Bouwinvest Dutch Institutional **Retail** Fund N.V.

2018

Annual Report

Bouwinvest Real Estate Investors

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2018 at a glance

Key information in 2018

TOTAL FUND RETURN	INCOME RETURN	RELATIVE PERFORMANCE	GRESB STAR RATING
5.6%	3.6%	2.0% MSCI NETHERLANDS PROPERTY INDEX (ALL PROPERTIES)	★★★★ 4-STAR RATING

WALT	AVERAGE FINANCIAL OCCUPANCY RATE	LIKE-FOR-LIKE RENT INCREASE	INVESTORS
6.4 YEARS	95.2%	-0.2%	7

Highlights 2018

- € 66 million invested; € 2 million sold
- One new investor as of July 2018
- Fifteen properties acquired, one development completed and two properties sold
- Two redevelopments in the portfolio in progress; completions are expected in 2019
- New and extended lease contracts for a total of 32,022 m²; rental value € 6.0 million per year
- 84.0% of the shopping centres BREEAM-NL In-use certified

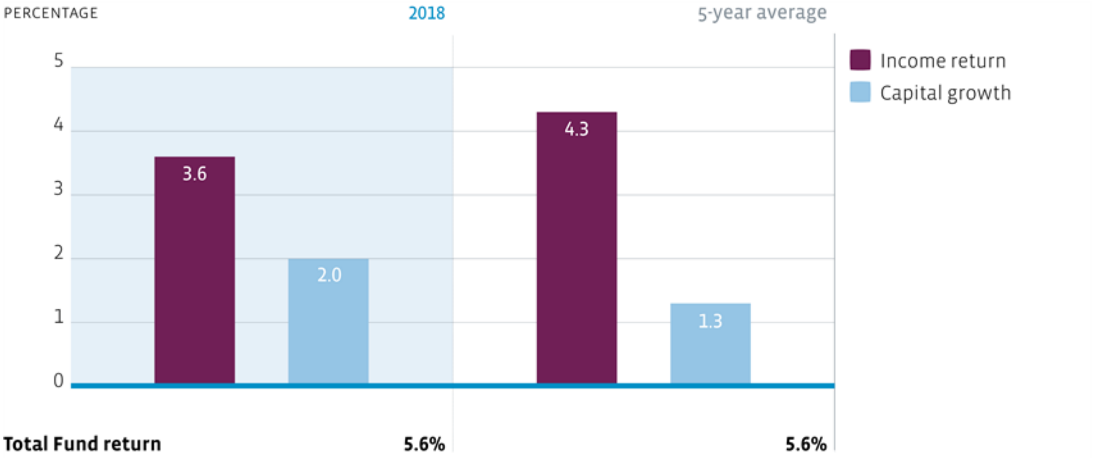
All amounts in € thousands unless otherwise stated

Performance per share	2018	2017
Dividends (in €)	118.16	117.77
Net earnings (in €)	147.75	190.59
Net asset value IFRS (in €, at year-end)	2,766.60	2,717.59
Net asset value INREV (in €, at year-end)	2,789.93	2,739.67

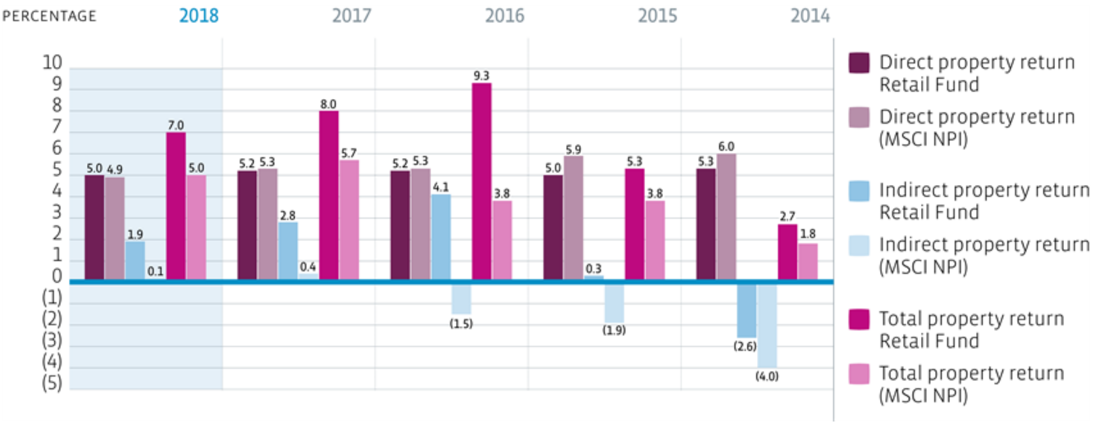
Statement of financial position	2018	2017
Total assets	981,296	898,815
Total shareholders' equity	969,680	888,896
Total debt from credit institutions	-	-

Result	2018	2017
Net result	48,675	61,059
Total Expense Ratio (TER)	0.53%	0.53%
Real Estate Expense Ratio (REER)	0.86%	0.79%

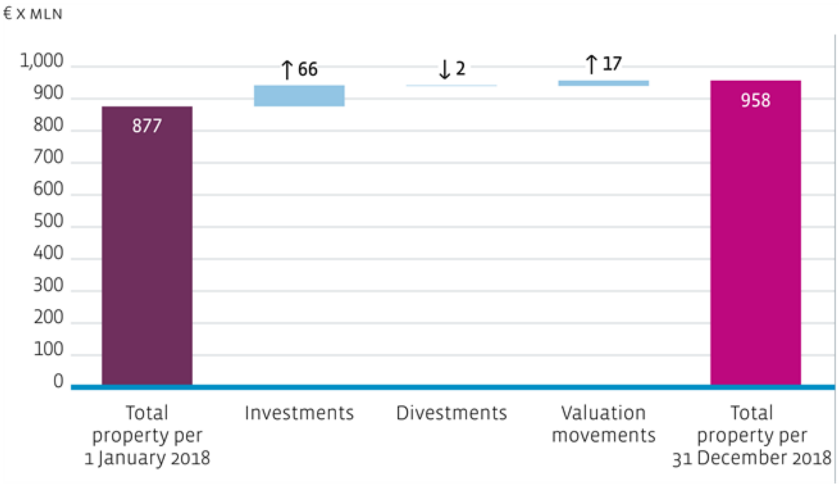
Fund return



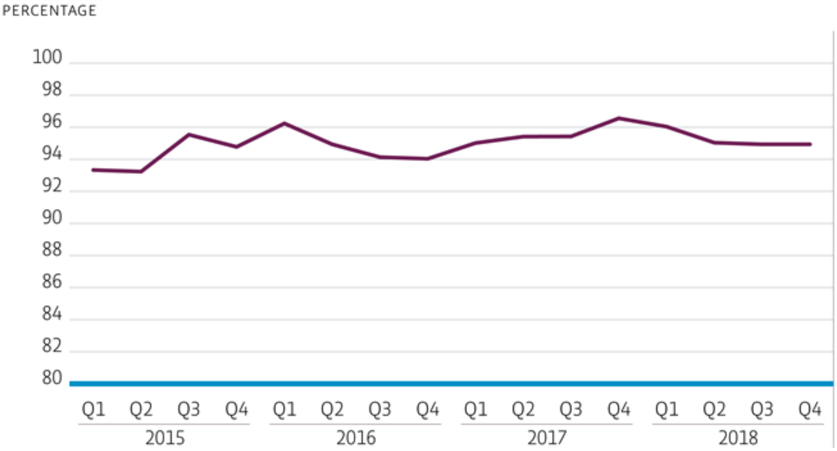
Property performance versus MSCI Netherlands Property Index (All properties) - (MSCI NPI)



Portfolio movements



Financial occupancy rate



Portfolio figures

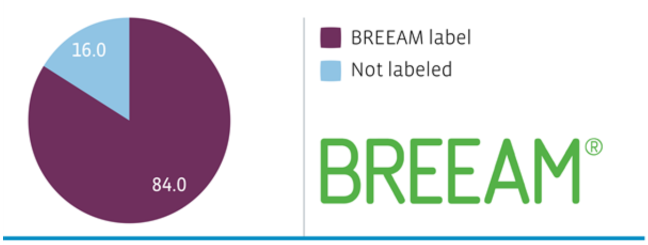
Portfolio figures	2018	2017
Investment property (in € 1,000)	945,586	864,868
Investment property under construction (in € 1,000)	12,898	11,941
Gross initial yield	5.5%	5.7%
Total number of properties	63	49
Average rent per square metre per year (in €)	229	234
Financial occupancy rate (average)	95.2%	95.6%
Sustainability (A, B or C label)	95.6%	98.8%

Responsible investment key data

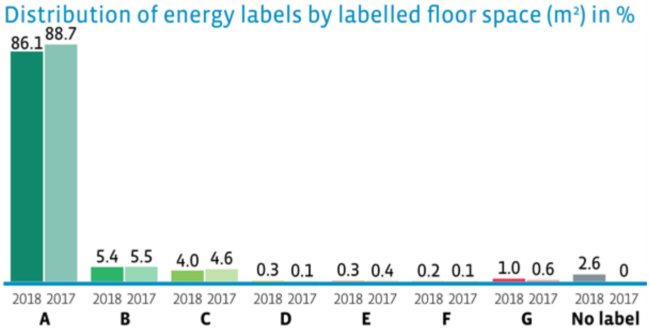
Continued improvement of the Fund's sustainability performance

Investing in sustainable real estate

BREEAM label (% of lettable floor shopping centres space)

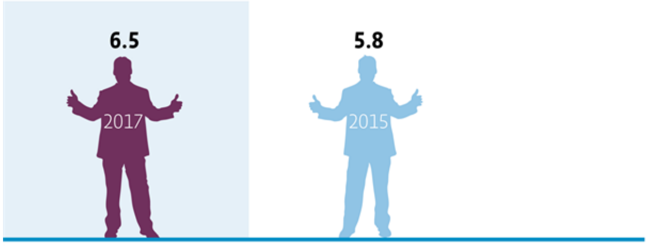


Distribution of energy labels by labelled floor space (m²) in %

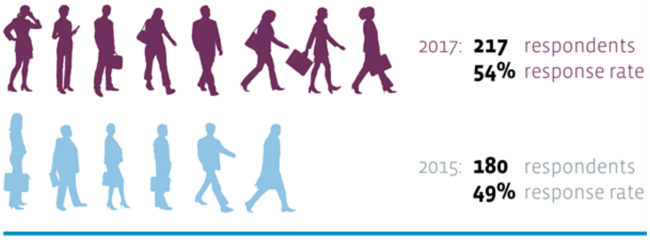


Enhancing stakeholder value

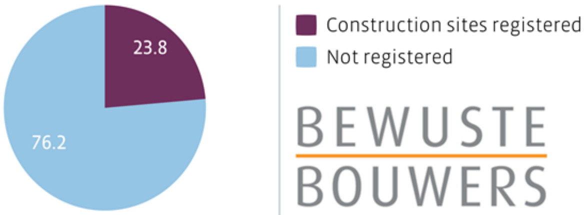
Satisfaction scores tenant engagement survey



Participant rate tenant engagement survey



% construction sites registered as considerate construction scheme



BEWUSTE BOUWERS

Highlights Responsible Investment 2018

- 23.8% of construction sites (renovations) registered under Dutch Considerate Constructors scheme
- Retained GRESB 4-star rating (total of 79 points), ranking in top 40% best-performing real estate funds worldwide
- BREEAM-NL labelling for 84.0% of the Fund's shopping centres
- 95.6% of properties awarded a green energy label (A, B or C label)
- Average energy index of the portfolio is 0.88
- Total of 125 kWp in solar panels installed on properties
- Energy consumption fell by 5.7% on a like-for-like basis in 2018

Key information over five years

All amounts in € thousands, unless otherwise stated

	2018	2017	2016	2015	2014
Statement of financial position					
Total assets	981,296	898,815	832,920	747,515	689,847
Total shareholders' equity	969,680	888,896	824,201	738,335	670,322
Total debt from credit institutions	-	-	-	-	-
Performance per share					
Dividends (in €)	118.16	117.77	114.76	108.84	115.68
Net earnings (in €)	147.75	190.59	215.61	116.48	46.76
Net asset value IFRS (in €, at year-end)	2,766.60	2,717.59	2,640.21	2,537.12	2,527.09
Net asset value INREV (in €, at year-end)	2,789.93	2,739.67	2,650.14	2,547.83	2,544.13
Result					
Net result	48,675	61,059	64,250	32,150	11,185
Total Expense Ratio (TER)	0.5%	0.5%	0.5%	0.5%	0.6%
Real Estate Expense Ratio (REER)	0.9%	0.8%	0.8%	0.9%	0.8%
Fund return					
Income return	3.6%	4.5%	4.6%	4.4%	4.5%
Capital growth	2.0%	3.3%	3.9%	0.1%	(2.7)%
Total Fund return	5.6%	7.8%	8.4%	4.5%	1.8%
Portfolio figures					
Investment property	945,586	864,868	765,613	526,093	446,309
Investment property under construction	12,898	11,941	12,711	193,051	207,867
Gross initial yield	5.5%	5.7%	5.8%	6.8%	7.0%
Total number of properties	63	49	47	42	41
Average monthly rent per square metre (in €)	229	234	233	225	219
Financial occupancy rate (average)	95.2%	95.6%	94.7%	94.2%	94.4%
Sustainability (A, B or C label)	95.6%	98.8%	85.2%	82.2%	79.1%
Property performance (all properties)					
Direct property return	5.0%	5.2%	5.2%	5.0%	5.3%
Indirect property return	1.9%	2.8%	4.1%	0.3%	(2.6)%
Total property return	7.0%	8.0%	9.3%	5.3%	2.7%
MSCI (Netherlands Property Index) retail real estate (all properties)					
Direct return MSCI (NPI)	4.9%	5.3%	5.3%	5.9%	6.0%
Indirect return MSCI (NPI)	0.1%	0.4%	(1.5)%	(1.9)%	(4.0)%
Total return MSCI (NPI)	5.0%	5.7%	3.8%	3.8%	1.8%

The Retail Fund at a glance

We believe that convenience and experience are the key trends that will determine the future of retail real estate. This is why the Bouwinvest Dutch Institutional Retail Fund has a clear focus on the main shopping streets in major shopping cities and shopping centres and supermarkets that focus on convenience shopping.

Fund characteristics

- No leverage
- Core investment style
- Long-term plan of average annual Fund return of between 6.0% and 7.5%
- Robust governance structure
- Investment structure for an indefinite period of time
- Reports in accordance with INREV standards

Fund management

Bouwinvest Real Estate Investors B.V. is the manager and Statutory Director of the Retail Fund. The Bouwinvest Board of Directors is responsible for Bouwinvest's long-term strategy, as well as the day-to-day management of the organisation itself and its invested capital. Bouwinvest's Dutch Investments business unit is responsible for all real estate investments in the Netherlands. This business unit has a dedicated asset management team specialised in the retail real estate sector, with experts in acquisition and divestment, property revitalisation and letting.

Our vision of the Dutch retail market

- Investors' capital inflow is expected to remain strong
- Economic growth provides for growth in retail market, but market is still facing challenges
- Continued growth of online shopping
- Polarisation continues in stabilising market
- Consumer focus on inexpensive versus high-end; the middle segment will continue to struggle
- Continued growth of the hospitality sector in shopping streets
- The increase of retail supply in high-traffic locations, such as stations, airports and large public areas. The focus at these locations will be on the functional, quick buys and various food & beverage concepts

Fund strategy

The Retail Fund aims to increase its invested capital to € 1.1 billion in 2021. This will be achieved through targeted acquisitions, redevelopments and positive revaluations. Capitalising on key market development, the Fund's strategy focuses on:

- Retail assets classified as Experience and Convenience
- Increasing the share of Experience and Convenience to at least 80% of the portfolio value
- Optimisation of the portfolio through acquisitions, redevelopments and active asset management
- Responsible Investment: Continuing the improvement of the Fund's sustainability performance

The Retail portfolio at a glance

Portfolio characteristics

- € 958 million in Dutch retail properties (63 assets, 258,530 m² NLA) at year-end 2018
- High-quality retail assets divided into Experience and Convenience
- Continuously high occupancy rate
- Continuous outperformance of the MSCI Property Index
- GRESB 4-star rating

Investment property

Experience

Top 5 municipalities (in PERCENTAGE)

1	Amsterdam	68.4
2	Rotterdam	11.1
3	The Hague	4.4
4	Eindhoven	3.8
5	Tilburg	3.3

Convenience

Top 5 municipalities (in PERCENTAGE)

1	Amsterdam	23.1
2	Tilburg	16.0
3	Zoetermeer	14.5
4	Rosmalen	12.8
5	Apeldoorn	5.9

Major segments

The Fund's diversification strategy is based on the belief that the future of retail real estate will be determined by two very distinct segments of the market: high street shopping areas that offer consumers a distinctive Experience and district shopping centres or stand-alone supermarkets that provide very high levels of Convenience.

EXPERIENCE - High street retail in best shopping cities

The main focus of the Fund's Experience portfolio is on individual high street shops or clusters of shops in prime shopping areas in major Dutch city centres. These city centres have retained their market share and will continue to do so in the future. Shopping for fashion and lifestyle products is changing drastically. Because consumers now have a wider choice in terms of how they buy fashion and life-style products (online or offline), the differentiating potential of shopping cities is becoming an ever greater factor in their success. The presence of food and beverage is playing an increasingly important role here. Consumers prefer cities that offer cultural attractions and a wide range of catering establishments, in addition to a varied range of fashion and lifestyle stores. The combination of these factors creates attractive locations offering the experience factor that contemporary consumers see as an essential part of a day of shopping. We believe that shopping cities offering this fun or 'Experience' factor will be the most future-proof.

For strategic asset management and acquisition purposes, Bouwinvest and its Research department have developed a ranking tool for the best shopping cities and high streets in the Netherlands on the basis of footfall, catchment area, consumer numbers, rent per m², vacancy rates and average income. The best shopping streets are determined using Bouwinvest's Top shopping streets ranking, which provides an overview of the most attractive shopping streets in the Netherlands, including shopping streets outside the Top 15 shopping cities. We look at indicators at regional, shopping area and street level. These include indicators such as (growth in) the number of residents in a catchment area, the average income level, the number of tourists, the presence of the hospitality sector and the number of passers-by.

CONVENIENCE - Shopping centres and stand-alone supermarkets with strong catchment areas

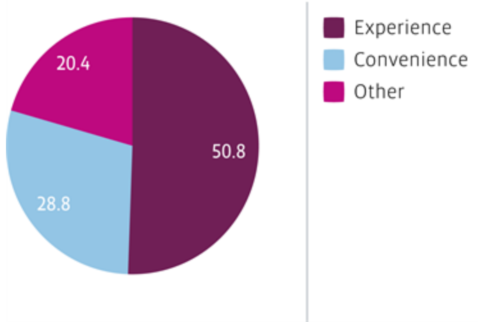
The main focus of the Fund's Convenience portfolio is on district shopping centres and standalone supermarkets with healthy catchment areas, together with assets in a rapidly emerging new retail segment, stores in high-traffic locations. Retail real estate with a functional range of goods (daily shopping) with a focus on convenience remains an interesting investment segment.

A healthy catchment area is the main factor in the success of any shopping centre or supermarket with a focus on daily shopping needs. The size – and health – of a catchment area can be affected by the regional economy, the local and regional demographic outlook and competing retail stock. A healthy regional economy guarantees employment and income growth, while demographic growth has a visible impact on a shopping centre's potential market. On the other hand, new retail stock may lead to a serious reduction of the catchment area for existing supermarkets and shopping centres.

The Fund focuses on a number of additional factors that increase the level of convenience so prized by today's consumers, an element that the Fund believes will become ever more important in the future. These additional criteria include easy accessibility, comfort parking, an effective tenant mix, plus the overall look and feel of the centre. The Fund needs to constantly monitor and respond to demographic changes, such as average age or household size, through the continuous optimisation of retail properties and their tenant mix. One essential part of the retail mix is one or two clear, complementary and well-positioned supermarket anchors, as these act as a major pull factor for convenience shoppers. Supermarkets have so far shown limited vulnerability to online sales and are virtually unaffected by other stores in their vicinity.

An effective retail mix with various specialist stores is another factor that makes shopping centres attractive to consumers. Due to market changes and the ongoing growth of online sales, the number of non-food shops in these centres will decline even more in the near future. The Fund is therefore also focused on actively revitalising its convenience centres by increasing the average share – measured in square metres and in cash flow – accounted for by supermarkets, shops selling daily goods and deliveries, and reducing the number of non-core units.

Portfolio composition by segment as a percentage of market value



Selection of principal properties

Experience

Damrak 70
Amsterdam

Nieuwendijk 196
Amsterdam

PC Hooftstraat 125
Amsterdam

Ridderstraat 17
Breda

Demer 38
Eindhoven

WTC
Rotterdam

Spui - Grote Marktstraat
The Hague

Heuvelstraat 24
Tilburg

Steenweg 43
Utrecht

Convenience

Mosveld
Amsterdam

Stadionplein
Amsterdam

Berkel Center
Berkel en Rodenrijs

Parkweide
Ede

Molenhoek
Rosmalen

Prinsenland
Rotterdam

Heyhoef
Tilburg

Oosterheem
Zoetermeer

Westkapelseweg 10
Zoutelande

Message from the chairman

Dear stakeholders,

The Retail Fund had a good year in 2018, recording a solid return of close to 6% and a very healthy occupancy rate of 95% in what is a very challenging market. The retail market really is the most dynamic and challenging real estate market right now, as the sector is in the midst of a radical transformation. Consumer preferences and demands are changing more rapidly and more drastically than ever before, while the market itself is adjusting to a whole new reality. Online sales account for a steadily growing share of retail sales and retailers are trying to adapt to evolving consumer demands and the competition from online sellers.

Thankfully, towns and cities and the national government are now devoting attention to these issues, with the aim of preserving or reviving the vibrancy of our city centres. Many local authorities are now willing to work with us and other investors and stakeholders to address issues such as growing vacancy rates. Some have even gone as far as rezoning struggling retail areas for other purposes, to help boost occupancy in more promising locations. Everybody recognises that we need vital and vibrant shopping areas for both residents and visitors. They serve as the beating hearts and economic engines of any urban environment, as people use them for a lot more than just shopping. Not to mention the employment they create.

The strategic decision we made a few years back to focus on two very distinct elements of the retail market, Experience and Convenience, are already paying off as shown by the Retail Fund's occupancy rate. Retail assets with a clear focus on one of these elements are proving much more resilient to trends – including online shopping – and will stand the test of time.

This is also why we devote a great deal of attention to the redevelopment of our shopping centres, both in terms of making them more effective commercially and more sustainable. De Munt in Weert and Goverwelle in Gouda are perfect examples. H&M is now taking over around 70% of unit in the De Munt that became vacant following the bankruptcy of V&D. Meanwhile the expansion and upgrade of Goverwelle will create the space needed for Albert Heijn to expand and for the addition of a second, complementary discount supermarket. Once completed, these two centres will be fit for the future and a major boost to their respective city centres. Just like, Centrumplan in Rosmalen, which opened for business in 2018.

We were also active on the acquisition and disposal fronts last year, as we continued to optimise our portfolio. We acquired two good high street assets in Tilburg, both rented out to national chains with long leases and a good direct return, plus a portfolio of 13 standalone supermarkets located across the country. Almost all of these supermarket assets have a good outlook, as they have healthy local catchment areas. Plus the food retail sector recorded higher growth than other retail segments last year and is proving resistant to online sales. We also continued to optimise our portfolio by disposing of assets that do not meet our Experience or Convenience criteria or our return requirement. These included two high street retail assets in Den Bosch.

One of the major issues that dominated the market for much of last year was the government's plans to scrap the dividend withholding tax. One consequence of the abolition of dividend withholding tax was that Fiscal Investment Institutions (FIIs) would no longer be allowed to invest directly in Dutch real estate. This would have had a major impact on the Dutch sector funds that Bouwinvest manages and required Bouwinvest to restructure its investment funds to mitigate this impact. Thankfully, due to a strong lobby and certain circumstances, the government abandoned its plans to scrap the dividend tax and the proposal to ban direct investments in real estate for FIIs. This lifted the cloud of uncertainty that had hung over the Dutch real estate market and we saw an immediate uptick in interest from investors, who had been waiting on the sidelines to see what would happen.

As in virtually all real estate sectors, sustainability is a hot top topic right now in retail, and we once again made some big strides on this front last year, as you can read elsewhere in this report. We retained our GRESB 4-star rating and initiated action plans and measures that will help us achieve a 5-star rating in the not too distant future. After all, it's important to have the right retail assets, in the right locations and with a distinct offering on either the Experience or Convenience fronts. And sustainable enough to meet the demanding standards of both retailers and consumers. This is also why retail requires active asset management and a proactive approach to your portfolio and your assets.

We believe our ambitions of total invested capital of € 1 billion will give us the scale and the synergies we need to safeguard our long-term return plans. This will in turn help us find the investors we will need to realise those growth ambitions. Retail real estate may not offer the same high indirect returns as other segments, but the direct returns are solid. And because most of the assets we acquire are operational, it means immediate cash out for investors, making retail an interesting sector for investors.

All that remains now is for me to thank our investors for their continued faith in our strategy and all our employees for their hard work and commitment to Bouwinvest in 2018.

Dick van Hal

Chairman of the Board of Directors

Report of the Board of Directors

Market developments and trends

Economy

The Dutch economy continued to perform strongly in 2018, although momentum did weaken in the second half of the year. Private consumption was the primary driver of this economic performance, while the growth of exports flattened. High levels of consumer confidence in combination with low interest rates fuelled house price increases and boosted housing market related sectors.

