Annual report 2020

Bouwinvest Dutch Institutional Retail Fund N.V.

Bouwinvest | Real Estate Investors

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The Fund
at a glance

About the Retail Fund

The Bouwinvest Retail Fund invests in the Dutch retail market on behalf of institutional investors with a long-term horizon. The Fund has a clear investment strategy, focusing on three pillars: attractive retail market segments, portfolio optimisation and sustainability improvements. The success of this strategy shows that it is possible to generate long-term stable returns in a highly competitive market.

Focused segmentation

Success as an investor in a challenging and complex market is only possible with a coherent investment plan. The Fund focuses on the best retail destinations and busiest high streets (Experience) as well as supermarket-anchored neighbourhood shopping centres for daily purchases (Convenience). We also keep a close eye on all other market opportunities.

Optimisation

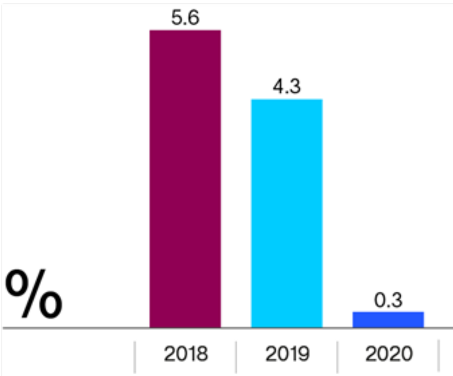
The Fund is constantly optimising its portfolio via redevelopments and the active asset management of its existing properties. We are proactive and critical in our approach to acquisitions and selective when identifying retail assets, which need to meet all of the Fund's investment criteria. This strategy is labour intensive, but we believe it helps us to optimise our property portfolio from a risk/return perspective.

Sustainability

The Fund's goal is to make its portfolio fully Paris Proof – or net-zero carbon - by 2045. As part of our investment strategy, we purposely direct our efforts to make our existing real estate more sustainable. By adapting the Fund's properties to modern demands, we create attractive and sustainable assets that will continue to meet the needs of consumers and tenants in the future. We do that by working closely with our tenants, municipalities, developers and estate agents. The Fund's properties therefore retain their investment value, while it also helps to make society as a whole more sustainable.

The Fund's contribution to Real Value for Life

Fund return



Realised 2020

0.3%

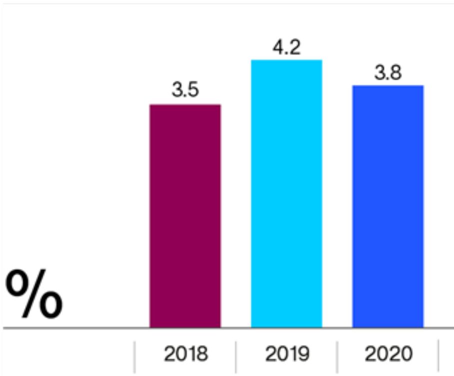
Plan 2020

5.1%

Long-term average target

6.0% - 7.5%

Fund income return



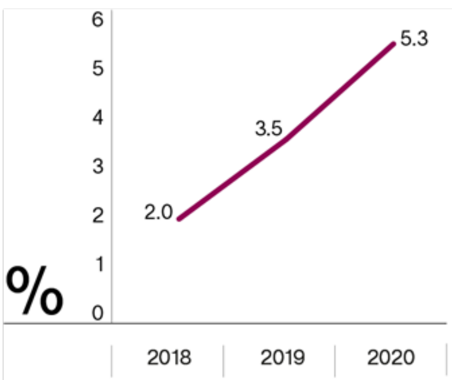
Realised 2020

3.8%

Plan 2020

4.4%

Relative performance MSCI



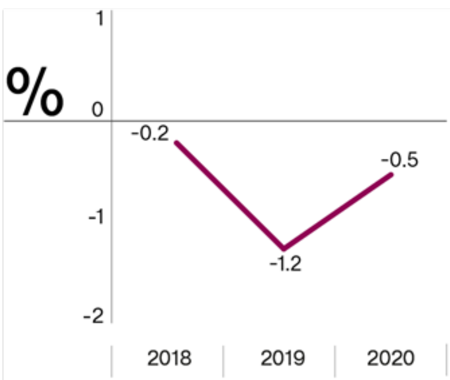
Realised 2020

5.3%

Plan 2020

> 0%

Like-for-like rental income



Realised 2020

-0.5%

Plan 2020

1.4%

Acquisitions (x € MILLION)

