

Robeco Institutional Asset Management B.V.



Interim financial statements
for the six-month period ended 30 June 2017

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General information

Supervisory Board

J.J.M. (Jeroen) Kremers (Chairman)
G. (Gihan) Ismail
M. (Masaaki) Kawano
J.J. (Jan) Nooitgedagt

Executive Committee ("ExCo")

G.O.J.M. (Gilbert) Van Hassel (CEO) ¹
I. (Ingo) Ahrens
K. (Karin) van Baardwijk ¹
M.D. (Monique) Donga ²
P.J.J. (Peter) Ferket ¹
R. (Roland) Toppen (CFO) ¹
V. (Victor) Verberk ³

¹ Also statutory director

² Since 20 March 2017

³ Since 12 April 2017

More information on the ExCo and the Supervisory Board can be found on the website www.robeco.com.

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Rotterdam Chamber of Commerce number 24123167

Report of the Executive Committee

General

We herewith present Robeco Institutional Asset Management B.V.'s (also referred to as "RIAM" or "the Company") interim financial statements for the six-month period ended 30 June 2017 together with the report of the Executive Committee.

RIAM is part of the Robeco Group, and established in Rotterdam in 1929. RIAM offers investment management and advisory services to institutional and private investors, and manages UCITS and alternative investment funds. As such, RIAM acts as the manager and director of Robeco's investment funds in the form of a legal entity in the Netherlands, and also operates as the direct distribution channel in the Dutch retail market for all of the Robeco funds.

RIAM has both an AIFMD license as referred to in article 2:65 of the Dutch Financial Supervision Act ('Wft') and a license to act as manager of UCITS as referred to in article 2:69b of the Wft and to offer the additional services within the meaning of article 2:97 under 3 of the Wft. Total assets directly under management of the Company amount to around EUR 88 billion as at 30 June 2017 (EUR 85 billion as at 31 December 2016). Total assets under management, including assets managed or subadvised by the Company, amount to around EUR 147 billion as at 30 June 2017 (EUR 139 billion as at 31 December 2016).

Corporate structure

The Company is established in the Netherlands. Robeco Holding B.V. holds 100% of the shares of the Company. ORIX Corporation ("ORIX") holds all the shares in Robeco Groep N.V., the domestic parent company of Robeco Holding B.V.

Robeco Holding B.V. also holds 100% of the shares in Robeco Nederland B.V., the Dutch central service company of RIAM. Robeco Nederland B.V. is the formal employer of all of RIAM's staff active in The Netherlands and such staff is provided by Robeco Nederland B.V. to RIAM by way of an inter-company Service Agreement.

Corporate governance

The Company is governed by an Executive Committee (also referred to as "ExCo") of which some members are also statutory directors. Robeco Nederland B.V. and RIAM have the same statutory directors. At 30 June 2017, the ExCo consists of Gilbert Van Hassel (chairman, CEO), Ingo Ahrens, Karin van Baardwijk (COO), Monique Donga, Peter Ferket (CIO), Roland Toppen (CFO) and Victor Verberk.

For the Company, the so-called moderate version of the 'Large Company Scheme' (*structuurregime*, article 2:155 of the Dutch Civil Code) applies. This means – among others – that a Supervisory Board has to be in function at RIAM, which has the power to approve certain resolutions of the ExCo, in addition to its general duties and powers of advice and supervision.

The general meeting of shareholders as well as the works council may recommend to the Supervisory Board persons to be nominated as supervisory director. With regard to one-third of the number of supervisory directors, the Works Council has an enhanced right of recommendation. This means that the Works Council-candidate can only be refused as a candidate in exceptional cases. Given the total number of members, one member of the Supervisory Board was appointed the Works Council's recommendation.

Financial situation and result for the six-month period ended 30 June 2017

The operating result over the reporting period increased from EUR 34.6 million to EUR 51.7 million, mainly due to an increase in the revenues on assets managed or subadvised by the Company. Assets under management are positively affected by the market developments and changes in assets entrusted by our clients.

