



PGGM N.V. Annual Report

2015



Contents

PGGM N.V.	1
Contents	2
Foreword	5
About PGGM	6
Our Vision, Mission and Strategy	7
Our Themes	9
Institutional	12
Reliable Pension Fund Services	12
Future Pension System	13
Financial Laws and Regulations	14
Responsible Investment	16
Investing in Solutions	17
Investing in the Netherlands	17
Sustainable Financial System	19
Pension Awareness	20
Members	21
Renewed Members' Organisation	21
Social Agenda	23
Circular Economy	23
Job Market Dynamics	24
Aging in Good Health	25
Cooperative and Sustainable Business Operations	27
Corporate Social Responsibility	27
Reducing the CO ₂ Footprint	28
Socially Responsible Procurement	30
Cost Conscious and Versatile	30
Good Employment Practices	32
Diversity	35

About PGGM N.V.	36
Risk Management	36
In Control Statement	39
Governance	40
Financial Statements	48
General	100
Appendix: Other Positions Held by Members of the Supervisory Board	101
Appendix: Supervisory Board Retirement Schedule	103
Appendix: Report on the Remuneration of the PGGM N.V. Executive Board	104
Appendix: Other Positions Held by Members of the Executive Board	106

PGGM N.V. Annual Report

2015



Foreword

“2015 once again was a highly dynamic year for PGGM, not only in terms of our work, but also for our employees themselves. The environment in which we operate is not easy at the moment; low interest rates, low funding ratios, debates about the future of the pension system, uncertainty on the part of our clients’ participants about their pension, etc. But I am positive about the results we achieved, some of which I would like to briefly highlight.

In 2015, we successfully completed the transition of three new clients (the Stichting Bedrijfstakpensioenfonds voor het Schilders-, Afwerkings- en Glaszetbedrijf, Stichting Beroepspensioenfonds Loodsen and the Stichting Philips Pensioenfonds). We sincerely welcome these clients and their participants and look forward to a long and positive partnership.

The assets we manage for our clients grew slightly in 2015; from € 182 billion at the beginning of the year to € 183.3 billion at year-end. Returns in 2015 were lower than desired, while our relative results were positive. Nationally and internationally we formulated successful themes relating to responsible investment, for and on behalf of our clients. We regularly received positive media coverage of these themes enabling us to continue to safeguard our positive reputation, as well as that of our clients. In the context of the National Pension Dialogue and the renewal of the pension system, we are fully devoting our expertise to optimally facilitate and position the pension funds for which we work. Naturally we also are working hard on the development of an Algemeen Pensioenfonds (APF) [General Pension Fund] that we will ‘launch’ in 2016.

We initiated various projects on the basis of our Social Agenda that we introduced at the end of 2014. For example, one project stimulates growth towards a circular economy. Another project supports the fight against dementia in the context of our social partnership with Alzheimer Nederland. In 2015, the key focus of our PGGM&CO members’ organisation was on restructuring, renewal and innovation.

Internally, 2015 was primarily characterised by the Decisive Innovation Programme. This was the programme’s first full year. Given the total € 15 million cost savings achieved by year-end 2015 (since the programme’s start in mid-2014) we are well on track. We closed 2015 with a positive result of € 1.8 million. We are passing on the cost savings to our clients in the form of increasingly competitive fees.

It is my belief that decisive innovation is essential for PGGM to remain strong and relevant. In 2015, this resulted in a number of major changes, and I am well aware that this also includes major changes to people’s lives. However, the changes also bring us closer to our stretch goal: to be a top cooperative brand. I truly believe that we need to be close to our clients, that we must be versatile and that we must continue to work on our cost level for this purpose. I also believe that a recognisable social agenda and a members’ organisation set us apart so that we can offer our clients’ participants and our members a valuable future.

All of this goes together with tremendously hard work, most certainly this past year, and celebrating the successes we achieve. We did all this, and I would like to compliment and thank all PGGM employees for this on behalf of myself as well as my colleagues on the Executive Committee. I would also like to take this opportunity to thank Paul Loven for his efforts on behalf of PGGM. In 2015, Paul resigned as Chief Financial & Risk Officer and is succeeded by Paul Boomkamp.

2016 promises to be another intensive year for PGGM. A year with a focus on three key themes: our response to the changing needs and requirements of clients and markets, IT as the driver of innovation and the continued reinforcement of our culture.”

Else Bos
Chief Executive Officer PGGM N.V.

About PGGM

PGGM is a not-for-profit cooperative pension fund service provider. PGGM Coöperatie U.A. was founded in 2007 by the social partners in the health and social sector. Employees and pensioners from this sector are members of the cooperative. PGGM Coöperatie U.A. comprises three 'pillars': Institutional, Members and Social Agenda.

On the basis of the Institutional pillar we do our utmost for our clients: pension funds and their participants. We do this by providing pension management, asset management and pension board advisory services via PGGM N.V. and its subsidiaries. On the basis of our

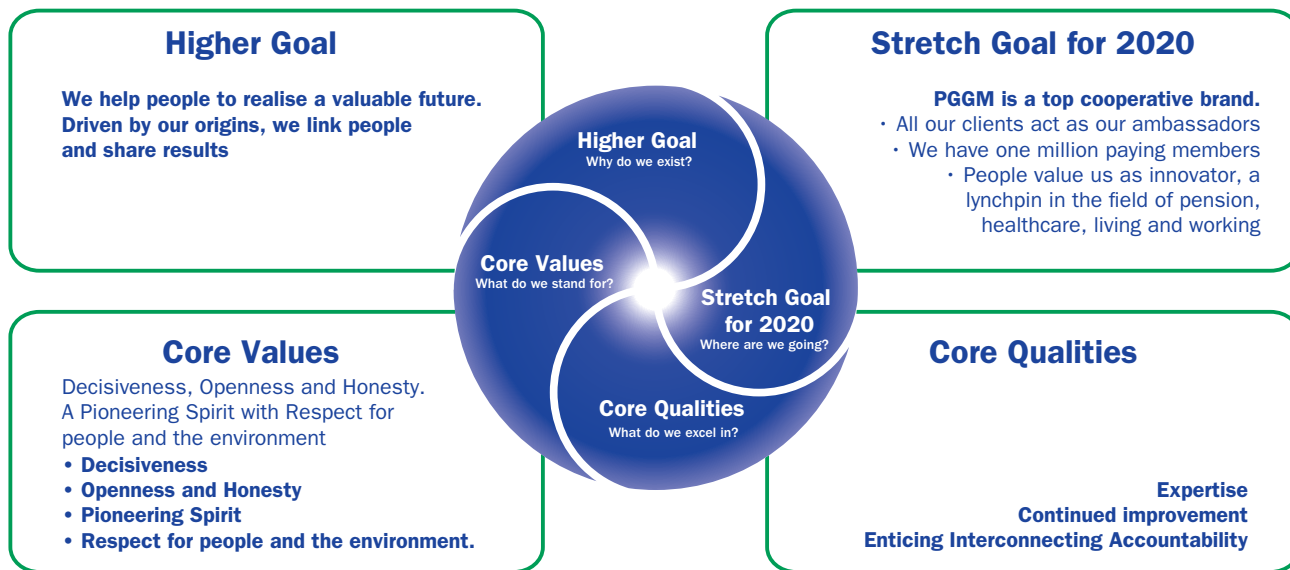
Members pillar we are committed as a cooperative to the more than 700,000 members of the PGGM&CO members' organisation. We do this by developing additional services in a community driven way in the area of pension, healthcare, living and work. From the perspective of the Social Agenda pillar, we develop initiatives to provide broader support to our clients, members and society as a whole in enabling them to achieve a valuable future.

PGGM N.V. in 2015

Annual revenues (€ millions)	260.7
Net result (€ millions)	1.8
Clients and Participants	<p>Stichting Pensioenfonds Zorg en Welzijn (Pension Fund Foundation for the Health and Social Sector) [approx. 2,580,000 participants]</p> <p>Stichting Pensioenfonds voor Architectenbureaus [Pension Fund Foundation for Architecture Firms]</p> <p>Stichting Pensioenfonds voor de particuliere Beveiliging [Pension Fund Foundation for Private Security Firms]</p> <p>Stichting Pensioenfonds voor Huisartsen (Pension Fund Foundation for General Practitioners) [approx. 18,000 participants]</p> <p>Stichting Rabo PGGM Premiepensioeninstelling (Rabo PGGM Premium Pension Institution Foundation) [approx. 17,000 participants]</p> <p>Stichting Bedrijfstakpensioenfonds voor het Schilders-, Afwerkings- en Glaszetbedrijf (Sector Pension Fund Foundation for Painting, Decorating and Glazier Businesses) [approx. 112,000 participants, including the BER funds]</p> <p>Stichting Pensioenfonds Smurfit Kappa Nederland [Pension Fund Foundation Smurfit Kappa Netherlands]</p> <p>Stichting Beroepspensioenfonds Loodsen (Occupational Pension Fund for Maritime Pilots Foundation) [approx. 1,000 participants]</p>
Managed assets (€ billions)	183.3
Number of FTEs	1,311
Employee benefit expenses (€ millions)	150.2

Our Vision, Mission and Strategy

Anyone involved in pensions on a daily basis must keep an eye on the future. Our vision of the future is a future in which pensions are well organised. However, a pension is more than just money. It also concerns living, because the majority of people want to live independently for as long as possible. It also concerns healthcare, to ensure that it is affordable and accessible to everyone. And it also concerns work, because we have to work longer, but at the same time we have to be able to do so and we want to be fit enough when the time comes to enjoy our pension. We refer to a future in which all of these things are well organised as a valuable future.



Our Mission

For us, helping people realise a valuable future is our key focus. That is our mission and our strategy is focused on this.

This starts off by providing excellent pension management, asset management and board advisory services on the basis of our Institutional pillar. Because for our clients, their participants and our members, a good and reliable collective pension is a first and foremost prerequisite. This must be in good order. Virtually all our people therefore work to this end. They occupy themselves with today's pension, as well as the pension for the future. The needs of our clients always are a key focus in this respect.

But that is not all. On the basis of the Members and Social Agenda pillars we search for solutions for the future together with our members and other parties. This way we offer people options that enable them to create a valuable future for themselves. In this respect we base ourselves on our origin, the health and social sector, strengthened by our belief that principles such as collectivity, solidarity and sustainability create value.

Strategy

We use a strategy chart to describe our strategy on the basis of four perspectives, each with its own spearheads and objectives for the coming period. In 2015, we refined our strategy chart to make it more consistent with the changing world around us. The spearheads indicate where and how we will be creating value over the 2016 – 2020 period.

Strategy and Spearheads		
Perspective	Spearheads	More Information about Results and Prospects
Institutional proposition	Satisfied clients as ambassadors	Reliable Pension Fund Services chapter
	Expansion of current DB product to defined contribution agreement with collective risk sharing	Managed Growth and The Place of APF in the Pension Landscape chapters
Members proposition and the social agenda	Towards a supported members proposition and a social agenda with impact	Renewed Members' Organisation, Circular Economy, Job Market Dynamics and Aging in Good Health chapters
Cooperative and Sustainable Business Operations	Higher versatility at a structurally lower cost level, whereby employees live the vision	Cost Conscious and Versatile chapter
	In connection with people for a strong and future-proof reputation	

The effective implementation of our strategy must produce results for our clients and members. It is our ambition that our level of client satisfaction is such that it motivates our clients to be our ambassadors, that 1 million members consider the value offered by our PGGM&CO members' organisation to be relevant to such a degree that they are prepared to give something back in return (the future will show how this reciprocity will ultimately take form) and that people value us as an innovator and lynchpin in the field of pension, healthcare, living and working. At that point we will have achieved our stretch goal, to transform PGGM into a top cooperative brand.

Our Themes

One of our beliefs is that a valuable future can most easily be achieved through mutual cooperation. This is why, as an organisation, in dialogue with a large number of stakeholders, we try to add value by determining the themes that are important to us. These are internal, external, national and international stakeholders, both from within and outside the pension sector. Each year we assess who our stakeholders are.

We currently globally recognise the following stakeholders:



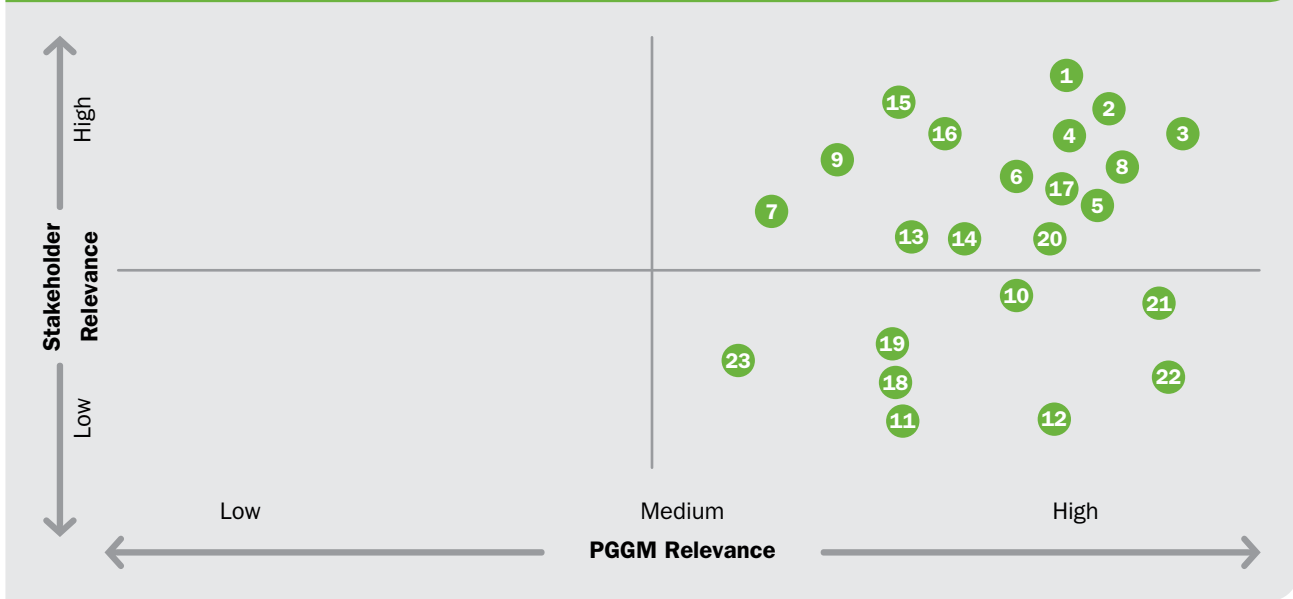
Overview of Stakeholders and Themes

In 2014, on the basis of discussions with stakeholders, as well as colleagues and the results of surveys (for example, conducted in the context of reputation management), we started to develop an overview of all of our stakeholders and the key themes that are relevant to them. We 'plotted' the themes in this overview in the form of a materiality matrix. The materiality matrix identifies the relevance of the themes for stakeholders, as well as for our own organisation.

The result of this process is that at a single glance insight is provided into the themes that are at issue internally, as well as externally, and the importance that our stakeholders and our own organisation attach to these themes.

We have documented the above-referenced process in the form of a process description. This process description also specifies how to keep the stakeholders overview up to date. In 2015, the process consisting of the analysis of the relevance of the themes for stakeholders up to and including the creation of the materiality matrix took a relatively large amount of time. A foundation was created by documenting the required procedures, making the process much easier to execute in the future.

2015 Materiality Matrix



Number	Theme	More Information
1	Reliable Pension Fund Services	Page 12
2	Pension Administration Costs	Page 30 (part of the Cost Conscious and Versatile theme)
3	Future Pension System	Page 13
4	Financial Laws and Regulations	Page 14
5	Responsible Investment	Page 16 / Annual Responsible Investment Report
6	Investing in Solutions	Page 17 / Annual Responsible Investment Report
7	Investing in the Netherlands	Page 17
8	Sustainable Financial System	Page 19
9	Pension Awareness	Page 20
10	Controlled Growth	www.pggm.nl/jaarverslag
11	Place of APF in the Pension Landscape	www.pggm.nl/jaarverslag
12	Pension, Healthcare, Living and Working	www.pggm.nl/jaarverslag
13	Innovative Members' Organisation	Page 21
14	Circular Economy	Page 23
15	Job Market Dynamics	Page 24
16	Aging in Good Health	Page 25
17	Corporate Social Responsibility	Page 27
18	Reducing the CO ₂ Footprint	Page 28
19	Socially Responsible Procurement	Page 30
20	Cost Conscious and Versatile	Page 30
21	Top Cooperative Brand	www.pggm.nl/jaarverslag
22	Good Employment Practices	Page 32
23	Diversity	Page 35

The key themes in the materiality matrix are the themes that are of major importance to our stakeholders, as well as ourselves. These themes are plotted in the top right of the materiality matrix.

The numbering of the themes therefore is not leading; it only says something about the sequence in which the themes are addressed in the Annual Report. To increase legibility, we have grouped the substantively interrelated themes together in this Annual Report.

Shifts in Comparison to 2014

In comparison to last year, a number of new themes has been added to the materiality matrix. Furthermore, the relevance of two themes has shifted: Job Market Dynamics and Good Employment Practices.

The stakeholder relevance and the PGGM relevance rose for the Job Market Dynamics theme. This is not unexpected: in recent years increased attention was focused on job market flexibility and there are increasingly more workers with a temporary contract, as well as increasingly more self-employed workers without employees. That has implications for pension funds and consequently for our organisation as well.

For the Good Employment Practices theme, the PGGM relevance in particular increased. In other words, the relevance was always high, but the attention devoted to this theme rose in 2015. This can be explained by developments concerning the Decisive Innovation Programme. One of the consequences of this programme is that a number of employees have left the organisation and that another number of employees have been declared (provisionally) redundant. We also define Good Employment Practices to mean that we effectively guide these employees to find new jobs, within and outside the organisation, which is why this theme received more attention in 2015.

Clarification of the Themes

In the following sections of this Annual Report, for each pillar/perspective (Institutional, Members, Social Agenda, and Cooperative and Sustainable Business Operations) we describe the developments that took place for a number of themes, the developments that occurred in 2015 and what we will be focusing on in 2016.

Reliable Pension Fund Services

We understand that for our clients' participants it is of primary importance that they receive the right information and the right payments, and consequently that we provide effective pension administration services and pay on time. They must be able to rely on this. This is why we aim to provide excellent pension administration services: accurate and timely collections and payments, registration and provision of information.

Service Level Reporting (SLR) Scores and Client Satisfaction

We aim for loyal and satisfied clients. This is why we have formulated agreements with our clients concerning the quality of our services. We report on this every quarter through means of Service Level Reports (SLRs).

We also formulate similar agreements with new clients. These agreements then apply for the full term of our service delivery with the exception of the initial transition phase, because the processing of updates is temporarily frozen during this phase. This is why specific temporary agreements are always formulated for this phase. The primary objective of an SLR is to measure client satisfaction. The scores received by our operating services are secondary.

In terms of pension management, the reports project a stable picture over 2015. For example, for the Pensioenfonds Zorg en Welzijn [Pension Fund for the Healthcare and Social Sectors (PFZW)], participants rated client satisfaction as 7.6, while employers rated client satisfaction as 7.4. The operating services scores for this client were also good: all Key Performance Indicators (KPIs) in the Service Level Reports were rated as 'green' (satisfactory) in 2015.

New Pension Management Structure for the Pensioenfonds Zorg en Welzijn (PFZW)

Effective 1 March 2015, we started working in accordance with an entirely new structure for providing pension administration and communication, and employer and participant services for the Stichting Pensioenfonds Zorg en Welzijn (PFZW). In this new structure, the client's experience is a priority: contacts with participants are handled by our pension management teams.

Our employees are no longer responsible for solving only a small part of a client's request, but instead solve the participant's entire problem together in teams. A similar approach is used for employers.

In 2015, a number of these pension management teams was subjected to a so-called 'deep dive'; an investigation into possible cost reductions and increasing versatility, while retaining client satisfaction. The initial experiences, with extensive employee involvement, are positive. They show that this approach can in fact increase client satisfaction.

Integrations and Transitions

In 2015, we successfully completed an integration (of A&O Services B.V., with the Stichting Bedrijfstakpensioenfonds voor het Schilders-, Afwerkings- en Glaszetbedrijf as the major client) and two transitions (of the Stichting Beroepspensioenfonds Loodsen and the Stichting Philips Pensioenfonds).

Integrations and Transitions		
Client	Number of Participants	Service Start Date
Stichting Bedrijfstakpensioenfonds voor het Schilders-, Afwerkings- en Glaszetbedrijf (Sector Pension Fund Foundation for Painting, Decorating and Glazier Businesses)	112,600 participants	6 July 2015
Stichting Beroepspensioenfonds Loodsen (Occupational Pension Fund for Maritime Pilots Foundation)	1,275 participants	1 July 2015
Stichting Philips Pensioenfonds (Philips Pension Fund Foundation)	104,000 participants	1 January 2016

Growth in Number of Participants

Due to initiatives, such as integrations and transitions, the number of participants that we serve on behalf of our clients increased to approximately 2.7 million in 2015.

Number of Participants	
Client	Number of Participants in 2015
Stichting Pensioenfonds Zorg en Welzijn (Pension Fund Foundation for the Health and Social Sector)	Approx. 2,580,000
Stichting Pensioenfonds voor Huisartsen (Pension Fund Foundation for General Practitioners)	Approx. 18,000
Stichting Rabo PGGM Premiepensioeninstelling (Rabo PGGM Premium Pension Institution Foundation)	Approx. 17,000
Stichting Bedrijfstakpensioenfonds voor het Schilders-, Afwerkings- en Glaszetbedrijf (Sector Pension Fund Foundation for Painting, Decorating and Glazier Businesses)	Approx. 112,000
Stichting Beroepspensioenfonds Loodsen (Occupational Pension Fund for Maritime Pilots Foundation)	Approx. 1,000

Pension Management IT Improvement Plan

In 2015, we invested in the continued modernisation of the pension administration system and in improving software development methods. This is guided by the 'Pension Management IT Improvement Plan', with the objective of significantly reducing the lead time required for implementing changes in our service delivery and to further increase the quality and efficiency of the software development process, as well as the pension administration services.

In 2015, in the context of this plan, the lead time for developing functionality was reduced for a portion of the pension administration system by adopting an agile method of working. This approach makes it possible to put new software into production every six weeks, and if desired even every two weeks. This contributes to the realisation of a versatile pension fund service provider that is ready to meet the challenges of an increasingly faster changing pension market.

Focus in 2016

In 2016, we will continue to focus on providing excellent pension administration services and on implementing specific requirements agreed on with our clients. Our objective in this regard is to motivate our clients to become our ambassadors by means of the quality of our services.

In addition, we will continue working on the IT Improvement Plan. The focus here will be two-fold. First, we want to further modernise the system landscape in order to make

the 'pension journeys' made by our clients' participants and the contacts they require with our pension management teams for this purpose as client-oriented and efficient as possible. Second, we want to continue to introduce the new software development method within the organisation, both within the IT department and in cooperation with line departments.

Future Pension System

We understand that the pension system must be adjusted to suit the requirements and characteristics of the present time. The debate about this is important to us as well as our stakeholders. This is why we want to actively contribute to it.

Contributing to Solutions

We have been intensively involved in the debate about the future of our pension system for a long time. We recognise and acknowledge the issues of the current system and actively contribute to solutions designed to solve these issues. In this respect we want to retain the positive basic principles, such as solidarity and collectivity in the interest of individual participants and society as a whole. In 2015, we made an active contribution to the social debate about the future of the pension system by supporting and advising pension fund management boards, and by means of publications, presentations and participation in working groups.

This way we attempted to provide insight and a response to key issues, such as, how do we provide for stable pension results in a world in which it is no longer possible to give any guarantees? How do we organise a pension for the large and still growing group of self-employed workers in society? How do we respond to society's call for more freedom of choice and customisation? How do we increase the support of and confidence among participants? And how do we migrate to a new system in a responsible way?

This way we contribute to the search for and the realisation of a pension system that befits our modern society and in which the basic principles that are important to us are retained.

New Pension Contract

Together with our clients we anticipate specific changes to the pension system. An example of this is the '2015 Witteveen Agreement'. Pursuant to this agreement, the maximum tax efficient pension accrual is limited to a salary of € 100,000 effective 1 January 2015.

This means that participants with an income above this amount accrue less retirement pension. This is why, in October 2015, we included a new net retirement pension product into our pension scheme for the Stichting Pensioenfonds Zorg en Welzijn (PFZW). This product enables participants to supplement the accrual of their retirement pension.

Focus in 2016

In 2016, we will continue to involve ourselves in the debate on the future of our pension system and to make an active contribution to the social debate on this. In this respect we will continue to focus on retaining key basic principles such as collectivity and solidarity.

Financial Laws and Regulations

Together with our clients we operate within a strict regulatory framework in which laws and regulations are subject to change on many fronts. Monitoring these developments and anticipating these changes is crucial. However, we want to be more than a passive recipient of changes: we want to actively exert influence on them. Because we are familiar with various issues and consider it important that the pension product continues to facilitate key values.

Priorities in Europe

2015 was the first full year during which the European Commission was in session under the leadership of President Jean-Claude Juncker. One of the most important priorities is the Agenda for Jobs and Growth. At the end of 2014, the European Commission's President Juncker presented his plans for additional investments in the

European economy. Part of these plans is the creation of a European Fund for Strategic Investments (EFSI). Another spearhead is to perfect the internal European capital market: the Capital Market Union. This Capital Market Union is considered one of the flagship projects of this European Commission and focuses on increasing the role of the financial markets in financing economic growth in Europe.

For us and our clients an effectively functioning capital market is a prerequisite for our permanent and growing presence as a long-term investor in the European economy. A stable sustainable and regulated financial market is a prerequisite in this regard and that requires the European Union to play a substantive role. It therefore speaks for itself that in 2015 our public affairs activities were focused on these developments. We primarily focused on a number of dossiers that are addressed in further detail below.

European Pension Dossiers

Review of the IORP Pension Fund Directive

The European Commission is working on the review of the European Pension Fund Directive (the IORP Directive). The presentation of the review in March 2014 was followed by a Council Compromise at the end of 2014. This compromise is quite practicable for the Dutch pension sector. The directive was the subject of negotiations in the European Parliament in 2015. The earlier Council Compromise was a key factor in these negotiations and largely remained intact.

The ultimate decision-making concerning this directive will take place in a so-called Trilogue. This process will be initiated in the first half of 2016 under the EU Presidency of the Netherlands. The ambition is to close the IORP dossier during the Netherlands' presidency. Due to our long-term and continuous involvement in this dossier we have been able to persistently emphasise that a review of the IORP directive was essential in order to avoid capital requirements and the associated costs for us and our clients.

EIOPA: Capital requirements for pension funds?

The European supervisory authority, EIOPA, is assessing European supervisory instruments in order to get a grip on the security of second pillar pensions. In recent years it has worked on a so-called Holistic Balance Sheet (HBS). During May-August 2015, EIOPA conducted a Quantitative Assessment and Stress Test (QAST). The purpose of this stress test was to measure the degree to which pension funds are able to withstand adverse scenarios.

EIOPA plans to publish the QAST results in April 2016. EIOPA will use these results to further develop the Holistic Balance Sheet (HBS). We are members of EIOPA's Occupational Pensions Stakeholder Group and this is one of the ways in which we continue to be involved in the European debate about the security of pensions.

Track and Trace Your Pension in Europe: TTYPE

Together with APG, MN, Syntrus Achmea (up to 1 June 2015), the Danish PKA, the Finnish ETK (up to 1 June 2015), the Belgian Sigedis (as of 1 June 2015), the German Duitse SOKA BAU (as of 1 June 2015) and the British The People's Pension (as of 1 June 2015) we are participating in a European project concerning the development of a European Pension Register: TTYPE (Track and Trace Your Pension in Europe). This project is jointly financed by the European Commission. This initiative, started in 2013, to develop a European system for tracing pensions was to be completed in 2015. However, the results proved to be very popular with the European Commission, as well as the broader European pension community.