Real GDP growth amounted to 2.6% in 2018, which makes the Netherlands one of the most flourishing economies in Western Europe. All the drivers of economic growth showed positive figures, but private consumption was clearly the strongest. The 9.3% increase in house prices had a positive impact on other economic segments. However, economic forecasts show a diverse but lower growth path for the years ahead. Firstly, a steady decline in housing affordability had affected consumer confidence by the end of the year and this is expected to have a negative impact on private consumption going forward. Secondly, higher interest rates are likely to flatten economic growth. The European Central Bank had ended its stimulus programme by the end of 2018 and this is expected to result in higher policy interest rates.

The Dutch labour market performed very strongly as a result of both job growth and the decline in unemployment rates to record low levels. However, the record number of job vacancies has resulted in a very tight Dutch labour market. Over the course of 2018, consumer prices increased slightly and forecasts indicate a further increase to slightly below the 2% plan inflation rate. Although the outlook for the Dutch economy looks good, especially in a European context, forecasts signal a trend towards lower growth.

This outlook coincides with greater ambiguity due to several factors. The European economy is facing the challenge of the (still unknown) outcome and impact of Brexit, but also of political tensions and anti-European, populist sentiments in specific countries. On a global scale, geopolitical tensions and protectionist policies will lead to growing uncertainty in the years to come.

Retail spending is closely linked to the overall economic situation and consumer confidence. In line with the positive economic growth, retail spending improved further over the course of 2018 and was up by 3.0% year-on-year in the third quarter of 2018. It has to be noted that growth in the food sector (+4.0% year-on-year) remains much stronger than in the non-food sector (+0.8% year-on-year).

Public policies

For most of 2018, the Dutch institutional investment market was dominated by the debate on the Dutch government's plans to abolish the 15% withholding tax on dividends from shares in Dutch companies. The government's 2019 Tax Plan stated that due to the abolition of the dividend tax, Fiscal Investment Institutions (FIIs) would no longer be allowed to invest directly in Dutch real estate. This measure would also have impacted the Dutch sector funds that Bouwinvest manages. However, the coalition parties were divided on this measure and following certain specific market developments, in October 2018 the government withdrew its plans to scrap the dividend tax. This led in turn to the immediate withdrawal of the proposed ban on direct investments by FIIs. Consequently, Bouwinvest no longer needed to adjust the structure of its Dutch sector funds.

The most significant political theme for the retail market is the extent to which municipal authorities will be able to use zoning plans to determine land use in the future. Dutch zoning plans are currently highly prescriptive and determine the extent to which each sector may or may not do business in a certain area. However, due to a pending court case this practice may be called into question. Following consultation with the European Court of Justice, it was found that the retail trade falls under the so-called Services Directive, which stands for the principle of "freedom of establishment". The municipality in which the court case is taking place has now been given until end-2018 to provide better grounds for its assertion that the retail vacancy rate in the town centre will increase further if clothing and other stores set up shop in the periphery of the town.

Sustainability and climate change

One of the many consequences of not meeting the Paris climate control goals will be a temperature rise. If global temperatures increase by four degrees, for instance, it is difficult to predict what the consequences will be. We do know that weather conditions will become more extreme with both flooding and droughts. As a result, agriculture will be impacted and areas will become uninhabitable. This will push migration and once again increase the pressure on habitable areas. This is a scenario we have to prepare for.

In mid-2018, the Dutch Social Economic Council (SER) announced the main concepts of the Dutch Climate Agreement to comply with the Paris Climate Agreement. On the built environment front: before 2050, seven million homes and one million other buildings (including retail buildings) will have to be made sustainable one way or another to convert them to low (or even net-zero) carbon emissions. This pertains largely to existing buildings, as newly constructed buildings will have to be close to energy neutral from 2020 onwards. However, a great deal of the technology required already exists, and companies are gearing up to start the transition. One hot issue the affordability of the measures for lower-incomes. In a move aimed at addressing this issue, the government has said it is is willing to increase the tax on natural gas and reduce the tax on electricity. This will create an incentive to insulate homes and install sustainable heating systems. In rental situations, the issue of the split between investments and financial profit still needs to be addressed. Other challenges that will need to be overcome include: the availability of skilled workers, cutting the cost of measures, the development of new technologies, the digitalisation of the building process, the availability of proven solutions and resources.

Sustainability and the retail market

Before 2021, local governments will come up with plans for the energy transition and map out the availability of sustainable heating at district level. Asset owners will embed this into their sustainability plans and also integrate the reuse of building materials and elements in the building life cycle. In addition to recognising the need to mitigate the effects of climate change, we recognise that climate change is already having an impact and real estate assets need to be resilient. For example, so they are able to recover following an extreme weather event.

What we are seeing at the moment is that investors are looking for assets and pilot projects that help them demonstrate their commitment and contribution to the delivery of climate goals. Furthermore, the industry is adopting the UN's Sustainable Development Goals (SDGs) to demonstrate its contribution to society.

On the retail market front, this is increasing the focus on sustainability. This is also in line with demand: both investors and tenants are increasingly focusing on this aspect.

Demographics and social changes

The growth of the Dutch population is expected to continue in the decades ahead. The population is expected to increase by close to one million inhabitants to a total of 18.1 million in the period to 2040. This population growth will stimulate consumer spending and boost retail demand. However, Dutch population growth will not be evenly spread across the country. The largest cities will see the strongest growth in relative terms and will offer the most potential, partly due to the fact that these cities will be less affected than other parts of the country by the ageing of the population.

With regard to ageing, the Dutch population is undergoing what is termed double ageing; not only is the number of elderly growing, but people are on average living to an increasingly advanced age. The number of 65+ households as a proportion of the overall population is expected to increase from the current 28% to 38% in 2040.

Due to the ongoing urbanisation trend, the majority of these extra households will be concentrated in the urban regions of the country, with the highest concentration in the Randstad urban conurbation. Due to the influx of student and starters, the ageing of the population will be far less pronounced in the major cities than in the rest of the Netherlands.

These demographic shifts in population, urbanisation and ageing are long-term trends that will continue to have an impact on living, shopping, working, mobility and leisure. These trends make it even more important to align the products in the real estate investment market with the future demands of both users and investors.

The growth of the largest cities coupled with the influx of (younger) people, indicates that the largest cities will continue to offer the best retail opportunities for experience oriented shopping, especially in prime locations. The ageing of the population will likely affect shopping behavior, but could be an opportunity rather than a threat for neighborhood centres. That is, provided these centres respond effectively to the wishes and preferences of older people, in terms of convenient parking, accessibility, lay-out and tenant mix.

Other significant trends seen over the past few years and that will continue to have an impact in the coming period include:

- Consumer focus on inexpensive versus high-end; the middle segment will continue to struggle
- Continued growth of online shopping
- Trend towards 'use' versus 'ownership'
- Continued growth of the hospitality sector in shopping streets
- Increase of retail supply in high-traffic locations

Technology and innovation

We are seeing the development of new technologies that improve the quality and productivity of business operations and people's lives on an almost daily basis. This is also true for the real estate sector. Solutions for the current problems faced by today's construction industry, i.e. the lack of skilled workers and the future shortage of building materials, may be found in the technology of smart robots, the development of new (bio-based) materials and improved circularity. Innovations in other industries, such as ultra-fast trains and driverless cars, could change the choices people make in terms of how and where they live, work and shop. This will have a direct impact on the quality of the locations in terms of how we value them (financially). The growing amount of (big) data may offer a solution. By using new technologies, we will be able to use this data to make more accurate predictions regarding the attractiveness of individual stores and other retail locations.

Consumers are embracing technological change more and more quickly and are becoming increasingly mobile. Retailers are adding online stores to their physical stores to offer a fully-fledged multi-channel supply that sets them apart from the dominant online players such as Amazon and Alibaba. These players are very competitive online thanks to the use of the most up-to-date analyses, robotics and logistics technology, such as drones that take care of 'last mile' transport. However, the lack of physical stores means they have no opportunity to bind customers with a personal approach. Technology also makes it possible for retailers to connect with each other and initiate joint campaigns to attract customers. The addition of virtual and augmented reality are making products and services even more attractive for consumers.

Blockchain technology gives retailers the opportunity to gain more trust from consumers, for instance by guaranteeing the origins of products. For landlords, it holds the potential for self-executing contracts, due to the fact that blockchain can be used to settle financial transactions without the intervention of a single person. This could be interesting for the likes of rental contacts and the outsourcing of work.

To continue to attract (new) tenants to deliver added value to all stakeholders, it is essential to integrate new technologies, innovations and ancillary services in the retail environment. This makes it important to work with new market entrants who are developing these applications.

Occupier market

The retail occupier market shows a mixed picture. On one hand multiple retail chains are now unveiling expansion plans, including those that for the past few years have been focusing primarily on consolidation. Last year also saw a number of (international) retailers opening their first Dutch stores, such as Uniqlo, MSCH, NA-KD and Arket. On top of this, a number of retail chains are now experimenting with new formulas and a lot of (new) food and beverage operators are eyeing major expansion in shopping areas.

Still, the risks in this market are lurking below the surface as multiple retailers are still in the midst of transformation processes as they attempt to adapt to tougher competition, changing consumer behaviour and ever-increasing online shopping. As a result, a number of retail chains, like Blokker, Hema and Hudsons' Bay, are focusing their attention on improving their retail formats and optimising their location strategy. This has put the focus of the users market firmly on the best locations in city centres, primarily in the 20 to 25 largest cities in the Netherlands.

The drop in vacancy rates in these major city centres and the limited supply of good locations (due in part to the lower number of bankruptcies) have put a dampener on take-up figures. Outside the city centre areas, the take-up of retail space has been driven primarily by supermarkets, which once again saw a strong rise in turnover in 2018 (+ 4.7% year-on-year in in Q3 2018).

Vacancy rates have been slowly declining for the past three years, from 7.5% in 2015 to 7.0% in 2018. However, there are marked differences per type of location. In city centre areas, vacancy rates have declined from 7.2% to 5.8%, while vacancies in district centres have increased from 7.9% to 9.1%. While the transformation of poorly functioning retail stock will continue to drive down vacancy rates, the growth in online sales and the difficulty some retailers are having adapting to changing consumer demand, is creating risks in the retail segment, both in terms of local vacancy and in terms of rent levels.

Investment market

Given the low interest rate environment and the yield spread offered by real estate, investors' capital inflow into real estate markets remained strong during the past year. In 2018, around € 21 billion was invested in the Dutch real estate market, just short of the record high € 21.9 billion invested in the previous year. This large investment volume was driven by both domestic and international investors, although the market share of the latter group remained dominant. In 2018, international players accounted for 59% of total investments, compared to 76% for the full year 2017.

On the buy side of the investment market, we are seeing a clear shift. Opportunistic and value-add funds used the positive momentum in the market and moved towards the sell side, most notably in the residential market. In contrast, institutional investors remain among the biggest buyers, although they remain active on the sell side too, as they dispose of non-core properties and continue their roll-over strategies.

However, potential threats are looming over the real estate investment market. Prices are high for all financial assets, including property, while the ECB's quantitative easing policy has come to an end and the ECB is expected to raise interest rates from mid-2019 onwards. The impact of Brexit and unfolding trade wars might also prove stronger than expected, while affordability is becoming a major issue in the residential market.

Still, we expect investors' appetite to remain high for real estate investments, due to the fact that real estate continues to prove its value in terms of adding diversification to investment portfolios and the total returns it offers compared to interest rates and other asset classes.

The Dutch retail investment market accounted for a healthy chunk of this investment volume and saw € 4.25 billion in investments in 2018, more than double the figure recorded in 2017. The sub-segments that saw increased investments included retail warehouses and shopping centres, while investments in high street properties showed a marked drop, as only a few portfolios were traded.

Market opportunities and risks

The retail market is facing a number of threats. The first is related to the impressive growth in online sales, which has already had a substantial impact on a number of retail categories. On top of this, the online retail sector is constantly expanding the range of goods it offers, which is in turn creating ever-greater challenges for the bricks-and-mortar retail market. The second threat is related to the extent to which zoning plans will be able to prevent the arrival of regular shops in large-scale and peripheral retail zones in the future. This situation will be clearer in the course of 2019, but this could have far-reaching consequences for both large-scale and peripheral retail zones and for city centres and supporting shopping centres. Thirdly, there are still a number of large retailers that are finding it difficult to to adapt to changing consumer demands in this highly competitive market. Finally, while economic forecasts remain positive, growth is slowing and potential economic and geo-political threats are looming. These threats make it more important to identify and invest in assets within healthy catchment areas.

While these threats are substantial, the retail market is also resilient. If the economic growth remains healthy, this will have a positive impact on the entire retail sector. In many of the largest cities, population growth forecasts are substantial, which will give a significant boost to overall consumer spending power. Additionally, the ageing of the population is creating new market opportunities for retailers and store owners catering to this segment.

The Fund’s strategy

The Fund’s aim is to achieve a stable portfolio that can profit from the changing retail market, mainly due to its well-distributed portfolio of high-quality assets that is sufficiently resilient and future-proof to withstand the future risks in the retail market. This includes a net asset value of invested capital of more than € 1 billion and a good spread in terms of locations, segments and tenants that provides sufficient comfort to absorb these risks and continue to generate solid returns in an evolving retail market.

Based on the market trends and developments described above, the Fund's strategy can be summed up as follows:

- Focus on retail properties classified as Experience and Convenience that closely correlate with the polarisation and urbanisation trends in the Netherlands. These properties also show little sensitivity to the online sales trend;
- Increasing share of Experience and Convenience to at least 80% of the portfolio value;
- Optimisation of the portfolio through acquisitions, disposals, redevelopments and active property management;
- Responsible Investment: continuing the improvement of the Fund’s sustainability performance.

Diversification guidelines and investment restrictions

The Fund applies a defined set of diversification guidelines and investment restrictions in the execution of its strategy. The Fund will adhere to the following investment restrictions to focus on its core activity and to limit risks.

Diversification guidelines	Current portfolio	Conclusion
≥ 80% of investments invested in assets classified as Experience and Convenience	79.6% in assets classified as Experience and Convenience	Not compliant (*)
≥ 90% of investments invested in low or medium-risk categories	93.3% in low and medium-risk	Compliant
Investment restrictions		
< 15% invested in single investment property	There is one investment property exceeding 15%	Not compliant (**)
< 10% invested in non-core properties (non-retail investment properties)	0% related to non-core Retail properties	Compliant
No investments that will have a material adverse effect on the Fund's Diversification Guidelines.	There were no investments in 2018 that have a material adverse effect on the Fund's diversification guidelines	Compliant
(Re)development activities < 5% of the Fund's total investment portfolio value	There were no (re)development activities > 5% in 2018	Compliant
a. only Assets from the Fund's porfolio qualify for (re)development	In 2018, all (re)development activities were were related to assets of the Fund's portfolio	Compliant
b. the activities are exclusively targeted at optimising the quality of the portfolio	All activities were targeted at optimising the quality of the Fund portfolio	Compliant
c. not allowed if it has a negative impact on the Fund's Diversification Guidelines	There was no negative impact on the Fund's diversification guidelines	Compliant
d. signed commitments relating to at least 60% of the rental income of the Asset is required	Commitment > 60%	Compliant
e. (re)development is undertaken by and for the risk and account of Bouwinvest Retail Development, a wholly owned subsidiary of the Fund	All (re)development activities are undertaken by and for the risk and account of Bouwinvest Retail Development	Compliant
f. all financial risks in connection with the work to be conducted as part of the (re)development will be contractually excluded by Bouwinvest Retail Development and transferred to external developers or contractors. Examples of such risks are: design and building risks and cost and planning risks	All financial risks in connection with the work to be conducted as part of the (re)development are contractually excluded by Bouwinvest Retail Development and transferred to external developers or contractors	Compliant
g. zoning risks remain with the Fund. However, the start of building activities related to a (re)development is conditional upon obtaining the relevant zoning permit	The building activities related to a (re)development were conditional upon obtaining the relevant zoning permits	Compliant

(*) Increasing the share of Experience and Convenience to at least 80% of the portfolio value is part of the Fund's strategy. This will be realised primarily through new acquisitions, investments in the redevelopment of standing assets and divestments of assets classified as 'Other'.

(**) The management made an exception for the investment property Damrak 70 Amsterdam, due to its unique retail location and its low risk profile.

Portfolio developments 2018 in perspective

Overview of Fund plans

	Plan 2018	Result 2018	Result 2017
Income return	4.4%	3.6%	4.5%
Capital growth	3.2%	2.0%	3.3%
Total Fund return	7.7%	5.6%	7.8%
Occupancy rate	96.5%	95.2%	95.6%
Investment	€ 80 million	€ 66 million	€ 77 million
Divestment	€ 30 million	€ 2 million	€ 0.6 million
Funding	€ 60 million	€ 62 million	€ 55 million

Investments, divestments and redevelopments

In 2018, the Fund made two acquisitions, sold two assets and added one new asset to the portfolio. Furthermore, the Fund invested in two redevelopments and in the optimisation of the quality of its assets. These investments helped take the total value of the portfolio to € 958 million at year-end 2018 from € 877 million at year-end 2017.

Investments

The Fund invested a total of € 66 million, which was € 14 million lower than our original plan. These investments helped take the total value of the portfolio to € 958 million at the end of 2018. Of the total acquisitions, € 17 million was in line with our Experience strategy, while € 47 million was invested in line with our Convenience strategy.

Acquisitions

Heuvelstraat 24
Tilburg,
The Netherlands

Heuvelstraat 24 and 36-38, Tilburg

In November, the Fund acquired two high street retail assets on the busiest shopping street in the centre of Tilburg. Tilburg is ranked 15 in Bouwinvest's top 20 shopping cities. Heuvelstraat 24 is rented to retailer HEMA. This unit has ground floor of 1,210 m², a first floor of 1,209 m² and an 817 m² storage cellar. The HEMA store was recently converted to the chain's latest 'HEMA Worlds' concept and has a restaurant on the first floor of the building. Heuvelstraat 36-38 is rented to shoe store Manfield. This unit has a ground floor of 182 m², a 62 m² cellar and a first floor with five separate student rooms. Both retail units are an excellent fit with Bouwinvest's Experience strategy.

Westkapelseweg 10
Zoutelande,
The Netherlands

Portfolio of 13 supermarkets, including 11 Jumbo stores
In December, the Fund acquired a portfolio of 13 supermarkets across the provinces of Overijssel, Noord-Brabant, Zeeland and Zuid-Holland. In total, 11 supermarkets will be transformed into the new Jumbo formula with a strong emphasis on (fresh) experience and food service. Retailer Jumbo has grown over the past decades from a regional supermarket chain to an active market leader. With a turnover of more than € 7 billion and a market share of 20%, Jumbo dominates the market for daily groceries together with retailer Albert Heijn. The purchase represents a major addition to the Fund's Convenience strategy and ensures a stable rental income with new 10 and 15-year leases. The largest supermarket is 2,084 m², while the smallest store is 895 m².

New assets added to the portfolio

Centrumplan
Rosmalen,
The Netherlands

Centrumplan shopping centre, Rosmalen
The Centrumplan shopping centre in Rosmalen includes 19 retail units with a combined size of 6,448 m². The total annual rental income is € 1.4 million. The main anchors are two supermarkets: Jumbo (2,000 m²) and the Lidl (1,800 m²), together with a number of daily grocery shops. The weighted average lease term (WALT) is 7.7 years. Centrumplan is a good fit with the 'Convenience' element of the Fund's strategy, which includes investments in local shopping centres with a healthy catchment area, anchored by supermarkets, with ample parking facilities and a retail mix geared towards daily shopping needs. Centrumplan opened in September 2018.

Divestments

Vughterstraat 2 & 4

Den Bosch,
The Netherlands

In 2018, the Fund budgeted € 30 million for the divestment of non-core assets. These assets do not fit our strategic requirements due to their location, size or economic outlook. The Fund sold two high street retail asset in Den Bosch. In addition, the Fund took further steps in its sales programme, and expects to complete the sale of two non-core assets in the first half of 2019.

Redevelopments

De Munt shopping centre

Weert,
The Netherlands

The Munt shopping centre, Weert

In 2018, the Fund started on the upgrade of the Munt shopping centre in Weert. The key points of this renovation are: transparency and a modern look and feel for retailers. The biggest change will be on the Nieuwe Markt side of the centre, where we are renewing the facade and adding a transparent, double-height entrance. We are also renewing the shopping passages, entrances and facades. The Munt shopping centre has 16,414 m^2 of retail space divided over 50 retail units. H&M has signed a lease for around 70% of the space from the former V&D department store. Other stores are occupied by fashion retailers, such as WE, Cool Cat, Miss Etam and C&A, but the centre also offers anchor supermarket Albert Heijn and a complete offering of fresh goods. Completion is expected in mid-2019.

Goverwelle shopping centre
Gouda,
The Netherlands

Goverwelle shopping centre, Gouda

In 2018, the Fund started on the expansion and upgrade of the Goverwelle shopping centre in Gouda. The 1,000 m² extension will create space for the expansion of the Albert Heijn supermarket and for the addition of a second, complementary, discount supermarket, Dirk van der Broek. It will also add additional parking facilities for 235 cars. A number of the current retail tenants have also agreed to make substantial investments in upgrades to their own stores. This expansion and modernisation project will shift Goverwelle from Other retail to the Convenience part of our portfolio and make the centre future proof. Completion of this redevelopment is expected in the third quarter of 2019.

Active asset management

In addition to its redevelopment activities, the Fund also carried out active asset management in other assets in the portfolio. For example, the Fund made progress on the rental front in the Promesse asset in Lelystad, mainly due to the arrival of anchor HEMA with a 1,163 m² store. In line with modern retail concepts, this retailer will incorporate a food and beverage element within the store. The addition of retailer HEMA also strengthened the rentability of surrounding retail units thanks to the improved of footfall in the shopping centre for existing and potential tenants. The arrival of HEMA did not go unnoticed. After this lease, other new leases and renewals followed, including leases with retailers Jamin and The Phone House, optician Specsavers and travel agency TUI Nederland. Thanks to this active asset management, the Fund managed to maintain a high occupancy rate 91.7% in this asset, compared with 85% for Lelystad city centre as a whole, which is creating fierce competition on the rental market.

The development and realisation of specific rental strategies is another good example of our active asset management approach. This approach led to a good deal of leasing activity in the Stadionplein (Amsterdam) and Parkweide (Ede) shopping centres. The occupancy rate for these assets increased to 100% in 2018, compared with 89.9% and 91.3% respectively in 2017.

In 2018, we also tried out new leasing ideas to keep our tenant mix fresh to drive traffic and attract new visitors. One good example of this is the 'Win your store' initiative, which makes it easy for new entrepreneurs to open a store in one of our assets. They simply pitch an idea for a chance to win their own store ready to be fitted out, with a six-month rent-free period and free support from a financial expert. During the six-month period, we evaluate the potential of the new store and gain insight into the turnover data. Then we use this data to assess the possibility of forging a long-term relationship with the new tenant.

Portfolio diversification

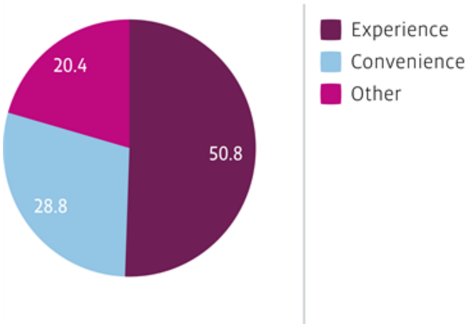
Portfolio composition at year-end 2018:

- Total value of investment property € 958 million (63 properties)
- 258,530 m² of lettable floor space
- Two redevelopment projects
- One new property added to the portfolio

Allocation by strategy

At year-end 2018, the Fund's total portfolio consisted of a total of 63 assets. Of these, 26 assets are classified as Experience and 21 assets are classified as Convenience. The category 'Other' consists of 16 retail assets that do not fully meet our strict Experience and Convenience criteria. The Fund's ambition is to increase the share of Experience and Convenience to at least 80% of the portfolio value. In line with this ambition, in 2018 the Fund realised a 2.6% increase in the share of Experience and Convenience, which rose to 79.6% from 77.0%, which is now close to the strategic plan.

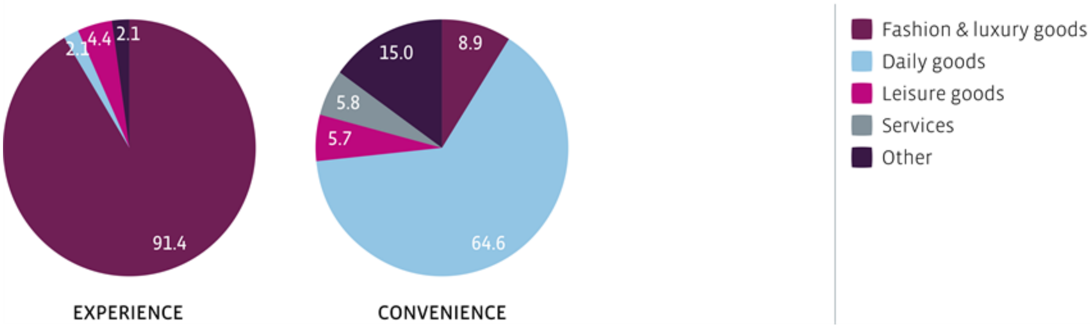
Allocation of investment property by strategy based on book value



Tenant mix

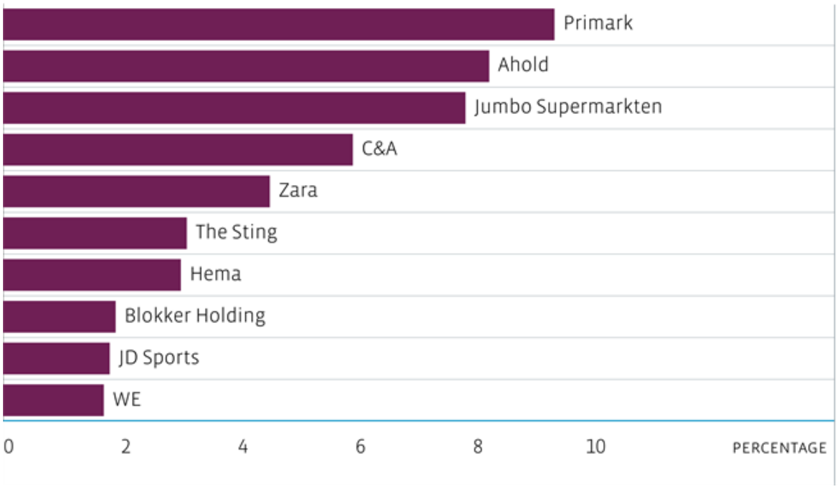
The Fund's portfolio includes a wide range of tenants by segment type. In 2018, in the Experience part of the portfolio the share of the segment 'fashion & luxury goods' increased to 91.4% (2017: 91.1%). In the Convenience part of the portfolio, the share of the segment 'daily goods' increased to 64.6% (2017: 60.0%).