Realised 2020

€ 30

Plan 2020

€ 45

Investments (x € MILLION)

Realised 2020

€ 22

Plan 2020

€ 45

Occupancy rate

Realised 2020

95.8%

Plan 2020

96.6%

Sales transactions (x € MILLION)

Realised 2020

€ 4

Plan 2020

€ 40

Divestments (x € MILLION)

Realised 2020

€ 4

Plan 2020

€ 40

Core strategy

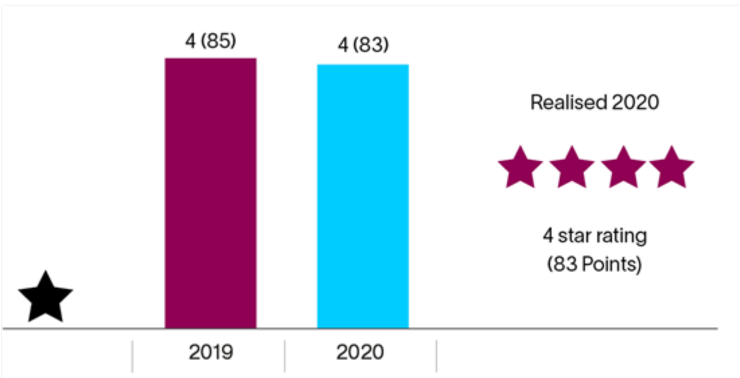
Realised 2020

88.8%

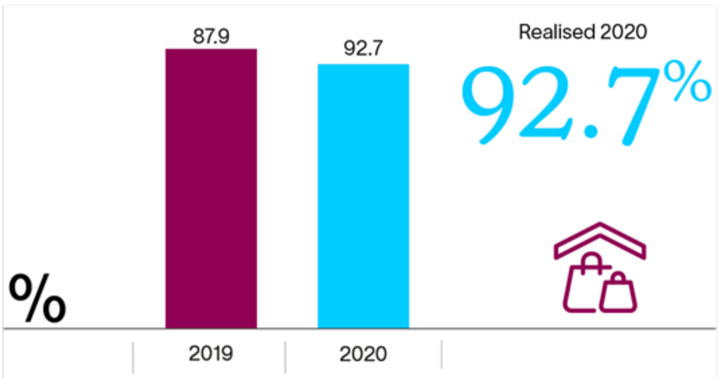
Plan 2020

90.0%

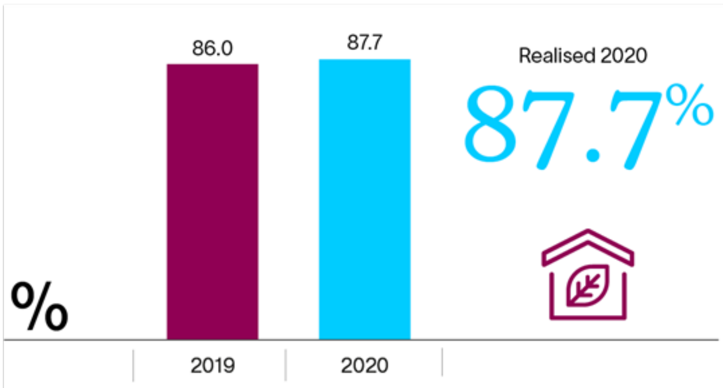
GRESB star rating (score)



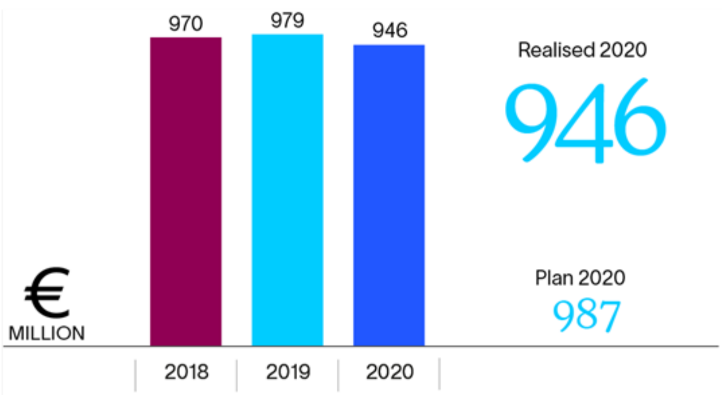
BREEAM building label for shopping centres