During the concluding conference on 26 March 2015, it became evident that the project could be capable of delivering a new 'product' in the form of a business model. New partners from the United Kingdom, Germany and Belgium joined the existing participating parties. With the support of the European Parliament, the European Commission agreed to extend the project to the spring of 2016. For us, this initiative is a good example of making a positive contribution to the European pension agenda and proof of the practical value added of cooperation across borders.

Financial Market Dossiers

Capital Market Union

On 30 September, the European Commissioner, Hill, presented the Capital Market Union Action Plan. We consider it positive to be able to note that the perspective of the pension sector as a key institutional investor in the European economy has been given its proper place in this plan. At the start of this process at the end of 2014, this was definitely not yet the case and we actively worked to have this happen. The Capital Market Union offers a positive agenda for the pension sector that could lead to more European investment opportunities at lower costs.

We in particular emphasised the importance of public-private responsibility and the realisation of projects with social value added. The connection with the European Fund for Strategic Investments (EFSI) and the role of the European Investment Bank holds our attention in this respect.

STS Securitisation

A regulation concerning simple, transparent and standardised securitisation (STS securitisation) was presented at the same time as the Capital Market Union Action Plan.

We have always supported the regulation of securitisation. The European Commission's proposal is aimed at the true sales market. However, synthetic securitisation is not part of the proposal.

As one of the few parties in this market, we have become proficient in this form of securitisation, which at the same time makes us one of the largest and most experienced parties in the market. We would therefore like the scope of the regulation to be broadened so that it also applies to synthetic securitisation. We are in discussion with stakeholders in Brussels and London concerning our views and our approach to simple synthetic securitisations. With regulators in Brussels we are exploring the steps that should be taken to broaden the scope.

EMIR

The EMIR regulation regulates the trade in derivatives, for example by introducing mandatory central clearing. Pension funds will have to comply with this requirement as well over time. However, the legislation includes a temporary exemption. A legislative amendment published on 5 September 2015 has extended this exemption until August 2017. This provides the time needed to come up with a good solution.

In addition, in August we participated in a consultation of the European Commission concerning the EMIR's functioning in a general sense. During this consultation we called for the development of a suitable (clearing) solution for pension funds. Together with APG, we developed a vision for exactly such a solution and acquired the support of a large number of parties in the pension sector including MN, the Danish PKA and the British Insight.

There are various possible solutions. A permanent exemption sounds appealing, but a possible consequence is that counterparties may be covered by the regime and would charge back any costs. Another possible consequence is that we would no longer have any influence because, as a pension sector, we would be outside the system. For the time being the message is that a permanent exclusion is not an optimal outcome and would only be a consideration if no solution is found to this issue.

Focus in 2016

A large number of the European dossiers to which we devoted our attention in 2015, will continue to demand our attention in 2016. We expect the European decision-

making process concerning the review of the IORP directive to be completed in the first half of 2016. The next step is to incorporate the new directive into Dutch laws and regulations. This normally requires a period of two years.

Specific Capital Market Union Action Plan items that in 2016 will require further action are the proposed STS securitisation regulation and the announced 'call for evidence' concerning the impact of financial regulations. In terms of the EMIR regulation, 2016 will be devoted to the search for a suitable (clearing) solution for pension funds. We will of course continue to be closely involved in this.

Responsible Investment

Just like our clients, we will be working on a more sustainable world in which participants receive their pension. Responsible investment is one of the key ways in which to make a contribution to this. This is why we integrate sustainability into the investment process. We incorporate the risks, as well as the opportunities relating to sustainability into our investment decisions and we apply various instruments for the purpose of excluding companies and countries engaged in activities that we do not support, encouraging companies and market parties to make sustainability improvements, and contributing to social solutions through our investments.

Growth in Managed Assets

The assets we manage for our clients once again grew in 2015; from € 182 billion at the beginning of the year to € 183.3 billion at year-end.

Unfortunately, returns were negatively affected by concerns over the Chinese economy, the continued decline of oil prices and the slower economic growth in emerging markets.

Of the total managed assets, € 172.2 billion fell under the Responsible Investment Implementation Framework, or within the PGGM funds and the internally managed mandates to which we apply our responsible investment activities.

Making Private Equity Investments more Transparent

Private equity investments generate high returns. As a result, they make a valuable contribution to the pension of millions of Dutch workers. Furthermore, private equity investments constitute an important form of financing for companies that do not or are unable to attract capital in public markets. In 2015, we stated our views on private equity in a position paper.

Our basic premise is that all investments must serve the interests of pension participants and society at large. The private equity managers appointed by us must invest the pension money in accordance with principles that are very important to Dutch citizens: they must provide due consideration to reasonable working conditions, the environment and company management that accounts for the culture within which the company operates and with respect for local labour relations.

In 2015, private equity was a topic of public debate in the Netherlands. The edge of the public debate is fed by the controversies that occurred in relation to some private equity investments. In such controversies, the interests of shareholders and employees or the wider surroundings collide, and the balance at times shifts too much to the short-term interests of the shareholder(s).

In 2015, The Lower House focused attention on these excesses in private equity and submitted twelve proposals designed to improve the private equity sector. The Lower House pointed to the important function of private investments for economic activity in our country and shared our analysis that private equity constitutes an important alternative to bank financing. We support the submitted proposals to make private equity more transparent, put greater focus on the long term, lower costs and make them more easily explainable, and link remuneration to sound performance for the capital provider.

Managed Assets							
	2009	2010	2011	2012	2013	2014	2015
Managed assets (€ billions)	88	103	115	134	154	182	183.3

Annual Responsible Investment Report

To read more about our activities, results and focus in 2016 in the area of responsible investment, consult our Annual Responsible Investment Report.

Investing in Solutions

We view investing in solutions for social development as clearly defined investments that not only contribute to the portfolio's financial return, but are also intended to generate social value added.

We invest in solutions relating to climate and environment, water, health and food. The goal set by our largest client (Stichting Pensioenfonds Zorg en Welzijn) is to quadruple its investments in solutions by 2020; from € 5 billion in 2014 to at least € 20 billion in 2020. Our aim is to meet this goal. In addition, we measure the social impact of investments in solutions, because it enables us to monitor whether these investments in fact really contribute to solutions for a better world. We report annually on this.

Annual Responsible Investment Report

To read more about our investments in solutions and the impact we achieved, refer to our Annual Responsible Investment Report.

Investing in the Netherlands

We believe that we can make a difference with the invested assets of our clients and that we can add value, for example by investing more in the Netherlands. This is why we are alert to any opportunities and we stimulate initiatives, such as the Netherlands Investment Institute (NLII), designed to make investing in the Netherlands simpler.

Growth in Invested Assets in the Netherlands

In 2015, 10.9 per cent of the pension assets of our clients was invested in the Netherlands, representing a total of over € 19.9 billion. In 2014, this was over € 19 billion (10.5 per cent).

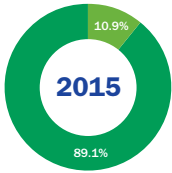
We are actively involved in various ways to provide our clients with access to attractive investments in the Netherlands that are consistent with the desired risk and return profiles. We invest in bank capital (risk sharing transactions) designed to facilitate SME financing and in 2015, together with BAM, we took an interest in the OpenIJ consortium for the construction of a new sea lock in IJmuiden for example. This new sea lock provides room for the growing goods transportation sector. The construction of this new sea lock enables the port of Amsterdam region to retain its importance to the Dutch and European economy.

NLII, NIA and NHI

We stimulate initiatives designed to make investing in the Netherlands simpler. For example, we played a prominent role in the foundation and are one of the shareholders of the Netherlands Investment Institute (NLII). In 2015, NLII made its first fund available (the Business Loans Fund), announced a new fund (the Subordinated Loans Fund) and signed a letter of intent to investigate the feasibility of a third fund, a public-private climate investment fund.

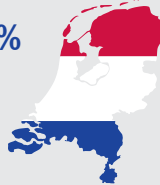
Furthermore, we are a strategic partner of the Netherlands Investment Agency (NIA) founded in 2015. This agency supports Dutch companies and organisations that would like to make use of the European Fund for Strategic Investments (EFSI). We would like to see public-private partnerships to be further strengthened in the Netherlands through means of close cooperation between the NLII and the NIA.

MANAGED ASSETS INVESTED IN THE NETHERLANDS









■ € 19.9 billion invested in the Netherlands
■ € 163.4 billion invested in other countries
€ 183.3 billion total invested assets

The Dutch economy represents **1%** of the global economy. PGGM invests **10.9%** of its managed assets in the Netherlands.



INVESTMENTS IN SOLUTIONS IN THE NETHERLANDS

€ 1 billion
(including 173 million in 2015) in:

- Local heating network 
- Healthcare, including care homes 
- Green deposits 
- Green bonds for renewable energy 
- Wind farm 
- Dutch companies with a sustainability policy 

ACTIVITIES PERTAINING TO DUTCH LISTED COMPANIES

Number of companies in the portfolio:

34



Engaged in dialogue with

9

companies



5

number of shareholder meetings attended



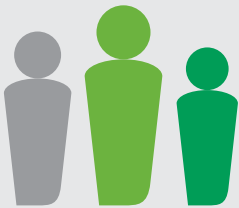
Voted at

43

shareholder meetings



FINANCIAL RETURN FOR BENEFICIARIES SINCE FOUNDATION IN 1971



Average return on the total investment portfolio

8.2%

MEASURED SOCIAL RETURN IN 2014 FROM INVESTING IN SOLUTIONS

Better access to good healthcare for over **3,400** Dutch residents.



Generated over **1.1 million** megawatt-hours of sustainable energy, comparable to the energy consumption of over **353,000** Dutch households



Sustainable Financial System

As a long-term investor for our clients, we want to achieve our investment returns on the basis of a sustainable financial system. This is why we critically assess our own behaviour and take steps to further improve it, for example by means of internal dialogues and by developing guidelines. In addition, we also assess the behaviour of other parties in the chain and we engage these parties in discussions about topics we consider important.

Changing the Corporate Culture

A cultural change is required to make the financial sector sustainable. This applies to our own organisation as well as to the parties with whom we partner or in which we invest on behalf of our clients. To champion greater transparency on the part of financial institutions, we have been a member of various alliances for several years, such as the Enhanced Disclosure Task Force (EDTF - disbanded in 2015) of The Financial Stability Board (FSB) and the International Accounting Standards Board (IASB).

In 2015, we also reviewed our own behaviour and that of other parties in the financial sector in comparison to our view of a sustainable financial system. Furthermore, we analysed the 14 most strategic counterparties in terms of their contribution to a sustainable financial system. We took a look at the transparency, stability and sustainable behaviour criteria for the long term. The result of this assessment/analysis is an overview of the banks that to a greater or lesser extent meet what we would define to be good behaviour.

In addition, this exercise provided us with a number of insights into our own behaviour. In 2015, we therefore organised a number of internal working sessions with our portfolio managers of various investment categories to discuss how we can even better contribute to making our daily activities more sustainable.

Compensation Guideline

At the end of 2014, we published the 'PGGM Guideline for the Compensation of Financial Service Providers' (Compensation Guideline). The objective of this guideline is to take a position against the most excessive forms of compensation of external managers. We define compensation as the fees that external managers receive for the services they provide and the compensation received by individuals for the work done.

The guideline went into effect on 1 January 2015, and reflects how we intend to implement this view in negotiations with financial service providers.

The most important instrument that we developed for this purpose is the Fee Protocol. This protocol includes agreements concerning acceptable fees and compensation structures for each investment category. If an external manager or a deal does not comply with this protocol, we can decide not to proceed. We not only look at the level of the compensation, but also at the transparency of the compensation structures. In our meetings with external managers we encourage them to be more transparent.

Focus in 2016

In 2016, we are going to use the results of the assessment/analysis conducted in 2015 as a guideline for the engagement meetings we will be having with the financial institutions we assessed/analysed. During these meetings we will be advising them as to how they can contribute to a sustainable financial system.

Furthermore, we will formulate initial specific actions that enable us to contribute to a sustainable and stable financial system ourselves. This concerns topics such as the tension between the use of short-term benchmarks versus our long-term obligations.

In addition, we will expand the application of the compensation guideline as a means of getting a better grip on the level of compensation and to obtain greater transparency about compensation structures. Our aim is to end collaboration with external managers who by 2020 are not fully transparent about their compensation structures.

In 2016, we will also actively participate in the FCLT (Focussing Capital on the Long Term), a partnership of companies, asset managers and consultants, of which we are a member like many other global pension investors. The FCLT develops tools and approaches to help institutional investors and companies' management boards with value creation in the long term. Over the coming year we will focus our efforts on two long-term investment aspects: stimulate the development of theory in support of long-term investment and the development of reporting by investors that shifts the emphasis from short-term reporting about realised returns to value creation over the long term within a given mandate and that addresses whether this is in line with the objectives and preconditions specified for the mandate.

Pension Awareness

We realise that increased pension awareness is important to everyone involved in pension schemes. However, we are also seeing that the interest in and the knowledge of pensions is still relatively low. This is why we aim to make our clients' participants aware of their pension and the options available to them.

Mandatory Pension Communication

In 2015, we took steps to implement the new Pension Communication Act for our clients. For example, the welcome packages and the websites were adjusted to be in accordance with the new, layered Pension 1-2-3 communication protocol and calculations will be made available to the Pension Register more frequently. Furthermore, in relation to mandatory communications, the legislation makes it possible for pension funds to completely digitally communicate with its participants. We have provided our clients with recommendations on how best to deal with this from a communicative and technical perspective. A key topic in this respect is how to increase the digital reach among participants, for example by acquiring e-mail addresses or by connecting to the message inbox of MijnOverheid.nl.

Digital and Agile Interaction with Employers

In 2015, we initiated work on the development of MyOrganisation, a new platform for employers who are members of the Stichting Pensioenfonds Zorg en Welzijn (Pension Fund Foundation for the Health and Social Sector) [PFZW]. MyOrganisation primarily focuses on services and self-services that require login, such as managing (financial) details, activating administrative processes, using actionable information and other personal services with the potential of reinforcing the relationship between the pension fund and the employer.

An agile approach will be used to develop MyOrganisation. That means that we will develop the services in small steps and with a great deal of interaction with end-users. In this regard we are careful to use techniques that can be reused for other clients as well.

Approach to Contacting Participants

Market research shows that client contact is a key client satisfaction prerequisite for participants of the Stichting Pensioenfonds Zorg en Welzijn (PFZW). There appears to be an optimal relationship between the number of client contacts and client satisfaction scores. In this respect there are differences between client segments related to age and personality. A large group of participants appears to have barely any contact with their pension fund. This is why a segmented approach was developed in 2015 to optimise client contacts for each client group.

The objective of this approach is to optimise client satisfaction, effectiveness and efficiency. The approach consists of testing pilots among participants and to roll out successful pilots in actual practice.

Focus in 2016

Digitisation and innovation are a high priority in 2016 as well. This includes the use of Big Data and apps designed to serve the participants (and employers) of our clients' pension funds with an even better focus.

Members

Innovative Members' Organisation

As a cooperative we are committed to our members. Via the PGGM&CO members' organisation we are developing supplementary services relating to pension, healthcare, living and working for the more than 700,000 members of PGGM&CO. This is increasingly happening in a community-driven way, whereby we stimulate a dialogue on relevant topics among members themselves and among members and the Cooperative. The objective is to create a Cooperative that plays a linking role and that is of significance to, for and by its members.

Continued Development and Experimenting

The key focus in 2015 was on the continued development of the members' organisation. Since 2008, PGGM&CO has been there for people in the health and social sector. Our mission is to help them realise a valuable future in terms of the interrelated themes pension, healthcare, living, working and income. The Cooperative has since grown to include over 704,000 members. They experience us as a reliable partner. As a result there now is a solid foundation on which we can continue building.

Number of PGGM&CO members								
	2008	2009	2010	2011	2012	2013	2014	2015
Number of members PGGM&CO	469,000	553,000	553,000	563,000	577,000	650,000	690,000	704,000

In addition to continued development, we also experimented with identifying and discovering the requirements and needs of members on the basis of a community approach. The focus in the second half of the year was on a reorientation in which linking, learning and cooperating were key themes. The objective of this reorientation was to create a Cooperative that plays a linking role and that is of significance to, for and by its members.

Wij Mantelzorgers (We Informal Caregivers)

A specific example of experimenting using the community approach was the 'foundation' of our first community in 2015: Wij Mantelzorgers [We Informal Caregivers], an online community specifically for informal caregivers. On the Wij Mantelzorgers website, members exchange experiences and discuss relevant topics. In addition, ideas are put forward and members exchange tips and recommendations.

Due to focused moderation and content creation, stories and ideas are further developed, leading to mutual bonding and newly joining members and partners. This method of facilitating and bonding is consistent with our cooperative ideology. Council members played an important, active participating role in this process.

Wij Mantelzorgers started off in 2015 with an initial group of 25 connected informal caregivers and over the course of the year evolved into a community of more than 500 committed members. As such Wij Mantelzorgers experienced a slight exponential growth, largely organised by the members themselves.

In addition to a healthy organic growth, the impact of the community is promising. Members are providing feedback about the community's value to them and they appreciate the facilitating role played by PGGM&CO. A group of ambassadors has emerged that actively lends a hand and that speaks about this initiative within their own environment. We are further expanding the community's reach and impact by developing (local) initiatives in cooperation with municipalities and other relevant organisations. The informal caregivers theme has enabled PGGM&CO to evolve into a linking and facilitating hub in a network of (new) initiatives.

2015 Members Survey

Each year we ask members about their experience with informal caregiving in general and about informal caregiving for someone with dementia in particular. We do this in cooperation with Alzheimer Nederland. This way, as a members organisation we know what our members are dealing with in their lives and we offer them help in the form of tips, advice and information. In 2015, 3,438 members completed the PGGM&CO survey.

The survey shows that increasingly more informal caregivers are experiencing a major mental burden and devote a great deal of time to organising and planning informal care. Many of them see their income drop because the need to provide informal care means they are unable to earn as much and incur higher expenses. In comparison to the surveys conducted in the past two years, a growing percentage of the people surveyed indicate that they consider their role as informal caregiver 'difficult'. 27 per cent in 2015 versus 24 per cent in 2014 and 19 per cent in 2013.

Insurance and Mortgages

Due to the scale of our Cooperative and our insight into the wishes and needs of members, PGGM&CO last year once again proved to be able to support members in choosing specific products.

Particularly products that make an actual contribution to their financial and personal balance sheet.

In cooperation with our partner VvAA we therefore introduced various propositions to the market for this purpose in 2015. The most recent result is the travel insurance for members. At the present time the uptake of this insurance by members is still in its infancy. The focus at the end of 2015 was on the next step: the development of services based on the new community approach.

In addition, in close cooperation with our Members Council we devoted effort to the creation of a mortgage for people currently or previously working in the health and social sector. On 29 September 2015, together with our partners, we introduced this mortgage to the market under the name Attens Mortgages. Attens Mortgages are provided by Attens Hypotheken BV, a subsidiary of Syntrus Achmea Real Estate & Finance. Attens Mortgages are only available to participants of the Stichting Pensioenfonds Zorg en Welzijn (PFZW), which also invests in these mortgages.

The product's characteristics and the development of the Attens Mortgages resulted from the needs and feedback of PGGM&CO members. For example, it is possible to count the irregular hours allowance and flexible employment contracts, parents are permitted to co-sign and home buyers are given an interest rate discount when they make their home more energy efficient.

In 2015, mortgage applications valued at € 127 million were received and mortgages valued at almost € 50 million were approved. As at 31 December 2015, Attens Hypotheken had provided 275 mortgages. The ambition is to have € 3 billion in Attens mortgages outstanding by 2020.

Focus in 2016

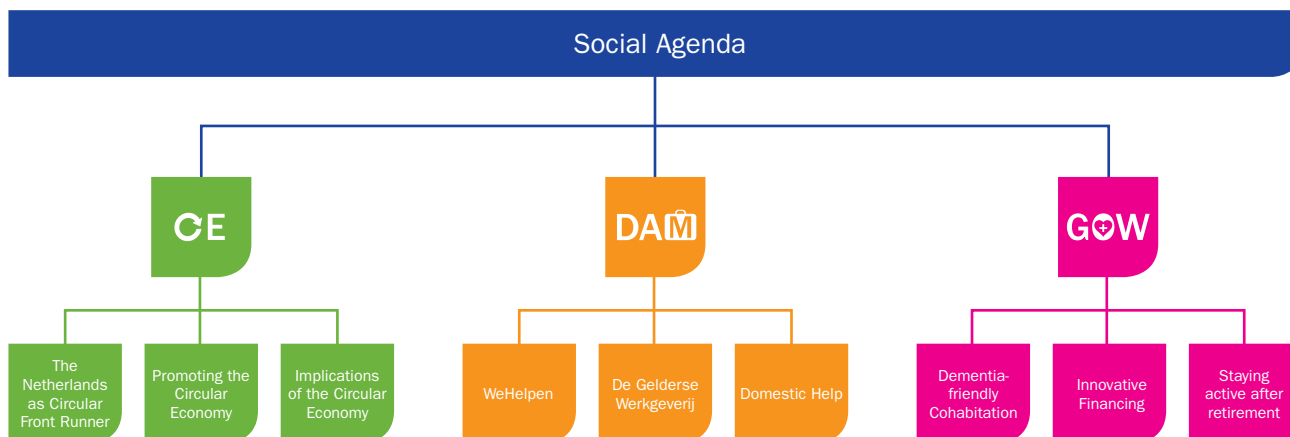
The health and social sector is changing extremely fast. Each day, our members are faced with new challenges relating to working, living and healthcare, as well as to their pension. To continue to be able to make a difference as a members organisation we must have the courage to reinvent ourselves all the time. We are therefore organising ourselves to work fast, flexibly and at low costs. We do all of this in close cooperation with our stakeholders.

In 2016, we will increasingly let go of our own assumptions and engage into an actively listening relationship with our members. We will review and continually adjust ideas. Our Members Council plays a crucial role in this respect as a sparring partner and as an ambassador within the sector. Together we ensure that our members help each other realise a valuable future. Always in relation to the themes healthcare, living, working and income.

We will develop an online platform with relevance to healthcare, welfare and retirement. We will organise communities around the relevant themes and this way achieve a link and bond with employees in the health and social sector.

Our new structure enables us to even better translate the wishes and needs of our members into products and services that we ask carefully selected partners to implement for us. In these propositions the strength of our communities benefits each and every member.

Social Agenda



Circular Economy

We want to contribute to the transition to the circular economy. The linear economy is not sustainable: we throw out a great deal (waste and therefore raw materials, experience, social capital and knowledge) and therefore discard value. This is not viable from an economic and ecological perspective. As investor we can 'direct' companies and with our network, our scale and our influence we can help the movement towards a circular future (creating a sustainable society) further along.

The Netherlands as Circular Front Runner

We are ambassador of the Netherlands Circular Hotspot Project. In 2015, five round table discussions were organised in the context of this project with the objective of exploring the options for accelerating the transition to a circular economy in the Netherlands. As a member of the project's core team we actively participated in these discussions. The results of the discussions have been incorporated into a magazine that in April 2016 will be presented to Prime Minister Rutte.

Our aim is to increasingly base our own business operations on circular principles; for example by leasing rather than purchasing office furniture and equipment, and to pay for use instead of ownership. Here lies an important challenge for the coming years. In 2015, we therefore organised a conference on circular procurement, among other things.

Although our clients have not yet given us an explicit mandate to invest in the circular economy, the circular economy is a good fit for a number of themes formulated as part of the investment assignments. We consequently

believe that the circular economy could be a problem-solving approach for investments with a high social impact.

Promoting the Circular Economy

In 2015, we continued to develop a Circular Assessment Tool (CAT) in cooperation with The Circle Economy. The CAT makes it possible to assess a company's level of circularity and to identify the potential for improvement. The instrument has two levels: a quickscan and a detailed assessment. The instrument looks at the economic (scarcity) and ethical risks. For financiers and investors this provides insight into the circular possibilities and risks, which affects the financial stability of companies.

In 2015, several companies were analysed using this innovative approach. This has resulted in a further improvement of the analysis and its user friendliness. Other financial institutions with their own projects were also involved in the further development of this analysis method.

Implications of the Circular Economy

In 2015, we continued to chair the CE100 Finance subgroup of the Ellen MacArthur Foundation, the global platform for the circular economy. In 2015, the subgroup primarily focused on understanding the impact of the transition to a circular economy for the private sector. Research into this area was conducted with members of the subgroup. In December, the initial version of the resulting research report was presented during a conference held in Luxembourg.

Focus in 2016

In 2016, we want to continue to develop the Circular Assessment Tool (CAT) methodology by means of new analyses of companies included in our investment portfolios. In addition, other financial institutions will also contribute companies in their portfolio for analysis. Over time this is to result in a methodology that is broadly supported by the financial sector. This will increase awareness among companies and financial institutions for the need to increase their contribution to the circular economy.

Furthermore, in 2016, we will continue to build on understanding the impact of the transition to a circular economy for the private sector. Because the financing structure for a company can change substantially when it operates on the basis of circular principles. That makes this extremely relevant to investors.

Finally, in 2016, we will continue to build onto the results of the initial research report of the CE100 Finance subgroup of the Ellen MacArthur Foundation. We will continue to research the implications of the circular economy for financial institutions and will focus on the central question: how do the business models and products of financial institutions support and accelerate the transition to a circular economy? The second part of the research report concerning this question will appear over the course of 2016.

Job Market Dynamics

We are observing major changes on the job market, particularly in the health and social sector. The dynamics are increasing on many fronts, among other things due to the flexible pension age, the need for combining paid and unpaid labour, and the flexibility of employment contracts. This has an impact on prosperity, now and after retirement, but also on well-being (self-esteem, social network and health). This is why we want to contribute to the sustainable employment of job market participants, both in the event of potential dismissal, and by enabling people to further develop and strengthen themselves.

WeHelpen

In 2015, as co-founder, we continued to be involved in the activation and further development of WeHelpen, an online marketplace where people offer assistance, request assistance and organise assistance in private networks.

We contributed to the growth of WeHelpen through means of frequent communication with PGGM&CO members via the members magazine, Facebook, members evening

sessions, a link with the Wij Mantelzorgers [We Informal Caregivers] community, a renovated landing page on the members site and the third Informal Caregivers and Dementia members survey. Furthermore, we conducted workshops at two WeHelpen general members' meetings, actively participated in multiple co-creation sessions and actively shared our knowledge and resources with other WeHelpen Cooperative members.

Gelderse Werkgeverij

In 2014, as co-founder, we were involved in the start-up of the InvestMens initiative together with Start Foundation and the Rabobank. InvestMens is an instrument designed to promote inter-sectoral mobility. Due to the policy changes announced by The Hague, InvestMens was put on hold in 2015. An alternative was embraced in the second quarter of 2015: De Gelderse Werkgeverij.

De Gelderse Werkgeverij is an initiative of a number of institutions in the youth care sector in the Province of Gelderland that together with involved municipalities created a regional job market pool in response to decentralisations. The cooperating parties are making use of one another's (temporary) staff shortages and surpluses.

We have made our knowledge and our network available to further shape this initiative. This means that we contributed to identifying content and cooperated on the actual realisation and further advancement of De Gelderse Werkgeverij. In addition, we made use of our social partners network to make joint arrangements. In 2015, ten employers were prepared to participate in De Gelderse Werkgeverij.

Domestic Help

In 2015, we more closely studied issues at the lower end of the job market in the health and social sector. We discovered that the most significant problems relate to home care involving domestic help. Due to cutbacks people are acquiring far less domestic help and thousands of people are dismissed, while the work remains.