Allocation of investment property by tenant sector as a percentage of rental income



The top 10 major tenants accounted for a total of 47.3% of the theoretical rent in 2018 (2017: 45.3%). The ranking changed substantially due to the purchase of 13 supermarkets, 11 of which are leased to food retailer Jumbo. Jumbo has now moved to number 3 from number 5 in the top 10. Retailer HEMA also rose from tenth to seventh place following two new leases in the portfolio and the acquisition of the HEMA store in Tilburg. The total rent of HEMA increased substantially by 1.3% to 3.0% of the Fund's total rental income. Primark still tops the list, accounting for 9.3% (2017: 9.8%) of the Fund's total rental income.

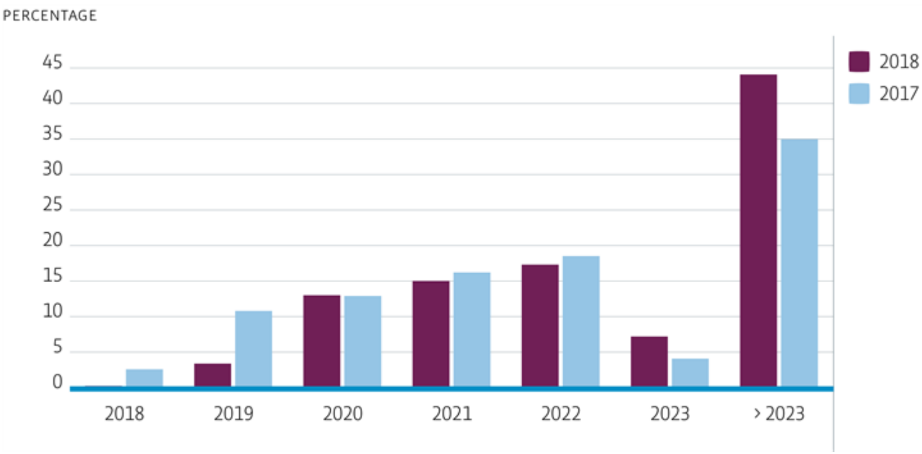
Top 10 major tenants based on theoretical rent



Expiry dates

The overview of expiry dates shows a gradual division in the coming years. By the end of 2018, more than 44% (2017: 39.2%) of the total rental income was due to expire after 2023, which means the Fund's expiration risk remains very low. The average remaining lease term of the total portfolio at year-end 2018 was 6.4 years (2017: 6.5 years).

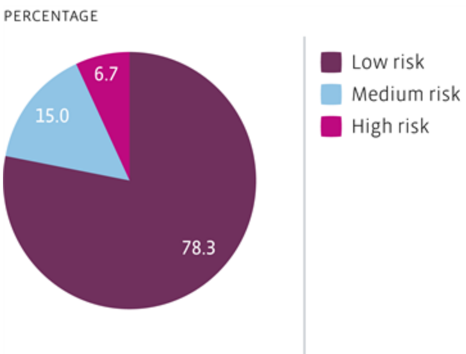
Expiry dates as a percentage of rental income



Allocation by risk

In terms of risk diversification, at least 90% of the investments must be low or medium risk. The actual risk allocation as at year-end 2018 is shown in the figure below. We assess all properties separately an an annual basis.

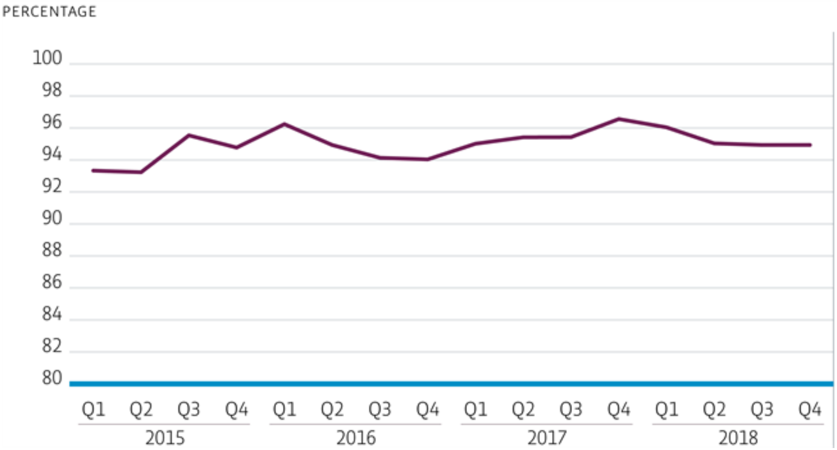
Allocation of investment property by risk based on book value



Financial occupancy

The Fund managed to maintain the occupancy of the portfolio at a high level. The average occupancy rate ended at 95.2% in 2018 (95.6% in 2017), which was 0.4% lower than the 2018 budget. Strategic vacancy due to the renovation and expansion activities in the Goverwelle shopping centre and De Munt shopping centre in Weert, have temporarily reduced the occupancy rate of the portfolio. The Fund closed 112 new lease contracts and renewals, representing a total of € 5.3 million in annual rent.

Financial occupancy rate



Financial performance in 2018

Total return

The Fund realised a total return of 5.6% in 2018 (plan: 7.7%; 2017: 7.8%) consisting of 3.6% income return (plan: 4.4%; 2017: 4.5%) and 2.0% in capital growth (plan: 3.2%; 2017: 3.3%). The total return came in at € 48.7 million, compared to € 67.6 million in plan (2017: € 61.1 million), while the Fund's invested capital was 1.0% higher at € 969.7 million, from € 960.0 million in plan (2017: € 888.9 million). The capital growth was less than the nominal growth, as the nominal growth also includes additional capital called. The main drivers for income return and capital growth are explained in more detail below.

Income return

The Fund realised an income return of 3.6% compared to 4.4% mentioned in the Fund Plan (2017: 4.5%). The income return is the balance of increased net rental income from assets and increased Fund and finance costs. Net rental income of € 43.6 million was € 1.2 million lower than plan of € 44.8 million (2017: 42.4 million). At € 11.6 million, Fund and finance costs were significantly higher than the € 4.8 million in plan (2017: € 4.7 million) due to a tax settlement related to the redevelopment of the Damrak and Nieuwendijk assets (€ 5.8 million).

Capital growth

The Fund realised a capital growth of 2.0% in 2018 compared to 3.3% in plan (2017: 3.2%).

Property values continued to show an upward trend in 2018 compared to 2017. We believe that this is due to the fact that the Fund is largely invested in the Randstad conurbation and the Fund's continued focus on optimising its portfolio by upgrading and future-proofing its assets.

Property performance

The total property return for 2018 came in at 7.0% (plan: 8.1%; 2017: 8.0%) consisting of a 5.0% direct property return (plan: 5.0%; 2017: 5.2%) and a 1.9% indirect property return (plan: 3.1%; 2017: 2.8%). The total property return outperformed the MSCI Netherlands Property Index by 2.0%

The Fund return (INREV) and property return (MSCI) are different performance indicators. The Fund return is calculated according to the INREV Guidelines as a percentage of the net asset value (INREV NAV) and the property return is calculated according to the MSCI methodology as a percentage of the value of the investment properties.

INREV e.g. includes cash, fee costs and administrative costs in the calculation of the income return (INREV). Furthermore, the amortisation of acquisition costs is treated differently by INREV and MSCI.

Capital Management

Leverage

In accordance with the Information Memorandum, the Fund will be financed solely with equity and will have no leverage, but may borrow a maximum of 3% of the balance sheet total for liquidity management purposes.

In 2018, the Fund was financed solely with equity and did not use any loan capital for liquidity management purposes.

Treasury management

For treasury management purposes, the Fund acted in accordance with its treasury policy in 2018, in order to manage liquidity and financial risks for the Fund. The main objectives of the treasury management activities were to secure shareholders' dividend pay-out and liquidity for redemptions, as well as to manage the Fund's cash position.

At year-end 2018, the Fund had € 20.5 million in freely available cash. In 2018, the Fund's cash position declined by € 1 million, when compared to year-end 2017.

In 2018, the Fund paid € 32.9 million as dividend to its shareholders and made two capital calls for a total amount of € 65 million.

Interest rate and currency exposure

In 2018, the Fund was subject to the negative interest rates on its bank balances. To minimise the costs of the negative interest rate on its bank balances, the Fund used 30-day bank deposits in 2018.

As the Fund had no external loans and borrowings, nor any foreign currency exposure in 2018, the Fund had no exposure to interest rate risks or currency exposure risks. The interest rate risk related to bank balances is limited for the Retail Fund.

Dividend and dividend policy

The Bouwinvest Board of Directors proposes to pay a dividend of € 118.16 per share for 2018 (2017: € 117.77), which corresponds to a pay-out ratio of 100%. It is proposed that the dividend be paid in cash, within the constraints imposed by the company's fiscal investment institution (FII) status. Of this total dividend, 60.3% was paid out in 2018, with the final quarterly instalment paid out on 5 March 2019. The remainder of the distribution over 2018 will be paid out in a final instalment on 2 May 2019, following approval by the Annual General Meeting of Shareholders to be held on 24 April 2019.

Tax

The Fund qualifies as a fiscal investment institution (FII) under Dutch law and is as such subject to corporate tax at the rate of zero percent. Being an FII, the Fund is obliged by law to distribute hundred percent of its fiscal profits annually. To meet this distribution obligation the Fund proposes to pay out hundred percent of its direct result which equals its fiscal profits.

The Fund met its obligations related to value added tax, transfer tax and other applicable taxes in their entirety in 2018.

in 2018, the Fund reached a settlement with the Dutch tax authorities regarding the calculated compensation of Bouwinvest Development B.V's activities for the Damrak and Nieuwendijk project.

Outlook

Improvement of occupier market

The overall growth in retail spending has resulted in a further improvement of market conditions in the retail sector. Competitive chains are once again expanding, while we are also seeing new entrants to the market. At the same time, the risks in this market are not far below the surface, as multiple retailers are still in the midst of transformation processes as they attempt to adapt to tougher competition, changing consumer behaviour and ever-increasing online shopping.

As the largest cities are also the ones growing the fastest, they continue to provide a strong base for experience shopping in high streets. International retailers remain very much focused on prime locations in the 15 largest cities in the Netherlands. With regard to daily shopping, proximity remains the decisive element, while Bouwinvest is seeing local shopping centres increasingly catering to the ageing population.

Ongoing polarisation

At the same time, the polarisation seen in recent years is set to continue at both regional and retail segment levels. Regions with a strong demographic and economic growth outlook offer a far stronger basis than regions suffering from demographic and economic contraction. This is also visible in the investment market, where prime properties are easily traded, while investors are cautious on secondary supply.

Zoning threat

The most significant threat for the retail investment market is related to whether the zoning regulations in the Netherlands will be as prescriptive in the future as they are now. If not, retailers will have a lot more flexibility as to where they realise their outlets, which could change market dynamics.

Technology improves shopping experience

With technological possibilities on the rise and competition between retailers fierce, technology is playing an increasingly important role in the retail market. This goes for retailers, who can use in-store technology to implement their omni-channel strategies, but also for the owners of stores and shopping centres. These owners are now increasingly using monitoring tools to follow, predict and enhance the flow of passers-by.

Fund ready for the future of retail

The Fund's strategy of focusing on Experience and Convenience has ensured that our assets are located in prime retail locations with good economic prospects. This is why the Fund has also made solid returns over the past few years in a very dynamic market. The Fund will continue to optimise its portfolio, by investing in high-quality assets and by divesting assets that do not meet our Experience or Convenience criteria to achieve our ambition of total invested capital of € 1 billion, which will give us the scale and the synergies we need to safeguard our long-term return plans. In addition, the Fund will continue its sustainability strategy aimed at reducing the environmental footprint of the shopping centres or retail assets in its portfolio.

We believe this will put the Fund in an even stronger position for the future and we will therefore continue on this path in 2019.

Amsterdam, 20 March 2019

Bouwinvest Real Estate Investors B.V.

Dick van Hal, *Chief Executive Officer*
Arno van Geet, *Chief Financial and Risk Officer*
Allard van Spaandonk, *Chief Investment Officer Dutch Investments*
Stephen Tross, *Chief Investment Officer International Investments*

Experience

Amsterdam
the Netherlands
Nieuwendijk 196

Responsible investing

Introduction, ambition and strategy

We believe Responsible Investment is about all employees and affiliated organisations taking the initiative to help improve the environment and society. The built environment consumes around 40% of the world's energy and accounts for up to 30% of the world's annual GHG emissions. Additionally, the building industry is a large user of raw materials. As a global real estate investor, we feel is it part of our responsibility to help find solutions, to contribute to a CO_2-neutral, sustainable, circular, resilient and healthy living environment, and to enhance stakeholder value by investing in sustainable real estate.

Long-term climate change ambition: near 'energy neutral' portfolio before 2045

The Fund endorses the area-focused approach proposed by the Dutch government. If one of our properties is located in a pilot district/neighbourhood for climate agreement-related initiatives, we will cooperate as much as we can. In the period 2019-2021, the Fund will draw up a 'Paris Proof' roadmap 2030/2050 to determine how we will use smart methods to make the entire portfolio near energy neutral before 2045 (average energy index of 0). The basic premise of this initiative is that any improvements are affordable, fit into our maintenance cycle and are aligned with the area-focused approach of the municipal authority in question. Whenever any gas-powered installations are replaced in the coming years, we will weigh the feasibility of replacing these with (nearly) natural gas-free installations.

In addition to this, we continue to make an active contribution to the concrete measures aimed at realising the climate agreement and regional plans via various channels (including the Dutch Association of Institutional Property Investors, IVBN, and the Dutch Green Building Council).

To make a start, we have formulated the following 'Paris-proof' objectives for the mid-term:

- 2021-2030: Year-on-year reduction of 5% in GHG emissions for the total portfolio (general and tenant consumption)
- 2030: Our portfolio has a weighted average energy label A (energy index <1.0)

Strategy: obtain GRESB 5-star rating in 2020

Our long-term strategy to keep the Fund highly sustainable and obtain a GRESB 5-star rating is based on three main pillars:

Continued improvement of the Fund's sustainability performance

Investing in sustainable real estate

Sustainable real estate funds and buildings help to alleviate climate change and provide broader social, economic, environmental and health benefits. We believe that by focusing on societal returns in the locality of our investments, they will keep their value in the future and that, in turn, will guarantee our long term financial performance.

Enhancing stakeholder value

From investor to tenant, shareholder to local and national government official, from suppliers to local operators and regulators to communities, Bouwinvest endeavours to have long-term alliances with our stakeholders because we believe collaboration is essential for future success. We encourage our partners to share our values as part of our commitment to good stewardship.

Being a responsible organisation

We recognise that dedicated and hard-working employees are crucial to ensuring we meet our goals and we do our best to create a pleasant and encouraging atmosphere at work. Our strict corporate governance, risk and control programmes guide our responsible business practises.

The goal for the Retail Fund is to obtain a GRESB 5-star rating by 2020. This will keep the Fund highly sustainable and make a positive contribution to United Nations' Sustainable Development Goals (UN SDGs), which include Sustainable cities and communities (SDG 11), Affordable and clean energy (SDG 7) and Decent work and economic growth (SDG 8).

Summary of Responsible Investment

The Fund has set targets in line with its Responsible Investment objectives and long-term climate ambitions. In 2018, the Fund made significant progress on its Responsible Investment objectives and targets, as shown in the table below. The 2018 results according to INREV sustainability guidelines are explained in the following sections. For more detailed information, please see the Responsible Investment performance indicators on page 104 of this annual report.

	Results responsible investment 2018
Continued improvement of the Fund's sustainability performance	We improved our GRESB score by 5 points (total 79 points) and retained our GRESB 4-star rating
Investing in sustainable real estate	84.0% of our shopping centres have a BREEAM-NL in-use certificate.
	In 2018, we realised a 5.7% like-for-like reduction of energy consumption. We have installed a total of 125 kWp in solar panels. This resulted in 95.6% green label portfolio with an average energy index of 0.88.
Enhancing stakeholder value	Satisfaction survey tenants: we conduct a bi-annual tenant satisfaction survey to gather the information we need to meet our tenants' needs. As in previous years, we discussed the results with our property managers and agreed targets, all aimed at further improving tenant satisfaction.
	23.8% construction sites (one redevelopment) are registered under the Dutch Considerate Constructors Scheme ('Bewuste Bouwer').
Being a responsible organisation	Zero incidents and sanctions as a result of non-compliance

Continued improvement of the Fund's sustainability performance

At Bouwinvest, we believe that we cannot ensure long-term successful investments without taking the needs of society into account, as the two are inextricably linked. To make sure we are making the maximum effort to safeguard societal and financial returns, we monitor our investment and operational performance using the internationally accepted GRESB benchmark.

We believe an above-average sustainability rating, a GRESB 4- or 5-star rating, makes the Fund is highly sustainable and actively contributes to meeting the UN's Sustainable Development Goal 11: Sustainable cities and communities.

The target for 2018 was to retain the Fund's GRESB 4-star rating, to improve its overall score and outperform the Fund's peer group. The Fund did outperform its peer group and is currently third of eight in the ranking for Dutch retail funds. The Fund once again retained its 4-star rating and improved its overall score by five points to a total of 79 (GRESB peer average 74). The Fund improved its score on all seven aspects compared to last year. The Fund's goal is to continue to improve its score and achieve a GRESB 5-star rating by 2020.

Target on continued improvement of the Fund's sustainability performance	
Annual improvement of overall GRESB score	Achieved. + 5 points (79/100), 4 out of 5 star rating.

Investing in sustainable real estate

Our sustainable real estate strategy is built on two pillars: certified sustainable assets and the reduction of environmental impact. Sustainable real estate helps to combat climate change and generates broader social, economic, environmental and health benefits. We are convinced that our approach reduces risk, increases client returns and makes our real estate assets and portfolios more attractive.

Sustainable buildings

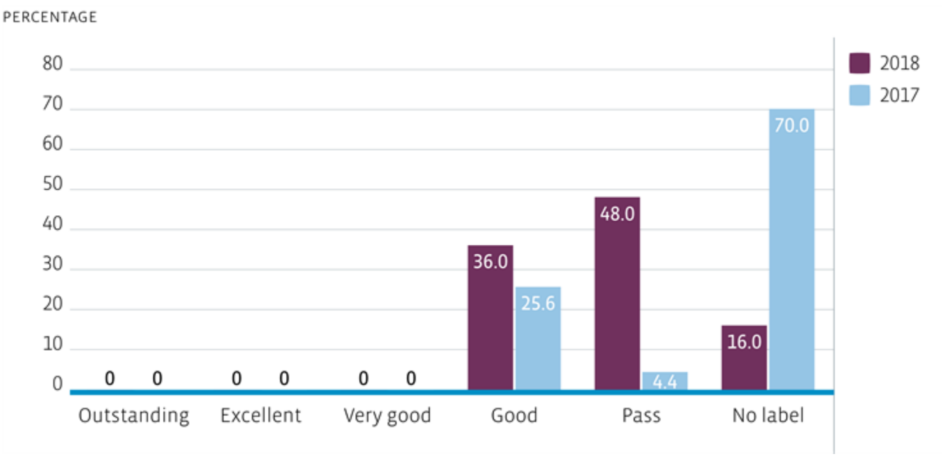
Sustainable building certificates enable us to show where we are in terms of sustainability at asset level and how far we still have to go. We use internationally accepted sustainability certificates to measure and assess the overall sustainability of our assets. Benchmarks help us to make informed business decisions aimed at mitigating environmental, social and governance risks and to enhance our long-term returns. Certificates such as BREEAM measure criteria that go beyond legislative requirements and provide us with instruments to encourage more responsible tenant behaviour, such as cutting waste and reducing energy consumption.

The Fund uses BREEAM to measure and assess the overall sustainability of its buildings. The BREAAM methodology covers a wide range of subjects; from energy to transport, from vegetation and materials to indoor quality. This makes it a very useful tool for the implementation of sustainability measures at various levels within the Fund.

The 2018 target for sustainability measures was to achieve a BREEAM 'GOOD' rating for new developments, acquisitions and major renovations in the portfolio and to achieve BREEAM label for 100% of our shopping centres. The Fund made a great deal of progress last year and achieved BREEAM labels for all the assets in the portfolio, with the exception of the newly-opened Centrumplan shopping centre in Rosmalen. We expect to get a BREEAM 'GOOD' label for this centre in the near future. But this is just the first step towards making the Fund's entire portfolio truly sustainable. The BREEAM labelling procedure provides the Fund with a huge amount of information we can use to draw up action plans and targeted measures to reduce energy and water consumption and improve waste disposal. The Fund has now drawn up an asset sustainability plan for each asset aimed at improving their sustainability performance.

The figure below shows all certificates obtained per asset.

Sustainable building certificates
BREEAM scores shopping centres (% of standing lettable floor space)



Targets on sustainable buildings & Investments	
100% BREEAM-NL certified shopping centres by end 2020	On track. 84.0% certified. (2017: 30%)
Acquisitions and major renovations/ redevelopments minimum BREEAM-NL In-use GOOD	On track.

The Fund redefined these targets in the Fund Plan 2019-2021 in such a way that we are now aiming for 50% certified assets with BREEAM-NL in-Use Good or better by end 2021 at management-level, while we have so far focused solely on certification at asset-level.

Reduction of environmental impact

We are committed to making environmental stewardship an integral part of our daily operations and strive to decrease both our direct and indirect environmental footprint. Energy consumption accounts for a large proportion of a building's environmental footprint. Data measurement and consistent reporting via certification schemes help us to increase our buildings' energy efficiency and reduce the associated costs, in cooperation with our tenants. We have adopted maintenance strategies that include modern, energy-efficient heating, cooling and lighting systems.

Energy efficiency is the most cost effective way for the Fund to reduce carbon emissions, but we also encourage the use of renewable energy sources. We buy certified green electricity and are boosting alternative energy use.

The Retail Fund's sustainability strategy is focused on reducing the environmental footprint of the shopping centres or retail assets in its portfolio. It does this by exerting a direct influence on the larger (public) areas of the buildings or complexes, and by investing in improvements that benefit existing and potential tenants.

Testing the boundaries

One of the biggest dilemmas the Fund shares with other real estate investors on the sustainability front is deciding how to invest, how much to invest and what technologies or innovations to invest in to create the most sustainable portfolio possible, both in terms of positive environmental and social impact and in terms of sustainable long-term returns on our investments. This dilemma, which translates into a constant stream of choices and decisions, informs virtually everything we do to make the Fund and the retail portfolio more sustainable. Every decision related to investments in energy-saving, GHG emissions reduction or positive social impact has to be balanced against our primary goal, which is to generate healthy long-term returns for our shareholders and their stakeholders.

We want the Fund and our assets to be as sustainable as they can be, but how much we can invest is always limited by the potential impact on returns. On top of this is the question of how to invest, which can be about finding the best ways to reduce environmental impact and have a positive commercial or social impact both effectively and cost-efficiently. For instance, do we install solar panels on our retail assets? Is this even feasible for some assets? This in turn raises the question of whether retail tenants will be willing to co-invest in the form of slightly higher rents in exchange for lower energy bills. Another question is what is the best way to work with developers to maximise the sustainability of our new-build projects? Or with construction firms when we upgrade existing retail assets? We firmly believe that cooperation with our stakeholders will be the key to our success on this front.

Sustainability improvements

In 2018, the Fund carried out measures to increase the sustainability of its assets. The sustainable redevelopment of Molenhoek shopping centre in Rosmalen, which included adding insulation to the outer facade of concrete plates and renewing the roof area, improved the centre's energy label to A from G.

Monitoring performance

Monitoring environmental performance data (energy and water consumption, greenhouse gas emissions and waste) is an important part of managing sustainability issues. The Fund tracks and aims to improve the environmental performance of its managed real estate assets: those properties for which the Fund is responsible for purchasing and managing energy consumption. The Fund reports on energy consumption (electricity, heating and gas: the energy components) for its shopping centres, which translates to greenhouse gas emissions.

The Fund has set clear targets for the reduction of its environmental impact in the period 2018-2020:

- Renewable energy: increase percentage of renewable energy
- Energy: average annual reduction 2%
- GHG emissions: average annual reduction 2%
- Water: average annual reduction 2%
- Waste: Increase recycling percentage

Renewable energy production

In 2018, the Fund installed solar panels in the Parkweide shopping centre to reduce the energy consumption of the public area of this asset. In total, these panels generate approximately 26,000 kWh per year, which is more than the total energy consumption of the public area, including lighting and the charging of electric cars. The Fund also reached an agreement with one of its largest tenants, Ahold (the parent company of Albert Heijn supermarkets) on the installation of solar panels on the asset Molenhoek in Rosmalen. The Fund made the investment, while Ahold will pay a fixed fee per annum and benefits from the energy generated by the panels.

Energy consumption and GHG emissions

[updaten en GHG toevoegen] In 2018, the Fund managed to cut energy consumption by 1.1% (2017: 4.8%) on a like-for-like basis.

Water consumption

We take a strategic approach to water management because this enhances the efficiency, resilience and long-term value of our investments. The Fund is committed to reducing water consumption, reusing water and preventing water pollution and flooding.