Energy label (A)



NAV (x € MILLION)



Dividend paid per share

Plan 2020	Realised 2020
€ 119.87	€ 105.74

Issued capital (x € MILLION)

Plan 2020	Realised 2020
€ 10	€ 0

Key performance over five years

All amounts in € thousands, unless otherwise stated	2020	2019	2018	2017	2016
Statement of financial position					
Total assets	961,989	996,404	981,296	898,815	832,920
Total shareholders' equity	945,699	979,393	969,680	888,896	824,201
Total debt from credit institutions	-	-	-	-	-
Performance per share					
Dividends (in €)	105.74	129.60	118.16	117.77	114.76
Net earnings (in €)	10.78	123.15	147.75	190.59	215.61
Net asset value IFRS (in €, at year-end)	2,665.07	2,760.03	2,766.60	2,717.59	2,640.21
Net asset value INREV (in €, at year-end)	2,680.09	2,777.17	2,789.93	2,739.67	2,650.14
Result					
Net result	3,826	43,659	48,675	61,059	64,250
Total Global Expense Ratio (TGER)	0.54%	0.52%	1.16%	0.54%	0.52%
Real Estate Expense Ratio (REER)	1.09%	0.86%	0.86%	0.79%	0.82%
Fund return					
Income return	3.8%	4.2%	3.5%	4.5%	4.5%
Capital growth	(3.4)%	0.1%	2.0%	3.2%	4.0%
Total Fund return	0.3%	4.3%	5.6%	7.8%	8.6%
Portfolio figures					
Investment property	951,258	965,495	945,586	864,868	765,613
Investment property under construction	0	0	12,898	11,941	12,711
Gross initial yield	5.9%	5.4%	5.5%	5.7%	5.8%
Total number of properties	59	59	63	49	47
Average monthly rent per square metre (in €)	237	236	229	234	233
Financial occupancy rate (average)	95.8%	96.5%	95.2%	95.6%	94.7%
Sustainability (A, B or C label)	98.5%	98.4%	95.6%	98.8%	85.2%
Property performance (all properties)					
Income return	4.6%	4.9%	5.0%	5.2%	5.2%
Capital growth	(3.5)%	0.4%	1.9%	2.8%	4.1%
Total property return	1.0%	5.3%	7.0%	8.0%	9.3%
MSCI (Netherlands Property Index) retail real estate (all properties)					
Income return	4.8%	4.8%	4.9%	5.3%	5.3%
Capital growth	(8.7)%	(2.9)%	0.1%	0.4%	(1.5)%
Total return MSCI (NPI)	(4.3)%	1.8%	5.0%	5.7%	3.8%

Message from the Director Dutch Retail Investments

The past year has been dominated by the Covid-19 pandemic, the government measures taken to contain the outbreak and the social and economic impact of the virus and the restrictions. Luckily, the Dutch economy was in good shape before the outbreak , thanks to its strong culture of innovation and solid IT infrastructure. In addition, public and private sector organisations responded effectively and most companies able to switch to remote working adapted rapidly to the new situation. Thanks to this and government support measures, the pandemic had far less impact on the economy than initially feared in the spring. However, even with the early signs of economic recovery and the ongoing roll-out of the vaccine, the Dutch economy is very delicately poised and the outlook for the immediate future is still highly uncertain.

The Covid-19 outbreak had a very mixed impact on the Dutch retail market. The convenience segment – supermarkets and district shopping centres – recorded record revenues and remain a highly stable investment. High street fashion stores, cafes and restaurants were the hardest hit by the pandemic and subsequent lockdowns. The government-ordered lockdown just before Christmas might sound the death knell for some retailers, despite financial support from the government. However, we believe high street retail in strong cities will eventually recover, as consumers still crave the social experience of city centre shopping. This was more than borne out by the rush to high streets when lockdown measures were eased in 2020. So while online competition will increase, the best shopping streets in the Netherlands will continue to attract large numbers of domestic and international visitors.

