Notes to the Consolidated Statement of Profit or Loss (in thousands of euros)

INVESTMENT INCOME

15. Rental income from investments	2017	2016
The Netherlands	9,433	52,142
Belgium	1,974	1,967
Poland	15	9
United States	10,019	11,787
	21,441	**65,905**

The actual rent is the product of a theoretical rent of € 25.6 million (2016: € 75.2 million) and vacancy costs of € 3.8 million (2016: € 13.7 million). The change from 2016 in the Netherlands was attributable to the deconsolidation of the Mesdag Delta companies at year-end 2016 (see page 19).

The remaining terms to maturity of the leases can be broken down as follows:

	1-1-2018	1-1-2017
0-1 years	21,013	17,438
1-5 years	67,626	57,550
5+ years	50,512	51,549
	139,151	**126,537**

16. OTHER OPERATING INCOME

	2017	2016
Management fees	2,377	1,035
Development fees	144	114
Asset management fees	1,458	1,172
Guarantee commission	4,126	4,353
Other operating income	150	362
	8,255	**7,036**

In 2017, an amount of € 427,000 in management fees was recharged to non-consolidated participating interests (2016: € 912,000).

In 2017, an amount of € 4.1 million in guarantee commissions was charged to non-consolidated participating interests (2016: € 4.4 million). These amounts mainly consist of the fee that Breevast recharges to Financietoren N.V. because it has provided a guarantee for the loan.

17. PROPERTY OPERATING EXPENSE

	2017	2016
The Netherlands	1,369	9,559
Belgium	90	82
Poland	37	29
Curaçao	52	57
United States	1,826	1,029
Spain	40	
	3,414	**10,756**

Of the property operating expense, an amount of € 0.7 million relates to vacancy levels (2016: € 1.6 million). The change from 2016 in the Netherlands was attributable to the deconsolidation of the Mesdag Delta companies (see page 19).

The property operating expense is made up of costs of work contracted out and other external expenses.

18. Administrative expenses

	2017	2016
Gross salaries	3,508	3,860
Social security contributions and pension costs	558	585
Other personnel expenses	629	492
Accommodation expenses	488	544
Consulting fees	1,439	2,699
Depreciation	273	472
Office expenses	330	339
Car expenses	217	215
Due diligence expenses	84	217
Entertainment expenses	192	166
Other administrative expenses	381	339
	8,099	**9,928**

The group’s headcount at year-end 2017 was 27.3 FTEs (2016: 29.3 FTEs). Of these, 16.1 FTEs were based in the Netherlands (2016: 17.5 FTEs).

The remuneration of the Executive Board of Breevast B.V. amounted to € 867,000 in 2016 (2016: € 848,000). Of this amount, € 711,000 qualified as salary (2016: € 695,000) and € 156,000 related to the pension contribution (2016: € 153,000).

The remuneration of the Supervisory Board was € 69,000 in 2017 (2016: € 80,000).

19. OTHER OPERATING EXPENSES

Other operating expenses mainly concern write-downs of or provisions formed for receivables or relevant reversals.

NET FINANCE COSTS

20. Finance revenue

	2017	2016
Shareholder	3,951	4,090
Related parties	9,108	29,610
Other finance revenue	24,843	408
	37,902	**34,108**

Other finance revenue includes a discount on the repayment of a mortgage and asset financing, for a total of € 24.8 million.

21. Finance costs

Interest paid on Dutch mortgages	4,167	37,973
Interest paid on Belgian mortgages	654	628
Interest paid on Polish mortgages	-	-
Interest paid on Spanish mortgages	68	110
Interest paid on US mortgages	3,019	1,406
Interest paid to related parties	627	-
Other finance costs	1,206	17,040
	9,741	**57,157**

The change from 2016 was attributable to the deconsolidation of the Mesdag Delta companies at year-end 2016 (see page 19).

Other finance costs in 2017 included the reversal of penalty interest of € 2.2 million from 2016.