Waste

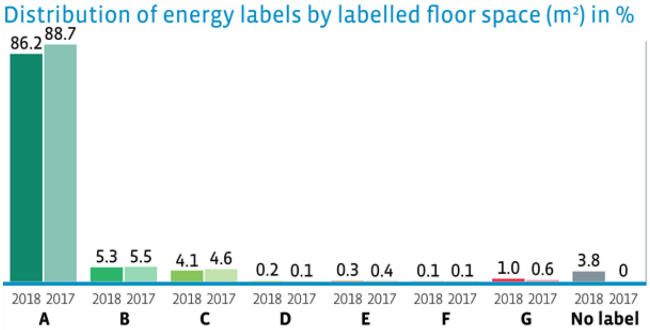
The Fund aims to manage waste at its properties responsibly. We encourage our tenants to minimise and recycle waste. We provide recycling bins and encourage the reuse of plastics, metal and other materials. We are also studying the opportunities offered by circular economy developments.

Green portfolio

At year–end 2018, 94.6% of the Fund's retail assets had a green energy label (2017: 98.8%), indicating a high level of energy efficiency for the portfolio. The number of assets with a green energy label declined slightly due in part to the addition of the new Centrum shopping centre in Rosmalen and the retail unit Heuvelstraat 24 to the portfolio, as these assets have not yet been labelled.

Distribution of energy labels in the portfolio

Distribution of energy labels by labelled floor space (m²) in %



Targets on reduction of environmental impact	
Doubling energy generated on location in 2020 compared to 2016 (93 kWP)	On track: 125 kWp in 2018.
Reduce average annual environmental impact by 2% per year	Energy -5.7%
	GHG emissions -5.7%
	Water n/a
	Waste -33.8%
100% green portfolio (A, B, C energy labels) in 2018	On track: 95.6% green labeled

The Fund redefined these targets in the Fund Plan 2019-2021 in such a way that we are now aiming to receive Energy label A for at least 95% of the portfolio (energy-index <1.2). The target for energy reduction is now 5% per year to put the target in line with (international) climate goals (reduction of 95% of CO_2 in 2050 compared to 1990). We also raised the target for renewable energy generated on-site via solar panels to 1,000 kWp by the end of 2021.

Enhancing stakeholder value

Bouwinvest endeavours to optimise long term alliances with our stakeholders. We have put methods and means in place to understand, meet and respond to our stakeholders needs and to take to heart the issues that our stakeholders find important. Next to this we take an active approach to raising environmental, social and governance awareness throughout the real estate industry.

Engaging with stakeholders

At Bouwinvest, we believe the best way to engage our stakeholders is through open and transparent dialogue and positive collaboration that cements long-term returns on investment and creates more impact. We actively cooperate with existing tenants on initiatives to optimise comfort and energy efficiency. We continue to work with our property managers, local authorities and tenants to provide comfortable, safe and convenient shopping areas in our retail assets. So far, six assets have been assessed or are in the process of being assessed for the 'Keurmerk Veilig Ondernemen' safety certification.

The Retail Fund is constantly looking for ways to work with retailers and other tenants, as well as other stakeholders in the local community, to improve the sustainability of our assets. And more and more retailers are now keen to improve their own sustainability performance and to make use of the knowledge and experience we have acquired on this front. For instance, in what could be considered a landmark agreement, we recently teamed up with Ahold, the parent company of Albert Heijn supermarkets, to achieve shared goals on the sustainability front. Ahold is looking to achieve CO_2-neutral supermarkets in line with the Paris Climate Agreement, while the Retail Fund's goal is to maximise the sustainability of all its assets. With this shared goal in mind, Ahold has agreed to share data on energy use, water consumption and waste disposal, as well as any planned renovations.

At the same time, the Fund will provide Ahold with information on the BREEAM labelling of the shopping centre, the energy label of individual Albert Heijn supermarkets and data on the insulation quality of roofs, floors and walls in its supermarkets, as well as any planned asset renovations. The two will then use this data to identify potential measures to improve energy and water use, cut CO_2 emissions and improve waste disposal. This could include improving insulation during renovations, installing solar panels on roofs, placing charging points in car parks and a whole host of other measures. The data provided will be the key to identifying the right measures for each individual supermarket or retail asset. In late 2018, the Fund and Ahold launched a pilot project with two supermarkets in the Fund's assets and expect to roll out the initiative on a wider scale sometime in 2019. The Fund sees this as an outstanding model for cooperation with other tenants in its portfolio and hopes other retailers will follow suit.

The Retail Fund conducts a bi-annual tenant satisfaction survey, which provides insight into the satisfaction of tenants and highlights potential improvements. Although there was no survey in 2018, the Fund was in continuous contact with its tenants throughout the year.

Tenant portal

In response to the results from previous tenant satisfaction surveys, in 2018 Bouwinvest unveiled plans to set up a tenants' portal, which will go live in 2019. This will provide tenants with a digital channel for repair requests, complaints and all the information they need about their lease contracts, service charges and payments, and gives them a channel to contact our property managers with queries and any issues they may have.

These are all developments that make communications with our tenants more efficient and more effective, which we expect to improve tenant satisfaction. Of course, tenants will still be able to communicate with our property managers via traditional channels, as there is still a need for these channels.

Target on engage with stakeholders	
Conduct satisfaction survey for tenants every two years. Satisfaction target > 7	On track: average satisfaction increased to 6.5 from 5.8 (survey 2017)

Sustainable stewardship

We take an active approach to raising environmental, social and governance awareness throughout the real estate industry. We encourage our partners to enhance their sustainability performance. We focus on: health & safety at construction sites, active participation (memberships) in industry associations and community programmes. To further improve the climate for real estate investments, we are an active member of boards and committees of sector, industry and cross-disciplinary networks such as Neprom, IVBN, Holland Metropole, DGBC, INREV and ULI.

The Retail Fund applies the Dutch Considerate Constructors Scheme (Bewuste Bouwer) to all new-build projects and redevelopments. These criteria ensure that the contractor deals with the concerns of local residents, and addresses safety and environmental issues during the construction phase.

Target on sustainable stewardship	
In 2020, 75% of construction sites (€) registered under Considerate Constructors Scheme ('Bewuste Bouwer')	On track. End of 2018 23.8%. Pertains to one development project

Being a responsible organisation

We believe that integrity, honesty and corporate responsibility are essential to ensuring we do our job properly and will, in turn, enable us to optimise returns for our clients. We are committed to upholding the highest ethical standards and compliance stewardship in all our business dealings and we avoid conflicting interests. To ensure accountability and transparency, we set targets, based on international sustainability standards, which allow us to monitor our progress.

In 2018, we devoted particular attention to making rental contracts 'green' and our procurement more sustainable.

Green leases

The Retail Fund continued its Green Lease initiative in 2018, adding 28 Green Leases to take the total to 99 Green Leases in the portfolio. These lease agreements incorporate sustainability clauses, with the aim of increasing and enhancing the information exchange between the Retail Fund and its tenants. This in turn creates opportunities to improve environmental performance. Combined with the installation of smart meters at tenant level, the Fund sees this as the first step towards more far-reaching green leases in the future.

Sustainable procurement and business partner selection

To promote and increase sustainable procurement, we launched a project with IVBN (Association of Institutional Property Investors in the Netherlands) and a number of fellow fund managers to engage and assess the Fund's suppliers using a sustainability web tool. Current and future suppliers will be assessed on their sustainable commitments, policies and behaviour. Bouwinvest has Service Level Agreements with its property managers, who are assessed each quarter on topics related to administrative management, technical management (including sustainability), commercial management and tenant satisfaction.

Monitoring tool

Following a successful pilot in 2017, last year the Fund implemented a newly-developed online monitoring tool for the effective management and maintenance of properties. The tool helps the Fund to register, schedule, manage and monitor standard inspections and mandatory inspections, as well as evacuation exercises, certifications and insurance policies. In effect, it is an early warning system for inspections, certifications and other health & safety procedures. The tool helps the Fund to reduce its strict liability and total costs of ownership. It can lead to savings of up to 15%, while minimising user costs, maintaining the quality and value of the properties and preventing unwanted vacancies.

Target on enhance responsible business operations	
All new rental contracts include a sustainability clause	On track. 28 of 82 contracts
All property managers procure according to sustainability declarations suppliers (IVBN)	Work in progress.
Business partners selected on the basis of integrity	No issues.

We made these targets more measurable in the Fund Plan 2019-2021 by setting a target of 10% annual increase in rental contracts that include green clauses. We also realised the target related to the integrity of our business partners by recording zero incidents and sanctions as a result of non-compliance. One of the measures aimed at improving the tenant journey will result in a portal for all our tenants in 2021; this contains all the information relevant to tenants, including sustainability performance, query tracking and other services.

Assurance report of the independent auditor

To the shareholders of Bouwinvest Dutch Institutional Retail Fund N.V.

Our conclusion

We have reviewed the sustainability information in the accompanying annual report for the year 2018 of Bouwinvest Dutch Institutional Retail Fund N.V. at Amsterdam. A review is aimed at obtaining a limited level of assurance.

Based on our procedures performed nothing has come to our attention that causes us to believe that the sustainability information does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to corporate social responsibility; and
- the thereto related events and achievements for the year 2018 in accordance with the reporting criteria as included in the section 'reporting on performance indicators'.

The sustainability information consists of performance information in the section 'Highlights responsible investment 2018' part of chapter '2018 at a glance' on page 7 of the 2018 Annual Report.

Basis for our conclusion

We have performed our review of the sustainability information in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports) which is a specified Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information' of our report.

We are independent of Bouwinvest Dutch Institutional Retail Fund N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in The Netherlands. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

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

Reporting criteria

The sustainability information needs to be read and understood together with the reporting criteria. Bouwinvest Dutch Institutional Retail Fund N.V. is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

Unreviewed corresponding information

No review has been performed on the sustainability information for the period up to 2018. Consequently, the corresponding sustainability information and thereto related disclosures for the period up to 2018 is not reviewed.

Limitations to the scope of our review

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations and estimates. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

Responsibilities of the management board for the sustainability information

The management board is responsible for the preparation of the sustainability information in accordance with reporting criteria as included in the section 'reporting criteria' and the applied supplemental reporting criteria as disclosed on page 106 of the annual report, including the identification of stakeholders and the definition of material matters. The choices made by the management board regarding the scope of the sustainability information and the reporting policy are summarised in the section 'reporting on performance indicators' on page 106.

The management board is also responsible for such internal control as the management board determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or error.

Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review is therefore substantially less than the assurance obtained in an audit.

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 decisions of users taken on the basis of the sustainability information. The materiality affects the nature, timing and extent of our review procedures and the evaluation of the effect of identified misstatements on our conclusion.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our review included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the management board.
- Obtaining an understanding of the reporting processes for the sustainability information, including obtaining a general understanding of internal control relevant to our review;
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted amongst others of:
    - Interviewing management (and/or relevant staff) at corporate (and business/division/cluster/local) level responsible for the sustainability strategy, policy and results;
    - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information;
    - Obtaining assurance information that the sustainability information reconciles with underlying records of the company;
    - Reviewing, on a limited test basis, relevant internal and external documentation;
    - Performing an analytical review of the data and trends
- Evaluating the presentation, structure and content of the sustainability information;
- To consider whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the management board regarding, among other matters, the planned scope, timing and outcome of the review.

Amsterdam, March 20, 2019

Deloitte Accountants B.V.

Signed on the original: J. Holland

Experience

Utrecht
the Netherlands
Steenweg 43

Corporate governance

Bouwinvest Dutch Institutional Retail Fund N.V. (the “Fund”) was established in 2010. The Fund has a transparent governance structure, which ensures effective and efficient management, combined with proper checks and balances. The Fund’s governance structure consists of a General Meeting of Shareholders, a Shareholders’ Committee and a Board of Directors. Stichting Bedrijfstakpensioenfonds voor de Bouwnijverheid (bpfBOUW), the pension fund for the construction industry, is the Fund’s anchor investor.

Fund governance

The Fund is governed in a robust framework with systems and processes to manage risks appropriately. Safeguarding the interests of its investors, integrity and transparency, the Fund fosters the following governance principles:

- The compliance function is independent
- Conflicts of interest are avoided and managed through compliance with Bouwinvest’s conflicts of interest policy
- Robust ‘checks and balances’ through established framework with lines of defence
- Focus on process management: ISAE 3402 type II certified
- Compliant with AIFMD
- An independent depositary function has been installed

Rules and principles governing day-to-day business

- Best-in-class system for valuation of assets
- ‘Four-eyes-principle’ on all real estate investments
- Transparency and integrity integrated in daily business conduct
- Code of conduct
- Transparant and open shareholder communication

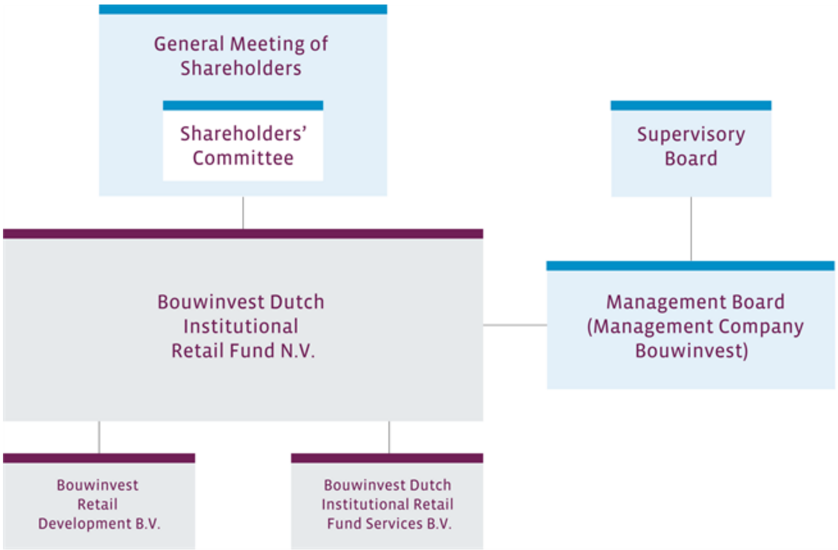
Structure of the Fund

The Fund is structured as an investment company with variable capital, as defined in article 2:76a of the Dutch Civil Code, with its corporate seat in Amsterdam, the Netherlands. It is a fiscal investment institution (FII) within the meaning of Article 28 of the Dutch Corporate Income Tax Act 1969. Bouwinvest Real Estate Investors B.V. (“Bouwinvest”) is the Fund's Statutory Director and management company pursuant to the management agreement. The management company has a licence within the meaning of Article 2:65 of the Dutch Financial Supervision Act and is subject to supervision of the Dutch Financial Markets Authority (AFM).

Subsidiaries

The Fund has two taxable subsidiaries, Bouwinvest Dutch Institutional Retail Fund Services B.V., which renders services that are ancillary to the renting activities of the Fund, and Bouwinvest Retail Development B.V., which pursues development activities that are ancillary to the investment portfolio of the Fund . The activities are placed within these taxable subsidiaries to ensure the Fund’s compliance with the investment criteria of the FII regime.

Fund governance bodies



Shareholders' Committee

The Shareholders' Committee comprises a maximum of five shareholders: one representative from each of the four shareholders with the largest individual commitment and one member to represent the collective interests of all other shareholders. Each eligible shareholder shall appoint a member of the Shareholders' Committee for a period of one year, running from the annual general meeting.

Role of the Shareholders' Committee

The role of the Shareholders' Committee is to approve certain specified resolutions by the management company and to be consulted with regard to certain resolutions specified in the Terms and Conditions. The responsibility for proper performance of its duties is vested in the Shareholders' Committee collectively. In 2018, the Shareholders' Committee met once to discuss the Fund Plan.

General Meeting of Shareholders

The Retail Fund's shareholders must be professional institutional investors within the meaning of section 1:1 of the Dutch Financial Markets Supervision Act (FMSA). General Meetings of Shareholders are held at least once a year to discuss the annual report, adopt the financial statements and discharge the Statutory Director of the Fund for its management. Shareholder approval is required for the Fund Plan and for other resolutions pursuant to the Fund Documents.

Governance matrix

	General Meeting of Shareholders		Shareholders' Committee	
	Simple Majority vote (> 50%)	Double Majority vote	Approval rights	Consultation rights
Amendment of the strategy of the Fund		X		X
Liquidation, conversion, merger, demerger of the Fund		X		X
Dismissal and replacement of the Management Company		X		X
Amendment of the Management Fee of the Fund		X		X
Conflict of Interest on the basis of the Dutch Civil Code		X		X
Investments within the Hurdle Rate Bandwidth as specified in the Fund Plan			X	
Related Party Transaction			X	
Amendment or termination of the Fund Documents	X			X
Adoption of the Fund plan	X			X
Deviation from the valuation methodology of the Fund as set out in the Valuation Manual	X			X
Investments outside the Hurdle Rate Bandwidth as specified in the Fund Plan	X			X
Change of Control (of the Management Company)				X
Appointment, suspension and dismissal of managing directors of the Fund (with due observance to the rights mentioned under 3. here above).	X			X
Amendment to the Articles of Association of the Fund	X			
Adoption of the Accounts of the Fund	X			
Information rights on the basis of the Dutch Civil Code	X			
Authorising the management board to purchase own Shares	X			
Reducing the capital of the Fund	X			
Extending the five month term with regard to approval of the Accounts	X			
Providing the management board with the authority to amend the Articles of Association of the Fund	X			
Appointing a representative in the event of a Conflict of Interest	X			
Requesting to investigate the Accounts and the withdrawal thereof	X			
Approval of an Applicant Shareholder to become a Shareholder of the Fund	X			

The rights of the General Meetings of Shareholders and the Shareholders' Committee are shown in the Governance Matrix.

Anchor investor
As at this annual report's publication date, bpfBOUW held the majority of the shares in the Retail Fund.

Management company

Bouwinvest is the alternative investment fund manager (AIF) of the Fund and as such is responsible for portfolio management and risk management. Bouwinvest, on behalf of the Fund, conducts the business activities related to the entire real estate investment process to achieve the Fund's investment objectives. Bouwinvest believes responsible business practices are a vital element in achieving the targeted return on investment. Bouwinvest is structured as a private limited liability company. bpfBOUW holds 100% of the shares in Bouwinvest.

Board of Directors
Bouwinvest's Board of Directors consists of the Chief Executive Officer, also Statutory Director, the Chief Finance & Risk Officer, the Chief Investment Officer Dutch Investments and the Chief Investment Officer International Investments. The Statutory Director is appointed by the Bouwinvest General Meeting of Shareholders following

nomination by Bouwinvest's Supervisory Board. The Board of Directors is governed by Dutch law, as well as a set of regulations that also outline its tasks and responsibilities.

Supervisory Board

Bouwinvest has an independent Supervisory Board with a minimum of three and a maximum of five members. The Supervisory Board currently has four members. The maximum term of office is four years, with the possibility of reappointment for an additional four years. The role of the Supervisory Board is to supervise the policies of the Board of Directors and the general affairs of the company and its related business. The Supervisory Board is responsible for the quality of its own performance. The members of the Supervisory Board are appointed by the Bouwinvest General Meeting of Shareholders. In carrying out its duties, the Supervisory Board is guided by the interests of Bouwinvest and its related business.

Policies, rules and regulations

Corporate Governance Code

Although the Dutch Corporate Governance Code does not apply directly to Bouwinvest, as it is an unlisted company, the Board of Directors endorses the best practices of the Code as far as these are applicable to Bouwinvest and practical.

Code of Conduct

Bouwinvest has drawn up a Code of Conduct that applies to all its employees and which includes additional rules that specifically apply to the Board of Directors and Supervisory Board with respect to conflicts of interest and investments. The Code of Conduct deals with issues such as ethical behaviour, conflicts of interest, compliance with laws and (internal and external) regulations, CSR, health and safety, as well as our business partners. Bouwinvest has also instituted a whistleblower policy to deal with the reporting and investigation of potential or suspected unethical behaviour. All employees receive code of conduct training.

Conflicts of Interest policy

Bouwinvest has a Conflicts of Interest policy. The purpose of this policy is to ensure that no material conflicts of interest occur that are damaging for investors in the Fund, the Fund or Bouwinvest. The policy also describes how Bouwinvest should act with respect to the allocation of different investment opportunities over the respective funds and clients. The policy is intended to supplement but not replace any applicable Dutch laws governing conflicts of interest.

In 2018, there were, except related party transactions, no conflicts of interest as referred to in the Bouwinvest Conflicts of Interest Policy, neither between the members of the Board of Directors, the management company, the Fund and/or other funds managed by the management company.

Funds managed by Bouwinvest

Bouwinvest manages the following alternative investment funds:

- Bouwinvest Dutch Institutional Residential Fund N.V.
- Bouwinvest Dutch Institutional Retail Fund N.V.
- Bouwinvest Dutch Institutional Office Fund N.V.

Bouwinvest has separate mandates from bpfBOUW for the management of international real estate investments in Europe, North America and Asia Pacific, hotel properties through Bouwinvest Dutch Institutional Hotel Fund N.V. and health care properties through Bouwinvest Dutch Institutional Healthcare Fund N.V.

External auditor

The Fund's external auditor is Deloitte Accountants B.V. Deloitte audits the financial statements of the Fund. Deloitte also audits the financial statements of Bouwinvest and of the other funds managed by Bouwinvest.

Convenience

Rotterdam
the Netherlands
Prinsenland

Risk management

Risk management and compliance

The performance of the Fund is directly related to how Bouwinvest manages the risk inherent in the Fund to achieve its goal of stable long-term returns for its investors.

Bouwinvest is fully aware that it is investing on behalf of the investors in the Fund. It has therefore established a client-oriented organisation that creates value by investing with a clear view on real estate markets, and a corresponding risk management framework. Risk management is the process of understanding these risks for Bouwinvest and its investors; to manage these risks within the parameters of the defined appetite and tolerances through an efficient and effective system of risk controls; and monitoring and reporting on the effectiveness of same.

This risk framework requires a structured integrated approach to provide the Board of Directors with insight into the proper identification of risks; the risk and control measures (both substance and procedures) taken by line management to manage these risks; an independent assessment on the effectiveness of these measures and resulting remaining risks and advice or proposals to (further) reduce the risk based on a forward-looking approach. Bouwinvest has established a Risk Management Framework based on the COSO framework. This framework will establish risk policies for each identified material risk, describing risk appetite, risk processes and procedures with adequate control measures to manage these risks, together with defined and allocated roles and responsibilities.

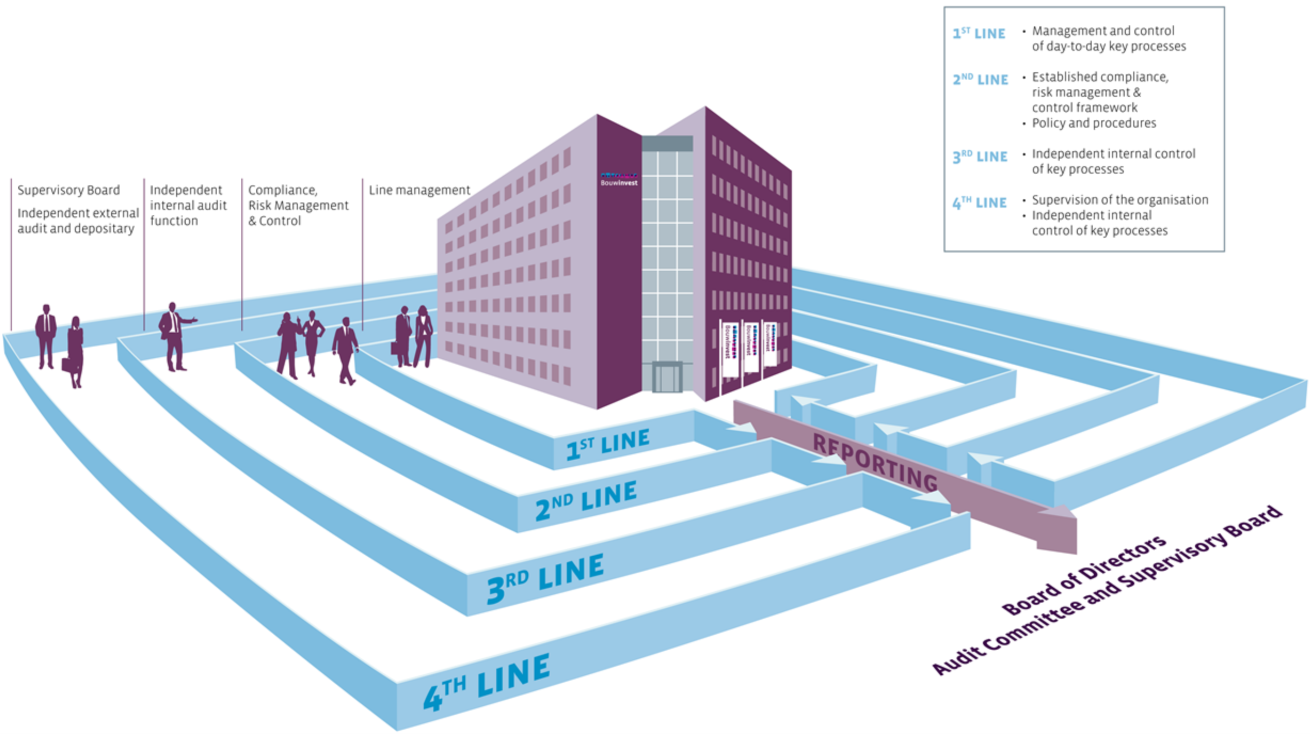
Lines of defence principle

The roles and responsibilities in the organisation with respect to risk management are based on the so-called lines of defense model, which together provides the Board of Directors with a framework that helps its members to be in control.