The Retail Fund responded quickly to the impending crisis in the spring, and we immediately upped our engagement with tenants and clients. Over the next few months, we reached agreements with around 30% of our tenants as part of our effort to help them through the crisis. These arrangements include rent deferrals, rent reductions and rent forgiveness, with standard agreements in the SME sector and more tailor-made arrangement with major brands, all aimed at preventing bankruptcies and minimising devaluations in our portfolio. The Fund also stepped up communications with our clients, to share with them the ongoing impact of the Covid-19 outbreak, as well as the impact of the various scenarios on the Fund's portfolio and projected returns. Very importantly, we worked with our peers and the IVBN to come up with ideas on how to deal with issues we all faced. This included the likes of rental lenience and the best ways to make the public spaces in and around our assets Covid-19 proof.

' We believe high street retail in strong cities will eventually recover, as consumers still crave the social 'experience' of city centre shopping.'

Collin Boelhouwer
Director Dutch Retail Investments

The Fund put its acquisition strategy on hold in early March, as it was too difficult to predict the long-term impact of the Covid-19 outbreak on valuations and returns. After the summer, we were much more confident about the convenience segment and resumed our acquisition activities. This led to the acquisition of the Schuytgraaf shopping centre in Arnhem (part existing operation and part new-build) at the end of 2020. The Fund has also continued its divestment activities, although the buyers market was very reserved in 2020. However, the Fund did manage to sell the final part of the Achterdoelen shopping centre in Ede at the end of the year. The Covid-19 crisis confirmed the importance of our strategy of focused segmentation, as our convenience assets partly offset the negative impact of the Covid-19 crisis on the experience segment.

On the sustainability front, we reached agreement with Jumbo on the installation of solar panels on a number of its supermarkets . We also started the roll-out of our new EMS system, which will provide us with data on the energy, water and waste use of our tenants. This will give us insight into the impact of any measures we take and help us meet our sustainability goals. In addition, we were able to use our frequent Covid-19-related contacts with tenants to increase the number agreements we have on data sharing on energy, water and waste. Thanks to our ongoing efforts on the ESG front, we retained our our four-star rating in the Global Real Estate Sustainability Benchmark (GRESB) survey, although our score did decline slightly. Very importantly, we completed our draft roadmap for each of our assets, defining the measures we need to take to make our portfolio Paris Proof by 2045. And we unveiled a tenant fit-out programme, giving our tips on sustainable choices.

Following the Covid-19 outbreak, the Retail Fund's return forecast was well below our pre-Covid estimates. However, as the year progressed and full-year economic forecasts improved, we were able to adjust our forecast of -9.1% to a much healthier -2.5% in Q3. Ultimately, the Fund managed to close the year with a total Fund return of 0.3%. In addition, the Fund recorded a total property return of 1.0%. This put the Fund as much as 5.3% above the MSCI benchmark performance for the retail sector. In October, we received our second successive MSCI award for the best performing specialist fund in the Netherlands.

We expect the Covid-19 pandemic to continue to have a huge impact on the Dutch retail market in 2021, especially in the experience segment. Despite the plans for the roll-out of a national vaccination programme in early 2021, we expect to see a rise in the number of bankruptcies and tenants in financial difficulties in the first half of the year due to the continued loss of revenues. This is also likely to have a negative impact the occupancy rate of our portfolio. However, we do expect to see the first signs of recovery in the second half of the year. The country's best and most popular shopping streets – where most of our high street assets are located - are likely to return to some level of normality the most quickly, while the shopping areas of smaller and medium-sized towns will continue to struggle to attract shoppers in a post-Covid world. On the whole, we are cautiously optimistic that our strategy and the quality of portfolio will stand us in good stead as we enter calmer waters, and that we will be able to meet our growth and return targets for the coming plan period.

I would like to take this opportunity to thank our clients for their continued trust in us and our strategy. And of course, I want to thank our team for their flexibility and determination in dealing with constantly changing circumstances. And for new levels of collaboration that enabled us to anticipate and respond to the latest developments. Our team kept our tenants and our clients front of mind at all times and were constantly on the lookout for the best solutions for everyone. All of this, without losing sight of their normal day-to-day work. It is thanks to them that we emerged as well as we have from what was an exceptionally difficult year.