On the one hand this is due to the lack of familiarity of clients with the availability of grants as an option for hiring domestic help. This is why, in cooperation with ActiZ, the association for entrepreneurs in the care sector, we developed a video to eliminate this lack of knowledge. On the other hand, it appears that the supply and demand market is not working as a result of which workers – by choice or otherwise – start working in the underground economy.

Focus in 2016

In 2016, we want to continue to contribute to enabling WeHelpen to grow. We will do this by starting work on broadening WeHelpen for participants of the Stichting Pensioenfonds Zorg en Welzijn (PFZW) and by mounting a campaign together with the Rabobank.

In 2016, De Gelderse Werkgeverij will have its true start. We will use our network and communication strength for this purpose. We will be guiding De Gelderse Werkgeverij in sorting out the issues relating to legal provisions concerning the exchange of staff. We will take on this investigative work and we will also facilitate discussions between employers and employees.

Finally, in 2016 we will continue to monitor the lower end of the job market. In consultation with our stakeholders we will conduct research into the needs of employees and clients relating to the structure of the personal services market. The results of this research will be shared with key shareholders and will be used in the search for problem-solving approaches.

Aging in Good Health

We are seeing that health is the highest objective for people when asked about what they wish for as they get older. Physical and mental ailments are a major threat to a valuable future. This is why we like to contribute to work on people's vitality. We also do this, because this is a key condition for staying productive at a later working age (50+) and for the ability to use social capital for informal care and/or volunteer work. This is even more important considering the rising retirement age and the increasing need for a participation society.

Dementia-friendly Society

Dementia is a key cause of death. Currently over 270,000 people suffer from this affliction. That number is expected to increase to 500,000 by 2040. We are the social partner of Alzheimer Nederland and one of the four founders of the Dementia Delta Plan; a public-private platform that wants to put up a barrier to dementia. This will happen in three pillars:

- Search for a Cure;
- Better Care;
- Dementia-friendly Society.

We are focused on the Dementia-friendly Society pillar. Within this pillar we are developing initiatives that are focused on making the Netherlands more dementia-friendly.

Dementia Friends

One of the initiatives is the Dementia Friends programme. The objective of this programme is to reach 1 million people within five years to increase their knowledge and understanding of dementia. The subsequent objective is to recruit 310,000 'real friends': people that will actually do something for people with dementia and their informal caregivers.

The programme comprises four components:

- A large-scale public campaign to familiarise the Netherlands with the dementia phenomenon and to recruit friends.
- A training programme to elevate knowledge and skills to the desired level.
- A platform in which inspiring examples can be shared and people can meet each other.
- The creation of a helpdesk.

The key focus in 2015 was on the development of these plans. In addition, in 2015, the Ministry of Health, Welfare and Sport (VWS) agreed to support the programme. The Ministry promised to provide support amounting to € 10 million over the next five years.

Innovative Financing

We want to make 'impact investing' structurally possible in the healthcare sector. In 2015, we sought close cooperation with the Society Impact and ZonMw organisations for this purpose. This resulted in a workshop held in November 2015 for the purpose of actively linking stakeholders around impact investing in the healthcare sector. In addition, in 2015, multiple orientation sessions took place with the University of Twente in which we worked together to bring relevant knowledge from academia a step further.

One way of impact investing that we strongly believe in is the Health Impact Bonds (HIB) project. The objective of this project is to effect innovative financing for breakthrough projects in the area of health. In 2015, we reviewed various initiatives for these types of projects and tested their feasibility.

One of the initiatives was the DementelCoach project. Our intent was to transform this into a sustainable success in 2015. However, unfortunately we did not succeed.

The required legislation is going to take at least one more year, and the HIB is not feasible without this legislative amendment. This is why we decided to halt our work on this project. DementelCoach will move forward, but without our assistance.

Staying Active after Retirement

Staying active as we age contributes to a valuable future. Our objective is to get people to be and stay active prior to and during retirement as a means of having a positive effect on the health, self-esteem and social network of the aging population. In 2015, doctoral research was initiated by the Free University of Brussels. We supply the doctoral candidates for this research and have put together a sounding board with the senior citizens organisation Unie KBO and the Avans University of Applied Sciences.

In addition, in 2015 we started working on creating awareness of staying active as we age among our own employees.

A brief survey among employees 58 years of age and older resulted in the organisation of a photo exhibition and a mini trading floor together with the Samen voor Zeist Foundation. Furthermore, a meeting was organised together with WeHelpen and Samen voor Zeist in which the usefulness and need for participating in society was highlighted.

Focus in 2016

In 2016, we expect the formal award of the government funds for the Dementia-friendly Society programme and the start-up of the public campaign. The first milestone we will be focusing on is a conference in May during which the campaign will be launched in the presence of the State Secretary for Health, Welfare and Sport (VWS).

In addition, in 2016, we will also continue working on the development of Health Impact Bonds. We will do that with the aid of the HIB lab that we will launch in February 2016, together with a large number of other parties. The objective of this lab is to launch multiple HIBs next year. In 2016, we will also be organising the first national conference on Health Impact Bonds together with a number of other parties.

Finally, in 2016 we will be giving further substance to the doctoral research into staying active as we age and the first scientific article will be published by the Free University of Brussels.

In addition, in cooperation with the PGGM&CO members' organisation we will be working on creating a community. Within our own organisation, the principle of staying active as we age, in its broadest sense, will be further defined, for example by continuing to work with our Human Resources department on the sustainable employability of our employees.

Cooperative and Sustainable Business Operations

Corporate Social Responsibility

We realise that you must invest today for a valuable future later. This is why Corporate Social Responsibility is a good fit for us.

By focusing our efforts on a valuable future in a socially responsible way we contribute to a sustainable society. Not only for the present generation, but also for future generations. This means that we respect people and the environment, make appropriate use of resources to avoid scarcity in the future and that we conduct business in a responsible way.

Sustainability Policy

In 2012, we initiated our integral sustainability programme. Sustainability concerns the realisation that you must invest today for a valuable future later. Our aim to help people realise a valuable future consequently is not possible without a sustainability ambition. The sustainability programme was structured on the basis of four themes:

- We do our utmost to ensure a sustainable system for old age.
- We use the majority of our clients' invested assets for a sustainable economy.
- We stimulate the association's members to make their contribution to sustainability.
- We conduct our business in a sustainable way.

A great deal has changed since 2012. For example, one of the four themes has evolved into the current Social Agenda. We have made clear steps since 2012 in terms of incorporating sustainability into our business. We have become a more sustainable company as a result and employee satisfaction surveys show that our sustainability programme is well known and valued. After pursuing a sustainability policy for four years, there now is a solid foundation and, as an organisation, we are now ready for the next step.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility is the voluntary investment of time, money and resources in (local) society. A key part of this is employee volunteer work. But it goes beyond that: for example the (temporary) placement of people with poor job prospects.

Corporate social responsibility perfectly matches our higher goal: to help people realise a valuable future. Heightened social awareness creates a win-win situation: gains for certain groups within society, but gains for us as a company and for our employees themselves as well. Examples of this include team spirit, inspiration, pride and the development of employee talents and competencies.

MIP: Make It Possible!

In 2013, we initiated the Make It Possible Programme. The objective of this programme is to increase access to the job market for people with a physical impairment. We do this by offering these people a temporary employment contract and by giving them an opportunity to acquire work experience this way. These 'MIP's' are intensively supervised by our employees.

In 2015, we were able to offer nine persons a work placement. In addition, we initiated an investigation to assess how to expand the possibilities of providing talented younger people with an occupational disability a job within our organisation.

As part of this process we are also investigating how we can incorporate the placement of persons with an occupational disability into our regular recruitment processes.

Samen voor Zeist (Together for Zeist) and the Zeister Beursvloer (Zeist Trading Floor)

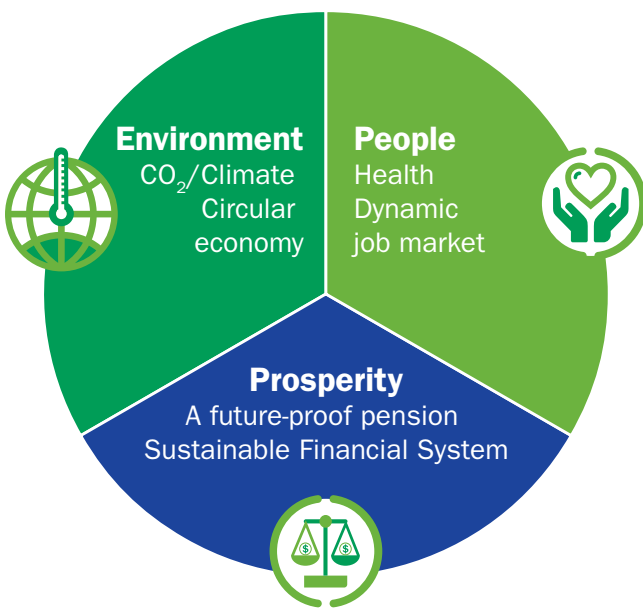
Since its foundation in 2004, we have been a partner of Samen for Zeist and host of the Zeister Beursvloer. Samen for Zeist devotes its efforts as a knowledge centre for Corporate Social Responsibility to the municipality of Zeist. The emphasis in this respect is on facilitating companies that want to make an active contribution to the local community. The objective of the Zeister Beursvloer is to strengthen the community in Zeist by matching up the attending local companies, social organisations, foundations, associations and/or educational institutions. Paper transactions are used on the trading floor to trade in knowledge, materials, facilities and creativity.

The Zeister Beursvloer was held for the ninth time on 5 November 2015. PGGM once again hosted this event this year. In addition, we concluded organisation matches representing a social value of more than € 20,000.

Focus in 2016

In 2016, we want to take the next step in the area of sustainability as an organisation. This next step will primarily deal with how to integrate sustainability within our organisation. Our 2020 ambition is to be a leading and recognisable social company that assumes responsibility for the long term and for its broader social impact.

In 2016, we will further define this in terms of the themes people, environment and prosperity. Within each theme we will focus on two subject areas:



For each of these subject areas we will formulate specific objectives that apply to our organisation, as well as to our ambition of making a social contribution.

In addition, we will of course continue to support existing internal, local and national social initiatives: in the context of the Make It Possible programme we have settled on a target of placing 16 persons with an occupational disability in 2016 and in that same year we want to once again host the (tenth) Zeister Beursvloer.

Reducing the CO₂ Footprint

We want to reduce the CO₂ footprint resulting from our own actions. Each year we prepare the footprint of our emissions resulting from our mobility (travel by air, car and public transport), paper use, gas and energy use and our water use. Our footprint has declined in recent years and we want to continue this trend.

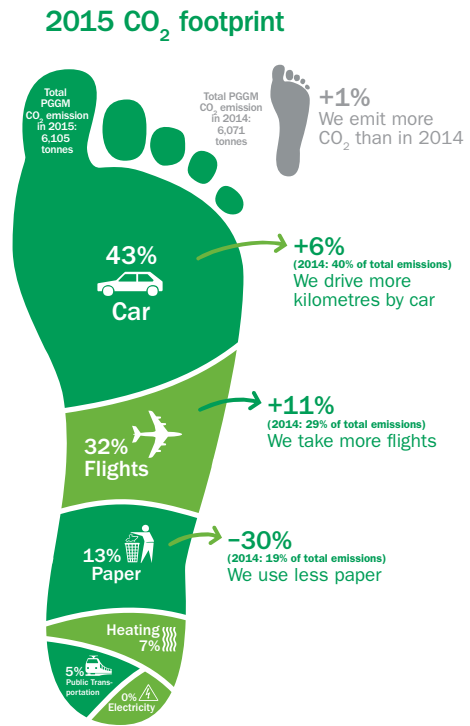
Increase in CO₂ Emissions

We measure the impact of our business operations on the environment, expressed in the form of CO₂, with our CO₂ footprint. Our objective is to lower our CO₂ emissions. We measure the magnitude of our footprint in various ways:

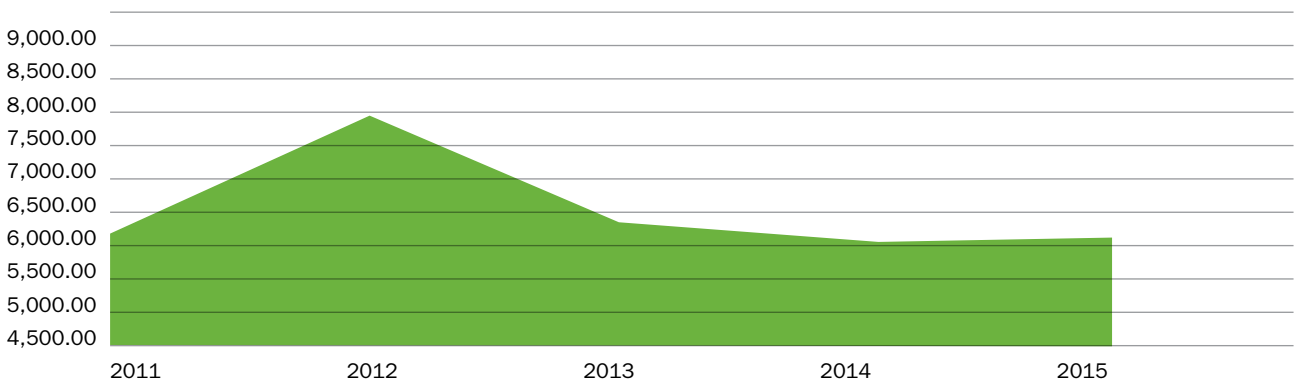
CO₂ Emission Measurement Methods

CO ₂ emissions originating from:	Measurement Method
Heating	On the basis of consumption data
Public transportation (OV)	On the basis of percentage of employees that (presumably) uses public transportation
Paper usage	On the basis of the number of kilos (and type) of supplied paper
Cars	On the basis of fuel consumption of our lease car drivers, a calculation of commuting mileage travelled and business kilometres claimed
Water	On the basis of consumption data
Flights	On the basis of data originating from a tool in our reservation system that calculates the CO ₂ emission for each booked flight.

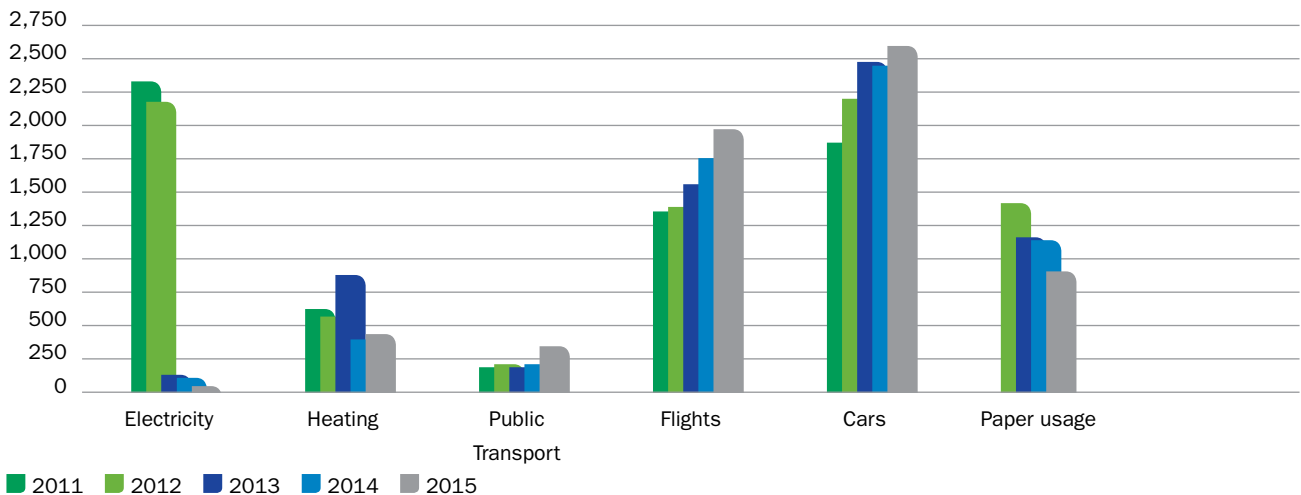
In recent years our CO₂ footprint declined. However, in 2015 it unfortunately increased. Our total CO₂ emission in 2015 was 6,105 tonnes. This represents an increase of 34 tonnes (0.6 per cent) in relation to 2014. This increase is primarily due to an increase in CO₂ emissions caused by the use of cars and travel by air. We achieved a considerable reduction in the use of paper.



Annual CO₂ Emissions (tonnes of CO₂)



CO₂ Emission Trend



Sustainable Mobility Policy

Travel by air and by car once again made up the largest share of our CO₂ footprint in 2015: 75 per cent compared to 69 per cent in 2014. This is why it is our aim to make our mobility policy increasingly sustainable.

To make our employees more aware of the sustainable travel options we participated in the Low Car Diet for the second time in 2015. Together with other companies we accepted the challenge of travelling sustainable kilometres whenever possible. The 27 employees who on our behalf took part in the Low Car Diet jointly achieved savings amounting to € 2,697 just by using a different means of travel.

Compensation of CO₂ Emissions

We compensate any CO₂ emissions we cause.

We do this for the CO₂ emissions caused by our gas consumption, our lease cars, our business trips by car, our use of public transportation, commuting traffic, and business and other flights. In 2015, we once again compensated these emissions via the Gold Standard Paradigm Project. Special wood ovens have been developed for this project in Kenya that provide an alternative to traditional cooking on CO₂-unfriendly open fires.

Focus in 2016

Our aim is to once again reduce our CO₂ footprint in 2016. Reducing the CO₂ Footprint is one of the six areas of focus of our sustainability policy in 2016. Our goal is to formulate a specific and ambitious reduction target for 2020 on which we can start working in 2016.

One of the things that will definitely contribute to this is the planned modernisation and development of a sustainable mobility policy. In addition, in 2016, we want to participate in the Low Car Diet with an increased number of participants.

Socially Responsible Procurement

There are various reasons why our procurement is socially responsible. We want to reduce risks (for example, our reputation and liability risks), there are economic, social and environmental reasons for this, and we want to assume our chain responsibility and effectively work together within the chain. But we do it especially because procurement enables us to add value. In this respect we are devoting increased attention to circular procurement.

Socially Responsible Procurement (SRP) Code

Effective from 2014, our new suppliers are obliged to sign our socially responsible procurement (SRP) code. Of the

existing suppliers, the percentage that had signed the Code in 2015, rose from 82.4 to 92 per cent.

During the year we conduct spot checks to determine whether our suppliers in fact adhere to the SRP Code. If this is not the case, the contract manager engages the supplier in a discussion on this issue. This proved not be necessary in 2015. All spot checks were positive.

Roundtable Discussions

In 2015, we organised an internal roundtable discussion with stakeholders. The objective of this meeting was to increase awareness about sustainable procurement. The plan was to hold the same roundtable discussion with suppliers, however we were unable to proceed because the willingness among suppliers was too low.

Conflict of Interest Avoidance

Our procurement policy includes rules to avoid conflict of interest.

The rules ensure that no contracts can be concluded with third parties that would allow employees or third parties (non-clients) to enjoy discounts or other forms of economic benefits. Our Procurement department, in cooperation with other departments, ensures that the legislative guidelines that apply to us, as well as our clients, are adhered to. There were no relevant developments in this area in 2015.

Focus in 2016

In 2016, we will enter into a dialogue with the 8 per cent of our suppliers that have not yet accepted our SRP Code. This dialogue will focus on how to create engagement in the field of sustainability. In addition, another internal roundtable discussion will be organised and the process of organising a roundtable discussion with ten strategic suppliers will be restarted.

Cost Conscious and Versatile

We realise that it is of key importance for us to be cost conscious and versatile in a changing pension landscape. This is why we are aiming to create a versatile organisation at structurally lower costs without compromising the quality we deliver.

Financially Healthy Business Operations

We achieved a positive result of € 1.8 million over 2015. The result before tax is positive € 4.1 million. PGGM Levensverzekeringen N.V. sold its life insurance activities at the beginning of 2015. The PGGM Levensverzekeringen N.V. result before tax was negative € 5.3 million in 2015. This result consists of a positive operating result of € 16.8 million and a loss on sale of € 22.1 million.

The Financial Statements chapter contains additional information about the sale of our life insurance activities.

Turnover in 2015 declined by € 11.0 million in comparison to 2014. This decline is primarily due to the fact that we no longer were involved in any life insurance activities in 2015.

Expenses in 2015 declined by € 45.1 million in comparison to 2014. This decline is on the one hand due to the low amortisation of goodwill in 2015, an impairment of accommodations and the value of business acquired in 2014, cost savings resulting from the Decisive Innovation Programme and a loss provision made in 2014 for the sale of life insurance activities. This is offset by cost increases caused by the one-time additional loss on sale due to the sale of the life insurance activities and higher costs due to the transactions completed in 2015, for example for hiring IT expertise.

Solvency

PGGM N.V.'s solvency as at 31 December 2015, is high and amounts to 61.5 per cent (2014: 30.8 per cent). Solvency is calculated as the ratio of equity to the balance sheet total. Solvency significantly improved due to the sale of our life insurance activities. This has significantly decreased the balance sheet total, while equity remained virtually the same.

Liquidity

Liquidity in 2015 increased by € 14.2 million. The increase is primarily due to the use of a temporary € 12 million credit facility and the cash flow from operating activities. The balance of cash and cash equivalents as at 31 December 2015 amounts to € 91.78 million (31 December 2014: € 77.54 million).

The Financial Statements chapter contains additional information about our financial situation.

Decisive Innovation

The Decisive Innovation Programme was initiated in 2014. The aim of this programme is to create a more versatile organisation at structurally lower costs. The programme focuses on three problem-solving approaches: cost reduction, versatility and behaviour. The programme consists of initiatives (sub-projects) that all contain elements of these three problem-solving approaches.

Cost Reduction

Our target is to achieve a cost reduction of € 50 million by the end of 2017. A cost reduction of approximately € 15 million was actually achieved by the end of 2015. The initiatives that entered the implementation phase in 2015, such as changes to the organisation structure, adjustments of processes and new ways of cooperation, bring this total to approximately € 35 million. The realisation of these targets will be tightly monitored on the basis of scheduled milestones.

One of the ways in which we achieve cost savings is by reducing the asset management-related investment costs. We have formulated agreements about this with our largest client the Stichting Pensioenfonds Zorg en Welzijn (PFZW).

Various initiatives were developed in 2015 to live up to these agreements as a result of which investment costs in fact declined. Examples of this include internalising and optimising illiquid investments (such as private equity, private real estate and infrastructure), improving the insight into certain costs and renegotiating fees with external managers. In 2015, these and other initiatives resulted in a significant drop in the total investment costs.

Furthermore, in 2015, we contributed to the creation of the Pension Federation's renewed 'Recommended Administrative Costs' and the creation of the cost template of the Institutional Limited Partners Association (ILPA).

We endorse the importance of this initiative for international cost transparency for private equity. The Pension Federation's renewed 'Recommended Administrative Costs' will be published in February 2016.

Versatility

In 2015, we took a significant step in the area of versatility as an organisation. We define versatility as our ability to quickly implement changes, from idea to execution, and that, as an organisation we innovate and experiment strategically.

We measure this, for example, by determining the lead time from idea to implementation.

We are also taking steps to structure our organisation to be more versatile. For example by stimulating innovation by putting a focus on talent and passion, and, on a more consistent unit-wide basis within the business units of our organisation, by prioritising the themes to which employees should/should not devote their efforts. This way we optimally exploit the available human and other resources, and create a versatile organisational structure that jointly focuses on the issues that are relevant at any point in time. The ambition the Corporate Staff (COS) business unit has set for itself in 2015 is to be a front runner in this way of working.

Behaviour

To operate at lower cost and to become more versatile requires entrepreneurial behaviour. There are many core competencies within our organisation and we recognise that sometimes we stumble into the pitfalls associated with these core competencies. This slows down our day-to-day business and innovation. An example of this is our professionalism. This is one of our strengths: as an organisation we deliver top quality in various areas. However, we can get carried away in this area by wanting to work at the highest level of perfection. We do not dare make any mistakes and initiatives take too long. By changing our behaviour and experimenting more we can become more versatile and learn from any mistakes.

In 2015, changing our behaviour was an explicit component of the change initiated on the basis of various Decisive Innovation Programme initiatives. In addition, we started to focus attention on (the pitfalls of) our behaviour on an organisation-wide basis. We did this by defining five frequently occurring patterns of behaviour.

Focus in 2016

In 2016, the Decisive Innovation Programme will primarily focus on achieving the € 35 million cost reductions initiated in 2014 and 2015, and on detailing the plans required to deliver the still remaining € 15 million cost reduction. Initiatives on the agenda in 2016 to reduce the asset management-related costs include further internalising illiquid investments, realising a less costly execution for certain types of investments and monitoring cost benchmarks. The programme has up until the end of 2017 to realise all of these cost reductions and to

consequently bring the total cost reductions to the € 50 million target level.

In addition, in 2016, we want to increasingly make versatility part of our day-to-day business operations and to have our business drive it. For example, by anchoring versatility in the annual plans of our business units, experimenting more, working in high performance teams and increasing transparency.

In addition, in 2016, we will accelerate behavioural change by rolling out an organisation-wide behavioural change approach in addition to the attention focused on behavioural change as part of the various existing Decisive Innovation Programme initiatives. The patterns of behaviour defined in 2015 will be playing an important role in this respect.

Good Employment Practices

We consider a sustainable working climate and good terms and conditions of employment very important. We believe that the remuneration system helps create motivation and work enjoyment for our employees. As a result they contribute to our success with motivation. This is why we pursue a clear policy: fair remuneration for measurable performance. A policy focused on deliberate and responsible remuneration and that complies with current and future laws and regulations. Our terms and conditions of employment offer a great deal of freedom of choice. This results in a good work/personal life balance.

Decline in number of employees/FTEs

In 2015, the number of employees declined from 1,477 (1,412 FTEs) to 1,363 (1,311 FTEs). The number of employees declined due to various reorganisations conducted in the context of the Decisive Innovation Programme. We expect this number to further decline over the coming years.

Reduction of Maximum Pension Accrual and Premium Rates and Maximum Pensionable Income Act

In 2014, the Reduction of Maximum Pension Accrual and Premium Rates and Maximum Pensionable Income Act was adopted by the Upper House.

For employees earning € 100,000 or more pursuant to 100 per cent employment, this means that pension accrual is capped at € 100,000 effective from 1 January 2015. Pursuant to the good employment practices principle we have decided to compensate this retrenchment in the form of fixed salary.

Employees and Training Costs		
Distribution of Employees by Department	Numbers	FTEs
Institutional Business	129	127
Pension Management	567	517
Asset Management	332	343
Relations & Communication	27	25
Information, Finance, Control	221	214
Corporate Staff	87	85
Subtotal	1,363	1,311
Distribution Full-time/Part-time		
Full-time	972	
Part-time	391	
Total	1,363	
Distribution Male/Female		
Male	810	
Female	553	
Total	1,363	
Age Distribution		
Younger than 25	19	
25-34	248	
35-44	431	
45-54	461	
55 and older	204	
Total	1,363	
Staff Turnover		
Status at year-end 2014	1,477	
Hired in 2015	90	
Departed in 2015	204	
Status at year-end 2015	1,363	
PGGM absence due to illness	2.6%	
Education/Training Costs	€ 2,999,671	

PGGM Academy

We consider the sustainable employability of employees important. This is why we devote a great deal of attention on maintaining and enhancing the level of our professionalism. All learning and development-related activities are centrally organised by the PGGM Academy. This enables employees to complete more courses and training programmes at lower cost and higher returns.

In 2015, 488 employees completed one or more courses via the PGGM Academy. The number of training requests amounted to 1,355. The courses were rated at an

average of 7.9. Of the total number of courses, 63.83 per cent was in-company, 26.60 per cent was external and 9.57 per cent was via e-learning.