22. REALIZED GAINS AND LOSSES FROM CHANGES IN VALUE OF INVESTMENT PROPERTY

Rental property	2017	2016
The Netherlands	-	6,817
Belgium	-	-
United States	-	-
	-	**6,817**

Development property	2017	2016
The Netherlands	-	656
Belgium	(363)	16,690
United States	-	-
	(363)	**17,346**

Inventory property	2017	2016
The Netherlands	(140)	30
Belgium	(92)	2,488
Poland	(26)	(110)
Curaçao	71	74
	(187)	**2,482**
TOTAL	**(550)**	**26,645**

Based on historical cost, sales proceeds would have been higher by € 118,000 (2016: lower by € 20.1 million). This amount was recognized within unrealized gains and losses from changes in the value of investment property in previous reporting periods; it was realized in the reporting period.

23. UNREALIZED GAINS AND LOSSES FROM CHANGES IN VALUE OF INVESTMENT PROPERTY

	The Netherlands	Belgium	Poland	Spain	United States	Total
In 2017:						
Rental property	28,610	3,880	-	-	24,630	57,120
Development property	9,728	-	-	(156)	-	9,572
Inventory property	-	-	-	-	-	-
	38,338	**3,880**	**-**	**(156)**	**24,630**	**66,692**
In 2016:						
Rental property	19,055	-	-	-	19,982	39,037
Development property	(1,048)	-	62	(459)	-	(1,445)
Inventory property	-	(200)	-	-	-	(200)
	18,007	**(200)**	**62**	**(459)**	**19,982**	**37,392**

24. INCOME TAX EXPENSE

	2017	**2016**
Current income tax	7,223	7,612
Deferred income tax	7,822	4,883
	15,045	**12,495**

Of the current income tax expense of € 7.2 million (2016: tax gain of € 7.6 million), € 10.7 million is set off against the loan to the shareholder as principal of the tax entity (2016: € 8.1 million).

Deferred income tax liabilities
The deferred income tax expense concerns the liabilities arising from the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Breevast values deferred income tax liabilities at 12.5%, unless there is evidence of the differences leading to a tax liability in the short term. Tax losses are also valued at 12.5% provided there is sufficient evidence that they can be utilized. The provision for deferred income tax liabilities is chiefly of a long-term nature.

In total, € 45 million worth of tax losses have not been recognized (2016: € 50 million).

The table below shows the nominal income tax rates of the countries in which Breevast operates:

	2017	2016
The Netherlands	25.0%	25.0%
Belgium	34.0%	34.0%
Luxembourg	29.2%	29.2%
Spain	30.0%	30.0%
Poland	19.0%	19.0%
United States	42.8%	42.8%
Curaçao	27.5%	27.5%

The table below explains the difference between the expected tax burden based on profit for financial reporting purposes at the weighted average tax rate of the countries in which Breevast operates and the actual tax burden.

	2017		2016	
Average tax burden based on applicable rate	50,846	28%	31,060	32%
Non-deductible expenses	273	0%	367	0%
Depreciation allowance	(952)	(1%)	(2,063)	(2%)
Valuation or revaluation for tax purposes	(1)	0%	2,184	2%
Tax losses	216	0%	(5,919)	(6%)
Gains and losses governed by participation exemption	(16,896)	(9%)	(2,125)	(2%)
Unrealized gains and losses from changes in value	(13,099)	(7%)	(10,782)	(11%)
Changes in realized gains and losses from changes in value	34	0%	2,134	2%
Prior-year changes and miscellaneous	(5,376)	(3%)	(2,362)	(2%)
	15,045	**8%**	**12,494**	**13%**

The difference in the average tax burden based on the applicable rates in 2016 (32%) and 2017 (28%) is attributable to the composition of the profits for tax purpose in the various countries in combination with the rates applicable in those countries.