Collin Boelhouwer
Director Dutch Retail Investments

Report of the Executive Board of Directors

Market environment

Key macro developments

The year 2020 was dominated globally by the fight against the spread of Covid-19 and can be characterised as one of the most remarkable years in modern history. The key events and developments for the Dutch economy were as follows:

- The Covid-19 pandemic affected the Dutch economy and society from March 2020 onwards. Following the controlled lockdown initiated by the government, measures were eased over the summer and resulted in an increase in economic activity. However, a second wave of Covid-19 flared up again during the last quarter of the year and once again resulted in a so-called functional lockdown. The year ended with positive news on the availability of a vaccine in early 2021.
- Dutch GDP declined by 3.8% in 2020, with significant differences across the final three quarters of the year. The economy contracted in both Q2 and Q4 due to the lockdown, while Q3 saw a strong recovery as the contingency measures were eased. Private consumption was the major contributor to economic growth in Q3 but dropped 6.6% over the year. Remarkably, house prices were not affected by the Covid-19 pandemic and increased by an average of 7.8%. In December, the EU and UK reached a Brexit agreement on trade, preventing the introduction of tariffs. It is still unclear what impact this agreement will have on the Dutch economy.
- Consumer confidence declined heavily after the outbreak of the virus to the lowest level since 2013. It recovered during Q4, but ended the year much lower than at the start of the year. Producer confidence displayed the same pattern, although the recovery was considerably stronger.
- Average unemployment rates increased slightly over the year, although government support measures prevented higher levels. The number of unemployed people increased after the first lockdown and declined again in Q4.
- The yield on 10-year Dutch government bonds was relatively stable but did decline in the course of the year and ended 40 basis points lower at -0.54%.
- Inflation rates showed a similar trend and amounted to 1.3% on average, substantially lower than in 2019.

Key economic indicators	2021 forecast	**2020**	2019
GDP	2.9%	(3.8)%	1.6%
Consumer spending	2.4%	(6.6)%	1.5%
Consumer price index (CPI) *	1.6%	1.3%	2.6%
Government bond yields, long-term *	(0.3)%	(0.3)%	(0.1)%
Unemployment rate *	5.0%	3.8%	3.4%

**Average numbers over the year*
Source: Oxford Economics (25 February 2021)

Market update 2020

Public policies

In order to push back on the rising number of Covid-19 cases the national government introduced different regulations in certain periods of the year. The hospitality sector, important for city centre footfall, was affected hardest, with forced lockdowns for most of the second and fourth quarters and limitations to the number of guests in the intervening periods. Retail faced fewer restrictions than the hospitality industry, but was was faced with restrictions on the number of people allowed inside shops from the first lockdown onwards. As of mid-December 2020, however, all non-essential stores were forced to close completely, which meant retailers missed out on the very important Christmas sales period.

To mitigate the financial burden placed on companies and the self-employed due to the Covid-19 outbreak, the Dutch government implemented a set of emergency measures. As a result, relatively few companies, including those in retail and food and beverage, were forced to file for insolvency in 2020, while the unemployment rate was kept in check. This also supported consumer spending power.

On Budget Day 2020 (Prinsjesdag), the Dutch government announced a proposed adjustment of the real estate transfer tax (RETT) for all real estate classes as of January 2021. Specifically for commercial properties, the transfer tax will increase to 8% from 6%, increasing the pressure on the pricing of commercial assets.

Occupier market

The Covid-19 outbreak had a huge impact on the Dutch retail market in 2020, although this impact did vary over the course of the year and was not evenly distributed over sectors and locations. City centres in particular saw a major drop in footfall for extended periods, with the largest cities showing the biggest drops. Fashion and shoes stores, generally concentrated in these centres, together with food and beverage outlets, were among the sub-sectors hit the hardest.

However, during the summer period, city centre footfall recovered to close to pre-Covid-19 levels and during the weeks leading up to the December lockdown the large customer flows even forced cities to close down their main shopping streets. This was a strong indication that leisure shopping could well see a surge in the post-Covid-19 era.

Grocery stores and fresh produce stores saw their sales increase throughout the pandemic, while electronics stores, DIY outlets, furniture stores and leisure stores also recorded significant rises in turnover, as did the online retail market of course.

The retail occupier market is generally volatile and contrary to the economic situation, take-up actually outperformed that of 2019 by 16.5%. This is less remarkable than it seems, as 2019 was the year with the lowest take-up total in at least a decade.