Leadership

We developed our own leadership profile related to our vision and strategy. To ensure management complies with this profile, we developed two programmes. The Binding Leadership Programme and the Decisive Management Programme.

A select number of managers started out on the second edition of the Binding Leadership Programme at the end of 2014. This programme extends over a total period of eighteen months. This programme will be completed in the first quarter of 2016. In addition, in 2015, a group of professionals and managers started out on the Decisive Management Programme. This programme takes nine months and will also be completed in 2016.

Employee Participation

Our executive directors and Works Council aim for the optimal involvement of all of our employees in the decision-making process and we are continuously searching for possible ways in which to improve employee participation within our organisation. Participation in decision-making within our organisation is the joint responsibility of the Works Council, management and employees. In 2015, the first steps were taken to reinforce cooperation among the Executive Board, the Supervisory Board and the Works Council. We are proud of the fact that many other organisations are interested in our employee participation model.

2015 was a busy year for the Works Council. As a result of the Decisive Innovation Programme, a total of 25 requests for advice and consent were submitted and responded to. That was a challenging job, especially because many of the requests resulted in the redundancy of colleagues. By accepting supplementary and sometimes differing recommendations from the Works Council, planned decisions were improved. Many employees demonstrated their commitment in dealing with these requests.

Social Plan

In proper consultation with the trade unions and with input from the Works Council, a solid social plan was developed in 2015 to absorb the personnel implications of the Decisive Innovation Programme. The plan focuses on as much as possible guiding redundant employees from work to work and on providing the right incentives for this. An employee who loses his/her job as a result of the Decisive Innovation Programme controls the next step in his/her career and can choose from among the options available under the Social Plan.

CLA

At the end of 2015, De Unie, CNV and FNV trade unions reached agreement concerning a new two-year CLA. The CLA applies from 1 January 2016 up to and including 31 December 2017. The CLA includes a limited wage trend and devotes a great deal of attention to the sustainable employability of employees. We define sustainable employability as the ability to retain one's position or to acquire a new position.

Trainees

On 1 September 2015, ten trainees were hired that will complete their traineeship as a group. They will be supervised over a period of two years in terms of professional, as well as personal development (knowledge and behaviour). We also developed our own in-house programme for this purpose: Pioneers within the Organisation.

Working Conditions

Absence

In 2015, our sick leave/absence trend was 2.6 per cent and was therefore virtually the same as it was in 2014 (2.7 per cent). This means that we once again had an exceptionally good and stable absence rate in 2015. Aside from the absence trend, the absence frequency also slightly declined over the past three years.

Social Medical Teams

The Social Medical Teams (SMTs) are a platform in which the Human Resources department, the manager, counsellor and company doctor participate. With due consideration to the duty of secrecy that applies to medical professionals and counsellors, actual and threatening situations involving absence are discussed and an attempt is made to find suitable solutions to work and health problems. The SMTs meet on a regular basis and are managed by the Human Resources department. This method of working has since grown into a structural and useful form of consultation that is available to any business unit.

New Health Insurance

Once every year we review whether the collective contract negotiated with the health insurance company continues to be satisfactory. In 2015, this assessment was once again completed in cooperation with the Works Council, the Procurement department, Salary Administration and the Human Resources department. They were supported by the Aon insurance intermediary. From a long list of insurance companies, four major insurance companies were selected that were reviewed in terms of premium, coverage and client orientation. Pursuant to the search for the best healthcare for the best possible premium, a multi-year contract was signed with CZ. This successfully completes this initiative.

Focus in 2016

In 2016, we will be devoting more attention to the sustainable employability of our employees. Development agreements are a good way to do this. In 2016, it is the PGGM Academy's ambition to inspire even more employees to take courses and further develop themselves. To accomplish this it is also important for

managers and employees to engage in a proper mutual dialogue: the mature dialogue about the employee's position in three years time and what he/she needs to reach this position. This dialogue will also be playing a key role in 2016.

In 2016, the Works Council expects to receive a number of requests for advice and consent comparable to 2015. The emphasis in this respect continues to be on the participation of colleagues in dealing with these requests, as well as on the involvement of employees in the daily decision-making process aside from these requests.

Diversity

We believe that a sound diversity policy produces a win-win situation for employees as well as the organisation and that diversity contributes to realising our vision and strategy. This is why our diversity policy is focused on improving the functioning of our organisation by making optimal use of our (potential) employees and through means of an optimal staff composition. We recognise and value the difference among individuals and attempt to leverage everyone's qualities as effectively as possible in order to realise this win-win situation.

The Mix Makes the Difference

Our diversity policy is entitled 'The Mix Makes the Difference'. In actual practice this policy ensures that within our organisation we work with teams of diverse composition, and in addition that we apply differentiated management practices.

At the end of 2015, 30 per cent of (top) management positions in our organisation was staffed with women. This exactly meets the target set by the Executive Committee. At the initial implementation of the diversity policy at the end of 2011, this percentage was just 21 per cent.

The increase is due to the focused attention on hiring women managers. For example, half of the nominated candidates for a job opening must be women. If necessary, we collaborate with specialised recruiting and selection firms for this purpose.

Mix & Match

Because we aim to have more women in management positions, we initiated a Mix & Match diversity programme in 2014. In this programme twelve ambitious women (mentees) were teamed up with twelve experienced managers (mentors). By teaming up mentees and mentors, the programme contributes to the progression of women into management positions. In addition, women are offered an intensive learning and experience programme.

In 2015, the second group of women entered the Mix & Match programme. This programme takes nine months and will be completed in 2016.

Focus in 2016

In 2016, the focus is on expanding the exclusive gender diversity to other forms of diversity. We refer to this as inclusivity.

Risk Management

Within Risk Management, we distinguish between the risks run by our institutional clients directly in terms of their own investments and the risks faced by our own organisation.

This chapter is about the risk management process of our own organisation, the risks and developments in 2015 and the spearheads for 2016. In addition, we explain the solvency, market, currency, interest rate, credit, liquidity and insurance related risks in further detail in our Financial Statements. Following the sale of our life insurance activities, the financial risks are very limited and quite manageable. As a result the probability of a risk manifesting itself is low and consequently the potential impact on our financial position and result as well.

Risk Management Process

We use the PGGM Risk Framework for implementing the risk management process within our organisation. This risk framework is based on the COSO Enterprise Risk Management (COSO ERM) methodology, an accepted international standard. With the help of this framework the Risk & Compliance department provides structured insight into, and monitors and reports on the organisation's Enterprise Risk Management (strategic, financial, governance, operational and compliance risk). The soft controls that are relevant to us form part of the PGGM Risk Framework. Aside from this, the Risk & Compliance department focuses on the management of integrity risks and supervises organisation-wide adherence to relevant laws and regulations. The department focuses on reducing the compliance risk we are exposed to by developing compliance policy, exercising supervision and enhancing compliance awareness among employees.

Every quarter our business units update their risk profile, which is then compared to the adopted risk policy. In addition to the risk profile, the risk reporting by each business unit contains the In Control Statement (ICS). In the ICS, the management team accounts for the quality of the internal management environment and provides an assessment of the risks incurred by the business unit. The relevant information from the adopted risk reports provided by our business units is processed into a consolidated risk report. This report reflects the total risk profile of our organisation. In addition to policy, this concerns the risk appetite and the actual risks incurred, including compliance and information security.

Following the adoption of the consolidated risk report by the Corporate Risk & Compliance Committee (CRC Committee) the report is discussed by the Executive Committee (EC). Following discussion of the consolidated report by the EC, the report plus the decisions taken by the EC, are submitted to the Audit, Risk and Compliance Committee and the Supervisory Board. The EC has final responsibility concerning the management of risks within our organisation.

Risks and Developments in 2015

We are aware that risks may manifest themselves in the realisation of our ambitious objectives. For this reason, risks are identified at a strategic, tactical and operational level. We took sufficient measures to manage these risks, such that they stayed within the risk tolerance we set at the beginning of 2015. During the year, the EC is regularly informed of the current risk profile in comparison to the risk appetite and the Risk & Compliance function provides further recommendations on how to further limit risks if necessary. The table below reflects our key risks and developments within these risk areas in 2015.

In 2015, one severe incident with client impact occurred. The consequence was that a large number of erroneous Uniform Pension Statements was sent out for a particular client. The error was repaired and we advised our client to inform the supervisory authority.

Risks and Developments

Strategic Level	
Risk Description/Risk Tolerance	Examples of Actions Taken in 2015
<p>Strategic risk: The risk that the strategic objectives will not be achieved due to a lack of, or insufficient response to, changes in external influences. Risk tolerance: Low/Medium</p>	<p>Our Risk & Compliance department facilitated Risk Self-assessments to identify risks originating from strategic changes on a timely basis. These risks are managed within the various projects of the Decisive Innovation Programme and are monitored by the Risk & Compliance department.</p>
Governance risk:	
Risk Description/Risk Tolerance	Examples of Actions Taken in 2015
<p>Governance risk: The risk that the strategic objectives will not be achieved due to ambiguous or conflicting tasks or the management thereof, within or between the (corporate) bodies and functions of the organisation, or with clients and/or their supervisory authorities. Risk tolerance: Low/Medium</p>	<p>In 2015, a great deal of attention was devoted to the management of the project portfolio. A Corporate Portfolio Board was created and a policy was developed. This policy sets the boundaries for the implementation of change activities within our organisation and focuses on appropriate, balanced, effective and transparent project portfolio management. In addition, specific unit-transcending client teams in which all relevant disciplines for the client are represented, were created to improve client service.</p>
Operational Level	
Risk Description/Risk Tolerance	Examples of Actions Taken in 2015
<p>Outsourcing: This risk related to continuity, integrity and/or quality due to the outsourcing of activities to third parties. Risk tolerance: Low/Medium</p>	<p>The outsourcing policy was renewed in 2015. The objective of the policy is to identify, internally, as well as externally (for clients and supervisory authorities), the boundaries within which we consider outsourcing to third parties responsible.</p>
<p>Implementation: The risk due to the failure to effectively execute projects, ineffective management of the project portfolio, or projects that do not achieve their targeted objectives. Risk tolerance: Low/Medium</p>	<p>A spearhead for 2015 was to improve project management risks. The key risks identified by the risk analysis and the risk mitigation measures are set out and monitored. A Risk Self-assessment is conducted by default for high-risk projects.</p>
<p>Process: Risks related to the inefficient or insufficiently efficient structuring of processes or execution of processes. Risk tolerance: Low/Medium</p>	<p>Various changes to the organisation and business operations were made pursuant to the Decisive Innovation Programme. The Risk & Compliance department confirmed that the key controls established prior to the changes were also anchored into business operations after the changes.</p> <p>The operation of the Crisis Management Teams was tested through means of conducting various dry runs for the Greek exit from the Economic and Monetary Union scenario. These dry runs produced insights and actions to increase our preparedness for this type of scenario.</p>
<p>IT: The risk that business processes and the provision of information are not managed effectively due to defects in the IT environment (for example, continuity, security and integrity). Risk tolerance: Low</p>	<p>The catching-up effort initiated in 2014, to bring the information security level back to within the risk tolerance level set by the Executive Committee (EC) was further specified and its implementation will continue into 2016.</p> <p>The awareness of information security is increased through means of a mandatory e-learning for every employee. In addition, a 'serious game' about information security has been made available to employees.</p> <p>It was noted that the performance of the IT infrastructure in support of our own business operations must be improved. Short-term solutions have been implemented and it was decided to replace and/or outsource parts of the IT infrastructure over the long-term.</p>

Human Resources: The risk resulting from insufficient qualitative and/or quantitative staffing levels.
Risk tolerance: Low/Medium

In relation to the impact of the Decisive Innovation Programme on employees we devoted a great deal of attention to communications, and to consulting and involving employees. The employee satisfaction survey conducted in 2015 was therefore focused on the Decisive Innovation Programme. In addition, culture and 'soft controls' form a prominent part of the Decisive Innovation Programme.

Legal & Compliance: The risk of failing to act with integrity and failing to demonstrably adhere to relevant laws and regulations by us and our employees.
Risk tolerance: Low

In relation to amendments to laws and regulations, we have instituted a process for monitoring and following up on relevant developments in laws and regulations, whereby the Risk & Compliance department provides support and provides explanation during implementation. We maintain an open dialogue with supervisory authorities on various topics in this area for this purpose.

The Netherlands Authority for the Financial Markets (AFM) as well as the Dutch Central Bank (DNB) have issued new guidelines. The Risk & Compliance department supervised various sector-wide and thematic investigations conducted by the DNB within our organisation. There was a great deal of focus on compliance with growing laws and regulations. For example, the process for the mandatory reporting of incidents to supervisory authorities was developed and incorporated into policy. In addition, preparations were made for the implementation of the duty to report data leaks that went into effect on 1 January 2016.

Pursuant to an investigation it conducted in 2015, DNB has indicated that we are far advanced in terms of adherence to the Sanctions Act and that the legal and compliance functions are well informed of the current regulations and the way this has been implemented as part of our business operations.

The risks are effectively controlled with the implemented risk management measures, and the buffers are of sufficient magnitude to be able to absorb the potential impact on the financial position and the result.

Focus in 2016

The changes within our organisation are focused on our ability to permanently respond to the changing expectations of our clients. These changes relate to laws and regulations, as well as processes and culture. Consequently it is of importance that the compliance function keeps pace with the additional requirements imposed by the laws and regulations.

The Risk & Compliance department closely tracks changes, and monitors and provides insight into the impact on risk management quality. The challenges concerning cyber risks and security are expected to continue to increase and to play an increasingly larger role. One of the spearheads for 2016 consequently is to

recalibrate the security organisation so as to enable us to effectively respond to external threats over the coming years. The Risk & Compliance department will be closely involved in this initiative. In addition, an area for attention is the need to address the consequences of the duty to report data leaks effective from 1 January 2016 and the audit. Furthermore, the investigations that the Dutch Central Bank (DNB) announced it will conduct in 2016 within our organisation and at our clients will require the necessary attention.

Risk & Compliance also forms part of the Decisive Innovation Programme. The Corporate Enterprise Risk Management team will be merged with the Asset Management business unit's Enterprise Risk Management team, and the audit activities carried out by both teams will be transferred to the third line (Internal Audit). This increases the Risk & Compliance department's focus on risk management.

In Control Statement

As PGGM's Executive Board we are responsible for the design and operation of PGGM N.V.'s internal risk management and control systems. The purpose of these systems is to ensure the risks associated with failing to realise the strategic, governance, operational and financial objectives are optimally controlled. However, they can never offer absolute certainty that these objectives will be achieved. The reality is that, when taking decisions, human assessment errors can occur and cost-benefit considerations constantly have to be made regarding the acceptance of risk and the imposition of control measures.

To execute our responsibilities, we have - during the reporting year - independently and systematically analysed and assessed the risks related to the achievement of our objectives and the applicable control environment within our organisation. In so doing, we made use of various instruments including the COSO ERM framework. The significant strategic, governance, operational and financial risks for each business unit were identified.

Subsequently, the management of each business unit independently analysed and assessed these risks as well as the applicable control environment; and submitted a report to us in this respect. We evaluated these reports, together with the findings of internal and external audits. We regularly discuss all the work related to risk control with the Audit, Risk and Compliance Committee and the Supervisory Board. For a more detailed explanation of our work in this context, we refer you to the previous chapter entitled Risk Management.

Conclusion

On the basis of the aforementioned work, we are of the opinion that we can in all reasonableness state that, in the reporting year, all the internal risk management and control systems functioned properly and provided a reasonable degree of certainty that the financial reporting contains no material misstatements.

Zeist, 19 April 2016

The Executive Board

Ms E.F (Else) Bos (Chairman)

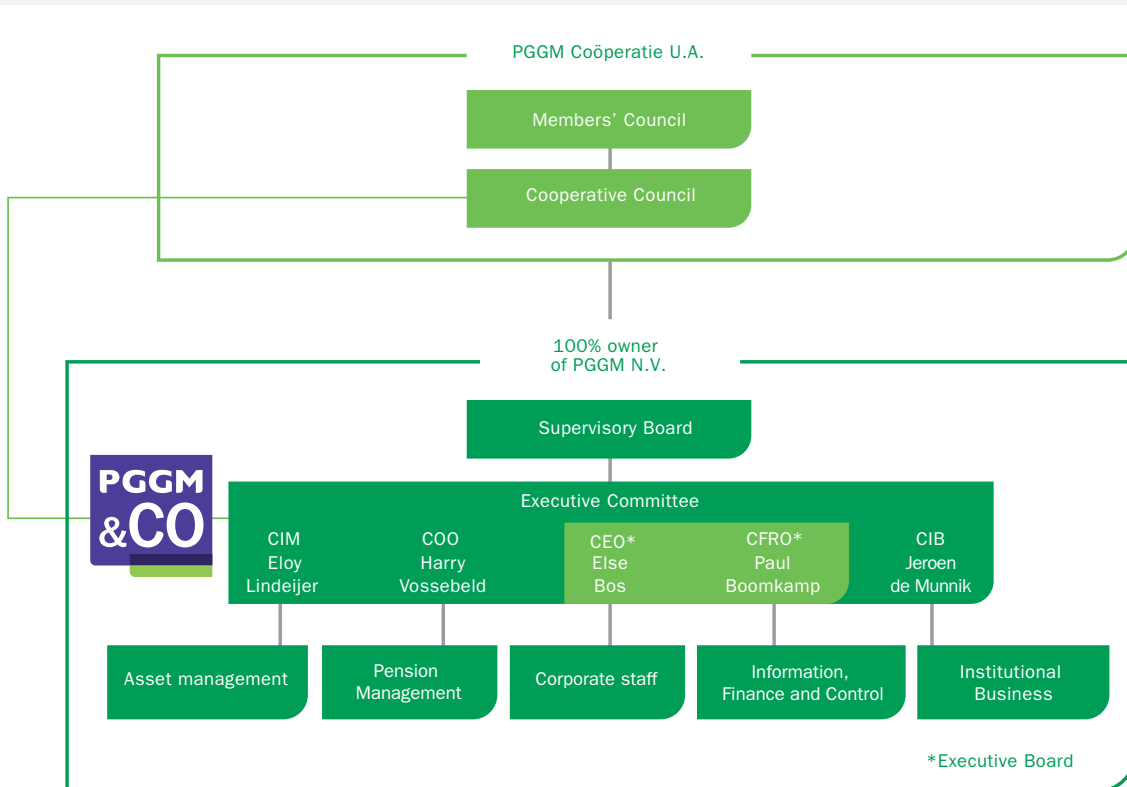
Dr P.A.M. (Paul) Boomkamp

Governance

We are a pension fund service provider with a not-for-profit cooperative structure. We are not a listed company. Consequently, we are not obliged to comply with the Dutch Corporate Governance Code (2011), which is applicable to all stock exchange listed companies. Despite this, we do, whenever possible, give substance to the best practice provisions of this code. We do this because we endorse the principles underlying the Corporate Governance Code and we want to be as transparent as possible for all our stakeholders and the parties with whom we do business.

Our organisation structure is as follows:

PGGM Organisation Chart



About PGGM N.V.

The cooperative pension fund provider PGGM N.V. is a public limited two-tier board company with twelve direct and indirect subsidiaries. The Supervisory Board (SB) oversees the operation of the Executive Board (EB) and the general affairs of the company.

The Supervisory Board has two committees: the Audit, Risk and Compliance Committee and the Remuneration, Selection and Appointments Committee.

Executive Committee

The Executive Committee (EC) undertakes the day-to-day management of PGGM N.V. The EC comprises the officers responsible for PGGM N.V.'s business units. The EC consists of two members of the Executive Board, the Chief Executive Officer (CEO) and the Chief Financial & Risk Officer (CFRO). In addition, the officers with responsibility for pension management, asset management and institutional clients (Chief Operations Officer, Chief Investment Manager and Chief Institutional Business) also have seats on the Executive Committee. By virtue of the articles of association, the Executive Board is ultimately responsible for PGGM N.V. The Executive Board can be called to account for this by both the shareholder and the Supervisory Board.

Client Council

On 1 January 2013, PGGM N.V. established a Client Council. Representatives of our institutional clients (pension fund board members) are members of the Client Council. The Client Council advises the Executive Committee (EC) on matters such as service provision, product development, strategy and the result appropriation. In addition, the clients have mutual contact and consider whether there are any portfolios they could act on collectively.

The following clients were represented on the Client Council in 2015:

- Stichting Pensioenfondszorg en Welzijn (Pension Fund Foundation for the Health and Social Sector)
- Stichting Pensioenfondsvoor Architectenbureaus (Pension Fund Foundation for Architecture Firms)
- Stichting Pensioenfondsvoor de particuliere Beveiliging (Pension Fund Foundation for Private Security Firms)
- Stichting Pensioenfondsvoor Huisartsen (Pension Fund Foundation for General Practitioners)
- Stichting Bedrijfstakpensioenfondsvoor het Schilders-, Afwerkings- en Glaszetbedrijf (Sector Pension Fund Foundation for Painting, Decorating and Glazier Businesses)
- Stichting Rabo PGGM Premiepensioeninstelling (Rabo PGGM Premium Pension Institution Foundation)
- Stichting Pensioenfondsvoor Smurfit Kappa Nederland (Pension Fund Foundation Smurfit Kappa Netherlands)

- Stichting Beroepspensioenfondsvoor Loodsen (Occupational Pension Fund for Maritime Pilots Foundation)

The Stichting Philips Pensioenfondsvoor [Philips Pension Fund Foundation] will also have a seat on the Client Council effective from 2016.

Through the Client Council, we are implementing our cooperative values in the service provision to our institutional clients; this enables us to act collectively on serious, contemporary pension issues, as well as on improving our service provision. In addition, the EC will be able to share information with clients, such as the course the organisation is pursuing and how, together with our clients, we intend to confront future uncertainties. While the Members' Council is a source of inspiration for innovation in the area of products and services within the context of a valuable future for our members, the Client Council fulfils the same role regarding the developments and modernisation of the second pension pillar.

The Client Council met twice in 2015. Various topics were discussed during these meetings, including the National Pension Dialogue, the new Pension Communication Act and the implications of this act in terms of communications with participants, the emergence of the Algemeen Pensioenfondsvoor (APF) [General Pension Fund], and the Decisive Innovation Programme.

Supervisory Board

The Supervisory Board can look back on a year in which the key focus was on the continued development of the vision, mission and strategy, relationships with and service provision to clients, and the company's financial development.

In this Annual Report, the Supervisory Board explains how it carried out its supervisory role and how it supported the Executive Board by providing advice over the past year. In addition, it discusses the most important substantive issues in which the Board was involved this year.

The Supervisory Board supervises the Executive Board's policy and the general affairs of the company and its subsidiaries. In its work, the Supervisory Board is assisted by two committees: the Audit, Risk and Compliance Committee and the Remuneration, Selection and Appointments Committee.

2015 Highlights

In 2015, the Supervisory Board on several occasions discussed the sale of PGGM Levensverzekeringen N.V.'s life insurance portfolio and endorsed the Executive Committee's decision. The sale went into effect on 1 January 2015.

In 2015, the Supervisory Board devoted special attention to the progress of the Decisive Innovation Programme. The Supervisory Board has indicated that it intends to closely monitor various initiatives arising from this programme. Aside from the substantive progress of these initiatives, the Supervisory Board devoted attention to the change in behaviour required within the organisation and the measurability of the change in culture.

The Supervisory Board also reviewed the development of the PGGM&CO members' organisation. The Supervisory Board was informed of the decision to allow the members' organisation to operate more independently on the basis of its own dynamics and to organise it such as to enable it to become more versatile and decisive. The Board endorses the Executive Board's decision in this respect.

The Supervisory Board familiarised itself with PGGM N.V.'s proposition for the Algemeen Pensioenfonds (APF). PGGM N.V. has decided to create an APF. The APF is of major importance in retaining and reinforcing PGGM N.V.'s market position in the consolidating pension landscape. The future relationship between PGGM N.V.'s Supervisory Board and the APF was discussed. After its creation, the APF will have a client relationship with PGGM N.V.

Finally, the Supervisory Board was informed about the Dutch Central Bank's (DNB) supervisory regimes that apply to PGGM N.V. and the associated consequences. At year-end 2015, DNB indicated that due to the surrender of the permit for PGGM Levensverzekeringen N.V., PGGM N.V. no longer qualifies as a mixed financial holding company, but as a so-called 'guideline group'. The eligibility criterion does not apply to a guideline group, which means that effective from 1 January 2016, the supervisory directors will no longer be vetted by the DNB.

Topics on the Agenda of Regular Meetings in 2015

The following agenda items are part of all regular meetings:

- Developments related to the environment.
- Clients' state of affairs.
- Client acquisition initiatives.
- PGGM N.V.'s strategy.

Aside from the annual discussions and approval of the Annual Report, the financial results and the key risks associated with business operations are reviewed every quarter on the basis of the performance and audit reports. In addition, the Supervisory Board regularly asks to be informed about developments on the asset management market. This provides the Board with timely insight into relevant developments that potentially influence PGGM N.V.'s business operations and reputation. In addition to regular information about client

coverage ratios, the Board discussed the situation concerning the investments in a Mexican wind farm and the pharmaceutical company Mylan.

The creation of frameworks and the long-term plan with the 2016 budget estimate were discussed in the context of the Decisive Innovation Programme. The Supervisory Board is convinced that the improvements brought about by the Decisive Innovation Programme are a prerequisite for healthy PGGM N.V. financial business operations over the long term.

Strategic Deliberation

The annual two-day strategy meeting took place in September 2015. This meeting is attended by the members of the Executive Committee (EC). Ideas were exchanged with the EC concerning PGGM N.V. in a broader context and the strategic framework. In addition, discussions focused on recent ICT and innovation-related issues. Furthermore, ideas were exchanged in the context of the planned substantial outsourcing concerning the importance and impact of big data, privacy and cloud computing.

Miscellaneous

During 2014, the Supervisory Board was closely involved in the formation of a supervisory board for PGGM Vermogensbeheer B.V. Furthermore, the Board reflected on how the supervisory tasks of this board differ from the Supervisory Board's supervisory tasks. One area of attention identified at the time was how the board should deal with the information provided by PGGM Vermogensbeheer B.V. In 2015, the members of the Supervisory Board evaluated these various matters and concluded that the reporting systems are sufficient and that it is possible to give sufficient substance to the supervisory role concerning PGGM Vermogensbeheer B.V. It was agreed that the minutes of the Supervisory Board of PGGM Vermogensbeheer B.V. should be sent to the Supervisory Board and to the Audit, Risk and Compliance Committee.

Outside the meetings, there was frequent contact between the Chairman, other members of the Supervisory Board and the Executive Board. On several occasions, members of the Supervisory Board also had contact with the Works Council and stakeholders, both within and outside PGGM N.V.

In 2015, there were no transactions involving conflicts of interest on the part of executive directors, supervisory directors and/or the external auditor. Furthermore, there also were no transactions involving conflicts of interest of material significance for the company and/or the relevant executive directors, supervisory directors, shareholders and/or the external auditor.

Recruitment of New Chief Financial & Risk Officer (CFRO)

In January 2015, an additional closed meeting was held to reflect on the recruitment of a new Chief Financial & Risk Officer (CFRO) in relation to the departure of Mr P.A.M. (Paul) Loven. A selection committee was created consisting of members of the Remuneration, Selection and Appointments Committee, the Chairman of the Audit, Risk and Compliance Committee and the Chief Executive Officer (CEO).

The Supervisory Board is of the opinion that the selection of Dr P.A.M. (Paul) Boomkamp provides the company with an excellent successor to Mr P.A.M. (Paul) Loven. The farewell for Mr P.A.M. (Paul) Loven was initially planned for the beginning of June. Due to the longer than planned period required to recruit the new Chief Financial & Risk Officer (CFRO) Mr P.A.M. (Paul) Loven agreed to stay on until 1 September 2015.