The lines of defence are as follows:

1. Line management – responsible for the integration of a risk and control environment in the daily activities of the organisation;
2. Compliance, Risk Management and Control – responsible for policy lines related to risks, compliance and control, and efficient and cost-effective implementation of said policy lines. Together with a process of continuous improvement;
3. Internal Auditor – ensures the integrity and functioning of the risk management framework and performs operational audits;
4. Supervisory Board and external auditor – the Supervisory Board supervises the risk assessments and risk management related to the strategy and activities of Bouwinvest and the functioning of the internal risk monitoring and control framework, while the external auditor provides its independent opinion.

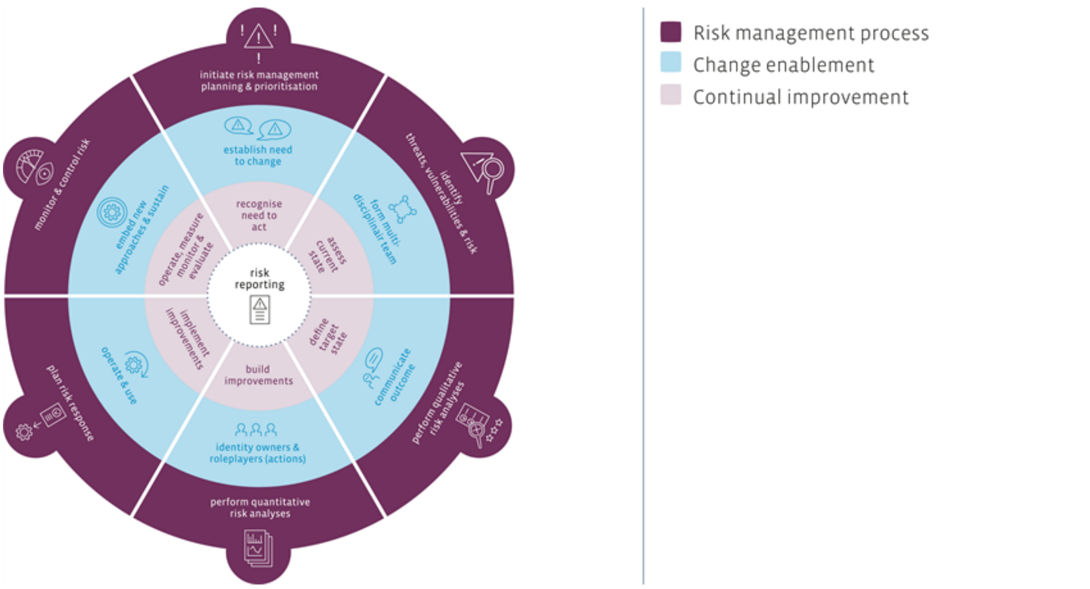
Bouwinvest's lines of defence



Risk management

The Risk Management department plays a coordinating role to provide a holistic and integral overview of all risks within Bouwinvest and the risks within the Funds and mandates managed by Bouwinvest. Risk Management maintains a taxonomy of all identified risks relevant to Bouwinvest; designs and implements the overall risk policy and risk policies for each of these risks; and coordinates where risk policies are defined by other departments (such as Legal, Tax and Control). The primary role of the Risk Management department is to identify and assess all material risks, to define the probabilities and impact of risk scenarios and to perform a challenging, countervailing role with respect to timeliness, fairness and completeness; from a pre-event and post-event perspective; substance and procedural. The Risk Management department proposes improvements for risk mitigating measures and controls aligned to the Board's of Directors defined risk appetite for the organisation and or the Funds managed by Bouwinvest.

Risk management cycle



Risk Management uses a risk management cycle to determine the risk management objectives in which all material risks are within the Board's of Directors stated risk appetite.

Risk management execution

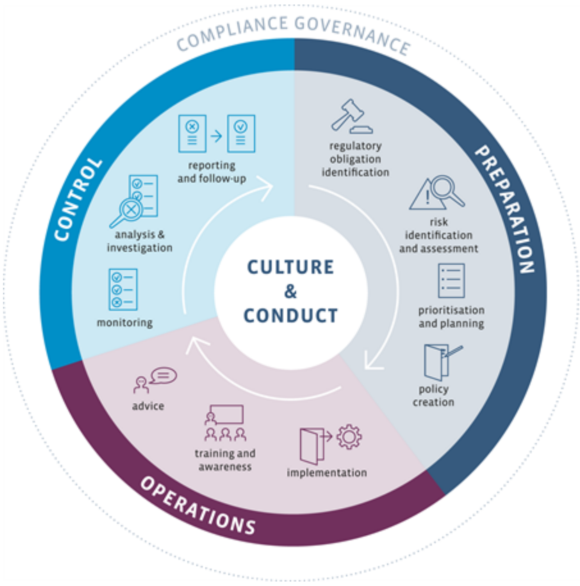
In the implementation of the risk management policies and controls, line management is supported and input is reviewed by dedicated and often independently positioned departments, such as Business Control and Research, especially during the investment decision-making process.

Compliance

Bouwinvest has a dedicated compliance function that identifies, assesses, advises on, monitors and reports on the company's compliance risks. For the planning, execution and reporting of all compliance activities, Compliance employs the Bouwinvest Compliance Cycle. This cycle contains groups of activities that are vital for the compliance function. The first group of activities focuses on the identification and interpretation of existing and new legislation relevant to Bouwinvest and its stakeholders and to determine its impact. Bouwinvest subsequently identifies and assigns scores to the relevant compliance risks and, on the basis of same, determines priorities. Compliance then translates the (amended) legislation and identified risks into policies, and then implements same. To achieve this, Compliance facilitates the design of the processes, procedures and/or controls needed to execute the updated and new policies. During implementation and on an ongoing basis, Compliance devotes a great deal of effort to creating awareness and providing advice on relevant compliance risks and how to deal with them, ensuring a reduction in the number of incidents.

Bouwinvest's compliance function supervises and monitors the effectiveness of the controls and initiates specific investigations when incidents or findings from regular monitoring activities necessitate this. Compliance reports on findings and on any areas of improvement in regular compliance reports, as well as reports on any investigations initiated.

The Bouwinvest Compliance Cycle



'In control' statement

The Bouwinvest Board of Directors has provided an 'In control statement', with respect to the risks related to Bouwinvest's financial reporting process and its strategic and operational risk management. The Board of Directors is responsible for an adequate risk management framework and well-functioning internal control systems, as well as the effectiveness thereof.

On the basis of its judgments of the risk management and internal control systems, the Board of Directors is of the opinion that these systems provide a reasonable assurance that the financial reports do not contain any material errors. Since 2012, Bouwinvest has received an annual ISAE3402 type II declaration showing that these processes are functioning as intended.

Fund risk factors

The value of the shares in the Fund is dependent on developments in financial markets and the real estate markets. The Fund considers the following risk factors of relevance for investments in this Fund. This list of risk factors is limited, but other circumstances and events may arise which are not mentioned but that do affect the value of the Fund. Investors are therefore asked to take note of this section and other sections to arrive at a well-informed opinion on the risks in this Fund.

The risk factors are listed below and organised along the lines of the risk categories outlined in the AIFMD. The order of the risks does not reflect the importance or relevance of these risks, as these are clustered in line with the risk categories required by the AIFMD.

1 Market risks

This is the risk that the value of the real estate in the Fund fluctuates due to supply and demand mechanisms in the markets in which the Fund operates. Some of the underlying risk factors may influence the direct return and cash flows of the Fund, while others primarily affect the indirect return. A decline in the value of direct real estate in the Fund has a direct effect on the indirect return of the Fund.

The following risk factors may also influence the specific assets in the Fund:

Occupancy rate
Occupancy depends on market demand, availability of competitive propositions and fund portfolio positioning in the market. Occupancy is an important driver for the Fund’s expected direct return. In the event of an oversupply of properties in (parts of) the Fund's operating market, financial occupancy rates (rental cash flows as percentage of cash flows at market rates when fully let) may be lower than anticipated and affect the Fund's cash flows and return.

Operational expenditure
To rent our properties and to keep the Fund’s assets in good condition, the Fund has to incur operational expenses. If these expenses are higher than anticipated, this may reduce the Fund's return.

Inflation risk
Inflation risk is the risk that future inflation is lower than expected or rental markets deviate from these future inflation trends. Rental contracts usually contain inflation indexation clauses, which influences the (future) cash flows of the Fund. Real estate prices in general are also influenced by general price rise assumptions.

Valuation risk
The risk that the value of the property changes and does not reflect fair value. This risk is mitigated by having all properties owned by the Fund revalued by external appraisers on a quarterly basis. This revaluation is the most important driver for the Fund’s indirect return.

Concentration risk
Part of the strategy of the Fund is to select geographies where rental markets and rental properties are growing faster than the market as a whole. This strategy results in concentrations in geographical areas or property categories. The Fund is therefore vulnerable when unexpected trends have a negative impact on these concentrations.

2 Credit risk & Counterparty risk

Credit risk
This is the risk that a counterparty cannot fulfil its contractual financial obligations (mostly rental payments). Defaults or payment problems may result in clients not paying their contractual rents and service costs and may effect cash flows and the value of the property. This risk is mitigated by (bank) guarantees and (where heightened risks are signaled) monitoring of credit quality.

Counterparty risk

The Fund may have to incur unexpected losses due to the default of one or more counterparties such as banks and developers. The Fund's liquidity is deposited with a reliable, highly rated bank in the Netherlands.

As one of the main pillars of the Funds strategy is to optimise its assets, the Fund relies on counterparties to complete these assets and has often already paid instalments to the developer in line with the progress of the construction. Should the developer run into financial difficulties, the Fund may incur additional costs to complete the property.

3 Liquidity Risk

This is the risk that the Fund has insufficient means to pay current or future commitments. This risk consists of two parts:

- Financing liquidity: the liquidity required to pay the Fund's current expenses and dividends to its shareholders.
- Market liquidity: the liquidity required in the market to dispose of assets (as part of its hold-sell analysis or to finance redemptions by investors) at prices in line with valuations (i.e. no distressed prices).

4 Operational risk

The Fund is subject to the following operational risks:

- Fiscal risk: the risk that changes in tax laws unexpectedly influence the value of the underlying properties or the value of the certificates in the Fund.
- Legal risk: the risk that interpretations of contracts and legal clauses unexpectedly influence the value of these contracts.
- Regulatory risk: the risk that the value of the Fund changes due to changes in regulations.
- Model and return risk: the additional risk that expected (modelled) returns have not materialised at the time of sale or valuation and the risk that the Fund may not meet its plan IRR.

Monitoring and reporting

Monitoring risks is embedded in the daily activities of the responsible line manager and is an integral part of the planning and control cycle. Bouwinvest monitors all the defined risks via key risk indicators, supported by the performance reporting and business incidents reporting processes. Each quarter, the Board of Directors is provided with a risk report, including the risk indicators indicated above and actions necessary to limit or mitigate risk, if there is a deviation between the outcome and the pre-determined norm. The Fund has continued to enhance its system for reporting and monitoring risk in 2018. These improvements enable management to act in a timely manner to counteract or mitigate risk.

Occupancy risk

The importance and relevance of the individual risk factors is constantly changing. In 2018, the Fund mainly focused on mitigating the market risk of lower financial occupancy in the portfolio. This risk is closely related to the ongoing growth in online sales and polarisation in the retail market. In addition, occupancy is an important driver for the expected return and value of the Fund. To mitigate the risk of lower financial occupancy, the Fund focused on the following activities:

- Increasing the share of Experience and Convenience through new acquisitions. Both segments have less sensitivity to the online sales trend. (see also Chapter: The Fund's Strategy);
- Leasing activities: The occupancy rate depends very strongly on how leasing activities are carried out. The Fund tends to go a lot further than the regular leasing activities, such as asset management on location, outside-the-box leasing ideas and strategic tie-ups with real estate owners in the vicinity;
- Redevelopment of retail properties to keep the portfolio future proof and to maintain the Fund's high occupancy level.

Fund-specific legal or regulatory risk

In 2017, the Dutch government proposed to amend the FBI-regime, potentially affecting the fiscal status of the Fund. End 2018, this proposal was repealed so this risk has not materialized. However, the Ministry of Finance announced to investigate the application of the FBI-regime by foreign real estate investors in situations that could be considered 'abusive'. Since the application of the FBI-regime by the Fund is considered to be in line with the spirit and purpose of the law, we do not expect that the FBI-status of the Fund will be considered 'abusive' and hence, we expect such investigation will not have a major impact of the Fund.

Alternative Investment Fund Managers Directive (AIFMD)

Since 2014, Bouwinvest has had an AFM licence as required by the Alternative Investment Fund Managers Directive (AIFMD). This licence allows Bouwinvest to manage funds that are open to institutional investors other than bpfBOUW. The AIFMD specifies certain transparency and integrity-related requirements for Alternative Investment Funds. In 2018, Bouwinvest continued to optimise its reporting processes and streamlined its cooperation with its depositary Intertrust Depositary Services B.V.

Financial statements 2018

Consolidated statement of comprehensive income

All amounts in € thousands, unless otherwise stated

	Note	2018		2017	
Gross rental income	6	51,301		49,410	
Service charge income	6	2,063		1,931	
Other income		400		58	
Revenues			**53,764**		**51,399**
Service charge expenses		(2,132)		(2,092)	
Property operating expenses	7	(8,058)		(6,894)	
			(10,190)		**(8,986)**
Net rental income			**43,574**		**42,413**
Result on disposal of investment property			**(156)**		**110**
Positive fair value adjustment completed investment property		31,584		46,463	
Negative fair value adjustment completed investment property		(16,708)		(21,332)	
Net valuation gain (loss) on investment property	12		**14,876**		**25,131**
Net valuation gain (loss) on investment property under construction	13		**2,012**		**(1,913)**
Administrative expenses	8		(4,721)		(4,475)
Result before finance result			**55,585**		**61,266**
Finance result	9	(1,072)		(140)	
Net finance result			**(1,072)**		**(140)**
Result before tax			54,513		61,126
Income taxes	10		(5,838)		(67)
Result for the year			**48,675**		**61,059**
Items that will not be reclassified subsequently to comprehensive income			-		-
Items that may be reclassified subsequently to comprehensive income			-		-
Total comprehensive income for the year, net of tax			**48,675**		**61,059**
Net result attributable to shareholders			48,675		61,059
Total comprehensive income attributable to shareholders			**48,675**		**61,059**
Distributable result	19		38,926		37,731
Pay-out ratio	19		100%		100%

Consolidated statement of financial position

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2018	2017
Assets			
Non-current assets			
Investment property	12	945,586	864,868
Investment property under construction	13	12,898	11,941
		958,484	**876,809**
Current assets			
Trade and other current receivables	14	2,291	520
Cash and cash equivalents	15	20,521	21,486
		22,812	**22,006**
Total assets		**981,296**	**898,815**
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		350,495	327,089
Share premium		396,265	361,679
Revaluation reserve		222,920	200,128
Retained earnings		(48,675)	(61,059)
Net result for the year		48,675	61,059
Total equity	16	**969,680**	**888,896**
Current liabilities			
Trade and other payables	17	11,616	9,919
Total liabilities		**11,616**	**9,919**
Total equity and liabilities		**981,296**	**898,815**

Consolidated statement of changes in equity

For 2018, before appropriation of profit, all amounts in € thousands

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2018	**327,089**	**361,679**	**200,128**	**(61,059)**	**61,059**	**888,896**
Comprehensive income						
Net result	-	-	-	-	48,675	48,675
Total comprehensive income	**-**	**-**	**-**	**-**	**48,675**	**48,675**
Other movements						
Issued shares	23,406	41,594	-	-	-	65,000
Appropriation of result	-	-	-	61,059	(61,059)	-
Dividends paid	-	(7,008)	-	(25,883)	-	(32,891)
Movement revaluation reserve	-	-	22,792	(22,792)	-	-
Total other movements	**23,406**	**34,586**	**22,792**	**12,384**	**(61,059)**	**32,109**
Balance at 31 December 2018	**350,495**	**396,265**	**222,920**	**(48,675)**	**48,675**	**969,680**

* See explanation dividend restrictions in Note 16.

For 2017, before appropriation of profit, all amounts in € thousands

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2017	**312,172**	**348,515**	**163,514**	**(64,250)**	**64,250**	**824,201**
Comprehensive income						
Net result	-	-	-	-	61,059	61,059
Total comprehensive income	**-**	**-**	**-**	**-**	**61,059**	**61,059**
Other movements						
Issued shares	14,917	25,083	-	-	-	40,000
Appropriation of result	-	-	-	64,250	(64,250)	-
Dividends paid	-	(11,919)	-	(24,445)	-	(36,364)
Movement revaluation reserve	-	-	36,614	(36,614)	-	-
Total other movements	**14,917**	**13,164**	**36,614**	**3,191**	**(64,250)**	**3,636**
Balance at 31 December 2017	**327,089**	**361,679**	**200,128**	**(61,059)**	**61,059**	**888,896**

* See explanation dividend restrictions in Note 16.

Consolidated statement of cash flows

All amounts in € thousands

	Note	2018	2017
Operating activities			
Net result		48,675	61,059
Adjustments for:			
Valuation movements		(16,888)	(23,218)
Result on disposal of investment property		156	(175)
Net finance result		1,072	140
Movements in working capital		(2,814)	1,331
Cash flow generated from operating activities		**30,201**	**39,137**
Interest paid		(1,072)	(140)
Interest received		-	-
Cash flow from operating activities		**29,129**	**38,997**
Investment activities			
Proceeds from sales of investment property		1,084	625
Payments of investment property		(55,874)	(60,833)
Payments of investment property under construction		(7,413)	(14,250)
Cash flow from investment activities		**(62,203)**	**(74,458)**
Finance activities			
Proceeds from the issue of share capital		65,000	40,000
Dividends paid		(32,891)	(36,364)
Cash flow from finance activities		**32,109**	**3,636**
Net increase/(decrease) in cash and cash equivalents		(965)	(31,825)
Cash and cash equivalents at beginning of year		21,486	53,311
Cash and cash equivalents at end of year	15	**20,521**	**21,486**

Notes to the consolidated financial statements

All amounts in € thousands, unless otherwise stated

1 General information

The Retail Fund (Chamber of Commerce number 34366471) is a public limited liability company incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands. The Fund was formed for the purpose of providing shareholders with a rate of return by acquiring, managing, adding value to and disposing of a diversified real estate portfolio through investments in retail real estate in the Netherlands.

The Fund owns two taxable subsidiaries, Bouwinvest Retail Development B.V. (Chamber of Commerce number 66245060) and Bouwinvest Dutch Institutional Retail Fund Services B.V. (Chamber of Commerce number 67492665). These subsidiaries perform activities that might go beyond mere 'investing'. By having these activities performed by these subsidiaries the Fund remains compliant with the investment criteria of the FII-regime. Bouwinvest Retail Development B.V. (Retail Development) performs development activities for the investment portfolio of the Fund while Bouwinvest Dutch Institutional Retail Fund Services B.V. (Retail Fund Services) renders services that are ancillary to renting activities of the Fund.

The Fund's active portfolio management is supported by the supply of (re)developed properties by Bouwinvest Development B.V., Retail Development and third parties.

The Statutory Director will present the annual report to the Annual General Meeting of shareholders on 24 April 2019, and will request the approval of the financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

The Fund's functional and presentation currency is the euro. All amounts are in thousands of euros, unless otherwise stated. The financial year 2018 was a normal calendar year from 1 January to 31 December 2018.

2.1 Basis of preparation

Statement of compliance

The consolidated financial statements of the Retail Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The Company financial statements of the Fund are included in the consolidated financial statements and are prepared in accordance with the legal requirements of Part 9, Book 2, of the Dutch Civil Code. These financial statements have been prepared in accordance with the provision of Article 2:362 subsection 8 and 9, of the Civil Code, under which the Company financial statements may be prepared in accordance with accounting policies as adopted in the consolidated financial statements.

Statement of comprehensive income

The Fund presents its statement of comprehensive income by nature of expenses.

Application of new and revised International Financial Reporting Standards (IFRS)

In 2018, the Fund did adopt the new IFRS standards, amendments to IFRS and the interpretations that are mandatory for accounting periods that begin on or after 1 January 2018. The Fund did not adopt any new or amended standards issued but not yet effective.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15
- Clarifications to IFRS 15 Revenue from Contracts with Customers
- Annual Improvements to IFRS Standards 2014-2016 Cycle
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions

- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Amendments to IAS 40: Transfers of Investment Property
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

The application of these amendments has had no material impact on the disclosures in the Fund's financial statements.

New and amended standards and interpretations, effective for financial years beginning on or after 1 January 2019
Standards issued but not yet effective up to the date of the issuance of the Fund's financial statements are listed below:

- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Prepayments Features with Negative Compensation
- IFRS 16 Leases

The Fund has studied the improvements and is currently assessing their impact.

For IFRS 16, the effect of applying IFRS 16 Leases in relation to ground lease payments will be nil for both the equity and the income of the Fund at the date of recognition as the value of the right-of-use asset will equal the liability for future lease terms. After recognition the effect on the income statement will be negligible as only a limited number of assets have a ground lease and ground lease payments are a very modest part of the net rental income.

New and amended standards and interpretations not yet adopted by the European Union
The Fund is not yet applying the standards, amended standards and interpretations that have not yet been adopted by the European Union:

- IFRS 17 Insurance Contracts
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19 Plan Amendments, Curtailment or Settlement
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendment to IFRS 3 Business Combinations
- Amendments to IAS 1 and IAS 8: Definition of Material

The Fund has studied the improvements and is currently assessing their impact.

Preparation of the financial statements
The consolidated financial statements have been prepared on the historical cost basis except for investment property and investment property under construction, which are measured at fair value as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The principal accounting policies are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

2.2 Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company: has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The following entities are included in the consolidated financial statements:

- Bouwinvest Retail Development B.V. (100%), established 15 December 2016

- Bouwinvest Dutch Institutional Retail Fund Services B.V. (100%), established 15 December 2016

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.3 Investment property

Investment property under construction or being developed for future use as investment property is presented under 'Investment property under construction'.

Land held under operating leases is classified and accounted for by the Fund as investment property when it meets the rest of the definition of investment property and is accounted for as a finance lease.

Investment property is measured initially at its cost, including related transaction costs such as advisory costs, notary costs, transfer taxes and borrowing costs. Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is stated at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

In line with the Practice Statements, as incorporated in the Royal Institute of Chartered Surveyors Appraisal and Valuation Standards ('the Red Book'), valuations are performed as of the financial position date by professional valuation experts who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as an investment property or for which the market has become less active continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. including vacancy and rental incentives. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of leasehold land classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

If a valuation obtained for a property held under a lease is net of all payments expected to be made, any related lease liability recognised separately in the statement of financial position is added back to arrive at the carrying value of the investment property for accounting purposes.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Gains and losses arising from changes in fair values are included in the statement of comprehensive income in the year in which they arise. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Gains and losses on disposal of investment properties are recognised in the statement of comprehensive income in the year of disposal.

In the fair value assessment of the investment property the potential effect on future cash flow in respect to granted lease incentives are taken into consideration.

2.4 Investment property under construction

Investment property under construction for future use as investment property is stated at fair value.

Fair value measurement on investment property under construction is only applied if the fair value is considered to be reliably measurable. If the Fund determines that the fair value of an investment property under construction is not reliably determinable when construction is incomplete, it shall measure that investment under construction at cost until either its fair value becomes reliably determinable or construction is completed.

It may sometimes be difficult to determine the fair value of the investment property under construction reliably. In order to evaluate whether the fair value of an investment under construction can be determined reliably, management considers, among others, the following factors:

- The provisions of the construction contract
- The stage of completion
- Project/ property characteristics: standard (typical for the market) or non-standard
- The level of reliability of cash inflows after completion
- The development risk specific to the property
- Past experience with similar construction projects
- Pre-let percentage
- Status of construction permits

After the first instalment for the project under construction, an external valuation expert values the project each quarter. Gains and losses arising from changes in fair values are included in the statement of comprehensive income in the year in which they arise.

Investment property is not developed within the Retail Fund but via external parties or within Bouwinvest Development B.V. or Bouwinvest Retail Development B.V. When entering into the contract, the rental risk is transferred to the Fund; the remaining risks remain with the developer. The paid instalments are therefore recognised as investment property under construction.

2.5 Financial instruments

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets, and available-for-sale financial assets, as appropriate. The Fund determines the classification of its financial assets at initial recognition. When financial assets are initially recognised, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Fund transfers substantially all risks and rewards of ownership. The Fund's financial assets consist of loans and receivables.

Financial assets recognised in the statement of financial position as trade and other receivables are classified as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Fund assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the statement of comprehensive income.

With respect to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Fund will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the statement of comprehensive income.

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through the statement of comprehensive income, loans, held-to-maturity financial liabilities, and available-for-sale financial liabilities, as appropriate. The Fund determines the classification of its financial liabilities at initial recognition. When financial liabilities are initially recognised, they are measured at fair value, plus, in the case of investments not at fair value through the statement of comprehensive income, directly attributable transaction costs.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

Financial liabilities included in trade and other payables are initially recognised at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

2.6 Prepayments

Prepayments are stated at cost less any accumulated impairment losses.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.8 Issued capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.9 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Tenant deposits

The Retail Fund obtains deposits from tenants as a guarantee for the return of the property at the end of the lease term in a specified good condition or for the lease payments for a period ranging from 1 to 12 months. Such deposits are treated as financial assets in accordance with IAS 39 and they are initially recognised at fair value. The deposit is subsequently measured at amortised cost.

Tenant deposits are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the deposit for at least 12 months after the date of the statement of financial position.

2.10 Dividend distribution

An FII is obliged to distribute its distributable profit annually within eight (8) months after the end of the relevant fiscal year (*doorstootverplichting*). The distributable profit generally only includes current income (dividends, interest and rental income). The (realised and unrealised) gains on securities and the realised gains on all other investments (including real estate), which are added to a so-called reinvestment reserve (*herbeleggingsreserve*), are not included in the distributable profit.