25. SHARE OF PROFIT OF PARTICIPATING INTERESTS

The share of profit of participating interests disclosed in the statement of profit or loss relates to the regular share of profit of participating interests of € 67.6 million (2016: € 3.6 million). The company recognized an exceptional gain of € 103.9 million in 2016 as a result of the deconsolidation of a number of subsidiaries.

Events after the reporting date

In February 2018, Breevast sold an office building in San Francisco for US$ 146 million. The sale will be completed late in 2018. When determining the deferred income tax liabilities in the United States, it was assumed that a replacement investment would be made for the building that was sold, so that the tax claim can be deferred. If no replacement investment is made, the current tax liability will be approximately € 26 million higher than the income tax deferral as it stands.

Breevast sold the Belgian rental property in a share transaction in October 2017. The shares were transferred in March 2018. This concerned three properties with a combined carrying amount of € 34.5 million. The € 16.6 million in cash generated by the sale was used for further debt reduction.

Breevast is renegotiating the loan for Financietoren in Brussels with a consortium of banks and insurance companies. Part of this refinancing is the restructuring to a GVBF (an acronym for a specialized real estate investment fund), a fiscally transparent real estate investment vehicle. The GVBF was introduced in Belgium by charter in 2016.

Separate Statement of Financial Position as of December 31, 2017 (after Profit Appropriation) *(in thousands of euros)*

ASSETS	#		**12-31-2017**		**12-31-2016**
INVESTMENT PROPERTY					
Associates	26	730,093		610,282	
			730,093		610,282
OTHER NON-CURRENT ASSETS					
Other property, plant and equipment	27	380		542	
Other financial assets	28	315,637		272,168	
			316,017		272,710
INVENTORY PROPERTY			-		-
RECEIVABLES	29		1,412		1,299
CASH AND CASH EQUIVALENTS			206		789
TOTAL ASSETS			**1,047,728**		**885,080**
EQUITY AND LIABILITIES					
EQUITY	30		579,281		429,945
PROVISIONS	31		104		104
NON-CURRENT LIABILITIES	32		7,431		18,995
CURRENT LIABILITIES	33		460,912		436,036
TOTAL EQUITY AND LIABILITIES			**1,047,728**		**885,080**

= Note no.

SEPARATE STATEMENT OF PROFIT OR LOSS	**12-31-2017**	**12-31-2016**
Share of profit of participating interests	154,542	67,982
Other income and expense	6,217	(867)
Profit/(loss) for the year	**160,759**	**67,115**

Accounting Policies
Reference is made to the notes to the consolidated financial statements.

Notes to the Separate Statement of Financial Position

INVESTMENT PROPERTY

26. Associates	2017 Group companies	2017 Other associates	2017 Total	2016 Group companies	2016 Other associates	2016 Total
At January 1	610,121	161	610,282	545,801	161	545,962
Changes in investments and financing of associates	10,646	-	10,646	(7,399)	-	(7,399)
Exchange difference	(14,988)	-	(14,988)	3,887	-	3,887
Dividends	-	(3)	(3)	(33)	(3)	(36)
Transferred from/(to) other items	(30,386)	-	(30,386)	(114)	-	(114)
Profit/(loss) for the year	154,539	3	154,542	67,979	3	67,982
At December 31	**729,932**	**161**	**730,093**	**610,121**	**161**	**610,282**

Share of profit of associates can be broken down as follows:						
Profit/(loss) for the year	20,694	3	20,697	26,140	3	26,143
Unrealized gains and losses from changes in value	133,845	-	133,845	41,839	-	41,839
	154,539	**3**	**154,542**	**67,979**	**3**	**67,982**

OTHER NON-CURRENT ASSETS

27. Other property, plant and equipment	2017	2016
Cost	1,119	1,112
Accumulated depreciation	(739)	(570)
Carrying amount	**380**	**542**

Movements in this item were as follows:	2017	2016
At January 1	542	630
Added	7	116
Sold		(48)
Depreciated	(169)	(156)
At December 31	**380**	**542**