The Company's gross margin over the reporting period was EUR 168.4 million, EUR 28.9 million (21%) higher than in the first half of 2016. This increase is mainly due to the fact that the management fees received from Robeco Luxembourg S.A. increased with EUR 40.1 million to EUR 165.5 million in the first half of 2017.

Administrative expenses increased from EUR 89.7 million in the first half of 2016 to EUR 102.8 million in the first half of 2017. The increase of administrative expenses by EUR 13.1 million is related to the increased gross margin and reflects services no longer shared with other group companies.

The tax expense in the first half of 2017 was EUR 12.5 million (first half of 2016: EUR 7.9 million). The result for the period after tax was EUR 42.4 million, an increase of EUR 12.2 million (40%) compared to the previous year.

Management considers the financial position of the Company sound. During the financial period a EUR 75.0 million dividend distribution took place. Due to the net result for the period of EUR 42.4 million, equity only decreased with EUR 32.6 million to an amount of EUR 148.6 million (31 December 2016: EUR 181.2 million).

Significant events and transactions

During the first half of 2017 no events or transactions have occurred that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period.

Outlook

Equity markets have experienced a long period of tailwind. We expect this tailwind benefit to slow down in the second half of 2017. Geopolitical developments continue to impact market developments and may contribute to market volatility.

Rotterdam, 29 August 2017

The Executive Committee:

Gilbert Van Hassel (CEO)

Ingo Ahrens

Karin van Baardwijk

Monique Donga

Peter Ferket

Roland Toppen

Victor Verberk

Interim Financial Statements 2017

Interim Income Statement

for the six-month period ended 30 June

EUR x million	Notes	2017 Unaudited	2016 Unaudited
Net revenues	1	275.2	228.9
Distribution and subadvisory costs	2	106.8	89.4
Gross margin		168.4	139.5
Administrative expenses	3	102.8	89.7
Employee benefits expense	4	6.9	5.7
Depreciation and amortization	7	0.4	0.4
Other expenses	5	6.6	9.1
Total operating expenses		116.7	104.9
Operating result		51.7	34.6
Finance income		0.2	0.3
Finance expense		0.2	0.0
Result before tax		51.7	34.9
Income tax expense	6	12.5	7.9
Result from investments in group and associated companies after tax		3.2	3.2
Result for the period		42.4	30.2

Interim Balance Sheet

before profit appropriation

EUR x million	Notes	30 June 2017	31 December 2016
Unaudited			
ASSETS			
Fixed assets			
Intangible assets	7	0.4	0.7
Tangible fixed assets		0.5	0.5
Investment in group and associated companies		3.9	8.3
Loans	8	1.4	1.5
Deferred tax assets	9	3.3	4.3
Total fixed assets		9.5	15.3
Current assets			
Trade receivables	10	18.5	19.6
Receivables from group companies	11	124.9	133.0
Other receivables		36.2	40.1
Cash and cash equivalents		62.8	74.1
Total current assets		242.3	266.8
Total assets		251.9	282.1
EQUITY AND LIABILITIES			
Equity			
Issued capital	12	0.1	0.1
Share premium		31.5	31.5
Other reserves		74.6	89.7
Result financial period*		42.4	59.9
Total equity		148.6	181.2
Provisions	9	1.6	1.6
Non-current liabilities			
Deferred tax liabilities	13	0.2	1.5
Total non-current liabilities		0.2	1.5
Current liabilities			
Liabilities to group companies		50.0	44.3
Other liabilities	14	51.5	53.5
Total current liabilities		101.5	97.8
Total equity and liabilities		251.9	282.1

* The result financial period for 2017 is related to the six-month period ending 30 June 2017. The result financial period for 2016 relates to the full year.