Vacancy, calculated by number of stores, increased much less than anticipated in the course of the year, to 7.5% from 7.3% in 2019. And calculated as a share of total floor space vacancy had actually declined to 7.6% by year-end, from a peak of 8.1% in March 2020. The combination of a strong third quarter, financial support measures and the ongoing transformation of retail stock, seemed to be the driving forces behind this trend.

However, the financial pressure on retailers will increase if the restrictions continue in 2021 and by then it is increasingly likely we will see more bankruptcies or retailers prematurely shutting up shop.

The growth of e-commerce, the deteriorating financial situation of retailers and the associated uncertainty led to a 4.6% year-on-year drop in prime high street rents in the top five cities in 2020.

Occupier key factors	2021 Forecast	**2020**	2019
Take-up (m²)	→	485,000	405,000
Vacancy (year-end)	↗	7.6%	7.3%
Prime rent (/m²/yr, year-end)	↘	2,725	2.875

Sources: JLL, Locatus, Bouwinvest Research & Strategic Advisory

Investment market

The Dutch real estate investment market started the year strongly, with investment volumes of € 3.9 billion in Q1 2020. However, following Covid-19 outbreak and the associated uncertainty regarding the economy and the various real estate sectors, investors reconsidered their tactical investment policy. Investments in retail, offices and hotels lagged for the rest of the year, while logistics investments and healthcare investments increased. The housing market also remained popular and the limited decline in this segment was primarily due a lagging investment supply.

Overall investments in Dutch real estate came in at a total of € 18.0 billion in 2020. While this was 15.7% lower than in 2019, it was still the fourth highest volume ever recorded in the Netherlands.

We expect investors' appetite to remain high for real estate investments, supported by the low interest rate environment, the yield spread offered by real estate and the direct and total returns it offers compared to (government) bonds and other asset classes.

The retail investment market started out quite well, with investment volumes in Q1 2020 66% higher than in the same quarter of 2019. However, following the Covid-19 outbreak, investments in this sector dropped substantially in subsequent quarters, before recovering in the final quarter. Total transactions for full-year 2020 came in at € 2.3 billion, similar to the previous year.

Lower investor demand was reflected in prime high street yields, which moved outward by 15-40 bps in prime G5 city centres.

Bouwinvest expects to see a small rebound in investment volumes in 2021, as the market settles somewhat, but investors are likely to remain cautious on the retail market. We therefore expect to see the upward pressure on risk premiums on high street yields to continue into 2021, while yields for convenience shopping centres are expected to remain robust.

Investor key factors	2021 forecast	**2020**	2019
Prime net initial yields high street (excl. purchase costs, year-end)	↗	2.80%	2.65%
Investment volumes (€ bln)	→	€ 2.3	€ 2.3

Sources: JLL, Bouwinvest Research & Strategic Advisory

Market outlook 2021-2023

In November 2020, Bouwinvest published its Real Estate Market Outlook 2021-2023. We refer you to this document for more detailed insight into current macro and market trends, as well as scenario analyses regarding the impact of the Covid-19 crisis.

Retail market

Fund strategy

Fund characteristics

Long-term investor	Core investment style	Robust governance structure	Investment structure for indefinite period of time	Reports in accordance with INREV standards

Strategic pillars

	Strategic objectives	*Link to performance*
Focused segmentation	Long-term investor in thriving urban and suburban areas	
	Investment strategy focused on Experience and Convenience (>80%) and Mixed retail (<20%)	• Strategic segmentation
	Investments & divestments	• Targeted acquisitions • Targeted divestments
Optimisation	Redevelopments & asset upgrades	• Redevelopments & asset upgrades
	Active asset management	• Tenant mix • Lease expiry management • Risk allocation • Financial occupancy
Sustainability	Highly sustainable Fund	• GRESB
	Investing in sustainable real estate	• Sustainable buildings & investments • Environmental impact
	Enhancing stakeholder value	• Stakeholder engagement • Sustainable stewardship
	Being a responsible organisation	• Responsible business operation

Critical success factors

Active asset management	• Financial occupancy rate • New leases and lease renewals • Lease expiry management • Tenant risk assessment
Customer service	• Client-centric approach to all stakeholders • Optimum levels of service
Strategic relationship management	• Maintaining strategic and professional relationships with vendors, real estate developers, real estate agents, national government, local municipalities and corporations • Partnering with lobby groups, network organisations and sector organisations.
Innovation	• Fostering a culture of innovation • Data gathering and advanced analytics • Exploring new property-related technologies • Collaborating with start-ups and scale-ups