The Supervisory Board is highly appreciative of this gesture and is very grateful to Mr P.A.M. (Paul) Loven for his efforts and contributions.

Composition of the Supervisory Board

At year-end 2015, the Supervisory Board comprised two female and four male members. All members of the Supervisory Board are independent in the sense of the Corporate Governance Code. When appointing its members, the Supervisory Board endeavours to achieve a complementary composition, as specified in the Board's profile.

In 2015, in relation to the expiry of their term of appointment, four of the six supervisory directors were

reappointed. Mr H. (Herman) de Boon, Mr M.W. (Maarten) Dijkshoorn AAG, Ms W.E.L. (Wanda) van Kerkvoorden, LLM, and Mr W.H. (Wim) de Weijer MHA have been reappointed for a four-year term.

Mr L.J. (Lodewijk) de Waal has indicated that he does not wish to be considered for reappointment on 20 July 2015. The Supervisory Board is pleased to announce that effective 1 October 2015, Mr H.M.L.M. (Eric) de Macker, LLM was appointed. The Supervisory Board is very grateful to Mr L.J. (Lodewijk) de Waal for his efforts and contributions during the past eight years.

Amendment of Term of Appointment

At the request of the Supervisory Board, the articles of association were amended in 2015. The amendment to the articles of association changed the maximum term of appointment from twelve years to a term of appointment of two times four years. In the opinion of the Supervisory Board, a maximum term of appointment of twelve years is too long for a supervisory position and therefore proposed to switch over to a term of appointment of two times four years. The shareholder has decided to amend the articles of association accordingly.

With a view to continuity and a stable transition, the schedule of retirement was subsequently adjusted accordingly. Ms W.E.L. (Wanda) van Kerkvoorden, LLM, and Mr W.H. (Maarten) Dijkshoorn opted to be reappointed in accordance with the new term of appointment (two times four years).

Attendance at Regular Meetings

The Supervisory Board held five regular meetings in 2015.

Attendance at Regular Meetings							
Attendance at Regular Meetings*	Mr H. (Herman) de Boon	Mr M.W. (Maarten) Dijkshoorn AAG	Ms M.R. (Miriam) van Dongen	Ms W.E.L. (Wanda) van Kerkvoorden, LLM	Mr H.M.L.M. (Eric) de Macker, LLM	Mr L.J. (Lodewijk) de Waal	Mr W.H. (Wim) de Weijer MHA
Supervisory Board	6	5	5	6	2***	4**	6
Audit, Risk and Compliance Committee	N/A	5	5	N/A	N/A	N/A	5
Remuneration, Selection and Appointments Committee	5	N/A	N/A	5	2***	3**	N/A
Total	11	10	10	11	4	7	11

* Including strategic deliberation.

** Until 20 July 2015, end of term of appointment.

*** On 9 September, Mr H.M.L.M. (Eric) de Macker, LLM was present subject to approval by DNB.

No member of the Supervisory Board was frequently absent from Board meetings. Whenever members were absent, they provided their input prior to the meeting.

The Supervisory Board's meetings are held in the presence of the members of the Executive Board. Prior to these meetings, the Supervisory Board holds a closed meeting. The relationship with the Executive Board is considered good and transparent.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee comprises Ms M.R. (Miriam) van Dongen (Chairman), Mr M.W. (Maarten) Dijkshoorn AAG and Mr W.H. (Wim) de Weijer MHA (members).

The Audit, Risk and Compliance Committee held five regular meetings in 2015. In addition, two closed meetings were held. In its closed meetings the Committee discussed the assessment of the internal auditor and the performance of the Internal Audit department, the contract with the external auditor and the Chief Financial & Risk Officer (CFRO) vacancy. In addition, the Committee was consulted about changes within the ICT, Finance & Control (IFC) department. In accordance with the articles of association, the Supervisory Board does not have any formal authorities concerning outsourcing. However, it was agreed that the Audit, Risk and Compliance Committee, as well as the Supervisory Board will be informed about any planned reorganisation in this regard. The Committee has indicated that it is able to endorse such plans.

The meetings were attended by the Chief Financial & Risk Officer (CFRO), the Chief Executive Officer (CEO), the Director Internal Audit and the external auditor. During the discussions about the annual report, the Committee spoke to the auditor separately. The conclusion of this meeting was that there were no particulars that could not be shared with members of the Executive Board.

Fixed topics on the agenda of the Committee's meetings were as follows:

- Performance (including risk and compliance) and audit reports.
- The management letter.
- The Financial Statements.
- The Annual report.
- The Internal Audit's Annual Plan.
- The assessment of the internal auditor.
- The internal instructions to the external auditor, as well as his assessment.

The creation of frameworks, the long-term plan with the 2016 budget estimate and the profit appropriation policy were fixed agenda items for the November meeting.

The Audit, Risk and Compliance Committee was involved in staffing the vacant positions for the new Director Internal Audit and the Director Risk & Compliance. The Committee also extensively exchanged ideas among itself and with key officers in the organisation about the selection and/or appointment/reappointment of the external auditor effective 1 January 2016. The term of appointment of the external auditor was due to expire on 1 January 2016. Following an eight-year term, the need for a change in external auditor was considered. A number of workshops was held in which accounting firms presented themselves. It was ultimately decided to opt for continuity and to contract KPMG for the next four years. The Audit, Risk and Compliance Committee recommended the Supervisory Board to propose KPMG as the external auditor to the shareholder. On 29 April 2015, the shareholder endorsed this nomination.

At the request of the Audit, Risk and Compliance Committee, client and product profitability were discussed. The Committee acquired a good overview of the contribution of different clients to PGGM N.V.'s fixed costs and the profitability of each institutional client.

Another important topic discussed by the Committee was the equity policy.

The current equity and profit appropriation policy was adopted in 2012. In part in relation to the sale of the insurance portfolio, the refined solvency criteria imposed by the supervisory authority and the issue concerning the acceptance of liabilities in contracts with clients, the current policy was refined in 2015. It was concluded that in terms of continuity, the current equity meets the supervisory authority's requirements and that it is sufficient to meet the limited additional financial compensation agreed on with clients.

The Supervisory Board receives the reports of the Audit, Risk and Compliance Committee and the Committee's Chairman provides verbal feedback about discussions during Supervisory Board meetings. The Chief Financial & Risk Officer (CFRO) and the Chairman of the Committee also had regular contact outside the meetings about current topics and agenda items for the meetings in 2015.

Remuneration, Selection and Appointments Committee

Up until 1 September 2015, the Remuneration, Selection and Appointments Committee consisted of Mr L.J. (Lodewijk) de Waal (Chairman), Mr H. (Herman) de Boon and Ms W.E.L. (Wanda) van Kerkvoorden, LLM (members). As of 1 September 2015, Mr H.M.L.M. (Eric) de Macker, LLM took over the position and role of Mr L.J. (Lodewijk) de Waal. The Committee therefore now comprises Mr H.M.L.M. (Eric) de Macker, LLM (Chairman), Mr H. (Herman) de Boon and Ms W.E.L. (Wanda) van Kerkvoorden, LLM (members).

The Remuneration, Selection and Appointments Committee held five regular meetings in 2015. In addition, various discussions took place, for example about succession on the Executive Board in relation to the departure of the Chief Financial & Risk Officer (CFRO), as well as on the Supervisory Board in relation to the expiring terms of appointment and the options for reappointment.

A selection committee comprising three supervisory directors and the Chief Executive Officer (CEO), supported by an external recruiting firm, was formulated for the succession of Mr L.J. (Lodewijk) de Waal. A selection process was completed in proper consultation with the shareholder and the Works Council to staff the vacant position. As at 25 September 2015, the shareholder appointed Mr H.M.L.M. (Eric) de Macker, LL.M. as a member of the Supervisory Board under the suspensive condition of an unqualified statement to be issued by the Dutch Central Bank (DNB) and the Netherlands Authority for the Financial Markets (AFM). The Supervisory Board appointed Mr H.M.L.M. (Eric) de Macker, LL.M. as Chairman of the Remuneration, Selection and Appointments Committee.

PGGM N.V.'s new remuneration policy went into effect on 1 January 2015. The Supervisory Board is responsible for the group-wide implementation of the remuneration policy and the verification of the general remuneration policy principles. A central and independent internal evaluation must be conducted at least once a year to verify the implementation of this policy in terms of compliance and procedures. The Remuneration, Selection and Appointments Committee is responsible for preparing and advising the Supervisory Board in these areas. For this purpose, at least one member of the Committee must have in-depth knowledge and experience with remuneration policy of a similar nature as that applied within the company. With the arrival of the new Chairman, this provision has now been met.

In June 2015, the Committee was informed about the remuneration policy and compliance with the policy and procedures. The conclusion is that there were no apparent deviations from the current policy and procedures.

In January 2015, the Remuneration, Selection and Appointments Committee held 360 degree feedback sessions with members of the Executive Committee and the Works Council. A response to the Supervisory Board and the Chief Executive Officer (CEO) will be prepared on the basis of this input. The Committee also reflected on the objectives for 2016. The Committee subsequently formulated recommendations for the Supervisory Board about the performance and remuneration of the Executive Board.

It was agreed that the findings of the staff review would be shared with the Committee each year. The meeting reflected on the strategic personnel plan in order to form an image of the quality of PGGM N.V.'s workforce and how this relates to what is needed to ensure the success of the Decisive Innovation Programme. The Remuneration, Selection and Appointments Committee endorses the need to more closely focus on performance.

Permanent Education

The Supervisory Board believes that permanent education is of significant value to the Board's own performance and has developed its own long-term training and education plan on the basis of the Policy Rule on Suitability issued by the DNB and AFM. This regulation defines the competencies required by and the suitability of Supervisory Board members on the basis of the following subject areas:

- Governance, organisation and communication;
- Products, services and markets in which the organisation operates;
- Controlled and ethical business operations;
- Balanced and consistent decision-making; in which, among other things, the interests of clients and other stakeholders are a key focus.

Annual training activities for these different areas are identified on the basis of the long-term training plan.

In 2015, three in-depth meetings took place; one for the Supervisory Board and two for the Audit, Risk and Compliance Committee. The in-depth meetings of the Audit, Risk and Compliance Committee were open to all Supervisory Board members.

The in-depth meeting of the Supervisory Board focused on the state of affairs related to the company's Human Resources. The Board among other things exchanged ideas about the Strategic Personnel Plan. In addition the Change Plan was explained. The Change Plan demonstrates how PGGM N.V. intends to approach the Decisive Innovation Programme in combination with the work processes.

In the first in-depth meeting of the Audit, Risk and Compliance Committee, the Committee was updated on developments related to the IT Roadmap, organisational developments within asset management and the state of affairs concerning the creation of a multi-client portfolio. The second in-depth meeting focused on developments within the ICT domain.

In addition to the aforementioned in-depth meetings for the Audit, Risk and Compliance Committee and the Supervisory Board, the supervisory directors participate in governance meetings organised by PGGM N.V. four times a year; each of these meetings focuses on current developments within one of PGGM N.V.'s business units. In addition, the supervisory directors participated in working visits to the Pension Management and Asset Management business units. During these small-scale meetings, the supervisory directors are updated about current developments in direct interaction with management and employees. These working visits will be continued in 2016. Finally, one supervisory director has a seat on the Board of Governors of PGGM N.V.'s Leadership Programme.

Self-evaluation

After the fourth quarter of 2015, the Supervisory Board evaluated its own performance and that of its committees. In 2014, the self-evaluation was conducted with the assistance of an external party. In 2015, discussions were initiated between the Chairman of the Supervisory Board, individual members of the Supervisory Board and the Chairman of the Executive Board. The basis for the discussions was the definition of the Supervisory Board's supervisory, sounding board and employer role with special attention being given to the substance, organisation and interaction of governance. Another basis for the discussions was the desired culture, behaviour and leadership within the Supervisory Board and within PGGM N.V. The Chairman summarised his findings, which were subsequently discussed in a closed Supervisory Board meeting.

The general conclusion of the self-evaluation is that there is a good connection between the Supervisory Board and the Executive Board and that processes are in good order. The Supervisory Board specifically expressed its aim to be closely involved and assume an active supervisory role. This is why a number of areas of attention were formulated that the Supervisory Board wants to work on:

- Although in 2015, more room was created for strategic discussions, the Supervisory Board is of the opinion that further improvement in this area is possible, for example by more actively setting its own agenda and by more intensively engaging in discussions with the Executive Board about challenges, dilemmas and opportunities.
- Composition of the Supervisory Board. Due to expiring terms of appointment, a number of changes will take place within the Supervisory Board over the coming years. It was agreed that in 2016, the Board would reflect on the Supervisory Board's desired profile and to identify the required knowledge and competencies so as to continue to safeguard the Supervisory Board's balanced and diverse composition.

- Interaction within the Supervisory Board. There is a pleasant and open atmosphere within the Supervisory Board, in which members deal with each other with respect. The challenge in 2016, is to provide even greater room to question and challenge each other, and to continue to assess whether the joint agenda continues to provide sufficient focus.

Relations with the Shareholder

The Supervisory Board's contact with the shareholder is primarily through shareholder meetings. In 2015, no additional shareholder meetings were held in addition to the regular meeting. The Remuneration, Selection and Appointments Committee also speaks to (a delegation representing) the shareholder at least twice a year regarding developments within PGGM N.V. and the Executive Board's remuneration policy.

Relations with the Works Council

At least once a year, every member of the Supervisory Board attends a consultative meeting of the Works Council.

In addition, a member of the Supervisory Board attended a general state of affairs meeting and the supervisory director appointed on the nomination of the Works Council [Ms M.R. (Miriam) van Dongen] informally speaks with the Works Council several times each year. In 2015, the Supervisory Board and the Works Council discussed several topics, such as the Decisive Innovation Programme, including the associated requests for advice and consent, the state of affairs concerning clients and the harmonisation of the terms and conditions of employment at PGGM Vermogensbeheer B.V. and other business units on amalgamation. Supervisory directors consistently experienced and valued these meetings as constructive and informative. In addition, in November 2015, a meeting took place in which all supervisory directors were given the opportunity to informally speak with members of the Works Council.

Relations with the External Auditor

The Supervisory Board and the Audit, Risk and Compliance Committee find the cooperation with KPMG to be positive.

Proper use was made of a process and internal audit-based approach for the activities carried out in support of the audit of the financial statements. The professional competence of KPMG's pension team and the associated communication in relation to the recognition of the pension-related items and the associated processes was experienced as very positive and as an added value for PGGM N.V. The quality of the reports provided was good. In addition, KPMG is present at the meetings of the Audit, Risk and Compliance Committee. KPMG's input during these meetings is also found to be positive.

Relations with Internal Audit

Once a year, the Audit, Risk and Compliance Committee assesses the performance of the Director Internal Audit and the role and the performance of the Internal Audit department. The view of the Internal Audit department is positive. Its relationship with the external auditor is good. A new Director Internal Audit was appointed effective 1 November 2015. The Director Internal Audit is present at the meetings of the Audit, Risk and Compliance Committee. The Annual Audit Plan, the audit reports and the management letter provide the Supervisory Board with good insight into business operations and processes.

The Supervisory Board would like to sincerely thank the members of the Executive Committee, the Works Council and PGGM N.V.'s employees for all their efforts during the 2015 reporting year.

Zeist, 19 April 2016

Mr H. (Herman) de Boon, Chairman

Mr M.W. (Maarten) Dijkshoorn AAG

Ms M.R. (Miriam) van Dongen

Ms W.E.L. (Wanda) van Kerkvoorden, LLM

Mr H.M.L.M. (Eric) de Macker, LLM (appointed effective 1 October 2015)

Mr L.J. (Lodewijk) de Waal (until 20 July 2015)

Mr W.H. (Wim) de Weijer MHA, Deputy Chairman

PGGM N.V. Financial Statements

2015



Consolidated balance sheet as at 31 December 2015

(before profit appropriation)

(amounts in thousands of euros)

	Ref.	31 December 2015	31 December 2014
Assets			
Fixed assets			
Intangible fixed assets	4	62,256	36,901
Tangible fixed assets	5	99,567	105,432
Financial fixed assets	6	15,678	33,991
Total fixed assets		177,501	176,324
Investments			
Investments on behalf of the insurance business	7	331	296,971
Investments on behalf of policyholders	8	-	65,283
Total investments		331	362,254
Current assets			
Receivables	9	69,050	54,970
Cash	10	91,784	77,541
Total current assets		160,834	132,511
Total assets		338,666	671,089
Liabilities			
Equity			
Paid and called-up capital	11	200	200
Statutory reserve		376	376
Share premium reserve		158,712	158,712
Other reserves		47,225	71,821
Unappropriated profit		1,788	-24,596
Total equity		208,301	206,513
Provisions			
Insurance business risk	12	-	247,417
Policyholders' risk	13	-	65,283
Taxes	14	177	2,258
Other provisions	15	9,113	62,340
Total provisions		9,290	377,298
Current liabilities	16	121,075	87,278
Total current liabilities		121,075	87,278
Total liabilities		338,666	671,089

Consolidated income statement for 2015

(amounts in thousands of euros)

	Ref.	2015	2014
Revenue			
Management fees		257,956	261,071
Gross premium retail insurances		-	10,117
Other revenue		2,714	495
Total operating income	18	260,670	271,683
Operating expenses			
Insurance business expenses	19	-	2,115
Costs of outsourced work and other external expenses	20	48,731	38,626
Personnel expenses	21	150,151	156,155
Depreciation/amortisation of tangible and intangible fixed assets	22	14,229	25,314
Impairment of tangible and intangible fixed assets	22	18	9,561
Other operating expenses	23	60,466	86,893
Total operating expenses		273,595	318,664
		-12,925	-46,981
Investment results	24	17,145	13,869
Financial income	25	12	-3
Financial expenses	26	-154	66
Profit before taxes		4,078	-33,049
Taxes	27	2,290	-8,453
Profit after taxes		1,788	-24,596

Consolidated cash flow statement for 2015

(amounts in thousands of euros)

	Ref.	2015	2014
Cash flow from operating activities			
Operating profit		-12,925	-46,981
Adjusted for:			
Depreciation and impairments	4,5,11	14,229	35,594
Changes in financial fixed assets	6	18,774	-12,613
Changes in investments	7,8	298,362	-11,831
Changes in provisions for insurance activities	12,13	-308,795	-9,702
Changes in other provisions	14,15	-10,158	-9,446
Changes in working capital	9,16,24,27	-22,939	-24,621
Cash flow from business operations		-23,452	-79,600
Investment results	9,24	21,678	13,677
Interest received	25	12	-3
Interest paid	26	-154	66
Income tax paid	27	-2,290	8,453
		19,246	22,193
Total cash flow from operating activities		-4,206	-57,407
Cash flow from investment activities			
Additions and acquisitions of			
Intangible fixed assets	4	-7,030	-442
Tangible fixed assets	5	-584	-351
Acquisition of participating interests	6	-750	-100
Investments and advances for investments	7	-54,023	-36,297
Disposals, repayments and sales of			
Tangible fixed assets	5	18	24
Sale of insurance activities		-49,055	-
Investments and advances for investments	7,8	117,584	76,129
Total cash flow from investment activities		6,160	38,963
Cash flow from financing activities			
Withdrawal from credit facility	16	12,000	-
Personnel mortgage repayments received	6	289	107
Total cash flow from financing activities		12,289	107
Net cash flow		14,243	-18,337
Changes in cash			
Cash at the start of the period		77,541	95,878
Cash at the end of the period		91,784	77,541
Changes in cash		14,243	-18,337

Notes to the Consolidated Financial Statements

2015



1 General notes

Information about PGGM N.V.

PGGM N.V. was established on 20 July 2007, and has its registered office and principal place of business at Noordweg Noord 150 in Zeist. One hundred per cent (100%) of the shares in PGGM are held by PGGM Coöperatie U.A.

In accordance with Article 2 of its articles of association, PGGM N.V.'s objectives are as follows:

- a. to perform or to cause to perform (i) administrative management of prescribed pension entitlements and pensions that have commenced paying out and (ii) the implementation of prescribed pension entitlements and pensions that have commenced paying out, both in the broadest sense;
- b. to perform or cause to perform asset management in the broadest sense;
- c. to provide or cause to provide insurance services, amongst which, but not limited to, reinsurance services, in the broadest sense;
- d. to perform work that focuses on the development, sale or implementation of additional income provisions, in so far as they have not already been included in a collective pension scheme, including the related consultancy and services, all in the broadest sense, for the sector in which work is performed in relation to health, mental and social interests, including services in the form of physical, mental or social care or assistance;
- e. to offer or cause to offer services, amongst which, but not limited to, services in respect of collection of premium, accounting records, management support and substantive advice, to social funds that are affiliated with customers of the company;
- f. to participate in, to take an interest in any other way in and to conduct the management of other business enterprises, of whatever nature, to finance other persons and to give security, give guarantees and bind itself in any other manner for debts of other persons, and finally all activities which are incidental to or which may be conducive to any of the foregoing in the broadest sense.

Finally, to do everything associated with or beneficial to the above in the broadest sense of word.

The articles of association were amended on 2 February 2016.

The objects clause in Article 2 now reads as follows:

- a. to perform or to cause to perform (i) administrative management of prescribed pension entitlements and pensions that have commenced paying out and (ii) the implementation of prescribed pension entitlements and pensions that have commenced paying out, both in the broadest sense;
- b. to perform or cause to perform asset management in the broadest sense;
- c. to perform work that focuses on the development, sale or implementation of additional income provisions, in so far as they have not already been included in a collective pension scheme, including the related consultancy and services, all in the broadest sense, for the sector in which work is performed in relation to health, mental and social interests, including services in the form of physical, mental or social care or assistance;
- d. to offer or cause to offer services, amongst which, but not limited to, services in respect of collection of premium, accounting records, management support and substantive advice, to social funds that are affiliated with customers of the company;
- e. to participate in, to take an interest in any other way in and to conduct the management of other business enterprises, of whatever nature, to finance other persons and to give security, give guarantees and bind itself in any other manner for debts of other persons, and finally all activities which are incidental to or which may be conducive to any of the foregoing in the broadest sense.

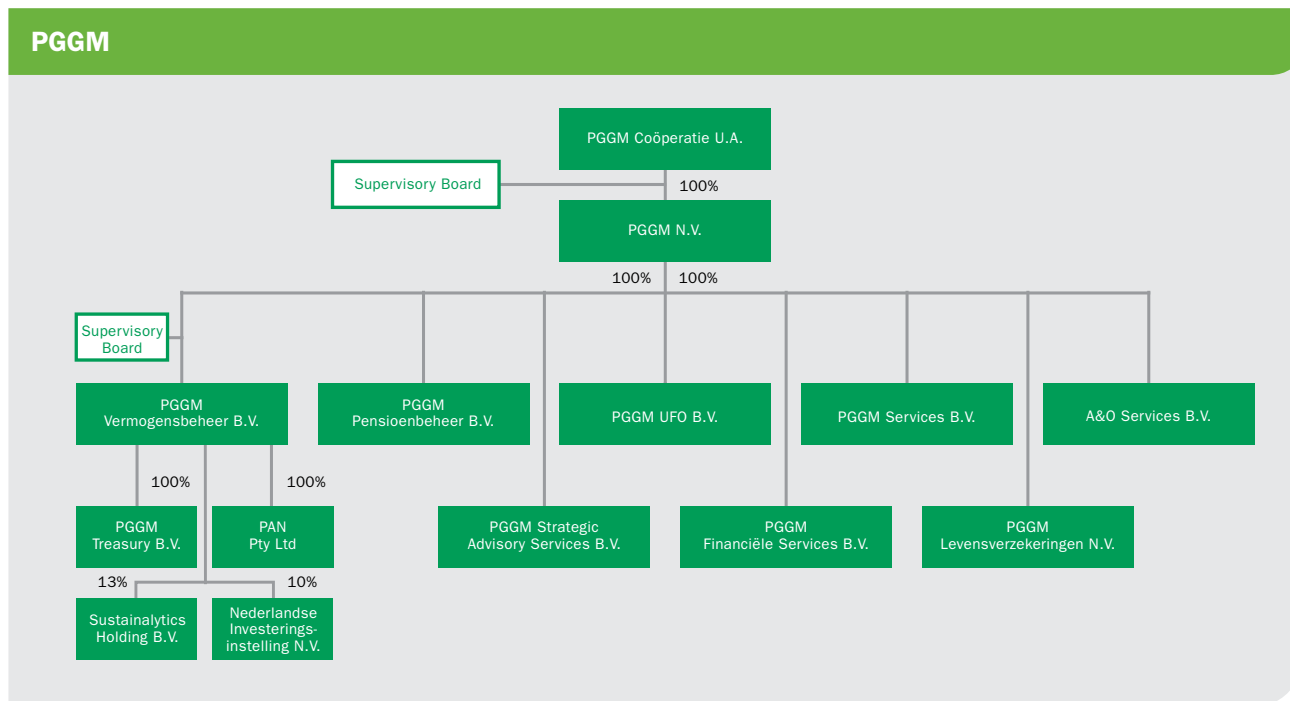
Group Structure

PGGM N.V. is a holding company which, through participating interests, has been performing activities in areas such as the provision of advice to pension boards, pension management and asset management since 1 January 2008.

PGGM N.V. has a two-tier board and is the holding company of ten direct and indirect subsidiaries which together with its shareholder, PGGM Coöperatie U.A., form the PGGM Group. A number of subsidiaries has received licences from respectively the Authority for the Financial

Markets (hereinafter: AFM) and the Dutch Central Bank (hereinafter: DNB). When the legal structure was established, it was decided that the various licences should be linked to individual companies, so that there was maximum clarity regarding the conditions associated with a particular licence and the supervision of these conditions.

The following diagram shows the legal structure of PGGM Coöperatie U.A., PGGM N.V. and its subsidiaries and participating interests ('PGGM Group') as at 31 December 2015.



PGGM Vermogensbeheer B.V.

PGGM Vermogensbeheer B.V. (hereinafter: PGGM Vermogensbeheer) is the only shareholder in PGGM Treasury B.V. (hereinafter: Treasury) and PGGM Australia Nominees Pty Ltd. (hereinafter: PAN).

AIFM License

Pursuant to Section 2:67 of the Wft, the AFM has granted PGGM Vermogensbeheer a license allowing it to act as the manager of an investment institution as defined in Section 1:1 of the Wft, effective from 4 April 2014. The license is limited to offering the rights of participations to professional investors.

In addition, pursuant to Section 2:67a, second paragraph, Wft, PGGM Vermogensbeheer is permitted to carry out the following activities or to provide the following services:

- Manage individual capital;
- In exercising a profession or carrying out a business provide advice related to financial instruments;
- In exercising a profession or carrying out a business receiving and transmitting client orders related to financial instruments.

PGGM Treasury B.V.

PGGM Vermogensbeheer established PGGM Treasury B.V. (hereinafter: Treasury) on 6 March 2009. Treasury is a 100% subsidiary of PGGM Vermogensbeheer. For that reason, the assets and liabilities, as well as the result are fully incorporated into the consolidated annual report of PGGM Vermogensbeheer. Due to changing legislation resulting from the AIFM Directive, a single entity is legally prevented from holding both an AIFM and a MiFID licence. Therefore owns Treasury the license pursuant to Section 2:96, part b of the Wft since 5 April 2014.

PGGM Australia Nominees Pty Limited

On 13 May 2009, PGGM Vermogensbeheer acquired the shares in PGGM Australia Nominees Pty Limited (PAN). PAN is a 100% subsidiary of PGGM Vermogensbeheer. For that reason, the assets and liabilities, as well as the result are fully incorporated into the Consolidated Annual Report of PGGM Vermogensbeheer.

PGGM Pensioenbeheer B.V.

The pension management activities are incorporated into PGGM Pensioenbeheer B.V. This work consists of board support, client management and pension administration. PGGM Pensioenbeheer B.V. has a Wft licence from the AFM to provide advice (Section 2:75) and act as an intermediary (Section 2:80) in:

- Pension insurances;
- Pension contribution receivables; and
- Capital.