Accounting principles for valuation and determination of the result

General information

Robeco Institutional Asset Management B.V. (also referred to as "RIAM" or "the Company") is established in the Netherlands, having its headquarters in Rotterdam. The main activities of the Company are regular investment management activities on behalf of clients, including investment funds. The Company receives management fees and other fees for these activities. Both securities lending and offering alternative investments, including private equity and structured investment products, can also be considered as main activities of the Company. The Company also offers investment products to retail clients directly. The product range encompasses equity and fixed-income investments and also facilitates saving products through Rabobank (Coöperatieve Rabobank U.A).

All shares of the Company are held by Robeco Holding B.V. The domestic ultimate parent of the Company is Robeco Groep N.V.

At 30 June 2017, ORIX Corporation (ORIX), with registered office in Tokyo, Japan, holds 100% stake in Robeco Groep N.V.

The Company has both an AIFMD license as referred to in article 2:65 of the Dutch Financial Supervision Act ('Wft') and a license to act as manager of UCITS as referred to in article 2:69b of the Wft and to offer the additional services within the meaning of article 2:97 under 3.

The interim financial statements of the Company are prepared in accordance with Dutch law (section 2:9 of the Dutch Civil Code), the Dutch accounting standards issued by the Dutch Accounting Standards Board and the Financial Supervision Act (Wet op het financieel toezicht).

The interim financial statements cover the first six months of 2017, which ended at the balance sheet date of 30 June 2017.

To provide more insight in the specification of the Net revenues, the categories have been adjusted in comparison to the 2016 financial statements. The total amount of management and other fees remains unchanged.

Accounting policies

Interim financial statements

In these interim financial statements the same accounting principles for valuation and determination of the result have been used as those followed in the most recent annual financial statements of the Company. In case new accounting principles are applicable, they are added in the interim financial statements. According to Dutch law, the financial statements of the Company do not require consolidated statements or a cash flow statement.

Basis of preparation

These accounting policies describe the valuation methods used. If, in the most recent annual financial statements of the Company, no explicit accounting policy is given for an individual item on the balance sheet, the item is accounted for at its nominal value.

The interim financial statements are presented in euros since this is the functional currency of Robeco Institutional Asset Management B.V. Numbers are rounded to the nearest tenth of a million and all amounts disclosed in the notes to the income statement and the balance sheet are in millions, except when explicitly stated otherwise. The interim financial statements have been prepared on basis of historical cost less accumulated depreciation and amortization and any accumulated impairment losses.

The interim financial statements have been prepared on the basis of the going concern assumption.

Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires the use of judgment and estimates. This affects the recognition and valuation of assets and liabilities, the disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of income and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, the actual results may differ ultimately from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

Foreign currencies

Monetary assets and liabilities denominated in other currencies are translated into euros at the spot rates prevailing at the balance sheet date. Non-monetary items measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value are converted using the exchange rates at the date when the fair value was determined. The assets and liabilities of foreign operations, including goodwill, are translated into euros at exchange rates prevailing at the balance sheet date.

Income and expenses are converted at the average exchange rate of the relevant month. The exchange rate differences are taken to the income statement and are recorded in the other expenses.

Notes to the interim income statement

1 Net revenues

The net revenues can be specified as follows:

EUR x million	2017	2016
Management fees received from other Robeco Group companies	165.5	125.4
Management fees	60.3	59.8
Service fees received from other Robeco Group companies	17.3	14.2
Administration fees	6.0	6.0
Fees from clients	6.5	5.7
Securities lending fees	4.0	4.4
Subadvisory fees received from other Robeco Group companies	3.6	2.5
Service fees	3.5	3.2
Performance fees	0.3	1.5
Other income	8.2	6.2
Total management and other fees	275.2	228.9

To provide more insight in the specification of the Net revenues, the categories have been adjusted in comparison to the 2016 interim financial statements. The total amount of management and other fees remains unchanged.

Management fees are collected from funds and mandates directly by the Company and indirectly from Robeco Luxembourg S.A., also a Robeco Group company. Robeco Luxembourg S.A. receives service fee from the Luxembourg funds for service activities performed for these funds. As RIAM actually performs these activities, RIAM is compensated for this by Robeco Luxembourg S.A. Other income includes revenues from third parties for marketing and sales activities.