28. Other financial assets	2017	2016
Loan to group companies	151,885	111,068
Loans to non-consolidated associates	26,727	29,527
Loans to related parties	65,296	53,638
Loan to shareholder	71,729	75,126
Other financial assets	-	2,809
	315,637	**272,168**

Movements in this item were as follows:	2017	2016
At January 1	272,168	262,152
Payments	9,208	10,686
Repaid	(1,970)	(31,882)
Interest added	15,785	17,140
Settled	20,238	2,059
Transferred from/(to) other items	208	12,013
At December 31	**315,637**	**272,168**

The average interest rate on loans to related parties was 6.0% (2016: 6.2%).

29. RECEIVABLES

	12-31-2017	12-31-2016
Loans to non-consolidated associates	-	38
Loans to group companies	62	-
Other receivables	1,350	1,261
	1,412	**1,299**

30. EQUITY

	Share capital	Paid-in surplus	Reserve for unrealized gains and losses from changes in value	Reserve for share of profit/(loss) of associates	Reserve of exchange differences	Other reserves	Total equity for 2017	Total equity for 2016
At January 1	85,827	61,355	107,105	89,289	3,918	82,451	429,945	359,340
Changes in 2017								
Realized gains and losses from changes in value	-	-	(3,891)	-	-	3,891	-	-
Unrealized gains and losses from changes in value	-	-	53,369	-	-	(53,369)	-	-
Changes in reserve for share of profit/(loss) of associates	-	-	-	67,595	-	(67,595)	-	-
Reserve for unrealized currency gains and losses	-	-	-	-	(11,423)	-	(11,423)	3,490
Retained earnings	-	-	-	-	-	160,759	160,759	67,115
At December 31	**85,827**	**61,355**	**156,583**	**156,884**	**(7,505)**	**126,137**	**579,281**	**429,945**

The company's authorized share capital was € 271,800,000 at the reporting date. The issued and paid-up capital amounted to € 85,827,192. The capital consists of 18,946,400 shares with a par value of € 4.53 each.

Any changes in the reserve for unrealized gains and losses from changes in value are presented as a change in equity.

The amounts in this reserve that relate to participating interests are recognized within the reserve for share of profit of participating interests.

Of equity, € 313.5 million qualifies as a statutory reserve (2016: € 200.3 million). This balance is made up of the revaluation reserve, the reserve for share of profit of participating interests and the reserve for exchange differences.

There were no changes in issued and paid-up capital in 2017 and 2016.

31. PROVISIONS

Movements in this item were as follows:	2017	2016
At January 1	104	104
Released	-	-
At December 31	**104**	**104**

The provision has been formed for deferred income tax liabilities.

32. NON-CURRENT LIABILITIES

This item consists of a loan from a group company of € 7.4 million (2016: € 8.7 million).

	2017	2016
Movements in this item were as follows:		
At January 1	18,995	9,774
Drawn down	-	9,538
Repaid	(1,998)	-
Transferred from/(to) other items	(10,495)	(880)
Interest	929	563
At December 31	**7,431**	**18,995**

33. CURRENT LIABILITIES

	2017	2016
Loans from group companies	419,638	365,064
Borrowings	30,000	69,599
Loans from related parties	9,135	63
Loans from non-consolidated	-	-
participating interests	1,018	-
Other current liabilities	1,121	1,310
	460,912	**436,036**

Notes to the Separate Statement of Profit or Loss

The fee (as referred to in Section 382, Book 2, Part 9 of the Netherlands Civil Code) charged by WVDB Accountants, the independent external auditor, amounted to € 90,000 in 2017 (2016: € 200,000). These fees can be broken down as follows:

	2017	**2016**
Audit of financial statements	90	200
Other audit services	-	-
Tax services	-	-
Other non-audit services	-	-
	90	**200**

Commitments and Contingencies

Guarantees

Breevast B.V. has provided guarantees for loans to non-consolidated participating interests and a related party; the guarantees were for an amount of € 477 million in total (2016: € 518 million). The non-consolidated participating interest that leases out Financietoren in Brussels has issued a guarantee of € 12.5 million for the renovation works to the building, which are scheduled for 2026. This amount has been index-linked since 2001. Breevast B.V. has issued a guarantee for this obligation.