2.11 Rental income

Rental income from investment property leased out under operating leases is recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Rent incentives granted by the Fund to its tenants are recognised as an integral part of the total rental income. The rent incentives are included in investment property.

Incentives to enter into rental agreements are spread evenly over the rental term, even if the payments are not made on such a basis. The rental term is the non-cancellable period of the rental agreement, together with any further term for which the tenant has the option to continue the rental agreement, when, at the inception of the rental agreement it is reasonably certain that the tenant will exercise this option.

Premiums received to terminate rental agreement are recognised in the statement of comprehensive income when they arise.

2.12 Service charges, property operating expenses and administrative expenses

In the case of service contracts with third parties, service charges are recovered from tenants. Service charges in respect of vacant property are expensed. These mainly relate to gas, water, electricity, cleaning and security.

Property operating expenses comprise those costs that are directly attributable to the operation of properties, net of costs charged to tenants. These mainly relate to tax, insurance, leasehold, maintenance and professional fees. These are expensed as incurred. Administrative expenses are expenses that are not directly attributable to the operation of properties (including charged management costs not directly related to properties, office overheads, advice, valuation and audit fees, listing costs and marketing and promotion costs).

Service charges for which the Fund acts as a principal are presented in the statement of comprehensive income. Therefore, for those property investments for which the Fund is in full control of the service charges, the service charges invoiced to tenants and the corresponding expenses are shown separately on an accrual basis.

2.13 Other income

Income attributable to the year that cannot be classified under any of the other income categories.

2.14 Finance income and expenses

Finance result consists of interest income and expenses and is recognised in the statement of comprehensive income. Interest is recognised in the statement of comprehensive income as it accrues.

2.15 Cash flow statement

Cash flows are stated according to the indirect method.

The acquisitions of investment properties are disclosed as cash flows from investment activities, as this reflects the Fund's business activities most appropriately.

Cash and cash equivalents comprise cash on hand, demand deposits, short-term deposits in banks with original maturities of three months or less and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 Earnings per share
The Fund presents basic and diluted earnings per share (EPS) for its ordinary share capital. The earnings per ordinary share are calculated by dividing the profit or loss attributable to the Fund's shareholders by the weighted average number of issued ordinary shares during the reporting period. In calculating the diluted earnings per share, the profit or loss attributable to the Fund's shareholders and the weighted average number of issued ordinary shares during the reporting period are adjusted for all potential dilutive effects on the ordinary shares.

2.17 Income taxes
Based on its status as an FII, the Fund is subject to Dutch corporate income tax at a rate of 0%. See Note 10.

3 Financial risk management

3.1 Financial risk factors
The risk management function within the Fund is carried out with respect to financial risks. Financial risks are risks arising from financial instruments to which the Fund is exposed during or at the end of the reporting period. Financial risk comprises market risk (including interest rate risk and other price risk), credit risk and liquidity risk.

Risk management is carried out by the risk manager under policies approved by the Statutory Director of the Fund. The treasury manager identifies and evaluates financial risks in close cooperation with the Fund's business units and the risk manager. The Statutory Director of the Fund provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of excess liquidity.

Market risk
The market risk of financial instruments relates to foreign exchange risk, price risk and interest rate risk. For more information, we refer you to the Risk Management section.

(I) Foreign exchange risk

The Fund has no exposure to foreign exchange risk as it operates in a euro country only.

(II) Price risk

The Fund has no significant exposure to price risk as it does not hold any equity securities or commodities. The Fund is not exposed to price risk other than in respect of financial instruments, such as property price risk, including property rental risk.

(III) Interest rate risk

As the Fund has no external loans and borrowings, it has no exposure to related interest rate risks. The interest rate risk related to bank balances is mitigated by bank deposits.

(IV) Hedging risk

The Fund has no hedging instruments in use.

Credit risk
Credit risk is defined as the unforeseen losses on assets if counterparties should fail to meet their obligations. The creditworthiness of tenants is closely monitored by checking their credit rating and keeping a close watch on the accounts receivable. Rents are in general also payable in advance and part of the rent payable is secured by means of bank guarantees or guarantee deposits. There are no significant credit risk concentrations.

It is our policy to enter into financial transactions only with financial institutions with a credit rating of at least A (Standard & Poor's). The financial risk is monitored for each individual transaction. Given the high credit rating of financial institutions, the Fund does not expect any defaults.

The credit risk relating to the receivables is maximized to 2.3 million in 2018 (2017: 0.5 million) and the receivables are closely monitored.

Deposits refundable to tenants may be withheld by the Fund in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract.

There is a significant concentration of credit risk with respect to cash and cash equivalents, as the Fund holds cash accounts with one financial institution. This financial institution has a credit rating of A (Standard & Poor's) and therefore the credit risk is mitigated.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the treasury manager aims to maintain flexibility in funding by keeping committed credit lines available.

The Fund's liquidity position is monitored on a daily basis by management and is reviewed quarterly by the Statutory Director of the Fund. The Finance department manages liquidity risks and is derived from managerial reports at Fund level. The amounts are disclosed in the notes to consolidated statement of financial position. Undiscounted cash flows in respect of balances due within 12 months generally equal their carrying amounts in the statement of financial position, as the impact of discounting is not significant.

3.2 Fair value estimation

For financial purposes fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The carrying amount less impairment provision of trade receivables and trade payables approximates their fair value. All other Statement of financial position items are short-term and therefore not adjusted to their fair value.

The trade and other current receivables as well as the trade and other payables are categorised as level 2. The cash and cash equivalents are categorised as level 1.

3.3 Capital risk management

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Funding is secured by its shareholders through capital calls for which estimations are made each year. No external funding will be obtained.

The Fund distributes the operating profit annually to its shareholders as required by tax law. Reference is made to Note 10 [on page 69] . In order to maintain or adjust its capital structure, the Fund may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back shares from shareholders or sell assets to reduce debt.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and adjusted for current market conditions and other factors.

4.1 Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom be exactly the same as the related actual results. The estimates, assumptions and management judgements that carry a significant risk of material adjustments to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Principal assumptions underlying management's estimation of fair value property portfolio

The valuation of the investment property portfolio is determined in accordance with the Fund's valuation principles. All investments are measured at fair value and based on active market prices, adjusted, if necessary, for any difference in nature, location or condition of the specific asset.

Current economic developments and uncertainties influence the valuation of our investment properties. The methods and significant assumptions applied in determining the fair value of our investment properties are mainly due to (i) active market prices, (ii) the influence of so-called rent-free periods and vacancy rates, (iii) the discount rates and (iv) assumed trends in rents.

These market values are based on valuations by independent external valuation experts. The valuation is based on an open market value, supported by market evidence in which assets can be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of the valuation, in accordance with the guidelines of the MSCI Netherlands Property Index.

The valuations are based on a discounted cash flow (DCF) analysis of each property combined – where necessary – with valuations based on market evidence. The DCF analyses are adjusted to existing lease agreements, in order to cover the full period of existing lease agreements. The DCF analyses are based on calculations of the future rental revenue in accordance with the terms in existing lease agreement, and estimations of the rental values when the agreement expires. The starting point for the estimation of the discount rate is the nominal interest rate for 10-year Dutch government bonds. This rate should be increased in accordance with the risks involved in property investments. The whole investment property portfolio is appraised on a quarterly basis by external appraisers. The valuations are executed by external independent valuation experts.

5 Retail locations by strategy

A spread by strategy is applied in the analysis of the valuation of the investment property portfolio.

The Fund's key retail locations by strategy are: Experience, Convenience and Other.

The valuation of the completed investment properties per retail location by strategy was as follows:

Property valuation as at 31 December	2018	2017
Strategy type		
Experience	480,700	449,050
Convenience	272,250	214,067
Other	192,636	201,751
Total	**945,586**	**864,868**

6 Gross rental income and service charge income

	2018	2017
Theoretical rent	55,457	52,954
Incentives	(1,502)	(1,207)
Vacancies	(2,654)	(2,337)
Total gross rental income	**51,301**	**49,410**

The future contractual rent from leases in existence on 31 December 2018, until the end of the contract (accounted for on the basis of the minimum rent) can be analysed as follows:

	2018	2017
First year	54,716	51,716
Second to fifth years	151,493	148,387
More than five years	155,157	144,319

Service charge income represents € 2.1 million (2017: € 1.9 million) income receivable from tenants for the services utilities, caretakers, etc. when the Fund acts as a principal.

7 Property operating expenses

	2018	2017
Taxes	1,859	1,872
Insurance	166	163
Maintenance	1,441	1,428
Valuation fees	167	159
Property management fees	935	898
Promotion and marketing	493	273
Letting and lease renewal fees	961	686
Other operating expenses	1,590	1,375
Addition to provision for bad debts	446	40
Total property operating expenses	**8,058**	**6,894**

In 2018, € 0.2 million (2017: € 0.2 million) of the maintenance expenses related to unlet properties.

8 Administrative expenses

	2018	2017
Management fee Bouwinvest	4,508	4,255
Audit fees	28	26
Other administrative expenses	152	96
Legal fees	-	-
Other Fund expenses	33	98
Total administrative expenses	**4,721**	**4,475**

Where administrative expenses relate directly to the operation of the property portfolio, they are charged to operating expenses. Where administrative expenses relate directly to the development of the property portfolio, they are capitalised.

9 Finance expenses

	2018	2017
Finance expenses	1,072	140
Total finance expenses	**1,072**	**140**

The Fund had no external loans and borrowings during 2018. The Fund was subject to the negative interest rate development for its bank balances.

10 Income taxes

FII Status

The Fund has opted for the status of Fiscal Investment Institution (FII). Although an FII is not transparent for tax purposes the FII regime is based on the principle of tax transparency. This transparency is effectively realized by the fact that an FII is subject to Dutch corporate income tax at a rate of 0% in combination with the so-called distribution obligation (for more information see the distribution obligation section below). As a result any benefits derived from a shareholding in an FII are taxable at shareholder level only.

To benefit from the FII regime, the Fund must meet certain requirements regarding, inter alia, the aforementioned obligation to distribute its profits, its activities, its leverage and its shareholders. These requirements are outlined in greater detail below.

Distribution obligation

Because of the fiscal transparency principle, an FII must distribute 100% of its taxable profits within eight months after the end of the relevant fiscal year, with the exception of certain specific items. In practice, the company-only net rental income and net finance income, is distributed annually. Capital gains, either realised or unrealised, do not need to be distributed. Unrealised capital gains do not constitute taxable income whereas realised capital gains are added to a so-called reinvestment reserve. Part of the management costs need to be charged against the reinvestment reserve. If and to the extent that realised gains are added to the reinvestment reserve, such gains are treated as capital for dividend withholding tax purposes, rather than distributable profits (for more information see the dividend withholding tax section).

Activity rules

An FII is obliged to be engaged exclusively in passive investment activities, i.e. it may not (partly) conduct an active trade or business. Whether an activity is characterised as a passive investment activity or as a business activity for Dutch tax purposes depends on all relevant facts and circumstances.

Real estate development is not regarded as a 'passive' investment activity. However, development activities for the FII's own portfolio are specifically permitted. These activities should be carried out by a subsidiary which is subject to tax at the common corporate tax rate (2018: 25%). Improvements to existing properties do not qualify as development activities provided that the capital expenditure is less than 30% of the value of the property as determined by the Dutch Valuation of Immovable Property Act (*Wet Waardering onroerende zaken*) prior to the improvements.

In addition activities that are auxiliary to the Fund's passive investment activities (renting out of the Fund's real property) are under conditions permitted, provided that they are also carried out by a taxable subsidiary of the Fund.

The Fund avails of both a taxable subsidiary for development activities as a taxable subsidiary for auxiliary services.

Leverage restrictions

An FII may finance its investments with debt up to a maximum of 60% of the fiscal book value of the real estate property, plus 20% of the fiscal book value of all other investments.

Shareholder test

As the Fund is subject to supervision of the AFM due to Bouwinvest's AIFMD license as an alternative investment fund manager, the Fund is subject to the shareholder requirements for regulated FIIs. The shareholder requirements for regulated FIIs stipulate that:

- A single corporate entity which is subject to any form of profit tax, not being a regulated FII or an UCITS, or an entity whose profits are taxed in the hands of its participants, i.e. a tax transparent entity, may not own 45% or more of the shares together with such affiliated entities.
- A single individual may not own an interest of 25% or more.

Furthermore, all FIIs must meet the condition that their shares are not owned for 25% or more by Dutch resident entities through the interposition of non-Dutch entities which have a capital divided into shares or mutual funds.

The Fund met the requirements of an FII in 2018. The effective tax rate was 0% (2017: 0%).

Legislation FII-status

In 2017 the Dutch government announced new legislation abolishing the Dutch dividend withholding tax and no longer allowing FII's to directly invest in Dutch real estate. As a result the Fund should be restructured to avoid negative tax consequence to the extent possible. However 15 October 2018 the Dutch government announced that the dividend withholding tax would not be abolished and that, as a result, the FII-regime would not be amended. So the legal structure of the Fund will not have to be converted.

Dividend withholding tax

Profit distributions by the Fund are subject to Dutch dividend withholding tax at the statutory rate of 15%. However, distributions made from the tax free reinvestment reserve are not subject to Dutch dividend withholding tax, provided that this is properly formalized.

Retail Development

In 2018 Bouwinvest settled the transfer pricing dispute with the Dutch Tax Authorities with respect to the redevelopment of the assets "Damrak" and "Nieuwendijk" in Amsterdam. Both assets are owned by the Retail Fund. Parties agreed on a taxable development profit of € 24.0 million to be assessed with Retail Development BV, a 100% subsidiary of the Bouwinvest Retail Fund NV.

11 Employee benefits expense

The Retail Fund has no employees.

12 Investment property

		2018		2017
At the beginning of the year		**863,337**		**763,747**
Transfers from investment property under construction	21,482		14,076	
Acquisitions	53,518		60,833	
Other capital expenditure	2,356		-	
Total investments		**77,356**		**74,909**
Transfers to investment property under construction		(12,898)		-
Disposals		(1,240)		(450)
Net gain (loss) from fair value adjustments on investment property (like for like)	18,786		28,252	
Net gain (loss) from fair value adjustments on investment property	(3,910)		(3,121)	
In profit or loss		**14,876**		**25,131**
In other comprehensive income		-		-
Transfers out of level 3		-		-
Total investment property (level 3)		**941,431**		**863,337**
Lease incentives		4,155		1,531
At the end of the year		**945,586**		**864,868**

The Fund's investment properties are valued by external valuation experts on a quarterly basis. The external valuation expert is changed every three years. On 31 December 2018, these properties were revalued by independent professionally qualified valuation experts who hold a recognised relevant professional qualification and had recent experience in the locations and categories of the investment properties valued. The carrying values of investment property as at 31 December 2018, and 1 January 2018, are in line with the valuations reported by the external valuation experts.

Since the accounting effect of lease incentives granted is included under non-current assets the recognised amount € 4.2 million (2017: € 1.5 million) is deducted from the total fair value of investment properties.

Investments and investment property under construction	2018	2017
Experience	17,058	7,617
Convenience	51,904	66,873
Other	8,394	419
Total Investments and investment property under construction	**77,356**	**74,909**

Disposals	2018	2017
Experience	-	(450)
Convenience	-	-
Other	(1,240)	-
Total disposals	**(1,240)**	**(450)**

The significant assumptions with regard to the valuations are set out below.

2018	Experience	Convenience	Other	Total
Current average rent (€/m²)	365	203	179	229
Estimated rental value (€/m²)	388	201	158	224
Gross initial yield	3.9%	6.2%	8.3%	5.5%
Net initial yield	3.6%	4.9%	6.3%	4.5%
Current vacancy rate (VVO m²)	1.4%	4.6%	10.1%	6.2%
Average financial vacancy rate	1.8%	4.2%	8.0%	4.6%
Long-term growth rental rate	0.9%	0.8%	0.4%	0.8%
Average 10-years inflation rate (NRVT)				0.5%

2017	Experience	Convenience	Other	Total
Current average rent (€/m²)	374	216	179	234
Estimated rental value (€/m²)	400	203	162	228
Gross initial yield	4.0%	6.8%	8.3%	5.7%
Net initial yield	3.8%	5.3%	7.0%	4.9%
Current vacancy rate (VVO m²)	1.1%	8.1%	6.6%	5.9%
Average financial vacancy rate	0.8%	6.6%	6.2%	4.3%
Long-term growth rental rate	1.9%	1.1%	1.0%	1.5%
Average 10-years inflation rate (NRVT)				0.5%

The net valuation gain (loss) for the year included a positive fair value adjustment of € 31.6 million (2017: € 46.5 million) relating to investment properties that are measured at fair value at the end of the reporting period.

Direct operating expenses recognised in profit or loss include € 0.1 million (2017: € 0.1 million) relating to vacant investment property. Investment property includes buildings held under finance leases. The carrying amount is € nil (2017: € nil).

Sensitivity analysis

The appraisal of the portfolio implies a net initial yield of 4.5% (2017: 4.9%). If the yields used for the appraisals of investment properties on 31 December 2018 had been 100 basis points higher (2017: 100 basis points higher) than was the case at that time, the value of the investments would have been 16.9% lower (2017: 15.8% lower). In this situation, the Fund's shareholders' equity would have been € 170 million lower (2017: € 146 million lower).

The table below presents the sensitivity of the valuation to changes in the most significant assumptions.

	2018		2017	
Change rental rates	-5%	5%	-5%	5%
Value of the investment property change	(47,279)	47,279	(43,243)	43,243

	2018		2017	
Change net initial yield	– 25 bps	+ 25 bps	– 25 bps	+ 25 bps
Value of the investment property	55,079	(115,183)	31,818	(53,625)

13 Investment property under construction

	2018	2017
At the beginning of the year	**11,941**	**13,166**
Investments	7,529	14,764
Transfer to investment property	(21,482)	(14,076)
Transfer from investment property	12,898	-
Net gain (loss) from fair value adjustments on investment property under construction	2,012	(1,913)
In profit or loss	**2,012**	**(1,913)**
In other comprehensive income	-	-
Transfers out of level 3	-	-
Total investment property under construction (level 3)	**12,898**	**11,941**
Lease incentives	-	-
At the end of the year	**12,898**	**11,941**

Investment property under construction is not (re)developed within the Retail Fund but via external parties or Bouwinvest Retail Development B.V.

	2018	2017
Investment property under construction at fair value	12,898	11,941
Investment property under construction at amortised cost	-	-
As at 31 December	**12,898**	**11,941**

The investment property under construction is valued by external valuation experts.

Investments and investment property under construction	2018	2017
Experience	-	-
Convenience	7,529	14,764
Other	-	-
Total investments and investment property under construction	**7,529**	**14,764**

Transfers to investment property	2018	2017
Rosmalen (2017: Amsterdam)	(21,482)	(14,076)
Total transfers to investment property	**(21,482)**	**(14,076)**

The significant assumptions with regard to the valuations are set out below.

	2018	2017
Gross initial yield	6.8%	7.0%
Net initial yield	5.6%	6.4%
Long-term vacancy rate	6.0%	0.3%
Average 10-years inflation rate (NRVT)	0.5%	0.5%
Estimated average percentage of completion	26.1%	61.0%
Current average rent (€/m²)	208	228
Construction costs (€/m²)	1,014	3,558

14 Trade and other current receivables

	2018	2017
Trade receivables	592	520
Other receivables	1,699	-
Balance as at 31 December	**2,291**	**520**

15 Cash and cash equivalents

	2018	2017
Bank deposits	-	-
Bank balances	20,521	21,486
Balance as at 31 December	**20,521**	**21,486**

The bank balances of € 20.5 million are freely available to the Fund as at 31 December 2018. In order to minimalise the costs of the negative interest rate on the bank balances, during 2018 the Fund used 30-day bank deposits. The bank deposits have a 30 days' notice period.

16 Equity attributable to shareholders of Bouwinvest Dutch Institutional Retail Fund N.V.

For 2018, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2018	**327,089**	**361,679**	**200,128**	**(61,059)**	**61,059**	**888,896**
Comprehensive income						
Net result	-	-	-	-	48,675	48,675
Total comprehensive income	**-**	**-**	**-**	**-**	**48,675**	**48,675**
Other movements						
Issued shares	23,406	41,594	-	-	-	65,000
Appropriation of result	-	-	-	61,059	(61,059)	-
Dividends paid	-	(7,008)	-	(25,883)	-	(32,891)
Movement revaluation reserve	-	-	22,792	(22,792)	-	-
Total other movements	**23,406**	**34,586**	**22,792**	**12,384**	**(61,059)**	**32,109**
Balance at 31 December 2018	**350,495**	**396,265**	**222,920**	**(48,675)**	**48,675**	**969,680**

* See explanation dividend restrictions in this Note.

For 2017, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2017	**312,172**	**348,515**	**163,514**	**(64,250)**	**64,250**	**824,201**
Comprehensive income						
Net result	-	-	-	-	61,059	61,059
Total comprehensive income	**-**	**-**	**-**	**-**	**61,059**	**61,059**
Other movements						
Issued shares	14,917	25,083	-	-	-	40,000
Appropriation of result	-	-	-	64,250	(64,250)	-
Dividends paid	-	(11,919)	-	(24,445)	-	(36,364)
Movement revaluation reserve	-	-	36,614	(36,614)	-	-
Total other movements	**14,917**	**13,164**	**36,614**	**3,191**	**(64,250)**	**3,636**
Balance at 31 December 2017	**327,089**	**361,679**	**200,128**	**(61,059)**	**61,059**	**888,896**

* See explanation dividend restrictions in this Note.

Dividend restrictions

The Retail Fund is subject to legal restrictions regarding the amount of dividends it can pay to its shareholders. Dutch Law stipulates that dividends can only be paid up to an amount equal to the excess of the Fund's own funds over the sum of the paid-up capital, statutory reserves and reserves required by law.

The revaluation reserve, being a legal reserve, cannot be freely distributed. Dividends are all payments from the free reserves. The free reserves consist of the share premium and retained earnings. Dividend will consist partly of profits and other payments.

In order to further align the processing of the distributable dividends with Dutch Law and taking into account the FII status of the Fund, the distributable dividends are made from retained earnings insofar the retained earnings – being the total amount of retained earnings and result for the year – are not negative. The remaining amount of legally required distributable dividends is subsequently made from share premium. Any residual negative retained earnings is supplemented from the share premium.

	Number of shares in fully paid up equivalents	Paid-up share capital	Share premium	Total share capital and share premium
Opening balance at 1 January 2018	**327,089**	**327,089**	**361,679**	**688,768**
New shares issued	23,406	23,406	41,594	65,000
Dividend paid	-	-	(7,008)	(7,008)
Balance at 31 December 2018	**350,495**	**350,495**	**396,265**	**746,760**

	Number of shares in fully paid up equivalents	Paid-up share capital	Share premium	Total share capital and share premium
Opening balance at 1 January 2017	**312,172**	**312,172**	**348,515**	**660,687**
New shares issued	14,917	14,917	25,083	40,000
Dividend paid	-	-	(11,919)	(11,919)
Balance at 31 December 2017	**327,089**	**327,089**	**361,679**	**688,768**

Issued capital

The authorised capital comprises 1 million shares each with a nominal value of € 1,000. As at 31 December 2018, in total 350,495 shares had been issued and fully paid up.

Share premium

The share premium reserve consists of capital paid on shares in excess of the nominal value. At the establishment of the Fund, the shareholder bpfBOUW contributed an investment property portfolio under legal title of share premium.

Revaluation reserve

The revaluation reserve relates to the revaluation of the property investments. The (unrealised) positive or negative difference between the cumulative increase or decrease in the fair value of the investment property owned at the end of the year has been included in the revaluation reserve. The revaluation reserve as at year-end 2018 was determined at the individual property level.

17 Trade and other payables

	2018	2017
Trade payables	2,460	826
Rent invoiced in advance	5,248	5,074
Group companies Bouwinvest	-	1,627
Tenant deposits	1,068	884
Service charge payments	441	566
Promotion costs	226	167
Tax	75	67
Other payables	2,098	708
Balance as at 31 December	**11,616**	**9,919**

The other payables relate to invoices yet to be received for maintenance of and investments in the portfolio.

18 Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

	2018	2017
Net result attributable to shareholders	48,675	61,059
Weighted average number of ordinary shares	329,438	320,367
Basic earnings per share (€ per share)	147.75	190.59

The Fund has no potentially dilutive ordinary shares. Therefore, the diluted earnings per share are the same as the basic earnings per share.

19 Dividends per share

In 2018, € 32.9 million (2017: € 36.4 million) was paid as dividend. The payment of a dividend over 2018 of € 118.16 per share as at year-end 2018 (2017: € 117.77), amounting to a total dividend of € 38.9 million (2017: € 37.7 million), is to be proposed at the Annual General Meeting of shareholders on 24 April 2019. These financial statements do not reflect this dividend payable.

The dividend proposal for 2018 has not been accounted for in the financial statements. The dividend for 2018 will be paid in cash.

20 Contingent liabilities and assets

As at 31 December 2018, the Fund's total future commitments amounted to € 1 million (2017: € 30 million). These commitments are made up as follows:

Investment commitments (in € million)	2019	2020	2021+
Winkelcentrum Goverwelle, Gouda	1	-	-

As at 31 December 2018, the Fund had unprovisioned contractual obligations for future repairs and maintenance of € 0.5 million (2017: € 0.3 million).

The Fund has a contractual agreement with Bouwinvest for an indefinite period in which it has to pay a management fee, based on the net asset value. The notice period is two years.

21 Related parties

The Retail Fund's subsidiairies and members of the Supervisory Board and Board of Directors of Bouwinvest and the other entities under management by Bouwinvest, qualify as related parties of the Retail Fund. The Fund paid Bouwinvest a € 4.5 million fee in 2018 (2017: € 4.3 million).

Bouwinvest Development B.V. and bpfBOUW and the subsidiaries and investments held by bpfBOUW are also deemed related parties.

Members of the Supervisory Board and Board of Directors of Bouwinvest do not have any material interest in the Fund's voting shares and do not have options on shares. The Fund has not granted any loans to the members of the Bouwinvest Supervisory Board and Board of Directors.