Segment information

The revenues are allocated based on the legal entities where the revenues are produced.

EUR x million	2017		2016	
Total revenue by region				
Netherlands	30%	82.9	36%	83.5
Luxembourg	67%	182.8	61%	139.4
Rest of Europe	1%	3.5	1%	2.0
Outside Europe	2%	6.0	2%	4.0
Total management and other fees	100%	275.2	100%	228.9

To provide more insight in the Segment information, the regions have been adjusted in comparison to the 2016 interim financial statements. The total amount of management and other fees remains unchanged.

2 Distribution and subadvisory costs

The costs can be broken down as follows:

EUR x million	2017	2016
Subadvisory costs paid to other Robeco Group companies	41.9	38.7
Distribution costs paid to third parties	40.8	30.7
Distribution costs paid to other Robeco Group companies	24.1	20.0
Subadvisory costs paid to third parties	0.0	0.0
Total distribution and subadvisory costs	106.8	89.4

3 Administrative expenses

Robeco Nederland B.V. charges operating costs in the amount of EUR 102.8 million (2016: EUR 89.7 million), relating to the management of investment funds and mandates and related financial services. The costs allocation includes indirect organizational costs and direct business related costs, which amongst others, include costs for staff, information technology, marketing and housing. Part of the operating costs charged by Robeco Nederland B.V. is disbursed to other group companies. The increase in expenses compared to the previous year relates to the increased gross margin and reflects services no longer shared with other Group Companies.

Domestic staff is made available to the Company through an intercompany service agreement. Robeco Nederland B.V. is legally the employer of personnel, recharging related expenses to the Company. On average, the charge concerns 708 FTE's direct and indirect personnel during the first half of 2017 (first half of 2016: 709 FTE's). These expenses also include disbursements by other entities within Robeco Group. Robeco Nederland B.V. is a wholly-owned subsidiary of Robeco Groep N.V., the domestic ultimate parent company of Robeco Institutional Asset Management B.V.

4 Employee benefits expense

The staff of Robeco Institutional Asset Management B.V is employed in two different ways. Domestic staff is located in the Netherlands and is legally employed by Robeco Nederland B.V., the group's domestic service company. See note 3 for the recharge of the Domestic staff expenses. International staff is formally employed by the Company and is located in the Company's international offices. Staff costs can be specified as follows:

EUR x million	2017	2016
Wages and salaries	5.8	4.7
Social security and pension costs	0.7	0.5
Other employee benefits expenses	0.4	0.5
Total employee benefits expenses	6.9	5.7

5 Other expenses

Other expenses can be specified as follows:

EUR x million	2017	2016
Fund and client related costs	3.9	5.3
Housing and furniture	0.8	0.6
Marketing	0.7	0.6
Travel and accommodation	0.5	0.5
Operational claims	0.3	0.5
Advice Costs	0.2	0.3
Charged and other personnel costs	0.1	0.1
Information technology	0.1	0.2
Other	0.0	1.0
Total other expenses	6.6	9.1

Fund and client related costs have mainly decreased due to the addition to Provisions in the first half of 2016. The decline in Other mainly relates to exchange rate differences.

6 Income tax expense

The Dutch statutory tax rate in the first half of 2017 was 25% (2016: 25%). The current tax is included in the current account with Robeco Groep N.V., the head of the Dutch fiscal unity, and settled monthly.

The income tax expense in 2017 was EUR 12.5 million (2016: EUR 7.9 million). The 2017 effective tax rate was 24% (2016: 23%). The effective tax rate is lower in 2017 due to use of tax incentives in the Netherlands.

Notes to the Interim balance sheet

7 Intangible assets

Movements in intangible assets were as follows.