Tax group

Breevast B.V. has not been the principal of the tax entity since 2007. From that year onwards, it and a large number of its subsidiaries have been members of an existing tax group at a level above Breevast. In accordance with the prevailing tax group requirements, Breevast and the other companies are jointly and severally liable for the tax obligations of the entire tax group.

Group Companies and Participating Interests

Consolidated companies (fully owned unless stated otherwise)

Breevast B.V. of Amsterdam, the Netherlands, and its subsidiaries:
Aemstel Monuments B.V. of Amsterdam, the Netherlands
Amsut Properties B.V. of Amsterdam, the Netherlands
Abfin N.V. of Zaventem, Belgium
Almere Landdrost B.V. of Amsterdam, the Netherlands
Breevast Asset Management B.V. of Amsterdam, the Netherlands
Breevast California, Inc. of Newport Beach, California, United States
Breevast Development Sp.z.o.o. of Warsaw, Poland
Breevast Development Belgium N.V. of Antwerp, Belgium
Breevast Engetrim N.V. of Amsterdam, the Netherlands
Breevast GP Holding B.V. of Amsterdam, the Netherlands
Breevast International Holdings N.V. of Amsterdam, the Netherlands
Breevast Invest B.V. of Amsterdam, the Netherlands
Breevast Luxembourg Sarl of Luxembourg, Luxembourg
Breevast Management B.V. of Amsterdam, the Netherlands
Breevast Nederland B.V. of Amsterdam, the Netherlands
Breevast Participaties B.V. of Amsterdam, the Netherlands
Breevast Polska Sp. z.o.o. of Warsaw, Poland
Breevast Projecten B.V. of Amsterdam, the Netherlands
Breevast Properties III B.V. of Amsterdam, the Netherlands
Breevast SPP Amsterdam B.V. (75.01%) of Amsterdam, the Netherlands
Breevast SPP Amsterdam II B.V. (75.01%) of Amsterdam, the Netherlands
Breevast SPP Holding B.V. of Amsterdam, the Netherlands
Breevast Tanforan Inc. of Newport Beach, California, United States
Breevast U.S. B.V. of Amsterdam, the Netherlands
Breevast U.S., Inc. of Newport Beach, California, United States
Breevast Vastgoed Nederland I Inc. of Dover, Delaware, United States, with this principal place of business in Amsterdam, the Netherlands
Breevast Vastgoed Nederland II Inc. of Dover, Delaware, United States, with this principal place of business in Amsterdam, the Netherlands
Breevast Vastgoed Rotterdam B.V. of Amsterdam, the Netherlands
Bremu Vastgoed B.V. of Amsterdam, the Netherlands
Bridlevast Inc. of Newport Beach, California, United States
B.V. De Veegtes I of Eindhoven, the Netherlands
Casablanca Games S.L. of Marbella, Spain
Drentestraat 11 B.V. (75%) of Amsterdam, the Netherlands
Europea Real Estate 2007 S.L. of Marbella, Spain
Eurostate Investment I B.V. of Amsterdam, the Netherlands
Exploitatiemaatschappij Zuurzak N.V. of Willemstad, Curaçao, Netherlands Antilles
Financieringsmaatschappij Wetering B.V. of Amsterdam, the Netherlands
Firebird Investments B.V. of Amsterdam, the Netherlands
Heren 2 Construction Management B.V. (51%) of Amsterdam, the Netherlands
Kleinhandelsgebouw B.V. of Amsterdam, the Netherlands
Marbella Properties B.V. of Amsterdam, the Netherlands
MP Participatie N.V. of Amsterdam, the Netherlands
Nedmaco Beheer B.V. of Amsterdam, the Netherlands
Office Fund Participatie B.V. of Amsterdam, the Netherlands
Omval Investments B.V. of Amsterdam, the Netherlands
Oudegracht Monumenten B.V. of Amsterdam, the Netherlands
Parkeerexploitatie Amsterdam B.V. of Amsterdam, the Netherlands