PGGM Strategic Advisory Services B.V.

PSAS has a license pursuant to Section 2:96 of the Financial Supervision Act (hereinafter: Wft) of the Netherlands Authority for the Financial Markets (hereinafter: AFM) to provide investment services as defined in Section 1:1 of the Wft, part d, and consequently is subject to AFM market conduct supervision and prudential supervision by the Dutch Central Bank.

At the end of 2014, PSAS requested the AFM to withdraw the license for investment service b and c. Effective from 21 January 2015, PSAS has a license pursuant to Section 2:96 of the Wft, to provide investment services in the Netherlands as defined in Section 1:1 of the Wft, part d of the definition of providing an investment service. The minimum equity to be retained by PSAS is € 50,000.

PGGM UFO B.V.

PGGM UFO B.V. acts as a contract party for pension funds and other institutional clients that wish to make use of the service of PGGM N.V. and its subsidiaries.

PGGM Financiële Services B.V.

PGGM Financiële Services B.V. has a Wft licence from the AFM to:

- a. Provide advice (Section 2:75) in current accounts, consumer credit, electronic money, mortgage credit, income insurance, private and business general insurance, savings accounts, capital, and health insurance.
- b. Act as an intermediary (Section 2:80) in current accounts, consumer credit, electronic money, mortgage credit, income insurance, private and business general insurance, savings accounts, capital, and health insurance.

PGGM Financiële Services B.V. does not make use of its licence pursuant to Section 2:96 of the Wft to receive and transmit orders and provide investment advice.

PGGM Services B.V.

PGGM Services B.V., on behalf of PGGM Financiële Services B.V., provides all services related to handling all incoming and outgoing client contacts with participants and employers: electronically, in writing and physically.

PGGM Levensverzekeringen N.V.

On 14 March 2015, PGGM Levensverzekeringen N.V. signed an agreement concerning the transfer of the rights and obligations arising from its life insurance portfolio and the related assets and liabilities, to Leidsche Verzekering Maatschappij N.V. settled in Rotterdam. In its decision dated 28 September 2015, The Dutch Central Bank approved this planned transfer with respect to the policyholders of PGGM Levensverzekeringen N.V. that went into effect on 1 January 2015.

The DNB license for conducting the company's insurance activities was withdrawn on 17 December 2015. As such, the legal obligation to accommodate these activities in a separate legal entity with an independent Supervisory Board has lapsed. For more information about this sale, see the explanatory notes on page 64.

A&O Services B.V.

A&O Services B.V. is the administrator of the pension and CLA regulations for the schilders- en afbouwsector (painters and finishing sector), as well as the pension fund service provider for several smaller and medium-sized pension funds. As at 1 July 2015, all A&O Services B.V. activities were transferred to PGGM Pensioenbeheer B.V. No activities were undertaken in this company after 1 July 2015.

A&O Vermogensbeheer B.V. was merged with A&O Services B.V. on 31 December 2015. As a result of the merger, A&O Vermogensbeheer B.V. ceased to exist. On 10 September 2015, the AFM license as an investment institution was withdrawn.

Other Participating Interests

Sustainalytics Holding B.V.

PGGM Vermogensbeheer holds a 13.01% (2014: 9.94%) interest in Sustainalytics Holding B.V.

This participating interest was not consolidated, given that no significant influence could be exercised.

Nederlandse Investeringsinstelling N.V.

PGGM Vermogensbeheer B.V. has a 10% interest in the Nederlandse Investeringsinstelling N.V. (hereinafter: NII). The NII was founded by thirteen pension funds, pension fund service providers and insurance companies. The NII will make Dutch investment projects in infrastructure, education, healthcare, residential building, SME and sustainable energy more attractive to institutional investors. This will enable them to increase their investment in the Dutch economy. This participating interest was not consolidated, given that no significant influence could be exercised.

Accounting Standards

The consolidated annual financial statements have been prepared in accordance with the financial reporting requirements of Titel 9, Book 2 of the Dutch Civil Code and the authoritative statements in the financial reporting guidelines published by the Dutch Accounting Standards Board.

Application of Section 402 Book 2 of the Dutch Civil Code

The consolidated annual financial statements include the financial data of PGGM N.V. For that reason, in accordance with Section 402 Book 2 of the Dutch Civil Code, the separate income statement only includes the share in the result of participating interests after tax and the other results after tax.

Continuity

These annual financial statements have been prepared on a going-concern basis.

Affiliated parties

All legal entities over which dominant control, joint control or significant influence can be exercised are designated related parties. Legal entities that can exercise dominant control are also designated related parties. The members of the Executive Board under the articles of association, other key officers in the management of the company or its parent company and those closely allied are also deemed related parties.

Significant transactions with related parties are explained to the extent these have not been entered into at arm's length. In such cases, the nature and size of the transactions are explained and other information necessary to provide insight is also given.

2 Accounting principles for the valuation of assets and liabilities and the determination of the result and the cash flow statement

General

Assets and liabilities in general are stated at the acquisition price or production cost, or their current value. If no specific valuation principle is reported, valuation is on the basis of the acquisition price.

The result is determined as the difference between the fair value of the services provided and the costs and other charges over the year. Revenues on transactions are recognized in the year in which they are realized.

References are included in the balance sheet, income statement and cash flow statement. These references refer to the explanatory notes.

Comparison to previous year

The accounting principles used for valuations and to determine the result are unchanged with respect to the previous financial year.

Foreign currency

The financial statements are presented in euros, PGGM N.V.'s functional currency. All financial information in euros is rounded to the nearest thousand. Assets and liabilities denominated in foreign currencies are converted into euros at the exchange rate prevailing on the balance sheet date. Income and expenses relating to transactions in foreign currencies are converted at the exchange rate prevailing on the transaction date.

The assets, liabilities, and income and expenses of consolidated participating interests with a functional currency other than the presentation currency are converted at the exchange rate prevailing on the balance sheet date.

The resulting exchange difference are directly recognised under equity in the statutory foreign currency translation reserve.

Use of estimates

The preparation of the annual financial statements requires the Executive Board to make judgements, estimates and assumptions which affect the application of the accounting principles and the reported value of assets and liabilities, and of income and expenses. The actual results may differ from these estimates. The estimates and underlying assumptions are continuously assessed. Revisions of estimates are applied in the period during which the estimate is revised and in the future periods for which the revision has consequences.

Basis of consolidation

The consolidated financial statements comprise the financial data of PGGM N.V. and its group companies and other legal entities in which it can exercise dominant control or over which it has central management. Group companies are participating interests in which PGGM N.V. has a controlling interest, or in which policy making influence can be exercised in some other way. The assessment of whether policy-making influence can be exercised, involves financial instruments which potentially contain voting rights and can be exercised directly. Participating interests acquired for the sole purpose of disposal within the foreseeable future are not consolidated.

Newly acquired participating interests are consolidated from the date on which policy making influence can be exercised. Divested participating interests are consolidated until the date this influence ceases.

In the consolidated annual financial statements mutual liabilities, receivables and transactions are eliminated, just as are any profits made within the group. The group companies are integrally consolidated, whereby the minority interests are recorded separately.

The following companies are included in the consolidation:

Companies		
Name	Place of business	Shares in subscribed capital
PGGM Financiële Services B.V.	Zeist, the Netherlands	100%
PGGM Strategic Advisory Services B.V.	Zeist, the Netherlands	100%
PGGM Levensverzekeringen N.V.	Zeist, the Netherlands	100%
PGGM Services B.V.	Zeist, the Netherlands	100%
PGGM Pensioenbeheer B.V.	Zeist, the Netherlands	100%
PGGM UFO B.V.	Zeist, the Netherlands	100%
PGGM Vermogensbeheer B.V.	Zeist, the Netherlands	100%
PGGM Treasury B.V.	Zeist, the Netherlands	100%
PGGM AUSTRALIA NOMINEES PTY LIMITED	Sydney, Australia	100%
A&O Services B.V.	Rijswijk, the Netherlands	100%

Acquisition and disposal of group companies

From the date of acquisition, the results and the identifiable assets and liabilities of the acquired companies are included in the consolidated annual financial statements. The date of acquisition is the moment that dominant control can be exercised over the relevant company.

The acquisition price is the sum of money, or the equivalent of this, agreed to acquire the company, increased by any directly attributable costs. If the acquisition price is higher than the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalised as goodwill under intangible fixed assets. If the acquisition price is lower than the net amount of the fair value of the identifiable assets and liabilities, the difference (negative goodwill) is accounted for as an accrued liability item.

The companies involved in the consolidation continue to be included in the consolidation until they are sold; deconsolidation occurs the moment dominant control is transferred.

Financial instruments

Financial instruments are initially recognised at fair value, whereby share premiums and discounts and directly attributable transaction costs are accounted for on initial recognition. However, if, in the subsequent valuation, financial instruments are recognised at fair value with value changes being accounted for in the income statement, directly attributable transaction costs will be accounted for in the income statement. Financial instruments embedded in contracts which are not separated from the basic contract are accounted for in accordance with the basic contract.

Intangible fixed assets

The intangible fixed assets are stated at their acquisition price or production cost net of amortisation. Account is taken of impairments; an impairment arises when the book value of an asset (or the cash flow-generating entity to which the asset belongs) is greater than the realisable value.

Please refer to the section 'Impairment of Fixed Assets' with regard to the determination of whether an intangible fixed asset is subject to an impairment.

Goodwill

The goodwill is the positive difference between the acquisition price and the fair value (initial valuation) of the acquired assets and liabilities at the moment of acquisition. Goodwill is subject to straight-line amortisation on the basis of the useful economic life.

Value of Business Acquired (VOBA)

The VOBA represents the difference between the fair value on acquisition and the carrying amount of a portfolio of life insurance contracts acquired in the context of the acquisition of a business or portfolio. The VOBA is written down over 15 years on the basis of the duration of the life insurance contracts valid on the acquisition date, parallel to the estimated contribution to the results.

Due to the sale of the life insurance portfolio, the VOBA was fully written down at the end of 2014.

Computer software

Computer software is stated at the acquisition price or production cost net of cumulative amortisation. These assets are subject to straight-line amortisation over their estimated economic life, taking account of the potential contract duration.

Tangible fixed assets

Land and buildings

Land and buildings are stated at current cost. At the time the asset is acquired or produced, it is stated at the acquisition price or production cost. Subsequently, it is recognised at the replacement cost or the lower value in use net of cumulative depreciation. If a decision is taken to sell tangible fixed assets, the value is recognised as the net realisable value.

Buildings are written down over their estimated economic life with a residual value of 20% of the replacement cost. The buildings are subdivided into the categories shells, completions and installations; and are depreciated to the aforementioned residual value in respectively 40, 25 and 15 years. Land is not subject to depreciation. The current cost is reviewed once every three years by means of a valuation carried out by a certified external appraiser.

The appreciation of tangible fixed assets is directly accounted for in a revaluation reserve item under equity. However, the appreciation should be accounted for in the income statement to the extent it is a reversal of a downward value adjustment of the same asset previously accounted for as an expense in the income statement.

Revaluations are formed and held for each asset. Downward value adjustments are recognised directly in the income statement to the extent they cannot be charged to a previously formed revaluation reserve. A downward value adjustment occurs when the current cost of a tangible fixed asset is lower than the original acquisition or production cost (net of depreciation).

No provision has been made for the future costs of major maintenance to the company buildings. The costs of maintenance are directly accounted for as an expense in the income statement annually.

Plant and equipment

Plant and equipment are stated at the acquisition price net of cumulative depreciation.

Plant and equipment are subject to straight-line depreciation over their estimated useful economic life of five to ten years. The residual value is carried at zero.

Other operating assets

The other operating assets comprise furniture and equipment, computer hardware, artworks and other operating assets. The other operating assets are stated at their acquisition price net of cumulative depreciation. Plant and equipment are subject to straight-line depreciation over their estimated useful economic life of five to ten years. The residual value is carried at zero. Artworks are not subject to depreciation.

Financial fixed assets

Participating interests in which significant influence is exercised

Participating interests in which significant influence can be exercised on the business and financial policy are stated in accordance with the equity accounting method on the basis of the net asset value.

PGGM N.V.'s accounting principles are used to determine the net asset value. Results on transactions, whereby there is a transfer of assets and liabilities between PGGM N.V. and its participating interests and between participating interests themselves are eliminated to the extent these can be deemed unrealised.

Participating interests with a negative net asset value are stated as nil. A provision is created when PGGM N.V. wholly or partially guarantees the relevant participating interest's debts, or has the constructive obligation (for its share) of enabling the participating interest to pay its debts. This provision is primarily formed against the receivables from this participating interest and for the rest, under the provisions according to the size of the

share in the losses sustained by the participating interest, or for the expected payments by PGGM N.V. in respect of this participating interest.

The first valuation of acquired participating interests is based on the fair value of the identifiable assets and liabilities at the moment of acquisition. For the next valuation, the principles applicable to these financial statements are used, with the initial valuation used as a basis.

Participating interests in which there is no question of significant influence

Participating interests in which no significant influence is exercised are stated at the lower of cost or realisable value. If there is a firm intent of disposal, the participating interest is stated at the lower expected sales value, if applicable.

Impairment of fixed assets

For fixed assets, an assessment is conducted on every balance sheet date to determine whether there are any indications that these assets may be subject to impairment. If this appears to be the case, the realisable value of the asset is estimated. The realisable value is the higher of the value in use or the net selling price. If it is not possible to estimate the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs (the asset's cash-generating unit) is determined.

An assessment is conducted on every balance sheet date to determine whether there is any indication that an impairment loss recognised in previous years has decreased.

If this appears to be the case, the realisable value of the relevant asset is estimated.

The reversal of a previously recognised impairment loss only takes place when there is a change in the estimates used for determining the realisable value since the recognition of the last impairment loss. In that case the book value of the asset is increased to the estimated realisable value, but not higher than the book value (after depreciation) that would have been established if no impairment losses would have been recognised for the asset in previous years.

Investments on behalf of the insurance business

Loans, and bonds and debentures

Loans, and bonds and debentures are stated at their amortisation value. Differences between the purchase price and redemption value, both positive and negative, are amortised pro rata the remaining term and accounted for in the income statement. Realised exchange rate gains and losses are entirely accounted for in the result.

Money market investments

The balance of bank accounts from investment activities is presented in the balance sheet as part of the investments. These bank balances are stated at face value, that is their nominal value.

Deposits are included at face value.

Shares

Shares are stated at their fair value. Realised and unrealised gains and losses are accounted for in the result directly.

Investments on behalf of policyholders

Investments on behalf of policyholders are stated at their fair value. Realised and unrealised gains and losses are accounted for in the result directly.

Receivables, prepayments and accrued income

Upon first inclusion receivables are stated at the fair value of the consideration received in return.

Accounts receivable are stated at amortised cost price after first inclusion. If the receipt of the receivable is deferred on grounds of an agreed extension to a payment term, the fair value is determined with reference to the present value of the expected receipts and interest income based on the effective interest rate is added to the income statement. Provisions for bad debt are deducted from the book value of the receivable.

Any interest income and expenses to be received or paid which relate to the cash of PGGM N.V. and its subsidiaries are accounted for by PGGM N.V.

Provisions

General

The provisions are stated at the best estimate of the amounts that will be needed to settle the liabilities as at the balance sheet date. Provisions are stated at the face value of the expenditures that are expected to be necessary to settle the liabilities, unless otherwise reported.

When there is an expectation that a third party will reimburse the liabilities, and when it is probably that this reimbursement will be received at the time the obligation is settled, the reimbursement is recognised on the balance sheet as an asset.

Provisions for the insurance business risk

Life insurance

The provision for life insurance consists of the actuarial valuation of the future payment obligations increased by a mark-up for disbursement expenses (1% of the payment). The provision is stated in accordance with the net method on the basis of recent mortality tables (GBM/V 2005 – 2010 with ages reduced by: -5/-5 (for new products since 2003, stricter age adjustments apply for the risk of longevity (-7/-9)). The provision is net of the amount of interest rate discounts still to be written off. The interest rate discount granted is capitalised per annual instalment and written off on a straight-line basis over 11 years.

For the nominal pension due immediately, a discount is given on the purchase considerations to be paid equal to the difference between the expected interest income and the interest expense, increased by compensation for risk. The notional interest rate used is 4% for policies concluded prior to 1 August 1999 and 3% for policies concluded after 1 August 1999.

Technical provision for profit-sharing

On the basis of the policy terms, the provision for profit-sharing includes the amounts available for profit-sharing which have not, as yet, been added to individual policies.

Other technical provisions

Provision for result-sharing investment policies

This provision is to compensate potential future differences between the expected actual return and the contractual return. The valuation relates to the present value of the return differences for investment policies concluded before 1 January 2008. The provision has been determined in such a way that there is a 99.5% degree of assurance that the (potential) return differences for the

remaining term of the investment policy can be absorbed. The (potential) return differences are converted to a present value at a discount rate of 3%.

Provision for changes to the mortality assumptions

This provision is formed for the purpose of:

- The conversion to future, new mortality tables (GBM/V);
- a potential transfer to a steeper reduction in age to cover the risk of longevity.

Provision for gender neutrality

This provision relates to specific products (and to a select group). Annually, the adequacy of the provision is assessed.

Provision for profit-sharing supplementary pensions

Annually 4% interest is added. This provision is written off on a straight-line basis over 20 years, the start date being 1 October 1994.

Provision for administration costs of supplementary pensions

This provision amounts to 2% of the non-contributory insured pensions during the term of the insurances which PFZW has transferred to PGGM Levensverzekering N.V. Annually 4% interest is added. This provision is written off on a straight-line basis over 20 years, the start date being 1 October 1994.

Provisions for occupational disability pensions

A provision has been made for the possible return of premiums associated with occupational disability pensions.

Provisions for the coverage of costs

The costs provision has been made to compensate for failure to cover any future costs.

The provision is calculated as the present value, given a 3% notional interest rate, of the expected shortfall due to failure to cover any future costs in the coming 30 years (until 2043).

Provision for policyholders' risks

This provision is stated at the fair value of the investments allocated to the policyholders.

Reorganisation provisions

A reorganisation provision is made if, on the balance sheet date, a detailed reorganisation is to be formalised which will - by the date of finalisation of the financial statements at the latest - cause legitimate expectations of the plan being implemented to have been aroused in those for whom the reorganisation has consequences. There are deemed to be legitimate expectations if the implementation of the reorganisation has been started, or if the main points have been made known to those for whom the reorganisation has consequences.

Provision for anniversaries

The provision for anniversaries relates to a provision for future anniversary payments. The provision relates to the present value of any future anniversary payments. The calculation is based on the commitments given, the chance of remaining in service and age profiles.

Provision for onerous contracts

The provision for onerous contracts relates to the negative difference between the expected benefits from the performances to be received by PGGM after the balance sheet date and the unavoidable costs of fulfilling all the obligations. At a minimum, the unavoidable costs are the costs which have to be incurred to get out of the agreement, being the lower of, on the one hand, the costs of fulfilling the obligations and, on the other, the compensation or penalties which must be paid if the obligations are not fulfilled.

Other provisions

The other provisions are stated at face value.

Institutional management fees

These are payments from third parties which are received by virtue of service provision in the form of pension board advice, pension management and asset management. The recognition of revenue from the provision of services is in proportion to the delivered performance, based on the performed services up to the balance sheet date in relation to the total project services to be performed less discounts and taxes on the turnover.

Gross premium retail insurances

The premium charged is classified directly as revenue. In addition, for premiums that do not relate to the period, a provision is formed for unearned premiums.

Insurance business expenses

These consist of the payments, provision movements, profit-sharing and discounts, outgoing reinsurance premiums and investment results for the account of policyholders. Payments, provision movements, profit-sharing and discounts are credited or, as the case may be, debited to the result in the period to which they relate. The valuation of the amount owed to reinsurers is made in accordance with the terms and conditions of the reinsurance contracts. Liabilities by virtue of reinsurance are primarily the outstanding premiums for reinsurance contracts. These premiums are included as expenses in the period to which they relate.

Costs of outsourced work and other external expenses

The costs of outsourced work and other external expenses consist of all the other external costs that are directly related to the work performed by third parties.

Investment results

Investment results consist of the direct investment income (interest) and the indirect investment income (the realised and unrealised revaluations) of investments on behalf of the insurance business and policyholders. Both the interest and the realised and unrealised revaluations are attributed to the period to which they relate.

Financial income and expenses

Interest income and expenses

PGGM N.V. and its subsidiaries account for interest income and expenses related to cash as a consequence of PGGM N.V.'s interest set-off scheme.

In the financial statements, the interest income and expenses are assessed per individual credit institution and, ultimately, the net position is presented as interest income or expense.

Share in the result of participating interests

The share in the result of participating interests consists of the group's share in these participating interests, determined on the basis of the group's accounting principles. Results on transactions, whereby there is a transfer of assets and liabilities between the group and the non-consolidated participating interests and between non-consolidated participating interests themselves are not recorded to the extent these can be deemed unrealised.

The results of participating interests which are acquired or disposed of during the financial year are recorded in the group's results from the moment of acquisition respectively until the moment of disposal.

Pension scheme

The basic principle applied is that the pension costs recognised in the reporting period are equal to the pension premiums owed to the pension fund over the same period.

A liability is recorded if, on the balance sheet date, the premiums owed are not fully paid up. If, on the balance sheet date, the paid premiums exceed the premiums owed, an item for prepayment and accrued income will be included provided the fund is expected to issue a repayment or offset the excess premiums paid against future premiums owed.

Leasing

PGGM N.V. and its subsidiaries may conclude financial and operational lease contracts. Lease agreements whereby the advantages and disadvantages of ownership of the lease object are wholly, or almost wholly, borne by the lessee are classified as financial leases. All other lease agreements are classified as operational leases. When classifying a lease, the determining factor is the economic reality, not necessarily the legal form.

Taxes

Corporation tax

Taxes comprise taxes to be paid, offsettable taxable profits and deferred taxes over the reporting period. Taxes are recognised in the income statement, except to the extent that they concern items that are included directly in equity, in which case the tax is recognised under equity.

The tax to be paid or offset for the financial year is the expected tax charge on taxable profit for the financial year, calculated using the tax rates in force on the reporting date, or that are materially decided on the reporting date, and include any corrections to tax payable for prior years.

If the carrying values of the assets and liabilities for financial reporting purposes deviate from their carrying values for tax purposes, then there are temporary differences.

A provision for deferred tax liabilities is made for taxable temporary differences.

A deferred tax asset is recorded for offsettable temporary differences, available losses carried forward and netting possibilities not yet utilised, but only to the extent that it is probable that future taxable profits will be available for netting or compensation. Deferred tax assets are reviewed on every reporting date and are reduced insofar as it is no longer likely that the corresponding tax benefit will be realised.

A deferred tax liability is recognised for taxable temporary differences concerning group companies, foreign non-independent entities, participating interests and joint ventures, unless the company is able to determine at what moment the temporary difference will expire and it is unlikely that the temporary difference will expire in the foreseeable future.

A deferred tax asset is recognised for offsettable temporary differences concerning group companies, and participating interests, but only to the extent that it is probable that the temporary difference will expire in the foreseeable future and that taxable profit will be available to compensate for the temporary difference.

Deferred tax assets and liabilities are valued at face value.

Within the PGGM group, corporation tax over the taxable result is calculated for each entity. Ultimately, PGGM Coöperatie U.A. settles with the Tax and Customs Administration.

Cash-flow statement

The cash flow statement is prepared in accordance with the indirect method. Cash flows in foreign currencies are restated in euros on the basis of the average exchange rates for the relevant periods. Income and expenses arising from interest, dividends received and tax on profits are included in the cash flow from operating activities. Dividends paid are recognised under the cash flow from financing activities.

3 Termination of Life Insurance Activities

In 2014, PGGM Levensverzekeringen N.V. initiated a sales process for the purpose of disposing of its life insurance activities. These activities comprise the full life insurance portfolio including all rights and obligations arising from it and all related assets and liabilities. At the end of 2014, PGGM Levensverzekeringen N.V. signed an agreement that contains the conditions for the sale of its life insurance activities. On 14 March 2015, the final sales agreement was signed subject to approval by DNB. Following DNB's approval on 28 September 2015, the sale was formally settled on 1 October 2015. After this, on 17 December 2015, the company's DNB license was withdrawn and the legal obligation to accommodate these activities in a separate legal entity with an independent Supervisory Board consequently lapsed.

With the sale of these activities and the sale of the general insurance portfolio in 2013, PGGM no longer has its own insurance activities.

The PGGM Leven result was negative € 5.3 million gross in 2015. This result consists of a positive operating result of € 16.8 million and a loss on sale of € 22.1 million. The selling price including selling costs amounts to € 378.0 million. The carrying amount of the assets and liabilities sold was € 312.7 million on 1 January 2015. The rights and obligations arising from the portfolio were transferred retroactively to 1 January 2015. Consequently the operating result related to insurance activities in 2015 is nil.

For an elaborate explanation of the divested assets and liabilities see the explanatory notes to the various balance sheet items on page 65 to 73, inclusive.

The result and cash flow pertaining to the life insurance activities sold are broken down as follows:

(€ millions)	2015	2014
Income	-	18.8
Expenses	-	4.0
Taxes	-	3.7
Result	-	11.1
Operating cash flow	-	36.7
Cash flow from investments	-	35.9
Financing cash flow	-	-

PGGM Levensverzekeringen N.V. and PGGM N.V. provided guarantees that extend beyond the formal completion of the sale. See Chapter 17 Off-balance-sheet Assets and Liabilities on page 74 for a description of these guarantees.

4 Intangible fixed assets

	Goodwill	VOBA	Software	Total
Balance as at 1 January 2014				
Cost price	101,872	18,453	46,314	166,639
Accumulated amortisation and impairment	-58,175	-9,563	-42,896	-110,634
Carrying amount as at 1 January 2014	43,697	8,890	3,418	56,005
Changes in 2014				
Investments	5,428	-	1,462	6,890
Impairment loss	-	-7,470	-	-7,470
Amortisation	-15,363	-1,420	-1,741	-18,524
Balance	-9,935	-8,890	-279	-19,104
Balance as at 31 December 2014				
Cost price	107,300	18,453	47,776	173,529
Accumulated amortisation and impairment	-73,538	-18,453	-44,637	-136,628
Carrying amount as at 31 December 2014	33,762	-	3,139	36,901
Changes in 2015				
Investments	32,571	-	582	33,153
Disposals	-	-18,453	-	-18,453
Impairment loss	-	18,453	-	18,453
Amortisation	-6,752	-	-1,046	-7,798
Balance	25,819	-	-464	25,355
Balance as at 31 December 2015				
Cost price	139,871	-	48,358	188,229
Accumulated amortisation and impairment	-80,290	-	-45,683	-125,973
Carrying amount as at 31 December 2015	59,581	-	2,675	62,256
Amortisation period	4-7 years	15 years	5 years	

Goodwill

The goodwill arose after the acquisition of the service provider by PGGM in 2008 and relates to the positive difference between the acquisition price and the assets and liabilities acquired. At the end of 2015, it appeared likely that the acquisition price would be subject to change. Consequently, this amount was accounted for as a change in the acquisition price and capitalised as goodwill in 2015. Goodwill is subject to straight-line amortisation on the basis of the useful economic life.

VOBA

Due to the sale of the life insurance portfolio, the VOBA was fully written down at the end of 2014.

Software

Investments primarily concern licenses for the pension and investment administration's back-office system.

A statutory reserve has been formed in the equity for the capitalised costs of the internally developed software for, primarily, the back office systems for pension and investments administration. The amortisation of internally developed software amounted to nil in 2015 (2014: € 0.5 million). Software under development is not amortised until it is in use.