The members of the Bouwinvest Supervisory Board and Board of Directors held no personal interest in the Fund's investments in 2018.

Bouwinvest Development B.V. and Bouwinvest Retail Development B.V. (re)develops part of the investment property for the Fund. In 2018, nil (2017: € 17.2 million) was paid to Bouwinvest Development B.V. and Bouwinvest Retail Development B.V. with regard to projects.

22 Management fee

Bouwinvest is the manager and the Statutory Director of the Fund. The management fee paid for the year 2018 amounted to € 4.5 million (2017: € 4.3 million).

In consideration of the management activities with respect to the Fund, Bouwinvest receives an annual management fee equal to 0.50% (exclusive of VAT) of the Fund's net asset value in accordance with the valuation methods of the Fund. The management fee is payable quarterly in advance.

During the reporting period, the manager, Bouwinvest, is responsible for five funds of which the Residential Fund, Office Fund and Retail Fund are under supervision of the Dutch Financial Markets Authority (AFM). Bouwinvest also has a separate mandate from bpfBOUW for the management of international real estate investments and manages Bouwinvest Development B.V. The remuneration cannot be explicitly allocated per fund and is therefore not available. The remuneration, in line with the AIMFD Article 107, is disclosed in the annual report 2018 of Bouwinvest Real Estate Investors B.V., which is filed and public.

23 Audit fees

The table below shows the fees charged over the year 2018 by Deloitte Accountants B.V. and the Deloitte Network in respect of activities for the Retail Fund.

	2018	2017
Audit of the financial statements	28	26
Other audit engagements	-	-
Tax advisory services	-	-
Other non-audit services	-	-
Total fees	**28**	**26**

24 Subsequent events

As of January 2019, one Dutch pension fund committed for a total of € 26 million and shares were issued for € 12 million.

Company balance sheet

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2018	2017
Assets			
Non-current assets			
Investment property		945,586	864,868
Investment property under construction		12,898	11,941
Financial assets	3	1,183	1,245
		959,667	**878,054**
Current assets			
Trade and other current receivables		2,291	520
Cash and cash equivalents		19,998	20,587
		22,289	**21,107**
Total assets		**981,956**	**899,161**
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		350,495	327,089
Share premium		396,265	361,679
Revaluation reserve		222,920	200,128
Retained earnings		(48,675)	(61,059)
Net result for the year		48,675	61,059
Total equity	4	**969,680**	**888,896**
Current liabilities			
Trade and other payables		12,276	10,265
Total liabilities		**12,276**	**10,265**
Total equity and liabilities		**981,956**	**899,161**

Company profit and loss account

All amounts in € thousands, unless otherwise stated

	2018	2017
Profit of participation interests after taxes	(6,820)	239
Other income and expenses after taxes	55,495	60,820
Result for the year	**48,675**	**61,059**

Notes to the company financial statements

All amounts in € thousands, unless otherwise stated

1 Summary of significant accounting policies

1.1 General

The Company financial statements of Bouwinvest Dutch Institutional Retail Fund N.V. (the Retail Fund) are included in the consolidated financial statements and are prepared in accordance with the legal requirements of Part 9, Book 2 of the Dutch Civil Code. These financial statements have been prepared in accordance with provision of Article 2:362 subsection 8 and 9, of the Dutch Civil Code, under which the Company financial statements may be prepared in accordance with accounting policies as adopted in the consolidated financial statements.

If no other policies are mentioned, the applicable policies are those of the consolidated financial statements. The consolidated financial statements should be consulted for an appropriate interpretation of the Company financial statements.

The notes in the consolidated financial statements also apply to the Company accounts. If Company amounts are not directly traceable to the consolidated notes, additional notes are included in the Company notes.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

The exemption laid down in Article 402 Book 2 of the Dutch Civil Code has been applied to the Company profit and loss account of the Fund.

1.2 Financial assets

Subsidiaries

Subsidiaries include all entities over which the Fund has the power – directly or indirectly – to control financial and operational policies. Subsidiaries are valued under the net equity method, but not lower than zero.

The equity value is measured by valuation of assets, provisions and liabilities and determination of results based on the accounting policies of the consolidated financial statements.

Recognition of losses

If the share in losses attributable to the Fund exceeds the carrying amount of the net investment (investment and other unsecured receivables), further losses will not be recognised, unless the Fund has provided securities to the associate, committed to liabilities or paid on behalf of the associate. In that case, a provision will be set aside for the excess.

2 Financial risk management

Reference is made to Note 3 of the consolidated financial statements.

3 Financial assets

	2018	2017
As per 1 January	1,245	1,006
Acquisitions	7,000	-
Dividends received	(242)	-
Net result for the year	(6,820)	239
As per 31 December	**1,183**	**1,245**

The Fund acquired the shares (100%) of the following subsidiaries:

- Bouwinvest Retail Development B.V., Amsterdam
- Bouwinvest Dutch Institutional Retail Fund Services B.V., Amsterdam

Bouwinvest Retail Development B.V. redevelops investment properties for Bouwinvest Dutch Institutional Retail Fund N.V.

Bouwinvest Dutch Institutional Retail Fund Services B.V. renders services that are ancillary to renting activities of the Fund.

4 Equity attributable to shareholders of Bouwinvest Dutch Institutional Retail Fund N.V.

For 2018, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2018	**327,089**	**361,679**	**200,128**	**(61,059)**	**61,059**	**888,896**
Comprehensive income						
Net result	-	-	-	-	48,675	48,675
Total comprehensive income	**-**	**-**	**-**	**-**	**48,675**	**48,675**
Other movements						
Issued shares	23,406	41,594	-	-	-	65,000
Appropriation of result	-	-	-	61,059	(61,059)	-
Dividends paid	-	(7,008)	-	(25,883)	-	(32,891)
Movement revaluation reserve	-	-	22,792	(22,792)	-	-
Total other movements	**23,406**	**34,586**	**22,792**	**12,384**	**(61,059)**	**32,109**
Balance at 31 December 2018	**350,495**	**396,265**	**222,920**	**(48,675)**	**48,675**	**969,680**

* See explanation dividend restrictions in Note 16 of the consolidated financial statements.

For 2017, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2017	**312,172**	**348,515**	**163,514**	**(64,250)**	**64,250**	**824,201**
Comprehensive income						
Net result	-	-	-	-	61,059	61,059
Total comprehensive income	**-**	**-**	**-**	**-**	**61,059**	**61,059**
Other movements						
Issued shares	14,917	25,083	-	-	-	40,000
Appropriation of result	-	-	-	64,250	(64,250)	-
Dividends paid	-	(11,919)	-	(24,445)	-	(36,364)
Movement revaluation reserve	-	-	36,614	(36,614)	-	-
Total other movements	**14,917**	**13,164**	**36,614**	**3,191**	**(64,250)**	**3,636**
Balance at 31 December 2017	**327,089**	**361,679**	**200,128**	**(61,059)**	**61,059**	**888,896**

* See explanation dividend restrictions in Note 16 of the consolidated financial statements.

Issued capital

The authorised capital comprises 1 million shares each with a nominal value of € 1,000. As at 31 December 2018, in total 350,495 shares had been issued and fully paid up.

Share premium

The share premium reserve consists of capital paid on shares in excess of the nominal value. At the establishment of the Fund, the shareholder bpfBOUW contributed an investment property portfolio under legal title of share premium.

Revaluation reserve

The revaluation reserve relates to the revaluation of the property investments. The (unrealised) positive or negative difference between the cumulative increase or decrease in the fair value of the investment property owned at the end of the year has been included in the revaluation reserve. The revaluation reserve as at year-end 2018 was determined at the individual property level.

Appropriation of profit 2017

The Annual General Meeting of shareholders on 18 April 2018 adopted and approved the 2017 financial statements of the Retail Fund. A dividend of € 117.77 (in cash) per share has been paid. Of the profit for 2017 amounting to € 61.1 million, € 61.1 million was incorporated in the retained earnings.

Proposal for profit appropriation 2018

The management of the Fund proposes to the General Meeting of shareholders that a dividend of € 118.16 (in cash) per share be paid. Of the profit for 2018 amounting to € 48.7 million, € 48.7 million will be incorporated in the retained earnings.

5 Employee benefits expense

The Retail Fund has no employees.

6 Remuneration

Reference is made to Note 22 of the consolidated financial statements.

Signing of the Financial Statements

Amsterdam, 20 March 2019

Bouwinvest Real Estate Investors B.V.

Dick van Hal, *Chairman of the Board of Directors and Statutory Director*
Arno van Geet, *Managing Director Finance & Risk*
Allard van Spaandonk, *Managing Director Dutch Investments*
Stephen Tross, *Managing Director International Investments*

Other information

Articles of Association related to the appropriation of profit

Appropriation of profit is provided for in Article 20 of the Articles of Association. This specific article is quoted below.

20.1
The distributable profit shall be at the disposal of the General Meeting for distribution of dividend or to be added to the reserves. If the General Meeting has made a decision about profit distribution not later than immediately prior to or after the adoption of the financial statements, the distributable profit will be added to the reserves.

20.2
Distribution of profits shall take place after the adoption of the financial statements which show that the distribution is permitted.

20.3
The General Meeting may resolve to distribute one or more interim dividends and/or other interim distributions. The Board of Directors may also resolve to distribute one or more interim dividends.

20.4
Dividends shall be payable immediately after they have been declared, unless the General Meeting provides otherwise.

20.5
Distribution to shareholders may be made only to the extent of distributable equity and if an interim dividend is paid, that requirement is met according to an interim financial statement as referred to in Article 2:105 Section 4 of the Dutch Civil Code. The Fund shall deposit the interim financial statements at the offices of the Chamber of Commerce (Commercial Register) within eight days after the date of the decision to make an interim distribution.

20.6
In calculating the appropriation of profits, the shares held by the Fund in its own share capital shall not be taken into account.

Independent auditor's report

To the shareholders of Bouwinvest Dutch Institutional Retail Fund N.V.

Report on the audit of the financial statements 2018 included in the annual report

Our opinion

We have audited the accompanying financial statements 2018 of Bouwinvest Dutch Institutional Retail Fund N.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Bouwinvest Dutch Institutional Retail Fund N.V. as at 31 December 2018, and of its result and its cash flows for 2018 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying company financial statements give a true and fair view of the financial position of Bouwinvest Dutch Institutional Retail Fund N.V. as at 31 December 2018, and of its result for 2018 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at 31 December 2018.
2. The following statements for 2018: the consolidated statements of comprehensive income, changes in equity and cash flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company balance sheet as at 31 December 2018.
2. The company profit and loss account for 2018.
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 Bouwinvest Dutch Institutional Retail Fund N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 13.4 million. The materiality is based on 1.4% of total investment property. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

Materiality overview	
Materiality level	€ 13.4 million
Basis for group materiality level	1.4% of total investment property
Threshold for reporting misstatements	€ 670 thousand

We agreed with the Board of Directors that misstatements in excess of € 670 thousand, 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

Bouwinvest Dutch Institutional Retail Fund N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Bouwinvest Dutch Institutional Retail Fund N.V.

Our group audit mainly focused on significant group entities.

We have performed all audit procedures ourselves for all group entities.

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 consolidated 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 Board of Directors. 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.

Key audit matter	How the key audit matter was addressed in the audit
Valuation of investment property	
Investment property and investment property under construction are important accounts balances in the statement of financial position and are valued at fair value. The valuations of these investment properties are based on external valuations. The valuation of investment property contains an inherent estimation uncertainty (see also notes 4.1, 12 and 13 of the notes to the financial statements).	We have obtained an understanding of the key controls, including the involvement of the external valuation experts by management, surrounding the valuation process. Using the underlying external appraisal reports we have verified the value of the investment property. We have likewise reconciled the rental data applied with the financial accounting records. On the basis of IAS 40, we have reviewed the Fair Value concept as applied by the appraisers. Likewise, we have critically reviewed the relevant factors influencing the appraisal value of an object and discussed these with the external appraisers and the responsible client personnel. We have additionally engaged internal property experts to review a selection of the property. We have performed an additional test on the reliability of the estimation by comparing the valuation with the revenues effectively realized upon sale.

Report on the other information included in the annual report

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

- Report of the Board of Directors
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code
- Other additional information, among others: Responsible investing, Corporate governance and Risk management.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.

- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Report of the Board of Directors in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks 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.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related

disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

From the matters communicated with the Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, March 20, 2019

Deloitte Accountants B.V.

Signed on the original: J. Holland

INREV valuation principles and INREV adjustments

INREV valuation principles

In order to give investors information on the transition from the Net Asset Value (NAV) according to IFRS to the adjusted NAV based on INREV valuation principles, the Fund reports the adjustments according to the INREV valuation principles. The fundamental assumption underlying the adjusted INREV NAV of the Fund is that it should give a more accurate reflection of the economic value of the Fund and of a participation in the Fund as it would be realised by a participant in a theoretical sale, as of the balance sheet date, assuming an arm's length transaction, a willing buyer/seller and an adequate time to market.

Note		Total	Per share	Actual impact on 2018 figures	Actual impact on 2017 figures
	NAV per the IFRS financial statements	X	X	Yes	Yes
	Reclassification of certain IFRS liabilities as components of equity	X	X	N/A	N/A
1	Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders long term interests in a vehicle	X	X	N/A	N/A
2	Effect of dividends recorded as a liability which have not been distributed	X	X	N/A	N/A
	NAV after reclassification of equity-like interests and dividends not yet distributed	X	X	N/A	N/A
	Fair value of assets and liabilities	X	X	N/A	N/A
3	Revaluation to fair value of investment properties	X	X	N/A	N/A
4	Revaluation to fair value of self-constructed or developed investment property	X	X	N/A	N/A
5	Revaluation to fair value of investment property held for sale	X	X	N/A	N/A
6	Revaluation to fair value of property that is leased to tenants under a finance lease	X	X	N/A	N/A
7	Revaluation to fair value of real estate held as inventory	X	X	N/A	N/A
8	Revaluation to fair value of other investments in real assets	X	X	N/A	N/A
9	Revaluation to fair value of indirect investments not consolidated	X	X	N/A	N/A
10	Revaluation to fair value of financial assets and financial liabilities	X	X	N/A	N/A
11	Revaluation to fair value of construction contracts for third parties	X	X	N/A	N/A
12	Set-up costs	X	X	N/A	N/A
13	Acquisition expenses	X	X	Yes	Yes
14	Contractual fees	X	X	N/A	N/A
	Effects of the expected manner of settlement of sales/vehicle unwinding	X	X	N/A	N/A
15	Revaluation to fair value of savings of purchaser's costs such as transfer taxes	X	X	N/A	N/A
16	Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments	X	X	N/A	N/A
17	Effect of subsidiaries having a negative equity (non-recourse)	X	X	N/A	N/A
	Other adjustments	X	X	N/A	N/A
18	Goodwill	X	X	N/A	N/A
19	Non-controlling interest effects of INREV adjustments	X	X	N/A	N/A
	INREV NAV	X	X	Yes	Yes

X = Possible impact on NAV and NAV per share N/A = Not applicable Yes = Impact on INREV NAV

INREV adjustments

All amounts in € thousands, unless otherwise stated

Note		Total 2018	Per share 2018	Total 2017	Per share 2017
	NAV as per the financial statements	**969,680**	**2,766.60**	**888,896**	**2,717.59**
	Reclassification of certain IFRS liabilities as components of equity				
1	Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders long term interests in a vehicle	-	-	-	-
2	Effect of dividends recorded as a liability which have not been distributed	-	-	-	-
	NAV after reclassification of equity-like interests and dividends not yet distributed	**969,680**	**2,766.60**	**888,896**	**2,717.59**
	Fair value of assets and liabilities				
3	Revaluation to fair value of investment properties	-	-	-	-
4	Revaluation to fair value of self-constructed or developed investment property	-	-	-	-
5	Revaluation to fair value of investment property held for sale	-	-	-	-
6	Revaluation to fair value of property that is leased to tenants under a finance lease	-	-	-	-
7	Revaluation to fair value of real estate held as inventory	-	-	-	-
8	Revaluation to fair value of other investments in real assets	-	-	-	-
9	Revaluation to fair value of indirect investments not consolidated	-	-	-	-
10	Revaluation to fair value of financial assets and financial liabilities	-	-	-	-
11	Revaluation to fair value of construction contracts for third parties	-	-	-	-
12	Set-up costs	-	-	-	-
13	Acquisition expenses	8,174	23.32	7,221	22.08
14	Contractual fees	-	-	-	-
	Effects of the expected manner of settlement of sales/vehicle unwinding				
15	Revaluation to fair value of savings of purchaser's costs such as transfer taxes	-	-	-	-
16	Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments	-	-	-	-
17	Effect of subsidiaries having a negative equity (non-recourse)	-	-	-	-
	Other adjustments				
18	Goodwill	-	-	-	-
19	Non-controlling interest effects of INREV adjustments	-	-	-	-
	INREV NAV	**977,854**	**2,789.93**	**896,117**	**2,739.67**
	Number of shares issued	350,495		327,089	
	Number of shares issued taking dilution effect into account	350,495		327,089	
	Weighted average INREV NAV	918,152		864,226	
	Weigthed average INREV GAV	928,105		874,695	
	Total Expense Ratio (NAV)	0.53%		0.53%	
	Total Expense Ratio (GAV)	0.53%		0.52%	
	Real Estate Expense Ratio (GAV)	0.86%		0.79%	

Notes to the INREV adjustments

All amounts in € thousands, unless otherwise stated

1 Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders' long term interest in a vehicle

Investors' capital can take various forms aside from equity – examples include shareholder loans and hybrid capital instruments such as convertible bonds. Some vehicles are structured via a combination of equity participations and shareholder loans.

Shareholder loans and hybrid capital instruments are generally seen as part of the investors' overall interest in the vehicle.

Since investors in the Fund only invest via shares, no adjustment is included.

2 Effect of dividends recorded as a liability which have not been distributed

Under certain circumstances dividends are recorded as a liability but have not yet been legally distributed. For the determination of INREV NAV, these accrued dividends should be reversed to the NAV.

As per 31 December 2018, no dividends are recorded as a liability, no adjustment is included.

3 Revaluation to fair value of investment property

After initial recognition, investment property is valued at fair value under the fair value option of IAS 40. Therefore no adjustment had to be made as per 31 December 2018.

4 Revaluation to fair value of self-constructed or developed investment property

Development property is investment property under construction and valued at fair value under the fair value option of IAS 40. Therefore no adjustment had to be made as per 31 December 2018.

5 Revaluation to fair value of investment property held for sale

Assets in this category are measured under IFRS at the lower of cost or net realisable value in the financial statements. The adjustment represents the impact on NAV of the revaluation of the property intended for sale, measured at cost, to fair value.

As per 31 December 2018, no properties intended for sale had been presented that are not included in the fair value of investment property.

6 Revaluation to fair value of property that is leased to tenants under a finance lease

Property that is leased to tenants under a finance lease is initially measured on a net investment basis and subsequently re-measured based on an amortisation pattern reflecting a constant rate of return. The adjustment represents the impact on NAV of the revaluation of the finance lease receivable to fair value.

As per 31 December 2018, no adjustment had been made since no property is held that is leased to tenants under a finance lease.

7 Revaluation to fair value of real estate held as inventory

Properties intended for sale and accounted for under IAS 2 (Inventory) are measured at the lower of cost or net realisable value in the financial statements. This adjustment represents the impact on the NAV of the revaluation of such properties to net realisable value (fair value less disposal costs). This adjustment should be included under the caption 'revaluation to fair value of real estate held as inventory'.

As per 31 December 2018, no adjustment had been made since no property is accounted for under IAS 2 (Inventory).

8 Revaluation to fair value of other investments in real assets

Under IAS16 other investments in real assets are normally accounted for at cost. The adjustment represents the impact on NAV of the revaluation of other investments in real assets to fair value in accordance with the fair value assumptions under IFRS 13.

As per 31 December 2018, no adjustment had been made since the Fund has no investments in real assets.

9 Revaluation to fair value of indirect investments not consolidated

Indirect investments in real estate, such as investments in associations and joint ventures, have different accounting treatments and carrying values under IFRS. Such investments can be valued at cost, fair value or NAV. The adjustment represents the impact on NAV of the revaluation of indirect investments to fair value if not yet accounted for at fair value.

As per 31 December 2018, no adjustment had been made since the Fund has no indirect investments in real estate.

10 Revaluation to fair value of financial assets and liabilities (including revaluation to fair value of debt obligations)

Financial assets and liabilities such as debt obligations are generally measured at amortised cost, taking into account any impairment when applicable. The adjustment represents the impact on NAV of the revaluation of financial assets and financial liabilities to fair value as determined in accordance with IFRS.

As per 31 December 2018, no adjustment had been made since the financial assets and liabilities accounted for in the Statement of financial position are not materially different with the fair value of the financial assets and liabilities in accordance with the fair value principles of IFRS 13.

11 Revaluation to fair value of construction contracts for third parties

Under IAS11, construction contracts for third parties are normally accounted for based on the stage of completion. The adjustment represents the impact on NAV of the revaluation of construction contracts for third parties to fair value in accordance with the fair value principles of IFRS 13.

As per 31 December 2018, no adjustment had been made since the Fund has no construction contracts of third parties.

Adjustments to reflect the spreading of one-off costs

As described in further detail below, set-up costs and acquisition expenses should be capitalised and amortised. The rationale for these adjustments is to spread these costs over a defined period of time to smooth the effect of the write-off of costs on the vehicle's performance. Furthermore, it is a simple mechanism to spread costs between different investor groups entering or leaving the vehicle's equity at different times.

In practice, there are many other ways in which vehicles address such issues for pricing, valuation, or other purposes. Since the INREV NAV is primarily intended to facilitate comparability between different vehicles, the INREV approach is a simple but fixed methodology. Please note that these capitalised costs are subject to an impairment test each time the NAV is calculated and therefore should always be recoverable over time.

As the adjustments with respect to set-up costs are separately disclosed in the calculation of a vehicle's INREV NAV, investors can choose how these are taken into account when valuing their holding.

12 Set-up costs

Set-up costs (i.e. establishment expenses) are charged immediately to income after the initial closing date. This adjustment represents the impact on NAV of the capitalisation and amortisation of set-up costs over the first five years of the terms of the Fund. When capitalising and amortising set-up costs, a possible impairment test should be taken into account every time the adjusted NAV is calculated when market circumstances change and it is not to be expected that the capitalised set-up costs can be recovered.

As per 31 December 2018, the set-up costs of the Fund have been amortised, so no adjustment had been made per 31 December 2018.

13 Acquisition expenses

Under the Fair Value model, acquisition expenses of investments under the fair value assumptions according to IFRS may be partly charged to income or equity as fair value changes at the first subsequent measurement date after acquisition. This is when the fair value at the moment of measurement is less than the total amount of the purchase value of the assets and the acquisition expenses.

This adjustment represents the impact on NAV of the capitalisation and amortisation of acquisition expenses over the period from acquisition of the specific asset to five years after initial closing.

When an asset is sold during the amortisation period, the balance of capitalised acquisition expenses is charged to the income statement in the period of sale.

When capitalising and amortising acquisition costs, a possible impairment test should be taken into account every time the adjusted NAV is calculated (when market circumstances change) and it is not expected that the capitalised acquisition costs can be recovered with the sale of units of the Fund.

Most of the acquisitions are realised via a turn-key agreement with a development company. Since these acquisitions can be purchased free of transfer-tax normally the acquisition price is higher than if transfer-taxes should be paid separately. The valuation methodology is the net valuation after deduction of acquisition cost for a potential buyer. At initial recognition and during the instalments a part in the revaluation result will include the effect of the difference of the purchase price and the net valuation after deduction of acquisition cost for a potential buyer. This difference is taken into account in the INREV NAV as a separate item in the INREV adjustment in respect to Acquisition expenses.

Capitalised acquisition costs as per 31 December 2017	7,221
Acquisition costs 2018	3,017
Amortisation acquisition costs in 2018	(2,064)
Adjustment NAV (excluding tax)	**8,174**

14 Contractual fees

A liability represents a present obligation. A fee payable at the end of the lifetime of the Fund or at any other moment during the lifetime of the Fund may not meet the criteria for recognition of a provision or liability in accordance with IFRS at the moment the accounts are prepared.

As per the balance sheet date, all contractual fees and contingent liabilities are recognised in accordance with IFRS. The Fund did not enter into any other contractual fees or contingent liabilities that are not presented in the accounts as per the balance sheet date.

15 Revaluation to fair value of savings of purchaser's costs such as transfer taxes

This adjustment represents the positive impact on NAV of the possible reduction of transfer taxes and purchaser's costs for the seller based on the expected sale via the sale of shares. Transfer taxes and purchaser's costs which would be incurred in an asset sale are generally deducted when determining the fair value of the properties. The effect of a possible sale of shares in a property vehicle might be taken into account when determining the deduction of transfer taxes and purchaser's costs (if this lowers the actual transfer tax and/or purchaser's costs to be paid upon sale by the seller).

The Fund has no investment property structured in special vehicles. As per 31 December 2018, no adjustment had been made due to the fact that it is impossible to sell investment property via a share deal. Therefore, there is no possibility of an additional reduction of the transfer tax or purchaser's costs that might lead to a higher sales price.

16 Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments

Under IFRS, deferred tax (assets and liabilities) is measured at the nominal statutory tax rate. How the Fund expects to settle deferred tax is not taken into consideration. This adjustment represents the impact on NAV of the deferred tax for assets and liabilities or financial instruments based on the expected settlement. This should be taken into consideration when tax structures have been applied to reduce tax on capital gains or allowances.

Where goodwill is included in the Statement of financial position as a result of a deferred tax liability that is eliminated as a result of the above-mentioned adjustment, the goodwill related to this deferred tax will be excluded from NAV.

