

## Dutch Bouwinvest opens to new capital, aims to grow funds

Amsterdam-based Bouwinvest, with strong historic ties to an industry pension fund, is opening to external investors as an independent real estate investment manager. The group has some €4bn in Dutch residential, office and retail property, and aims to grow.



Bouwinvest's Dick van Hal: "Fundraising will be less difficult in the future than finding good core properties."

**A**s a subsidiary of the Dutch construction industry pension fund bpf-BOUW, Bouwinvest's roots are in construction, asset management and pensions. It aims to meet investor needs by combining expertise and experience in these fields. The biggest of the three funds is its residential vehicle holding €2.8bn AUM, while its Dutch housing development arm has a pipeline of some 5,000 units for a value of some €1bn, and it will continue to develop housing both to rent and sell. The investment strategy is based on active portfolio management, boosting returns by acquiring, develop-

ing, and managing investment properties.

CEO Dick van Hal told PIE in an interview that the strong track record of Bouwinvest's three funds provides foreign investors with long-term access to the Dutch property market at a very low risk profile. This offers a good match for pension fund investments which have a defensive profile post-crisis. Returns on Bouwinvest's residential real estate portfolio have averaged 6.4% over the last seven years, including the crisis. "Core properties have done relatively well, and will do so in the future," van Hal said.

"To meet the new strategy, we've established the three core Dutch funds. The construction pension fund has to hold at least 90% of these until 2013, but we can sell shares to other investors for a maximum of 10%." The pension fund's portfolio now consists of €1.2bn of international investments and some €4bn transferred into the three core funds.

Bouwinvest's office and retail funds hold around €500m in assets each - and none of the funds have as yet used leverage. "We stick to our roots, that is bricks and mortar in the Netherlands," van Hal says. "With 20 years' experience and know-how in the Dutch residential, office and retail market, we can certainly provide foreign investors with optimal access to the market here. We have a seeded portfolio with a very defensive risk profile."

Looking ahead, he says: "Market conditions are improving - and we think these funds will also perform well in the near future and they have a good track record in past years in the crisis because of the quality of the portfolio." The Dutch economy is also relatively strong, with good economic and social fundamentals, low interest rates and a relatively small public debt. He sees these, plus its well-developed and transparent real estate as attractive for international institutions; Netherlands is in the top five countries in Europe for transparency.

"We think we can extrapolate the line of the past to the future; the direct net return in the residential fund is more than 4%, and we all can see that the inflation rates are rising and that's very good for rental income." Both rental and capital appreciation are expected. "So our first goal is to make good returns on fund level, projected at 6.0% for the residential fund, 7.0% for the retail fund, and 7.5% for office. Commercial real estate has a little bit higher risk profile but it's still very appropriate for pension funds. So our proposition is also that we provide a mix and that the investor can choose his own risk profile in this mix."

Given sufficient funding and acquisition opportunities, Bouwinvest plans to grow the funds but he says, "fundraising will be less difficult in the future than finding good core properties." Bouwinvest does not plan to go abroad in the three core funds but intends to grow the €1.2bn already invested internationally on behalf of the construction pension fund. "In this part of the portfolio, we have a separate mandate from the pension fund to run it and we are working with unlisted real estate funds or in club deals in joint venture abroad," he says. ■ pie