5 Tangible fixed assets

	<i>Land and Buildings</i>	<i>Plant and Equipment</i>	<i>Other Operating Assets</i>	<i>Total</i>
Balance as at 1 January 2014				
Cost price	128,208	3,211	19,787	151,206
Accumulated amortisation and impairment	-23,244	-1,608	-9,486	-34,338
Carrying amount as at 1 January 2014	104,964	1,603	10,301	116,868
Changes in 2014				
Investments	-	-	351	351
Disposals	-	-	-88	-88
Amortisation	-3,606	-290	-2,894	-6,790
Depreciation of disposals	-	-	64	64
Impairment due to revaluations	-4,756	-	-217	-4,973
Adjustment of gross carrying value due to revaluations	-31,606	-	-	-31,606
Accumulated depreciation and impairment due to revaluations	31,606	-	-	31,606
Balance	-8,362	-290	-2,784	-11,436
Balance as at 31 December 2014				
Cost price	96,602	3,211	20,050	119,863
Accumulated amortisation and impairment	-	-1,898	-12,533	-14,431
Carrying amount as at 31 December 2014	96,602	1,313	7,517	105,432
Changes in 2015				
Investments	-	-	584	584
Disposals	-	-	-130	-130
Amortisation	-3,783	-278	-2,370	-6,431
Depreciation of disposals	-	-	112	112
Balance	-3,783	-278	-1,804	-5,865
Balance as at 31 December 2015				
Cost price	96,602	3,211	20,504	120,317
Accumulated amortisation and impairment	-3,783	-2,176	-14,791	-20,750
Carrying amount as at 31 December 2015	92,819	1,035	5,713	99,567

Depreciation period

Lands and sites:	Not subject to depreciation
Buildings - shells:	40 years
Buildings - completed:	25 years
Buildings - building-related systems:	15 years
Plant and equipment:	5-10 years
Other operating assets:	5-10 years

PGGM N.V. is the economic owner of the land and buildings. PGGM Coöperatie U.A. is the legal owner of both the land and buildings.

6 Financial fixed assets

	<i>Participating Interests</i>	<i>Deferred Taxes</i>	<i>Personnel Mortgages</i>	<i>Total</i>
Balance as at 1 January 2014	849	20,140	396	21,385
Changes in 2014				
Investments	100	-		100
Disposals	-	-	-107	-107
Value changes	-	12,613	-	12,613
Balance as at 31 December 2014	949	32,753	289	33,991
Changes in 2015				
Investments	750	-	-289	461
Value changes	-	-18,774	-	-18,774
Balance as at 31 December 2015	1,699	13,979	-	15,678

As at financial year-end, the participating interests consisted of the 13.01% capital interest (2014: 9.94%) in Sustainalytics Holding B.V. and the 10% capital interest in the Nederlandse Investeringsinstelling N.V. In September 2015, PGGM Vermogensbeheer expanded its capital interest in Sustainalytics Holding B.V. from 9.94% to 13.01%. These are participating interests in which there is no significant influence.

The change in value in 2015 related to the deferred taxes is primarily due to the sale of the life insurance activities.

The deferred tax asset is entirely related to temporary fiscal and commercial valuation differences. Of this, an amount of € 12.6 million has a remaining term of more than 1 year.

7 Investments on behalf of the insurance business

	Loans	Bonds and Debentures	Shares	Money Market Investments	Total
Balance as at 1 January 2014	503	245,745	66,236	-	312,484
Changes in 2014					
Purchases and advances	-	31,235	9,604	-	40,839
Sales and repayments	-90	-22,000	-42,200	-	-64,290
Value changes	-	-	2,832	-	2,832
Amortisation share premium and discount	4	4,351	-	-	4,355
Movement in bank balances	-	-	-	751	751
Balance	-86	13,586	-29,764	751	-15,513
Balance as at 31 December 2014	417	259,331	36,472	751	296,971
Changes in 2015					
Sales and repayments	-90	-259,331	-36,472	-	-295,893
Amortisation share premium and discount	4	-	-	-	4
Movement in bank balances	-	-	-	-751	-751
Balance	-86	-259,331	-36,472	-751	-296,640
Balance as at 31 December 2015	331	-	-	-	331
Fair value					
31 December 2014	459	291,028	36,472	751	328,710
31 December 2015	341	-	-	-	341

In relation to the sale of the life insurance activities, all investments on behalf of the insurance business were sold in 2015 (year-end 2014: € 297 million).

On the basis of the repayment dates, the remaining contractual period of the loans is as follows:

	< 1 year	1-5 years	> 5 years	Total
Loans	251	80	-	331
Balance	251	80	-	331

8 Investments on behalf of policyholders

	2015	2014
Balance as at 1 January	65,283	77,771
Movements		
Sales and repayments	-65,283	-18,194
Value changes	-	5,706
Balance as at 31 December	-	65,283

In relation to the sale of the life insurance activities, all investments on behalf of policyholders were sold in 2015 (year-end 2014: € 65 million).

9 Receivables

	31 December 2015	31 December 2014
Accounts receivable	30,088	36,561
Still to be invoiced	5,751	7,681
Accrued interest	7	4,540
Receivables from group companies	28,600	966
Receivables from direct insurance to policyholders	-	779
Other receivables	25	110
Prepayments and accrued income	4,579	4,333
Total	69,050	54,970

Of this, an amount of € 1.0 million has a remaining term of more than 1 year.

Accounts receivable

The accounts receivable primarily consist of the amounts invoiced to institutional clients related to 2016, for pension management, policy advice and asset management activities.

Still to be invoiced

Amounts still to be invoiced as at 31 December 2015 relate to amounts still to be charged to investment funds and institutional clients.

Accrued interest

Accrued interest consists primarily of the interest to be received on loans, bonds and debentures.

Receivables from group companies

The receivable from PGGM Coöperatie U.A. consists of the offset corporation tax which PGGM Coöperatie U.A. settles with the Tax and Customs Administration.

Prepayments and accrued income

The prepayments and accrued income primarily consist of prepaid expenses to suppliers.

10 Cash

Cash relates to credit balances which are held in Dutch credit institutions. An amount of € 8.2 million of the cash is not freely available (2014: nil). This concerns the balance of a blocked account retained in relation to the sale of the life insurance activities.

PGGM Vermogensbeheer is the asset manager for external clients and for the PGGM investment funds. To carry out the joint management and to create netting advantages or, as the case may be, interest set-off, Treasury receives orders from PGGM Vermogensbeheer to hold bank accounts and money market instruments and undertake derivative transactions for the account and risk of PGGM Vermogensbeheer's clients, who have provided the requisite mandates. As a consequence of this, the economic ownership of the bank accounts and money market instruments referred to belongs to those instructing PGGM Vermogensbeheer and the legal ownership belongs to Treasury.

Consequently, the balance of these bank accounts is not accounted for in the financial statements of Treasury.

Holding a joint bank account and other money market instruments for the benefit of those instructing it does not imply any credit or bankruptcy risks for Treasury.

11 Equity

The equity is further explained in the notes to the balance sheet of the separate financial statements.

12 Provisions for the insurance business risk

	1 January			31 December	
	2015	Contributions	Withdrawals	Sale	2015
Unearned life premiums	21	-	-	-21	-
Life insurance	225,036	-	-	-225,036	-
Other technical provisions	22,360	-	-	-22,360	-
Technical provisions life	247,417	-	-	-247,417	-

As a result of the sale of the life insurance activities the provisions for the insurance business risk were transferred.

13 Provisions for policyholders' risk

	2015	2014
Balance as at 1 January	65,283	77,771
Contributions	-	5,406
Withdrawals	-	-17,894
Value changes	-65,283	-
Balance as at 31 December	-	65,283

As a result of the sale of the life insurance activities the provisions for policyholders' risk was transferred.

14 Tax provisions

	Total
Balance as at 1 January 2014	8,111
Changes in 2014	
Contributions	2,134
Withdrawals	-720
Release	-7,267
Balance as at 31 December 2014	2,258
Changes in 2015	
Release	-2,081
Balance as at 31 December 2015	177

The deferred tax liability relates to the temporary fiscal and commercial value differences of the land and buildings, investments on behalf of the insurance business and several claims on third parties. These provisions are predominantly long-term.

15 Other provisions

	Reorgani- sations	Anniversaries	Other	Total
Balance as at 1 January 2014	6,149	1,435	11,849	19,433
Changes in 2014				
Contributions	3,412	527	50,445	54,384
Withdrawals	-1,359	-148	-8,612	-10,119
Release	-13	-43	-1,302	-1,358
Balance as at 31 December 2014	8,189	1,771	52,380	62,340
Changes in 2015				
Contributions	3,844	37	618	4,499
Withdrawals	-7,988	-87	-48,489	-56,564
Release	-154	-98	-910	-1,162
Balance as at 31 December 2015	3,891	1,623	3,599	9,113

These provisions are predominantly long-term.

Restructuring provision

As a result of the Decisive Innovation Programme, multiple restructuring plans were initiated in 2015. On the basis of these plans a provision for severance pay in support of collective and several individual initiatives was included in the restructuring provision. The provision for restructuring costs made at the end of 2014 was virtually entirely used in 2015.

Other provisions

At the end of 2014, a provision was made for a loss-making contract related to the sale of the life insurance portfolio. This provision was virtually fully used due to the sale effected on 1 January 2015.

PGGM N.V. has co-signed the sales agreement for the life insurance activities. The sales agreement includes specific guarantees for the buyer. The value of these guarantees was estimated and a provision was made accordingly at year-end 2015. The provided guarantees have a maximum term of 10 years. Other items in the Other provisions include incentives, among others.

16 Current liabilities

	31 December 2015	31 December 2014
Fees from institutional clients received in advance	40,677	29,404
Accounts payable	13,465	22,095
Taxes and social security contributions	6,320	6,841
Outstanding pension payments	294	2,661
Advance/arrears insurance company premiums	-	1,724
Liabilities from direct insurance to policyholders	220	437
Other payables	12,000	6
Accruals and deferred income	48,099	24,110
Total	121,075	87,278

The current liabilities all have a remaining term of less than one year.

Fees from institutional clients received in advance

The fees received in advance largely relate to invoices for work for institutional clients for 2016; this work involves governance advice, pension management and asset management activities.

Taxes and social security contributions

This relates to the taxes and social security contributions still to be paid.

Other payables

The other liabilities consists of/comprises a withdrawal of a € 12 million credit facility from PFZW.

Accruals and deferred income

The item accruals and deferred income primarily consists of amounts payable, reserves for holiday days, bonuses for personnel and interest payments. At year-end 2015, a liability was recorded for the goodwill to be paid at the beginning of 2016 in relation to the acquisition of the service provider by PGGM in 2008.

17 Off-balance-sheet assets and liabilities

Credit facility PFZW

PGGM N.V. has a credit facility with PFZW. PGGM N.V. pays interest equal to the EURIBOR rate with a 50 basis point mark-up for any withdrawals from this credit facility. The maximum of the total credit facility is set at € 150 million. The credit facility was entered into on 1 January 2008 for an indefinite period. No repayment arrangement has been made. At year-end 2015, PGGM N.V. had withdrawn € 12 million from this credit facility.

Liability of a tax entity

Together with its subsidiaries and single shareholder, PGGM Coöperatie U.A., PGGM N.V. forms a tax entity for corporation tax and, for that reason, is jointly and severally liable for all the ensuing liabilities.

In addition, together with its subsidiaries, PGGM N.V. forms part of a tax entity for value added tax, as a result of which it is jointly and severally liable for any VAT liabilities of the entities belonging to the tax entity.

Operational lease liability

The operational lease liability relates to lease cars provided to the personnel. The liability runs until 2019. The total liability amounted to € 5.5 million as at 31 December 2015 (2014: € 5.4 million). An amount of € 2.3 million is payable within one year.

Buildings liability

The total liability amounted to € 2.3 million as at 31 December 2015 (2014: € 2.1 million). The liability runs until 2016. An amount of € 2.3 million is payable within one year.

Hardware and software liability

The total liability amounted to € 22.7 million as at 31 December 2015 (2014: € 7.1 million). The liability runs until 2022. An amount of € 6.6 million is payable within one year.

18 Revenue

Institutional management fees

	2015	2014
Management fees for service provision	108,525	124,542
Management fees investment funds	149,431	136,529
Total	257,956	261,071

Management fees for service provision

Institutional clients are charged a management fee for pension board advice, and pension management and asset management activities.

In general, the fees for pension board advice and pension management activities are based on a fixed amount for each standard, insured person. The fees for asset management involve a fee for services related to strategic investment advice, fiduciary management, asset management and risk management. The fees for these services consist of a fixed annual fee.

Management fees investment funds

The management fee relates to a fee for each fund in base points calculated over the invested assets of the relevant funds.

Gross premium retail insurances

	2015	2014
Life insurance:		
- insurance business risk	-	9,929
- policyholders' risk	-	494
- share of reinsurers	-	-312
- movement in technical provision for unearned premiums	-	6
Total	-	10,117

In 2015, no gross premiums were recognised, because the rights and obligations arising from the life insurance portfolio and the related assets and liabilities were transferred to the Leidsche Verzekering Maatschappij N.V. retroactively to 1 January 2015.

Other revenue

	2015	2014
Revenue from members	115	-
Revenue from retail investment funds	-	69
Other revenue	2,599	426
Total	2,714	495

Revenue from members

The revenue from members activities consists of payments for organising paid activities for PGGM members.

Other revenue

The other revenue primarily pertains to an adjustment to the taxable integration levy (integratieheffing). The integration levy is the levy that PGGM paid on the completion of its newly constructed accommodations in 2011.

19 Insurance business expenses

	2015	2014
Insurance payments:		
- insurance business risk	-	40,832
- policyholders' risk	-	17,896
	-	58,728
Changes in provisions for life insurance	-247,417	-37,272
Result on sale	247,417	-
Changes in unearned premiums	-	7
Other technical income and expenses	-	4
Policyholders' risk:		
- Investment results	-	-6,864
- Changes in provisions	-65,283	-12,488
- Result on sale	65,283	-
Total	-	2,115

In 2015, no insurance business expenses were recognised, because the rights and obligations arising from the life insurance portfolio and the related assets and liabilities were transferred to the Leidsche Verzekering Maatschappij N.V. retroactively to 1 January 2015.

20 Costs of outsourced work and other external expenses

	2015	2014
External personnel	38,400	29,697
Consultancy fees	7,998	6,921
Outsourcing of administration	1,324	888
Other service bureaus	1,009	1,120
Total	48,731	38,626

The costs of external personnel in part relate to various client transitions that took place in 2015.

21 Personnel expenses

	2015	2014
Salaries	111,286	111,562
Pension costs	12,615	16,269
Social security costs	11,640	13,174
Other employee expenses	14,610	15,150
Total	150,151	156,155

On the basis of full-time equivalents, the average number of employees at year-end was as follows:

	2015	2014
Asset Management	343	353
Pension Management	509	451
ICT, Facilities, Finance & Control	230	227
Relations & Communication	24	48
Institutional Business	127	119
Corporate Staff	78	79
A&O	-	135
Total	1,311	1,412

The average number of employees fell due to various reorganisations, such as the reorganisation of A&O Services B.V. Some employees were transferred from A&O to PGGM Pensioenbeheer B.V. in 2015.

PGGM N.V.'s employee pension scheme

PGGM N.V.'s employee pension scheme is incorporated into the PFZW industry-wide pension fund.

The retirement pension is a defined benefit plan on the basis of the (conditionally) indexed average salary. Indexation of the retirement benefits depends on the financial position of the pension fund.

The premium due to the pension fund is recognised in the income statement as an expense, and, if this premium has not yet been paid to the pension fund, it is accounted for as a liability in the balance sheet.

PGGM N.V. is not obliged to pay additional contributions in the event of a shortfall in the fund, other than to meet any higher future premium contributions.

Remuneration of executive and supervisory directors

The total remuneration of the members of the Executive Board is as follows:

	2015			2014		
	Fixed Remuneration	Pension and Social Security Costs	Total	Fixed Remuneration	Pension and Social Security Costs	Total
E.F. Bos	476	26	502	413	81	494
P.A.M. Loven*	273	17	290	365	68	433
P.A.M. Boomkamp**	127	8	135	-	-	-
Total	876	51	927	778	149	927

* To 31 August 2015

** From 1 September 2015

Mr P.A.M. (Paul) Loven stepped down from the Executive Board effective on 1 September 2015. On 1 September 2015, Dr P.A.M. Boomkamp was appointed Chief Financial & Risk Officer (CFRO) and member of the Executive Board. In 2015, the increase in the fixed salary and the decrease in pensions and social security contributions in comparison to 2014, is due to the 'Reduction of Maximum Pension Accrual and Premium Rates and Maximum Pensionable Income Act'. Please see the Annual Report for a more detailed explanation of this legislation.

Each member of the Supervisory Board receives an annual fee of € 28,111 (2014: € 27,694). The chairman receives a fee of € 32,516 (2014: € 32,034). These fees include travel expenses and work undertaken for the Audit, Risk and Compliance Committee and the Remuneration, Selection and Appointments Committee, and are exclusive of VAT. In 2015, the total remuneration of the Supervisory Board was € 166,466 exclusive of VAT (2014: € 170,504). In 2015, the fees paid to the Supervisory Board were indexed by 0.75% effective as at 1 January 2015 and by 0.75% effective as at 1 October 2015.

No loans, advances or guarantees were provided to the members of either the Executive or Supervisory Board.

22 Depreciation/amortisation and impairment of tangible and intangible fixed assets

	2015	2014
Amortisation of intangible fixed assets	7,798	18,524
Impairment of intangible fixed assets	-	7,470
Depreciation of tangible fixed assets	6,449	6,790
Impairment of tangible fixed assets	-	2,091
Total	14,247	34,875

23 Other operating expenses

	2015	2014
Accommodation costs	4,997	5,030
IT costs	17,992	17,269
Marketing expenses	6,340	8,204
Other expenses	31,137	56,390
Total	60,466	86,893

Other expenses

The result of the sale of the life insurance activities for the amount of € 22.1 million (2014: € 46.5 million) is recognised under other expenses.

24 Investment results

	2015	2014
Direct revenue	20	27
Total borrowings	20	27
Direct revenue	16,429	8,120
Bonds and debentures total	16,429	8,120
Direct revenue	-14	-55
Total money market investments	-14	-55
Direct revenue	709	2,945
Indirect revenue	1	2,832
Shares total	710	5,777
Direct revenue	17,144	11,037
Indirect revenue	1	2,832
Total	17,145	13,869

Due to the sale of the life insurance activities, all investments on behalf of the insurance business were sold in 2015. As a consequence, the company achieved a positive result in 2015.

25 Financial income

	2015	2014
Other financial income	12	-3
Total	12	-3

26 Financial expenses

	2015	2014
Other financial expenses	-154	66
Total	-154	66

27 Taxes

	2015	2014
Acute tax expense	-14,404	7,951
Change in deferred tax assets	18,775	-12,966
Change in deferred tax liabilities	-2,081	-3,438
Total	2,290	-8,453
Nominal tax liability	25.00%	25.00%
Non-taxable revenue and expenses	31.15%	0.58%
Effective tax liability	56.15%	25.58%

The effective tax burden primarily deviates from the nominal tax burden due to a rejected capital contribution by the former shareholder for the acquisition of A&O by PGGM.

28 Transactions with related parties

Transactions with related parties are said to exist when there is a relationship between the company, its participating interests and their board members and management.

There were no transactions with related parties which were not conducted at arm's length.

29 Auditor's fees

Pursuant to Book 2 Section 382a sub 3 of the Dutch Civil Code, please refer to the Financial Statements of PGGM Coöperatie U.A. for an explanation of the auditor's fees.

30 Risk Management

Within Risk Management, we distinguish between the risks held by our institutional clients directly in terms of their own investments and the risks faced by the organisation.

This chapter addressed the risks related to solvency, the market, currency, the interest rate, credit, liquidity and insurance. The Annual Report provides more detailed information about PGGM's risk management process, the risks and developments in 2015 and the spearheads for 2016.

We use the PGGM Risk Framework for implementing the risk management process within our organisation. This risk framework is based on the COSO Enterprise Risk Management (COSO ERM) methodology, an accepted international standard. With the help of this framework the Risk & Compliance department provides structured insight into, and monitors and reports on the organisation's Enterprise Risk Management (strategic, financial, governance, operational and compliance risk). The soft controls that are relevant to us form part of the PGGM Risk Framework. Aside from this, the Risk & Compliance department focuses on the management of integrity risks and supervises organisation-wide adherence to relevant laws and regulations. The department focuses on reducing the compliance risk we are exposed to by developing compliance policy, exercising supervision and enhancing compliance awareness among employees.

Every quarter, the business units update their risk profile. In addition to the risk profile, the quarterly risk report of each business unit contains the In Control Statement (ICS). In the ICS, the management team accounts for the quality of the internal management environment and provides an assessment of the risks incurred by the business unit. The relevant information from the adopted risk reports provided by the business units is processed into a consolidated risk report. This report reflects PGGM's total risk profile. In addition to policy, this concerns the risk-taking propensity and the actual risks incurred, including compliance and information security.

Following the adoption of the consolidated risk report by the Corporate Risk & Compliance Committee (CRC Committee) the report is discussed by the Executive Committee (EC). Following discussion of the consolidated report by the EC, the report plus the decisions taken by the EC, are submitted to the Audit, Risk and Compliance Committee and the Supervisory Board of PGGM N.V. The EC has final responsibility concerning the management of risks within our organisation.

Solvency Risk

PGGM N.V. is subject to the provisions of the Financial Supervision Act (Wft). PGGM is deemed a financial conglomerate; PGGM N.V. is a mixed financial holding company. Under this act, requirements are placed on capital adequacy. PGGM has opted to use the method of consolidated financial statements, whereby the capital adequacy is calculated on the basis of the difference between the equity of the financial conglomerate and the sum of the solvency requirements of the group divisions. On this basis, PGGM complies with the statutory requirements.

The supervisory authorities have imposed a solvency requirement on PGGM Vermogensbeheer B.V., PGGM Treasury B.V. and PGGM Strategic Advisory Services B.V.

The existing and required solvency positions at the Group level are as follows:

Solvency	31 December 2015	31 December 2014
Total equity	208,301	206,513
Statutory requirement	32,391	30,672
Surplus	175,910	175,841

The existing and required solvency positions of PGGM Vermogensbeheer B.V. are shown below.

Solvency	31 December 2015	31 December 2014
Qualifying capital	36,742	20,418
Statutory requirement	31,884	28,475
Surplus	4,858	-8,057

PGGM Vermogensbeheer established the capital requirements concerning the prudential capital at year-end 2014 at € 28.5 million. As at 31 December 2014, the qualifying capital, excluding the result for the 2014 financial year, was € 20.4 million and therefore does not comply with the prudential capital requirements. The result for the current financial year in the amount of € 17.8 million will be attributed to the qualifying capital after the audit of the financial statements by the external auditor on 27 March 2015.

As at Q1-2015, the qualifying capital, including the result for the 2014 financial year, therefore complies with the prudential capital requirements.

PGGM Vermogensbeheer has reported this shortfall to the supervisory authority, the DNB. In addition, PGGM Vermogensbeheer has implemented internal measures designed to prevent the risk of a shortfall.

The existing and required solvency positions of PGGM Treasury B.V. are shown below.

Solvency	31 December 2015	31 December 2014
Qualifying capital	1,068	568
Statutory requirement	457	425
Surplus	611	143

The existing and required solvency positions of PGGM Strategic Advisory Services B.V. are shown below.

Solvency	31 December 2015	31 December 2014
Qualifying capital	9,511	5,885
Statutory requirement	50	1,772
Surplus	9,461	4,113

Market risk

The market risk is the price risk of a fall in the value of the investments due to a change in market factors. All life insurance activities were sold in 2015 and PGGM virtually no longer holds any investments. The market risk is therefore nil at year-end 2015.

Currency risk

The currency risk is the risk that the value of an investment will fall as a result of changes in exchange rates. All life insurance activities were sold in 2015 and PGGM virtually no longer holds any investments. The currency risk is therefore nil at year-end 2015.

Interest rate risk

The interest rate risk is the risk that the balance of the value of bonds, debentures and loans changes as a result of changes in market rates. All life insurance activities were sold in 2015 and PGGM virtually no longer holds any bonds, debentures and loans. The interest rate risk is therefore nil at year-end 2015.

Credit risk

The credit risk is defined as the risk that counterparties are unable to fulfil their contractual obligations. This concerns other participating interests, loans, receivables, including accounts receivable and cash.

In respect of the bad debts risk, this primarily relates to the management fees due which are laid down in the Service Level Agreements between the parties. Given that PGGM N.V. provides services to pension funds, the risk as a consequence of bankruptcy is low. In addition, the credit risk is controlled with the help of a strict accounts receivable policy.

PGGM has a policy concerning the retention of cash. As a result of this policy, PGGM holds its cash at a bank.

PGGM continuously assesses this policy and has classified this credit risk as minor.

Following the sale of the life insurance activities, the credit risk of the other items is limited.

Liquidity risk

The liquidity risk (including the cash flow risk) is the risk that the volume and the timing of cash flows within approximately one year are not adequately matched, whereby the sale of assets cannot (easily) compensate for a shortfall of liquid assets. PGGM N.V. has a credit facility with PFZW which is more than sufficient to manage this risk. This facility amounts to € 150 million.

Insurance risk

An actuarial risk arises in connection to the adequacy of the insurance premiums and provisions for insurance liabilities.

All life insurance activities were sold in 2015. As a result, at year-end 2015, the actuarial risk dropped significantly and is limited to a small actuarial risk related to one of the guarantees issued by PGGM as part of the sale.

Company Financial Statements

2015



Company balance sheet as at 31 December 2015

(before profit appropriation)

(amounts in thousands of euros)

	Ref.	31 December 2015	31 December 2014
Assets			
Fixed assets			
Intangible fixed assets	31	59,990	34,336
Tangible fixed assets		99,504	105,363
Financial fixed assets	32	137,644	112,251
Total fixed assets		297,138	251,950
Current assets			
Receivables	33	52,611	46,209
Cash	34	9,858	-
Total current assets		62,469	46,209
Total assets		359,607	298,159
Liabilities			
Equity			
Paid and called-up capital	35	200	200
Statutory reserve		376	376
Share premium reserve		158,712	158,712
Other reserves		47,225	71,821
Unappropriated profit		1,788	-24,596
Total equity		208,301	206,513
Provisions			
Taxes	36	124	124
Other provisions		7,522	5,183
Total provisions		7,646	5,307
Current liabilities	37	143,660	86,339
Total liabilities		359,607	298,159

Company income statement for 2015

(amounts in thousands of euros)

	Ref.	2015	2014
Result of participating interests		4,545	-6,615
Other results after tax	39	-2,757	-17,981
Profit after taxes		1,788	-24,596

Notes to the company financial statements

2015



The company financial statements form part of PGGM N.V.'s 2015 Consolidated Financial Statements. In respect of the company's separate income statement use is made of the exemption by virtue of Book 2, section 402, of the Dutch Civil Code. Please refer to the notes to the consolidated balance sheet and consolidated income statement for items in the company balance sheet and the company income statement not specifically addressed below.

31 Intangible fixed assets

The intangible fixed assets are further explained in the notes to the balance sheet in the consolidated financial statements. In this context, the categories goodwill (entirely) and software (partially) at a carrying amount of € 60.0 million as at 31 December 2015 (31 December 2014: € 34.3 million) relate to PGGM N.V.