Investment objectives

5-year average Fund return

Target
6.0%-7.5%

Realised 2016-2020

5.3%

	Target	Realised 2020
Focused segmentation		
• Investments in Experience & Convenience	>80%	84.3%
• Investments in Mixed Retail	<20%	4.5%

Investment restrictions

	Target	Realised 2020	Compliant 2020
<15% invested in single investment property	<15%	22.3%	x*
<10% invested in non-core (non-retail) property	<10%	0.2%	√
No investments that will have a material adverse effect on the Fund's diversification guidelines	0	0	√
Total (re)development activities <5% of Fund's total investment portfolio value	<5%	0%	√

(Re)development restrictions

<5% of the Fund's total investment portfolio value

Target
<5%
Compliant 2020
√
Realised 2020

0%

Diversification guidelines

	Target	Realised 2020
Invested in 'Mixed retail'	<20%	4.5%
Total rental income of one single tenant may not exceed 15% of the total rental income of the Fund	<15%	9.7%
90% of investments must be low or medium risk	>90%	95.2%

Invested in 'Experience' retail

Target
40-65%

Realised 2020

49.8%

Invested in 'Convenience' retail

Target
15-45%

Realised 2020

34.5%

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

Investing together in making retail real estate sustainable

Real Value for Life

Dutch supermarket operator Jumbo sets great store in the sustainability of its operations and its supermarkets. The company has major plans for the 'greenification' of its supermarkets in the coming years, including the supermarkets owned by Bouwinvest's Retail Fund. Jumbo and Bouwinvest have joined forces to tackle this challenge. And the initial results of a joint pilot for the installation of solar panels are encouraging. We talked to Jumbo and Bouwinvest about the joint approach to sustainability measures by both tenants and landlords.

Pilot with four Jumbo stores

Over the past few years, Bouwinvest has acquired nine properties that are currently being used by Jumbo supermarkets. The two companies recently started a pilot project with four of these properties (in Zoutelande, Kapelle, Denekamp and Enschede) to find out how solar panels could help make these properties more sustainable. Bouwinvest is investing in the solar panels, while Jumbo pays a fixed annual rent for them. This is good for the environment and for the business cases of both companies. During the pilot phase, the two companies will also be looking at various aspects connected with the installation of the panels: from the technical possibilities (or lack thereof) through to the contractual and legal conditions.

Bouwinvest takes its social responsibility seriously and wants to generate 1,000 kWp of electricity from solar panels before 2022. 'This will help us meet the targets we have set ourselves to qualify as Paris Proof in 2045, or earlier if possible', says Wim-Jaap Eising, senior asset manager at Bouwinvest. He readily admits that any measures aimed at improving sustainability yield the best results when both the property owner and the users invest in the measures. And Jumbo was more than happy to accept Bouwinvest's invitation to talk about this joint approach. Douwe Snel, Franchise & Real Estate Director at Jumbo: 'We're a family business. We are building a company for future generations and we always think long term. This is all about the goals you want to aim for: in terms of returns, your positions in the country, but certainly also in terms of your ecological footprint. So we don't see sustainability as a side issue. It's an integral part of what we want to be'.

Jumbo has grown rapidly in recent years and leases a large number of properties for its supermarkets. Snel: 'Step by step, we are now working on making all of these more sustainable. Owners like the Bouwinvest Retail Fund have a long-term horizon, just like us'. Dré Corstjens, senior asset manager for Jumbo South and Belgium, adds: 'This is what our customers want and it's certainly what our franchisees want; they are embracing our ambition. Sustainability is something that is becoming more and more visible in our supermarkets. The installation of solar panels is perfectly in line with that'. He says the partnership with Bouwinvest is working well: 'My motto has always been: keep it simple. Everyone brings their know-how and expertise to the table and you then achieve the best results together'.