(EUR x million)	2017	2016
Cost at 1 January, net of accumulated amortization and impairment	0.7	-1.4
Additions	-	-
Amortization	-0.3	-0.7
Net carrying amount at end of period	0.4	0.7

	At 30 June 2017	At 31 December 2016
Cost	2.1	2.1
Accumulated amortization and impairment	-1.7	-1.4
	0.4	0.7

The intangibles represent the Italian client relationships transferred from RobecoSAM to RIAM as per January 1, 2015.

8 Loans

The Company has granted a loan to Stichting Robeco Funds for cash management purposes of EUR 0.4 million (31 December 2016: EUR 0.4 million). During 2016, the Company also granted a loan to Stichting Effectengiro RAM for cash management purposes of EUR 1.0 million. Both loans are non-interest-bearing.

9 Deferred tax assets and liabilities

The deferred tax asset mainly relates to the offset of future taxable profits with remaining cumulative tax losses brought forward in branch office Robeco Germany. Recognition of the deferred tax asset was possible due to the rapidly improving profits of Robeco Germany, this is a result of a strong increase in assets under management invested through Robeco Germany by German clients over the recent years.

The deferred tax asset also relates to temporary differences that are deductible in determining taxable profit of future periods.

The deferred tax liability relates to the future profits in Germany which will be taxable in the Netherlands at a different tax rate than the recognized deferred tax asset.

10 Trade receivables

The balance as per 30 June 2017 includes the fees receivables from mutual and institutional funds of EUR 14.5 million (30 June 2016: EUR 13.2 million). Since all amounts are expected to be received within 12 months, no provision is deemed necessary.

11 Receivables from group companies

This item relates to current accounts and current account loans with Robeco Group entities. The current accounts are settled periodically. As per 30 June 2017, a current account loan in the amount of EUR 80.0 million is granted to Robeco Holding B.V. (30 June 2016: EUR 95.0 million). This loan is receivable on demand in order to meet the liquidity requirements of the regulator. The loan is granted for cash management purposes and the interest rate is based on Euribor. The effective interest rate in the first half of 2017 was 0.4% (first half of 2016: 0.4%).

12 Equity

At 30 June 2017, the Company's authorized share capital amounted to EUR 91 thousand (200 shares), of which EUR 41 thousand is placed and paid in full.

EUR x million	Issued capital	Share premium	Other reserves	Result financial year	Total
At 1 January 2017	0.1	31.5	89.7	59.9	181.2
Results 2016	-	-	59.9	-59.9	-
Dividend distribution	-	-	-75.0	-	-75.0
Add: results 2017	-	-	-	42.4	42.4
At 30 June 2017	0.1	31.5	74.6	42.4	148.6

EUR x million	Issued capital	Share premium	Other reserves	Result financial year	Total
At 1 January 2016	0.1	31.5	72.5	67.2	171.3
Results 2015	-	-	67.2	-67.2	-
Dividend distribution	-	-	-50.0	-	-50.0
Add: results 2016	-	-	-	59.9	59.9
At 31 December 2016	0.1	31.5	89.7	59.9	181.2

The Company reports to the DNB on a quarterly basis the FINREP and COREP reports as required by CRD IV rules. The most recent reporting was done as of 31 December 2016. All capital requirements were met.

Furthermore the Company reports to the AFM on a semi-annual basis the information required by the Alternative Investment Fund Managers Directive. The most recent reporting was done as of 31 December 2016. All capital requirements were met.

13 Provisions

In the first half of 2016 the Company has recorded a provision of EUR 1.6 million for an estimated loss of income. The provision relates to the Company's estimate of the potential reimbursement of a particular group of clients for loss of income. Whether the Company will have to pay this reimbursement, and the amount thereof, is dependent on the outcome of certain legal proceeding to which the Company is not directly a party. It is expected that the period of uncertainty is between one to five years. As per 30 June 2017 no amounts were used.