32 Financial fixed assets

	31 December 2015	31 December 2014
Participating interests	124,003	97,458
Active deferred taxes	13,641	14,793
	137,644	112,251

Participating interests

The changes in the item participating interests are as follows:

	2015	2014
Balance as at 1 January	97,458	125,073
Paid-in share premium	22,000	11,000
Dividend payments	-	-32,000
Result of participating interests	4,545	-6,615
Balance as at 31 December	124,003	97,458

Result of participating interests

The balance relates to the following participating interests:

Result of participating interests		
Name	Place of business	Share in Subscribed Capital
PGGM Financiële Services B.V.	Zeist, the Netherlands	100%
PGGM Strategic Advisory Services B.V.	Zeist, the Netherlands	100%
PGGM Levensverzekeringen N.V.	Zeist, the Netherlands	100%
PGGM Pensioenbeheer B.V.	Zeist, the Netherlands	100%
PGGM UFO B.V.	Zeist, the Netherlands	100%
PGGM Vermogensbeheer B.V.	Zeist, the Netherlands	100%
PGGM Services B.V.	Zeist, the Netherlands	100%
A&O Services B.V.	Rijswijk, the Netherlands	100%

Active deferred taxes

Active deferred taxes relate to temporary fiscal and commercial valuation differences in respect of goodwill.

33 Receivables

	31 December 2015	31 December 2014
Receivables from group companies	45,356	35,655
Accounts receivable	804	516
Other receivables, prepayments and accrued income	6,451	10,038
Total	52,611	46,209

The remaining term of the receivables is less than one year.

Receivables from group companies

	31 December 2015	31 December 2014
PGGM Vermogensbeheer B.V.	14,048	14,098
PGGM Coöperatie U.A.	11,787	551
PGGM Pensioenbeheer B.V.	12,093	12,261
PGGM UFO B.V.	2,738	3,099
PGGM Services B.V.	1,724	1,764
PGGM Levensverzekeringen N.V.	24	1,701
PGGM Strategic Advisory Services B.V.	1,370	1,579
PGGM Financiële Services B.V.	1,451	596
A&O Vermogensbeheer B.V.	-	6
PGGM Treasury B.V.	6	-
A&O Services B.V.	115	-
Total	45,356	35,655

No interest is charged on the receivables from group companies.

Other receivables, prepayments and accrued income

The other receivables, prepayments and accrued income as at 31 December 2015 consist primarily of a claim on one client and prepaid expenses. The claim on the client relates to a long-term receivable which will be settled in 2015 and 2016.

34 Cash

Cash relates to credit balances which are held in Dutch credit institutions. An amount of € 8.2 million of the cash is not freely available (2014: nil). This concerns the balance of a blocked account retained in relation to the sale of the life insurance activities.

35 Equity

	<i>Paid and Called-up Capital</i>	<i>Statutory Reserve</i>	<i>Share Premium Reserves</i>	<i>Other Reserves</i>	<i>Undistributed Profit</i>	<i>Total</i>
Balance as at 1 January 2014	200	3,033	158,712	63,403	7,924	233,272
Changes in statutory reserves	-	-2,657	-	494	-	-2,163
Appropriation of profit for 2013	-	-	-	7,924	-7,924	-
Profit for 2014	-	-	-	-	-24,596	-24,596
Balance as at 1 January 2015	200	376	158,712	71,821	-24,596	206,513
Appropriation of profit for 2014	-	-	-	-24,596	24,596	-
Profit for 2015	-	-	-	-	1,788	1,788
Balance as at 31 December 2015	200	376	158,712	47,225	1,788	208,301

The authorised capital is € 1 million (2014: € 1 million), consisting of 1,000 shares, each with a nominal value of € 1,000. As at 31 December 2015, 200 shares were subscribed and paid up.

The movement in statutory reserves in 2014 primarily relates to the movement in the revaluation reserve for land. Land was reappraised at year-end 2014. The current value of the land was adjusted to reflect the appraisal value as at 31 December 2014. The downward value adjustment of the land was subtracted from the previously created revaluation reserve.

36 Provisions

The deferred tax liability relates to temporary fiscal and commercial valuation differences in respect of the land and buildings.

The provisions associated with employees, i.e. the provisions for reorganisations, anniversaries and incentives, are explained in the notes to the balance sheet in the consolidated financial statements and are entirely related to PGGM N.V.

The other provisions are predominantly long-term.

37 Current liabilities

	31 December 2015	31 December 2014
Amounts owed to credit institutions	79,634	49,944
Taxes and social security contributions	6,109	5,235
Amounts owed to group companies	-	10,844
Accounts payable	3,935	4,637
Outstanding pension payments	294	2,661
Other payables	12,000	-
Accruals and deferred income	41,688	13,018
Total	143,660	86,339

The current liabilities all have a remaining term of less than one year.

Amounts owed to credit institutions

Amounts owed to credit institutions are debts held with Dutch credit institutions.

Taxes and social security contributions

The taxes and social security contributions relate to outstanding taxes and social security costs.

No interest is charged on the amounts owed to group companies.

Other payables

The other liabilities consists of/comprises a withdrawal of a € 12 million credit facility from PFZW.

Accruals and deferred income

At year-end 2015, a liability in the amount of € 32.7 million was recorded for the goodwill to be paid at the beginning of 2016 in relation to the acquisition of the service provider by PGGM Coöperatie U.A. in 2008.

38 Off-balance-sheet assets and liabilities

Subsidiaries' liability

For its subsidiary PGGM Levensverzekeringen N.V., PGGM N.V. has signed a notice of liability in accordance with Book 2, section 403 subsection 1 sub f of the Dutch Civil Code whereby it assumes joint and several liability for the legal procedures ensuing from any liabilities of this subsidiary.

Guarantee provided to Rabo PGGM PPI

PGGM N.V. has issued a guarantee of € 875,000 to finance the costs of the Stichting Rabo PGGM Premiepensioeninstelling [Rabo PGGM Premium Pension Institution Foundation].

39 Other result after tax

Other results after tax relate to:

	2015	2014
Amortisation of intangible fixed assets	-6,752	-16,783
Impairment of intangible fixed assets	-	-7,470
Integration levy (integratieheffing)	2,297	-
Other revenue and operating expenses	-69,236	-69,516
Charged-on operating expenses	70,003	69,564
Taxes	931	6,224
Total	-2,757	-17,981

Zeist, 19 April 2016

Executive Board

Ms E.F. Bos (Chairman)

Dr P.A.M. Boomkamp

Supervisory Board

Mr H. (Herman) de Boon, Chairman

Mr W.H. (Wim) de Weijer MHA, Deputy Chairman

Mr M.W. (Maarten) Dijkshoorn AAG

Ms M.R. (Miriam) van Dongen

Ms W.E.L. (Wanda) van Kerkvoorden, LLM

Mr L.J. (Lodewijk) de Waal (until 20 July 2015)

Mr H.M.L.M. (Eric) de Macker, LLM (appointed effective 1 October 2015)

Other information



Independent Auditor's Report

To: the General Meeting and the Supervisory Board of PGGM N.V.

Report on the audit of the financial statements 2015

Our opinion

We have audited the financial statements 2015 of PGGM N.V., based in Zeist. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion the financial statements give a true and fair view of the financial position of PGGM N.V. as at 31 December 2015, and of its result for 2015 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

The financial statements comprise:

- 1 the consolidated and company balance sheet as at 31 December 2015;
- 2 the consolidated and company profit and loss account for 2015; 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 PGGM N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

Audit Strategy

Summary

Unqualified audit opinion

Materiality

- Overall materiality of EUR 1.0 million
- 0.4% of the management fees

Group Audit

- 99% coverage of the total assets
- 99% coverage of equity

Key Matters

- Valuation of goodwill
- Settlement of the PGGM life insurance portfolio transfer and demarcation of results
- Reliability and continuity of the electronic data processing

Materiality

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the 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.

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 1.0 million (2014: EUR 3 million). The materiality is determined with reference to the management fees (total revenue) (0.4% thereof, 2014: 1.2%). We consider total revenue as the most appropriate benchmark as it demonstrates the nature and scope of the business. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements. Due to the sale of the life insurance portfolio and its impact on the volume of the income statement and the expected results, we have adjusted our materiality rate downwards in comparison to last year.

We agreed with the Supervisory Board that misstatements in excess of EUR 50,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the Group Audit

PGGM N.V. is head of a group of entities. The financial information of this group is included in the financial statements of PGGM N.V.

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.

Our group audit mainly focused on significant group entities: PGGM Vermogensbeheer B.V., PGGM Treasury B.V., PGGM Pensioenbeheer B.V., PGGM Strategic Advisory Services B.V., A&O Services B.V. and PGGM Levensverzekeringen N.V.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of goodwill

Description

In 2015, PGGM negotiated a new contract with Stichting Pensioenfonds Zorg en Welzijn (hereinafter: PFZW) for pension management and board support services. As a direct consequence of this transaction, PGGM owes a supplementary payment in the amount of EUR 32.6 million for the original purchase contract between PFZW and PGGM. PGGM N.V. has capitalised this revised purchase price as goodwill in line with its accounting policies. Also refer to Note 4 in the financial statements.

In view of the size and nature of this transaction, we consider the valuation of goodwill a key matter in our audit. Because this transaction is based on new rates, PGGM has prepared an elaborate analysis and tested the assumptions on which the valuation is based in relation to the applicable laws and regulations (RJ 216 and RJ 121) to determine whether the realisable value of the contract supports the valuation of the goodwill.

Our approach

We determined that the goodwill amount reported in 2015 is in accordance with the purchase contract and has been paid to PFZW in 2016, and that the recognition is in line with the accounting policies and prior payments. Because the determination of the realisable value is highly dependent on subjective estimates, we specifically focused in our audit on challenging the assumptions used. For this purpose we made use of the business case for the client PFZW, the contractual arrangements, including the 2016 service level agreements and PGGM's cost structure (estimated future cash flows), as indicated in PGGM's long-term plan.

Our observation

The recognition of the supplementary payment to the purchase price is consistent with prior contractual supplementary payments. We are of the opinion that management has used a balanced approach to establishing the realisable value. In addition, we consider the explanation contained in Note 4 in the explanatory notes to the financial statements to be sufficient.

Settlement of the PGGM life insurance portfolio transfer and demarcation of the results

Description

At the end of 2014, PGGM Levensverzekeringen N.V. signed a term sheet for the sale of the life insurance portfolio which on 14 March 2015 resulted in a final sales contract with 1 January 2015 as the effective implementation date. On 28 September 2015, De Nederlandsche Bank N.V. (hereinafter: DNB) issued a 'certificate of no objection' after which the portfolio transfer was legally effected on 30 September 2015. Between 1 October 2015 and mid-2016, PGGM continues to make its IT systems (policy administration) available, while the operational administration is carried out by the buyer of the portfolio.

In view of the nature and size of the transaction and the potential value of the provided guarantees, we identified the transfer of the life insurance portfolio as a key matter in our audit this year as well.

Our approach

We have analysed the sales contract and the provisions and guarantees it contains. In addition, we have reviewed the correspondence between the buyer and the supervisory authority. We have performed activities to determine that the transfer was effected correctly and completely. Part of these activities consisted of an audit of the basic data in the transfer dossier.

In addition, we have performed activities relating to the demarcation/allocation of the results associated with the insurance portfolio and the related investments portfolio.

We have audited the estimate of the liabilities arising from the provided guarantees, as described in Note 15 in the explanatory notes to the financial statements. These guarantees contain actuarial elements for which PGGM had asked its internal actuarial department to prepare assumptions. We have tested these assumptions in the context of the audit of the provisions and contingent liabilities

Our observation

We are of the opinion that the financial effects of the transfer of the insurance portfolio by PGGM Levensverzekeringen N.V. and the provided guarantees in terms of the determination of the result, valuation and presentation are stated in accordance with the accounting policies; refer to Notes 3 and 15 in the explanatory notes to the financial statements.

Reliability and continuity of the electronic data processing

Description

The core activities pension management and asset management, as well as the insurance activities up to the time of transfer, to a large extent rely on electronic data processing. Due to their nature, the core activities are heavily dependent on the reliable and continuous operation of the IT infrastructure, which consequently is a prerequisite to be able to effectively serve the company's clients. The reliability and continuity of the electronic data processing consequently forms a key matter in our audit this year as well.

Our approach

We have assessed the reliability and continuity of the electronic data processing in the context of our audit of the financial statements. We have included specialist IT auditors in our audit team for this purpose. Our work consisted, inter alia, of:

- assessing IT infrastructure-related developments;
- reviewing the internal audits conducted by PGGM in particular those focused on general IT controls and ascertaining the impact thereof on our audit strategy;
- testing the internal control measures that were relevant to our audit, such as those of the PGGM Levensverzekeringen PLS policy administration system, whereby, in part, we have made use of the Internal Audit department's audits related to IT systems and processes, for example in relation to the payment process, authorisation management and IT security.

Our observation

Our procedures related to the configuration and operation of the IT systems in the context of the audit of the company's financial statements did not reveal any significant findings in terms of the reliability and continuity of the electronic data processing.

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the annual report, both in accordance with Part 9 of Book 2 of the Netherlands 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 errors or fraud.

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 have detected all errors and fraud.

Report on the annual report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report about the annual report and other information),:

- We have no deficiencies to report as a result of our examination whether the annual report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and whether the information as required by Part 9 of Book 2 of the Netherlands Civil Code has been annexed.
- We report that the annual report, to the extent we can assess, is consistent with the financial statements.

Utrecht, 19 April 2016

KPMG Accountants N.V.
A.J.H. Reijns RA

Statutory provisions governing the appropriation of the result

Article 35 of the Articles of Association reads as follows:

- 35.1 Distribution of profits shall be made following the adoption of the annual accounts which show that such distribution is allowed.
- 35.2 The profits shall be at the free disposal of the general meeting.
- 35.3 Without prejudice to article 35.4, the general meeting shall be authorised to resolve to make a distribution out of reserves.
- 35.4 The company may only make distributions to the shareholders and other persons entitled to distributable profits to the extent that its equity exceeds the aggregate amount of the issued share capital and the reserves which must be maintained pursuant to the law.
- 35.5 The company may make interim distributions provided that the requirement of article 35.4 has been met as evidenced by an interim financial statement as referred to in section 2:105 subsection 4 of the Civil Code.
- 35.6 Shares which the company holds in its own share capital shall not be counted when determining the division of the amount to be distributed on shares.
- 35.7 A loss may only be applied against reserves maintained pursuant to the law to the extent permitted by law.

Profit Appropriation Proposal

It is proposed that the result for 2015 of positive € 1.8 million be credited to the other reserves.

This result has not been accounted for in the other reserves.

Events after the balance sheet date

PGGM plans to merge A&O Services B.V. with PGGM N.V. during 2016.

General

Address

PGGM N.V.

Noordweg Noord 150

3704 JG Zeist, The Netherlands

PO Box 117

3700 AC Zeist, The Netherlands

Telephone: +31 (0)30 277 99 11

Website: www.pggm.nl

Utrecht Chamber of Commerce registration number: 30228472

Executive Board*

Ms E.F. (Else) Bos (Chairman)

Chief Executive Officer (CEO)

Dr P.A.M. (Paul) Boomkamp**

Chief Financial & Risk Officer (CFRO)

Auditor

KPMG Accountants N.V.

PO Box 43004

3540 AA Utrecht, The Netherlands

Information

For any questions or comments about this Annual Report, please contact us or send us your comments to

PGGM Corporate Communications

Tel.: +31 (0)30 277 97 35

E-mail: communicatie@pggm.nl

* The Executive Committee (EC) is responsible for the day-to-day management of PGGM N.V. The EC comprises the officers responsible for the company's business units and its subsidiaries. The EC is chaired by the Chief Executive Officer (CEO), who together with the Chief Financial Risk Officer (Vice-chairman) makes up the Executive Board.

** Effective 1 September 2015. Prior to this, the position was occupied by Mr P.A.M. (Paul) Loven.

Appendix: Ancillary positions held by members of the Supervisory Board

Ancillary positions of Mr H. (Herman) de Boon

Date of birth: 23 September 1946
Nationality: Dutch
Current position: HDB2002 B.V., a portfolio of executive and supervisory positions

Executive and supervisory positions

DGA HDB2002 B.V.
Chairman of the Supervisory Board of PGGM N.V.
Chairman of the Supervisory Board of Holding Trobas B.V.
Chairman of the Supervisory Board of the Gelderse Vallei Hospital Foundation (until 31-12-2015)
Chairman of the Supervisory Board of Best Fresh Group B.V.
Chairman of the Supervisory Board of CC Containercentralen A/S (Denmark)
Chairman of the Executive Board of the Vereniging Groothandel Bloemkwekerijproducten (Association of Wholesalers of Horticultural Products)
Member of the Supervisory Board of Zorggroep Charim (Charim Healthcare Group)
Member of the Executive Board of Stichting Metropolitane landbouw (Metropolitan Agriculture Foundation) (until 31-12-2015)
Member of the Executive Board of the Metropolitan Food Security Foundation (until 31-12-2015)
Member of the Executive Board of Greenport Holland
Chairman of the Dutch Horticulture Trade Board Foundation
Member of the Executive Board of Stichting Historie der Techniek (Foundation for the History of Technology)
President Union Fleurs International Flower Trade Association
Member of the Supervisory Board of the Transactieland.nl Foundation
Member of the Supervisory Board of the Dutch Refinery Cluster Foundation
Chairman of the PKN Church Council in the Municipality of Scherpenzeel/Renswoude (until 30-6-2015)

Ancillary positions of Mr M.W. (Maarten) Dijkshoorn AAG

Date of birth: 13 July 1950
Nationality: Dutch
Current position: Director of Bente Vooruit B.V.; a portfolio of executive and supervisory positions

Executive and supervisory positions

Member of the Supervisory Board of PGGM N.V.
Chairman of the Supervisory Board of De Goudse Verzekeringen
Member of the Supervisory Board of MediRisk
Member of the Supervisory Board of Monuta
Chairman of the Advisory Council of the Amsterdam Executive Programme Actuarial Science (AEMAS) of the University of Amsterdam
Member of the board of liquidators of the Pension Fund Stork (in liquidation and will be terminated in the course of 2016)

Other ancillary positions

Chairman of STAK Anno 12 (to December 2015)
Director of MartAnSa B.V.

Ancillary positions of Ms M.R. (Miriam) van Dongen

Date of birth: 16 April 1969
Nationality: Dutch

Executive and supervisory positions

Member of the Supervisory Board of PGGM N.V.
Member of the Supervisory Board of EP Nuffic and Chairman of the Audit Committee (until December 2015)
Member of the Supervisory Board of CB and Chairman of the Audit Committee

Member of the Supervisory Board of Nierstichting Nederland (Kidney Foundation) and Chairman of the Audit Committee
Member of the Management Board of the Stichting de Bron
Member of the Executive Board of STAK Anno 12 (until December 2015)
Member of the Supervisory Board of Vivat Verzekeringen N.V., Chairman of the Audit Committee, member of the Risk Committee, member of the Remuneration and Appointments Committee

Other positions Ms W.E.L. (Wanda) van Kerkvoorden, LL.M.

Date of birth: 22 January 1968
Nationality: Dutch
Current position: Managing Partner SOLV Advocaten, Director of Van Kerkvoorden Beheer B.V., a portfolio of executive and supervisory positions

Executive and supervisory positions

Member of the Supervisory Board of PGGM N.V.
Member of the General Council of the Nederlandse Orde van Advocaten (Netherlands Bar Association)
Lecturer and examiner ICT Law, Grotius Academy
Guest lecturer at the Universities of Amsterdam, Leiden and Tilburg
Chairman of the Supervisory Board of the merged organisation BNN-VARA
Participant Dock Ventures B.V.

Ancillary positions of Mr H.M.L.M. (Eric) de Macker, LL.M.

Date of birth: 23 May 1960
Nationality: Dutch
Remunerated position: Management Consultant CNV Connectief trade union

Executive and supervisory positions

Member of the Supervisory Board of PGGM N.V.
Member of the Supervisory Board of the Stichting Rivierduinen GGZ
Member of the Advisory Council of the CNV Internationaal Foundation
Member of the Advisory Council of the Dutch Association of Occupational Consultants (NVvA)
Vice-chairman CESI (Confederation Europeene Syndicates Independant)
Member of the KRO Members' Council
Member of the KRO-NCRV Federation Council

Ancillary positions of Mr W.H. (Wim) de Weijer MHA

Date of birth: 13 November 1953
Nationality: Dutch
Current position: Director Advies B.V. 'W. de Weijer, Management Consultant', a portfolio of executive and supervisory functions

Executive and supervisory positions

Chairman of the Supervisory Board (supervisory director of participations) on behalf of NPM Capital at Wielco B.V. (Medux B.V., Top Care B.V., Focus Cura B.V.)
Member of the Supervisory Board of PGGM N.V.
Member of the Supervisory Board of FBTO zorgverzekeringen N.V. and the Friesland Zorgverzekeraar (the same Supervisory Board supervises both organisations)
Member of the Supervisory Board of Holding ADG (Asito Services group)
Member of the Supervisory Board of Domuncula B.V. (Dagelijks Leven B.V. and the Gastenhuis B.V.)
Member of the Supervisory Board of Zorggroep De Laren
Member of the Stichting Kinderopvang NH
Chairman PFZW – PGGM Relations Work Group 2
Member of the Advisory Council of the Nederlandse Zorgautoriteit (Dutch Healthcare Authority) (until 1-4-2015)

Appendix: Supervisory Board Retirement Schedule

Supervisory Board Retirement Schedule			
Name	Date of Appointment	Date of First Reappointment	End of Term of Appointment
Mr H. (Herman) de Boon (<i>Chairman</i>)	28 September 2007	28 September 2011	28 September 2019*
Mr M.W. (Maarten) Dijkshoorn AAG	27 November 2009	28 September 2011	27 November 2017
Ms M.R. (Miriam) van Dongen	13 June 2013	13 June 2017	13 June 2021
Ms W.E.L. (Wanda) van Kerkvoorden, LLM	30 August 2010	30 August 2011	30 August 2018
Mr H.M.L.M. de Macker, LLM	1 October 2015	1 October 2019	1 October 2023
Mr W.H. (Wim) de Weijer MHA (<i>Vice-chairman</i>)	20 July 2007	20 July 2011	20 July 2019*

The members of the Supervisory Board shall be appointed or reappointed for a maximum period of four years; after which they will be eligible for reappointment, under the understanding that no member may remain on the board for more than eight years.

* On 4 December 2015, the shareholder decided to amend the maximum term of appointment from twelve to eight years (two times four years), with due consideration to a transition period for incumbent supervisory directors with a term of appointment longer than eight years.

Appendix: Report on the Remuneration of the PGGM N.V. Executive Board

This report concerns the remuneration of the members of the Executive Board. The report first describes the vision underlying the remuneration policy for the members of the Executive Board. The report then covers the 2015 remuneration package for the members of the Executive Board.

Remuneration Policy - Vision

The remuneration policy for the Executive Board is adopted by the General Meeting of Shareholders on a proposal of the Supervisory Board.

The objective of the remuneration policy is to be able to attract, retain and motivate qualified members to the Executive Board. Our aim is to have a transparent and responsible remuneration policy: fair remuneration for measurable performance. In addition to the realisation of objectives, the way in which performance is achieved (competencies and values) is also taken into account in evaluations and consequently in remuneration. In terms of policy and implementation, our remuneration policy is consistent with our culture, our core values (Decisive, Open and Honest, Pioneering, Respect for People and the Environment) and our core competencies (Professional, Continued Improvement, Entice, Bind, Account).

The members of the Executive Board are appointed by the Supervisory Board after consulting the shareholder. Effective from 2013, the Executive Board comprises two members. The members of the Executive Board are appointed for a four-year term, with the option of reappointment.

The Chairman of the Executive Board was reappointed to her position as at 30 July 2013. Due to the departure of another member of the Executive Board (as at 31 August 2015), Dr P.A.M. (Paul) Boomkamp was appointed as a member of the Executive Board in the position of Chief Financial & Risk Officer (CFRO), effective from 1 September 2015.

The remuneration policy for the members of the Executive Board is in accordance with laws and regulations governing remuneration and in addition in accordance with the best practice provisions of the Dutch Corporate Governance Code.

Executive Board Remuneration Package

The total remuneration package of the members of the Executive Board consists of salary, pension and social security contributions. The members of the Executive Board are not entitled to receive variable remuneration. Members are not provided with remuneration in the form of shares, options, etc. The annual remuneration package is established by the Supervisory Board.

Salary

The salary of the members of the Executive Board is based on the market profile of the remuneration of executive directors at a similar level, with due consideration to PGGM N.V.'s positioning. The salary is adjusted each year in accordance with the average of the percentages and amounts with which salaries were adjusted in the previous calendar year pursuant to three CLAs (Hospital Sector, Insurance Industry, Banking Business). Effective 1 January 2015, salaries rose by 1.2 per cent in comparison to 2014.

The salary for both members of the Executive Board is based on the same job level (Hay classification), the job level of the Chairman is one level higher.

The fixed salaries and other remuneration components are included in the summary below.

The pension and social security contributions are in accordance with the CLA.

Remuneration of executive and supervisory directors

The total remuneration of the members of the Executive Board is as follows:

Remuneration of the Executive Board in 2015						
	2015			2014		
	Fixed remuneration (€ thousands)	Pension and social security costs (€ thousands)	Total (€ thousands)	Fixed remuneration (€ thousands)	Pension and social security costs (€ thousands)	Total (€ thousands)
Ms E.F. Bos	476	26	502	413	81	494
Mr P.A.M. Loven*	273	17	290	365	68	433
Dr P.A.M. Boomkamp**	127	8	135	-	-	-
Total	876	51	927	778	149	927

* Until 31 August 2015

** From 1 September 2015

Mr P.A.M. (Paul) Loven stepped down from the Executive Board effective on 1 September 2015.

On 1 September 2015, Dr P.A.M. (Paul) Boomkamp was appointed Chief Financial & Risk Officer (CFRO) and member of the Executive Board.

Each member of the Supervisory Board receives an annual fee of € 28,111 (2014: € 27,694). The fee paid to the Chairman of the Supervisory Board is € 32,516 (2014: € 32,034). These fees include travel expenses and work undertaken for the Audit, Risk and Compliance Committee and the Remuneration, Selection and Appointments Committee, and are exclusive of VAT. In 2015, the total remuneration of the Supervisory Board was € 166,466 exclusive of VAT (2014: € 170,504). In 2015, the fees paid to the Supervisory Board were indexed by 0.75% effective as at 1 January 2015 and by 0.75% effective as at 1 October 2015.

No loans, advances or guarantees were provided to the members of either the Executive or Supervisory Board.

Appendix: Ancillary Positions Held by Members of the Executive Board

Ancillary positions of Ms E.F. (Else) Bos

Date of birth: 30 July 1959
Nationality: Dutch

Current position

Chief Executive Officer (CEO) of PGGM N.V. As at 06-03-2013

Other positions

Member of the Supervisory Board of PGGM Vermogensbeheer B.V. As at 01-04-2014
Member of the Supervisory Board and member of the Audit and Risk Committee Nederlandse Waterschapsbank (NWB) As at 24-04-2008 (to 01-04-2016)
Member of the Supervisory Board of the National Opera & Ballet Foundation As at 01-05-2012
Member of the Supervisory Board of the Netspar Foundation As at 01-06-2013
Non-executive member of the Executive Board of Sustainalytics Holding B.V. As at 01-01-2010
Member of the Board of the Rotman ICPM Centre – Canada As at 01-01-2010
Member of the Corporate Governance Code Monitoring Committee As at 29-11-2013
Member of the Sustainability Advisory Board of ABN Amro Bank N.V. As at 01-03-2011

Ancillary positions of Dr P.A.M. (Paul) Boomkamp

Date of birth: 17 March 1969
Nationality: Dutch

Current position

Chief Financial & Risk Officer (CFRO) PGGM N.V. As at 01-09-2015

Other positions

Member of the Supervisory Board of PGGM Vermogensbeheer B.V. As at 01-09-2015
Member of the Supervisory Board and Chairman of the Audit Committee of GGZ Emergis As at 18-02-2013
Member of the Advisory Council of the Sociale Verzekeringsbank As at 01-09-2015