The Fund has the status of a fiscal investment institution (0% corporate tax rate). Therefore, no adjustment has been made, as the Fund is exempt from corporate tax payments.

17 Effect of subsidiaries having a negative equity (non-recourse)

The adjustment represents the positive impact on the NAV of the partial or full reversal of the negative equity of the specific subsidiary. If the vehicle has granted shareholder loans to the subsidiary, these should be taken into account.

As per 31 December 2018, no adjustment had been made since the Fund has no subsidiaries.

18 Goodwill

At acquisition of an entity which is determined to be a business combination, goodwill may arise as a result of a purchase price allocation exercise. Often a major component of such goodwill in property vehicles reflects the difference between the full recognition of deferred tax, purchaser's costs or similar items in the IFRS accounts (which does not generally take account of the likely or intended method of subsequent exit), and the economic value attributed to such items in the actual purchase price. Except where such components of goodwill have already been written off in the NAV as determined under IFRS, they should be written off in the INREV NAV.

As per 31 December 2018, no adjustment had been made since the Fund has no goodwill recognised in the Statement of financial position.

19 Non-controlling interest effects of INREV adjustments

This adjustment represents the impact on the NAV of the recognition of non-controlling interests on all of the above adjustments.

As per 31 December 2018, no adjustment had been made since the Fund holds no minority interests.

Independent auditor's report

To the shareholders of Bouwinvest Dutch Institutional Retail Fund N.V.

Report on the INREV adjustments

Our Opinion

We have audited the accompanying INREV adjustments 2018 of Bouwinvest Dutch Institutional Retail Fund N.V., based in Amsterdam.

In our opinion the INREV adjustments are prepared, in all material respects, in accordance with the accounting policies selected and disclosed by the fund, i.e. INREV valuation principles, as set out on page 87 up to and including page 93.

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 INREV adjustments" section of our report.

We are independent of Bouwinvest Dutch Institutional Retail Fund N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Description of responsibilities for the INREV adjustments

Responsibilities of management for the INREV adjustments

Management is responsible for the preparation of the INREV adjustments in accordance with the accounting policies selected and disclosed by the fund (INREV valuation principles) as set out on page 87 up to and including page 93.

Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the INREV adjustments that are free from material misstatement, whether due to fraud or error.

Our responsibilities for the audit of the INREV adjustments

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 material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these INREV adjustments. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the INREV adjustments, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluating the overall presentation, structure and content of the INREV adjustments, including the disclosures.
- Evaluating whether the INREV adjustments represent the underlying transactions and events free from material misstatement.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit.

Amsterdam, March 20, 2019

Deloitte Accountants B.V.

Signed on the original: J. Holland

Shareholders' information & Client Management

Legal and capital structure

Bouwinvest Dutch Institutional Retail Fund N.V. is a public limited liability company incorporated under the laws of the Netherlands, with its corporate seat in Amsterdam, the Netherlands. The Fund is structured as an investment company with variable capital, as defined in article 2:76a of the Dutch Civil Code. It is a fiscal investment institution (FII) within the meaning of Article 28 of the Dutch Corporate Income Tax Act 1969.

Bouwinvest Real Estate Investors B.V. (Bouwinvest) is the Fund's Statutory Director and management company, subject to the terms of the management agreement. In February 2014, the management company obtained a licence within the meaning of Article 2:65 of the Dutch Financial Supervision Act and is now subject to the supervision of the Dutch Financial Markets Authority (AFM) and the Dutch Central Bank (DNB).

Shareholders

A new investor, a Dutch pension fund, committed for € 62 million in 2018. As of January 2019, an investor has expanded its commitment for an amount of € 26 million.

Name shareholder	Number of shares at year-end 2018
Shareholder A	290,225
Shareholder B	18,969
Shareholder C	17,979
Shareholder D	9,440
Shareholder E	9,247
Shareholder F	3,847
Shareholder G	788
Total	**350,495**

Dividend

As a result of the Fund's fiscal investment institution (FII) status, Bouwinvest will distribute all of the Net Realised Result to the shareholders through four quarterly interim dividend payments and one final dividend payment.

The Board of Directors proposes to pay a dividend of € 118.16 per share for 2018 (2017: € 117.77), which corresponds to a pay-out ratio of 100%. It is proposed that the dividend will be paid in cash, within the constraints imposed by the company's fiscal investment institution (FII) status. Of this total dividend, 60.3% was paid out in the course of 2018. The fourth instalment was paid on 05 March 2019. The rest of the distribution over 2018 will be paid in one final instalment following the Annual General Meeting of shareholders on 24 April 2019.

Shareholders' calendar

5 March 2019	Payment interim dividend fourth quarter 2018
24 April 2019	Annual General Meeting of Shareholders
2 May 2019	Payment of final dividend 2018
14 May 2019	Payment interim dividend first quarter 2019
12 June 2019	Shareholders committee
13 August 2019	Payment interim dividend second quarter 2019
4 November 2019	Shareholders committee
12 November 2019	Payment interim dividend third quarter 2019
4 December 2019	General Meeting of Shareholders
25 February 2020	Payment interim dividend fourth quarter 2019

Client management

Bouwinvest aims for the highest level of transparency in its communications on the financial situation, strategy, plans and other information relevant to its existing and potential investors and other stakeholders. In addition to this Annual Report, the Management Company reports on a quarterly basis on the status of the Fund and organises quarterly conference calls to discuss the developments within the Fund with its shareholders. Furthermore, Bouwinvest organises General Meetings of Shareholders twice a year, together with Shareholders Committee meetings to discuss and approve the Fund plan and annual report. All information and documents related to the Fund are available for shareholders via the Bouwinvest Investor Portal.

In addition to the regular information outlined above, Bouwinvest organised a number of client activities in 2018, including road shows, property tours and one-on-one meetings with (potential) investors, plus we attended several high-profile real estate conferences to present the management organisation, its strategy and its vision on real estate to (potential) investors.

For further information on Bouwinvest's investment opportunities, please visit the corporate website at Bouwinvest.nl. You can also contact the Client Management department at clientmanagement@bouwinvest.nl or Karen Huizer, Director Client Management: +31 (0)20 677 1610.

Enclosure

Management company profile

Bouwinvest Real Estate Investors B.V. (Bouwinvest) is one of the largest Dutch institutional real estate investment managers. Bouwinvest strives to achieve risk-adjusted returns on behalf of its pension fund clients. Bouwinvest manages €11.3 billion in assets in five Dutch property sector funds and international real estate investments in Europe, North America and the Asia-Pacific region.

With 65 years' experience and a heritage rooted in the pension and construction industries, Bouwinvest understands the needs of long-term institutional investors and the dynamics of real estate investment markets. In the Netherlands, we invest directly in real estate, while internationally Bouwinvest partners with real estate operators who have a proven track record and share our investment philosophy.

The combination of a strong domestic focus and a well-diversified global portfolio gives Bouwinvest a broad perspective on the real estate investment markets and allows us to identify the best investment opportunities.

Composition of the Board of Directors

Chief Executive Officer and Statutory Director

D.J. (Dick) van Hal (1958, Dutch)

Dick van Hal has been Chairman of the Board of Directors since his appointment on 1 March 2008. From 1999 until that time, he held several senior positions at Syntrus Achmea Vastgoed, including Managing Director and CEO. Dick started his career with Centraal Beheer Beleggingen and Staal Bankiers. He studied Investment Analysis (VBA) at the University of Amsterdam. Dick is Chairman of IVBN (Dutch Association of Institutional Investors in Real Estate).

Chief Financial & Risk Officer

A. (Arno) van Geet (1973, Dutch)

Arno van Geet joined Bouwinvest as Managing Director Finance & Risk on 1 October 2014. Prior to joining Bouwinvest, he spent his entire career in the financial sector, including various management roles at Interpolis and Westland Utrecht Hypotheekbank, most recently as Chief Financial Officer at Allianz Nederland. Arno is responsible for financial and risk management, accounting, reporting, corporate control, internal audit, business process management, IT and research. Arno studied Law and Economics at the University of Utrecht.

Chief Investment Officer Dutch Investments

A. (Allard) van Spaandonk (1961, Dutch)

Allard van Spaandonk joined Bouwinvest on 1 November 2008, as Director Asset Management. Since 1 January 2013, Allard has been Managing Director Dutch Investments, responsible for investments in Dutch real estate. He was previously the director of the retail and residential portfolios at Syntrus Achmea Vastgoed, as well as head of residential mortgages at Achmea Vastgoed. Allard started his real estate career at ABP Hypotheken in 1986. Allard is a member of the Management Board of the NEPROM (Dutch association of project development companies).

Chief Investment Officer International Investments

S.A. (Stephen) Tross (1967, Dutch)

Stephen Tross was appointed as Managing Director International Investments on 1 September 2010. He joined Bouwinvest in 2009 as COO International Investments. Stephen previously worked in the real estate audit practices at KPMG Accountants NV and PwC in the Netherlands, New York and London. He studied Business Economics at the Hogeschool Utrecht and accountancy at NIvRA-Nyenrode. Stephen is a professional member of the British Institution of Chartered Surveyors and a member of the ANREV Management Board.

Director Dutch Retail Investments

C. (Collin) Boelhouwer (1976, Dutch)

Collin Boelhouwer has been Director Dutch Retail Investments since 2008 and is responsible for the performance of the Bouwinvest Dutch Institutional Retail Fund. Collin has fifteen years' experience in real estate management and gained his retail real estate experience with Fortis Real Estate. Collin studied Real Estate Management & Development at the University of Technology Eindhoven and has been a professional member of RICS since 2010.

Contact information

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Real estate notary
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KroesePaternotte
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The Netherlands

Glossary

Capital growth
Capital growth as a percentage is equal to the net result (INREV) minus the distributable result, divided by the INREV NAV at the beginning of the period, plus any capital calls (time-weighted) and less any distributed dividends/capital distributions (time-weighted).

Considerate construction schemes
The proportion of construction sites controlled by the reporting company which are registered under the Dutch considerate construction scheme 'Bewuste Bouwers' in a reporting year, weighted by purchase price.

Direct property return
Direct property return as a percentage is equal to the net rental income of investment properties divided by the value of the investment properties including purchaser's transaction costs, on a monthly basis (MSCI methodology).

Distributable result
Distributable result is the company only total rental income and other income net of all expenses, costs, fees (including management fee), financing costs and taxes borne by the Fund available for distribution to the shareholders.

Energy index of the portfolio
Average energy index on asset level, weighted by lettable floor area. Based on investment properties and excluded units without an energy index. For the residential portfolio, the average energy index is calculated at unit level.

Estimated rental value
The estimated rent at which space within a property could reasonably be expected to be let given current market conditions.

Financial occupancy rate
This is the average occupancy rate of the portfolio over the year calculated on the basis of rental revenue according to contracts as at the reporting date, as a percentage of the theoretical rent.

Green portfolio
Relative share of lettable floor area with energy label A, B and C compared to total lettable floor area of the portfolio. Based on investment properties and excluded listed buildings. For the residential portfolio, the green portfolio is calculated at unit level.

GRESB score
The GRESB (Global Real Estate Sustainability Benchmark) score is an overall measure of ESG performance – represented as a percentage of a 100 percent maximum. The score is a result of the annual assessment of the entity by GRESB.

GRESB star rating
The GRESB star rating is based on the GRESB Score and its quintile position relative to the GRESB universe, with annual calibration of the model. If an entity is placed in the top quintile, it will be a GRESB 5-star rated entity; if it ranks in the bottom quintile, it will be a GRESB 1-star rated entity, etc. As the GRESB star rating is calculated relative to the global performance of reporting entities, it shows exactly where the Fund stands on a global scale.

Gross Asset Value (GAV)
The total property portfolio plus the value of any further assets at market value as per the chosen valuation principles.

Gross initial yield (passing)
Passing rent divided by the gross capital value of the investment property including purchaser's transaction costs as per end of period.

Gross initial yield (market)
Theoretical rent (market) divided by the gross capital value of the investment property including purchaser's transaction costs, as per end of period.

Gross rental income
The gross rental income is the total contractual rental income over the reporting period from let properties reported under IFRS, including the net effects of straight-lining for lease incentives, including rent free periods.

Income return
Income return as a percentage is equal to the distributable result, divided by the INREV NAV at the beginning of the period, plus any capital calls (time-weighted) and less any distributed dividends/capital distributions (time-weighted).

Invested capital
Invested capital is defined as the net asset value of the funds, as per the chosen valuation principles of the funds, that Bouwinvest manages as investment manager.

Indirect property return
Indirect property return as a percentage is equal the increase/decrease in the value of a property or group of properties net of capital expenditure divided by the value of the investment properties including purchaser's transaction costs, on a monthly basis (MSCI methodology).

INREV NAV
INREV NAV is based on the fair value of the underlying assets and liabilities, as at the balance sheet date, and adjusted for the spreading of costs that will benefit different generations of investors.

Investment property
Property that is fully operational on the reporting date

Investment property under construction
Property that is being constructed or developed for future use as investment property.

Lease incentive
Any consideration or expense borne by the property company, in order to secure a lease.

Like-for-like gross rental income
Like-for-like gross rental income compares the increase/decrease of the gross rental income of the portfolio that has been consistently in operation, during two full preceding periods that are described.

MSCI Netherlands Property Index
Benchmark organization IPD is rebranded to MSCI. Therefore we mention MSCI Netherlands Annual Property Index instead of IPD Netherlands Annual Property Index. The composition and calculation of the indexes and benchmarks remain the same: indirect property return as a percentage is equal to the increase/decrease in the value of a property or group of properties net of capital expenditure divided by the value of the investment properties including purchaser's transaction costs, on a monthly basis.

Membership of industry associations
Number of employees active in board/committee memberships in industry organisations in the real estate sector in reporting period.

Net asset value (NAV)
The net asset value is equal to the shareholders' equity of the Fund.

Net initial yield
Net rental income divided by the gross capital value of the investment property including purchaser's transaction costs as per end of period.

Net rental income
Net rental income is gross rental income for the period less ground rents payable, service charge expenses and other non-recoverable property operating expenses such as insurance, real estate taxes, marketing and other vacant property costs.

On-site solar power
Amount of installed power (Kilowatt peak - KWp) from on-site solar panels in the investment portfolio.

Passing rent
The annualised cash rental income being received as at a certain date, excluding the net effects of straight-lining for lease incentives. For the avoidance of doubt, where no rent is currently being paid due to operation of a rent-free period, the passing rent will be shown as zero.

Payout ratio of distributable earnings
This is the distributed dividend in the reporting period divided by the distributable result in the reporting period.

Real Estate Expense Ratio (REER)
Annual vehicle-level and property-specific costs over a 12 month period as a proportion of average vehicle assets (average GAV and average NAV).

Reduction of energy consumption
Percentage of change in energy consumption (electricity and gas) at end of reporting year compared to previous year on a like-for-like basis for energy meters which were under the direct control of the Fund. Like-for-like refers to the energy consumption of a portfolio that has been consistently in operation for two comparative periods.

Gas consumption is converted from m^3 to kWh based on the conversion factor as published at end of period on https://www.co2emissiefactoren.nl. And gas consumption of the reporting year is corrected for differences in the number of degree days at De Bilt (the Netherlands) between the current and previous year.

Theoretical rent
Passing rent over the reporting period plus estimated rental value of vacant units.

Total Expense Ratio (TER)
The total expense ratio reflects the total Fund expenses of the current reporting period as a percentage of the weighted average Net Asset Value (NAV) over the period. The TER is backwardlooking and includes the management fee, administrative expenses and valuation fees.

Total Fund return (INREV)
Total Fund return (INREV) as a percentage is equal to the net result (INREV) divided by the INREV NAV at the beginning of the period, plus any capital calls (time-weighted) and less any distributed dividends/capital distributions (time-weighted).

Transactions
Transactions are contractual obligations for the purchase of investment properties, where such property is not generating income for the benefit of the Fund as of the reporting date.

WALT (average remaining lease time)
Weighted average duration of lease contracts based on rent to the shorter of the first tenant break or lease expiry.

Responsible investment performance indicators

Continued improvement of the Fund's sustainability performance

Impact area	Indicator	Measure	Units of measure	2018	2017	Change
Fund sustainability benchmark	GRESB	Star rating	# stars	4	4	-
	GRESB	Overall score (GRI-CRESS: CRE8)	# [1-100]	79	74	+5

Investing in sustainable real estate

Impact area	Indicator	Measure	Units of measure	2018	2017	% change
Asset sustainability certificate	BREEAM	Green Building Certificates floor space (BREEAM or GPR) (GRI-CRESS: CRE8)	%	84.0%	30.0%	54.0%

Reduce Environmental impact

Impact area	Indicator	Measure	Units of measure	2018	2017	% change
Energy performance certificate	EPC	Labelled floor space (GRI-CRESS: CRE8)	%	97.4%	100.0%	-2.6%
		Green labelled floor space (A, B or C label)	%	95.6%	98.8%	-3.2%
		Average energy index	#	0.88	0.87	1.1%
		Number of DUO Labels	#	521	536	-2.8%

Impact area	Indicator	Measure	Units of measure	2018 (abs)	2017 (abs)	% change (LfL)
Energy	Electricity	Total landlord-obtained electricity (GRI: 302-2)	MWh	5,361	6,057	-5.7%
	Gas	Total gas consumption (GRI: 302-1)		2,292	2,877	-5.5%
	District heating and cooling	Total district heating and cooling (GRI: 302-2)		-	-	0.0%
	Total	Total energy consumption from all sources (GRI: 302-2)		5,361	6,057	-5.7%
	Energy intensity	Building energy intensity (GRI-CRESS: CRE1)	kWh/m²/year	28	34	-5.7%
		Energy and associated GHG disclosure coverage		62 of 62	48 of 49	
GHG emissions	Direct	Scope 1 (GRI: 305-1)	tonnes CO_2e	443	557	-5.5%
	Indirect	Scope 2 (GRI: 305-2)		2,820	3,186	-5.7%
	Total	Total GHG emissions (GRI: 305-2) Scope 1 and 2		3,263	3,743	-5.7%
		Total GHG emissions after compensation		443	557	-5.5%
	GHG emissions intensity	GHG intensity from building energy (GRI-CRESS: CRE3)	kg CO_2e/m^2/year	17	21	-5.7%
Water	Total	Total water consumption (GRI:303-1)	m^3	866	2,591	N/A
	Water intensity	Building water intensity (GRI-CRESS: CRE2)	m^3/m^2/year	0.04	0.15	N/A
Waste	Total	Total waste collected (GRI: 306-1)	tonnes	91	124	-33.8%
		Recycling rate	%	9%	5%	100.1%

Stakeholder engagement performance

Impact area	Indicator	Measure	Units of measure	2018	2017	% change
Engage with stakeholders	Tenant satisfaction	Response rate (GRI: 102-43)	%	n/a	54%	n/a
		Average total score (GRI: 102-43)	#	n/a	6.5	n/a
Sustainable stewardship	Considerate constructors scheme	Registered construction projects	#	1 of 2	0 of 1	50%
		Participation rate (by acquisition price)	%	23.8%	0%	24%

Being a responsible organisation

Impact area	Indicator	Measure	Units of measure	2018	2017	% change
Sustainable agreements	Leases	Number of new leases	#	82	49	67.3%
		Number of green leases	#	99 of 550	42 of 530	+10.1%

Reporting of performance indicators

The Fund’s ambition to increase the coverage and therefore the transparency of its environmental impact according to INREV Sustainability Reporting Guidelines is reflected in the summary of key performance indicators in the table above.

Bouwinvest reports environmental data of those assets where there is management control possible (operational control approach). Data is provided for those assets where we have authority to introduce and implement operating policies and are responsible for purchasing energy and water and handling waste. Our management control differs greatly by asset type (e.g. residential and office); these differences affect the level of influence we have over the sustainability performance of our assets.

Like for like data and changes represents assets which have been fully owned and operational for the full 24 month period in our investment portfolio. It provides insight in the performance of an indicator over time at a constant portfolio scope. The reduction in GHG emissions can be explained by the compensation of carbon emissions through purchase of carbon certificates. This follows the commitment of Bouwinvest to reduce the impact its operations has on climate change.

For the managed portfolio (scope 1 and 2), Bouwinvest reports on total energy consumption including all direct energy sources (gas, fuel oil) and indirect energy sources (electricity, district heating and district cooling). To calculate Greenhouse Gas (GHG) emissions, country and energy source-specific emission factors have been applied. Emission factors change over time. For this annual report most recently available factors for 2017 are used (source:www.co2emissiefactoren.nl).

Energy, Emission and Water intensities are reported only on properties where energy respectively water data is available, using “shared services” as the numerator and lettable floor area (LFA) as the denominator. “Shared services” refer to landlord-obtained consumption for common parts and any services provided to tenant areas that have not been sub-metered.

In the annual report of Bouwinvest Real Estate Investors B.V. the results of a conducted analysis on material topics and observations on stakeholders and reporting criteria with regard to Bouwinvest and its investment activities in general are included. The responsible investing indicators in this report are aligned with these results and observations where applicable.

Properties overview

Municipality	Street name/property name	Floor space (in m²)	Year of construction/ renovation	Type by strategy	Financial occupancy rate (average)
Amsterdam	Dukaat	5,438	1999	Convenience	97.3%
Amsterdam	Damrak 70	23,051	2016	Experience	100.0%
Amsterdam	Nieuwendijk 196	5,171	2015	Experience	100.0%
Amsterdam	Nieuwendijk 92	192	1900	Experience	100.0%
Amsterdam	Nieuwendijk 94	200	1900	Experience	99.4%
Amsterdam	Nieuwendijk 107	268	1900	Experience	100.0%
Amsterdam	Ferdinand Bolstraat 105	138	1900	Experience	100.0%
Amsterdam	Beethovenstraat 67	104	1900	Experience	100.0%
Amsterdam	PC Hooftstraat 125	218	1900	Experience	100.0%
Amsterdam	Wolvenstraat 10	180	1900	Experience	100.0%
Amsterdam	Stadionplein winkels	4,451	2016	Convenience	99.0%
Amsterdam	Mosveld	7,635	2016	Convenience	87.4%
Apeldoorn	t Fort	6,319	2001	Convenience	92.5%
Apeldoorn	Hoofdstraat 107-115	4,309	2012	Experience	100.0%
Bergen op Zoom	De Parade	15,220	2009	Other	94.4%
Berkel en Rodenrijs	Berkel Center	10,496	1997	Other	96.7%
Best	Boterhoek 17	1,617	1984	Other	100.0%
Breda	Ridderstraat 10	343	1900	Experience	97.1%
Breda	Ginnekenstraat 42	166	1900	Experience	100.0%
Breda	Ginnekenstraat 57	207	1900	Experience	100.0%
Breda	Ridderstraat 17	466	1900	Experience	100.0%
Delft	Sprengmolen	6,156	2012	Other	100.0%
Denekamp	Lange Voor 10	1,461	1991	Convenience	100.0%
Dordrecht	Maasplaza	8,485	1994	Convenience	85.4%
Dordrecht	Krispijnseweg 68	1,236	1949	Convenience	100.0%
Ede GLD	Achterdoelen	4,323	2001	Other	87.1%
Ede GLD	Parkweide	5,409	2015	Convenience	96.8%
Eindhoven	Demer 38	694	2012	Experience	100.0%
Eindhoven	Demer 48	869	1950	Experience	93.8%
Eindhoven	Rechtestraat 35	432	1900	Experience	100.0%
Enschede	Kuipersdijk 118	1,441	1992	Convenience	100.0%
Enschede	Het Oosterveld 10	897	1972	Other	100.0%
Enschede	Johan Wijnoltsstraat 125-127	1,059	2011	Other	100.0%
Gouda	Goverwelle	5,780	1993	Other	86.0%
Gouda	Kleiweg 27-31	1,508	2012	Experience	100.0%
Groningen	Westerhaven	15,181	2001	Other	100.0%
Hasselt	Buiten De Venepoort 5	1,203	1993	Convenience	100.0%
Hengelo	Slangenbeek	3,786	2001	Convenience	98.1%
Hengelo	Mozartlaan 1	1,225	1961	Other	100.0%
Hengelo	Woolderesweg 149	838	1975	Other	100.0%
Kapelle	Weststraat 2	1,423	2001	Convenience	100.0%
Lelystad	De Promesse	15,359	2009	Other	91.3%
Maastricht	Muntstraat 19	261	1900	Experience	100.0%

Nijmegen	Broerstraat 52 en 52A	1,088	1990	Experience	100.0%
Oisterwijk	Pannenschuurplein 32	1,426	1986	Convenience	100.0%
Purmerend	Makado	6,253	1971	Other	88.6%
Rijssen	Laan Oud-Indieganger 5	1,059	2011	Convenience	100.0%
Rosmalen	Winkelcentrum Molenhoek	4,810	1992	Convenience	99.0%
Rosmalen	Centrumplan	6,468	2018	Convenience	84.5%
Rotterdam	Prinsenland	4,551	2007	Convenience	100.3%
Rotterdam	Beijerlandselaan	3,093	2014	Other	99.2%
Rotterdam	WTC	8,094	1987	Experience	100.0%
S-Gravenhage	Spuistraat 70	131	1900	Experience	9.2%
S-Gravenhage	Spui - Grote Marktstraat	3,256	1997	Experience	74.0%
Tilburg	Heyhoef	10,800	1997	Convenience	100.0%
Tilburg	Heuvelstraat 24	3,236	2017	Experience	100.0%
Tilburg	Heuvelstraat 36-38	359	1905	Experience	100.0%
Tilburg	Wagnerplein 18	1,385	1997	Convenience	100.0%
Utrecht	Steenweg 43	275	1900	Experience	100.0%
Weert	De Munt	16,414	1996	Other	80.6%
Zoetermeer	Oosterheem	11,679	2012	Convenience	97.7%
Zoutelande	Westkapelseweg 10	2,084	2015	Convenience	100.0%
Zwolle	Het Eiland	6,853	2001	Other	90.8%
		258,530			**95.2%**

Colophon

Text: Bouwinvest
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