14 Other liabilities

Other liabilities can be specified as follows:

EUR x million	30 June 2017	31 December 2016
Distribution costs, subadvisory costs, and other accrued liabilities	43.2	42.6
Employee benefits	5.6	7.6
Other liabilities	0.5	1.9
Current tax liabilities	2.0	1.3
Social security cost, wage tax and sales tax payable	0.2	0.1
Total other liabilities	51.5	53.5

All outstanding liabilities are expected to be paid within 12 months. Other liabilities include employee benefits obligations.

15 Contingent assets and liabilities

The paid out carried interest amounts are to be regarded as advances on the final amount calculated upon liquidation of the Investee Funds, since they are subject to claw back until a point in time toward the end of life of the Investee Funds. The amount of accrued carried interest, which is not yet distributed by the Investee Funds, is to be marked as a contingent asset (EUR 7.2 million as per 30 June 2017. As per 31 December 2016: EUR 5.8 million). The final amount of the carried interest to be distributed by the Investee Funds may be significantly different from the amount earlier marked as contingent assets.

The Company acts as guarantor for fulfilling the obligations of Stichting Effectengiro RAM (SER) relating to the obligations to account holders regarding Dutch funds. At 30 June 2017, SER has an obligation to clients of EUR 0.8 billion (31 December 2016: EUR 0.8 billion). In the same amount SER has receivables on the funds composed of deposited securities.

The Company has issued a guarantee in which the Company commits itself to fulfill the obligations of Stichting Robeco Funds towards their clients. As per 30 June 2017, Stichting Robeco Funds has cash in the amount of EUR 0.0 million (31 December 2016: EUR 1.8 million) that relate to items to be settled in the short term.

In consideration of the Monetary Authority of Singapore granting a license to Robeco Singapore Private Limited, the Company has confirmed that it accepts full responsibility for all operations of Robeco Singapore and ensures that Robeco Singapore maintains sound liquidity and a sound financial position at all times.

The Company has entered into commercial leases of EUR 0.1 million (December 2016: EUR 0.1 million) regarding the car fleet. The term of these leases is between 1 and 3 years. The Company has rental commitments regarding buildings of EUR 2.0 million (December 2016: EUR 1.8 million). These rental commitments have remaining terms of between 1 and 5 years. The Company has commitments regarding IT-related contracts of EUR 0.1 million (December 2016: EUR 0.1 million). These rental commitments have remaining terms of between 1 and 5 years. The Company has irrevocable credit facilities related to guarantees of EUR 0.8 million (December 2016: EUR 0.1 million).

The Company is part of a tax group headed by Robeco Groep N.V. and is jointly and severally responsible for the resulting tax liability, as are the other companies that are part of the tax group.

16 Remuneration of the Executive Committee

The Executive Committee members, including the Board of Directors, are not entitled to salaries and benefits from the Company as the Executive Committee members are employed by Robeco Nederland B.V., which is a 100% subsidiary of Robeco Groep. N.V.

Rotterdam, 29 August 2017

The Executive Committee:

Gilbert Van Hassel (CEO)
Ingo Ahrens
Karin van Baardwijk
Monique Donga
Peter Ferket
Roland Toppen
Victor Verberk

Responsibility statement

The directors of Robeco Institutional Asset Management B.V. confirm to the best of their knowledge that:

- The interim financial statements, prepared in accordance with art 9 of Book 2 of the Dutch Civil Code and the Financial Supervision Act (Wet op het financieel toezicht), give a true and fair view of the Company's assets, liabilities, financial position and result.
- The Report of the Executive Committee includes a fair review of the developments and performance of the Company's business and the position in the financial six-month period together with a description of the principal risks and uncertainties that it faces for the remaining six-months.

The Report of the Executive Committee and the interim financial statements are neither audited nor reviewed by an external auditor, except for the comparative figures in the interim balance sheet.

Rotterdam, 29 August 2017

The Executive Committee:

Gilbert Van Hassel (CEO)

Ingo Ahrens

Karin van Baardwijk

Monique Donga

Peter Ferket

Roland Toppen

Victor Verberk