Portalen Properties B.V. of Amsterdam, the Netherlands
RAC 3 N.V. (60%) of Antwerp, Belgium (*)
RAC 5 N.V. (60%) of Antwerp, Belgium (*)
Telined Beheer B.V. of Amsterdam, the Netherlands
Valôme Eindhoven N.V. of Amsterdam, the Netherlands
Woonboulevard Venlo B.V. of Eindhoven, the Netherlands

Non-consolidated companies:
Accres Real Estate N.V. (24.7%) and subsidiaries of Amsterdam, the Netherlands
Cooktown GP B.V. (50%) and subsidiary of Amsterdam, the Netherlands
De Ceder Holding B.V. (32.3%) and subsidiary of Heemstede, the Netherlands
Denderoever N.V. (50%) of Antwerp, Belgium
Donauweg Amsterdam B.V. (50%) of Amsterdam, the Netherlands
Financietoren N.V. (30%) of Antwerp, Belgium
Fundinvest N.V. (50%) of Antwerp, Belgium
HeRaSi Properties B.V. (50%) of Amsterdam, the Netherlands
Kop van Nieuwland CVBA (29.4%) of Aarschot, Belgium
Woodway B.V. (1.7%) of Amsterdam, the Netherlands

Companies no longer consolidated as of 12-31-2016 (see also page 19):
Mesdag Delta Monumenten (A.) B.V. of Amsterdam, the Netherlands
Mesdag Delta Properties I B.V. of Amsterdam, the Netherlands
Mesdag Delta Properties Holding B.V. of Amsterdam, the Netherlands
Mesdag Delta Vastgoed Exploitatie XXXII B.V. of Amsterdam, the Netherlands
Portalen Monumenten B.V. of Amsterdam, the Netherlands
B.V. De Veegtes IV of Eindhoven, the Netherlands
Hypermarkten Holland B.V. of Eindhoven, the Netherlands

(*) proportionately consolidated companies

Amsterdam, the Netherlands, September 26, 2018

Supervisory Board
W. Brounts, Chairman
J.H. van Heyningen Nanninga
J. Meines
E.A.J. van de Merwe

Executive Board
H.G. Brouwer MRE
W.A.J. Vermeij RA MRE

Other Information

Provisions in the Articles of Association Governing Profit Appropriation
Profit appropriation is governed by Article 28 of the Articles of Association of Breevast B.V. The profit for 2017 will be added to the other reserves.

WVDB ADVISEURS ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To: the general meeting and Supervisory Board of Breevast B.V.

A. Report on the audit of the financial statements 2017 included in the annual report

Our opinion

We have audited the annual accounts 2017 of Breevast B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Breevast B.V. as at 31 December 2017, and of its result for 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1 the consolidated and company balance sheet as at 31 December 2017;

2 the consolidated and company profit and loss account for 2017; and

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 Breevast 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.

Emphasis of matter regarding the company's ability to continue as a going concern

We draw attention to the going concern paragraph in the accounting policies, which indicates that Breevast's financial position has improved significantly as a result of the recovery of the property market, the sale of properties and refinancing. As a result the company's ability to continue as a going concern is no longer subject to a material uncertainty.

We have not modified our opinion as a result of this matter.

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B. Report on the other information included in the annual report

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

- The management report;
- 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 management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. 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 scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- 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 a company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations.

On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with those charged with governance 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 identify during our audit.

Waalre, 27 September 2018

Witlox Van den Boomen Accountants N.V.

W.G. door:
drs. S.G.C. Seijkens RA

drs S.G.C. Seijkens RA

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