'Society expects us to take steps. So it's nice when a company like Bouwinvest takes those steps with us. We are setting off on a journey together and this is just the first leg of that journey'. **Douwe Snel,** Jumbo

Performance on strategy

Portfolio characteristics

- Total property value: € 943 million (59 assets, 242,342 m^2 NLA) at year-end 2020;
- Total Fund return: 0.3% (Fund income return: 3.8%);
- Occupancy rate: 95.8%;
- High-quality retail assets divided into Experience (49.8%), Convenience (34.5%), Mixed Retail (4.5%) and Other (11.2%);
- Continuous outperformance of the MSCI Property Index;
- GRESB 4-star rating (83 points);
- BREEAM label: 93% of shopping centres;
- Green energy labels (A/B/C): 98.4% (A label: 87.7%).

Performance on focused segmentation

Focused segmentation

Our investment strategy is focused on high street assets in the best retail locations (Experience), on neighbourhood shopping centres and solitary supermarkets (Convenience) and Mixed retail. Due to the Covid-19 crisis, the Fund has been working within this strategy to increase our exposure to Convenience segment. We expect this segment to remain a highly stable investment both during and after the Covid-19 crisis. On the other hand, the Covid-19 crisis had a significant impact on the Experience and Mixed retail segments. The Fund has therefore made no new acquisitions in these segments, although we do expect these segments to recover after Covid-19. On the whole, we are cautiously optimistic that our strategy and the quality of portfolio will stand us in good stead as we enter calmer waters, and that we will be able to meet our growth and return targets for the coming plan period.

Investments and divestments

Investments
The Fund invested a total of € 30.5 million, which was € 14.5 million lower than our original plan of € 45.0 million, mainly due to an on-hold period during the Covid-19 outbreak.

The investment was related to the acquisition of the existing Schuytgraaf shopping centre in Arnhem (€ 21.6 million), plus the planned expansion of this shopping centre (€ 8.9 million). We expect to complete this expansion in early 2022. The Schuytgraaf shopping centre is fully in line with our Convenience strategy. It comprises 6,300 m^2 and 21 units, all offering daily shopping with a wide range of formats, including Albert Heijn and Lidl supermarkets.

Acquisitions

Schuytgraaf Shopping Centre

Location
Arnhem

Segment
Convenience

Total floor space
6,149 m²

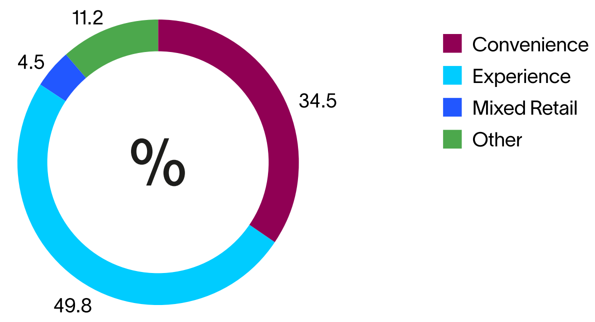
Divestments

In 2020, the Fund had budgeted € 40 million for the divestment of ‘Other retail’ assets and sold € 2.5 million in total. These assets did not fit our strategic requirements due to their location, size or economic outlook. The total sales amount was considerably lower than the budget. The Covid-19 crisis reduced interest on the buyers’ market. In 2020, the Fund completed the sale of the Achterdoelen shopping centre in Ede (€ 2.5 million). The Achterdoelen shopping centre comprises 3,700 m² and 23 units and had already been partly sold in recent years. Due to the rapidly changing market conditions, the shopping centre had to deal with ever-increasing vacancy. Following this sale, the Fund no longer has any investments in the centre of Ede.

Portfolio at year-end

At year-end 2020, the Fund’s portfolio consisted of a total of 59 assets. Of these, 27 assets are classified as Experience, 24 assets are classified as Convenience and two assets are classified as Mixed retail. The category ‘Other’ consisted of six retail assets that do not fully meet our strategic requirements. The Fund aims to sell these assets. In line with this plan , the Fund realised a 7.5% decrease in the share of Other, taking this category to 11.2% of the portfolio, from 18.7% in 2019. The share of Experience declined by 1.3% to 49.8%, while the share of Convenience increased by 4.3% to 34.5%. The Fund introduced the Mixed retail segment in early 2020 and this stood at 4.5% at year-end 2020. The changes in allocation were mainly the result of devaluations in the Experience segment, the purchase of the Schuytgraaf shopping centre in Arnhem and the sale of the Achterdoelen shopping centre in Ede.

Allocation of investment property by strategy as a percentage of book value



Performance on optimisation

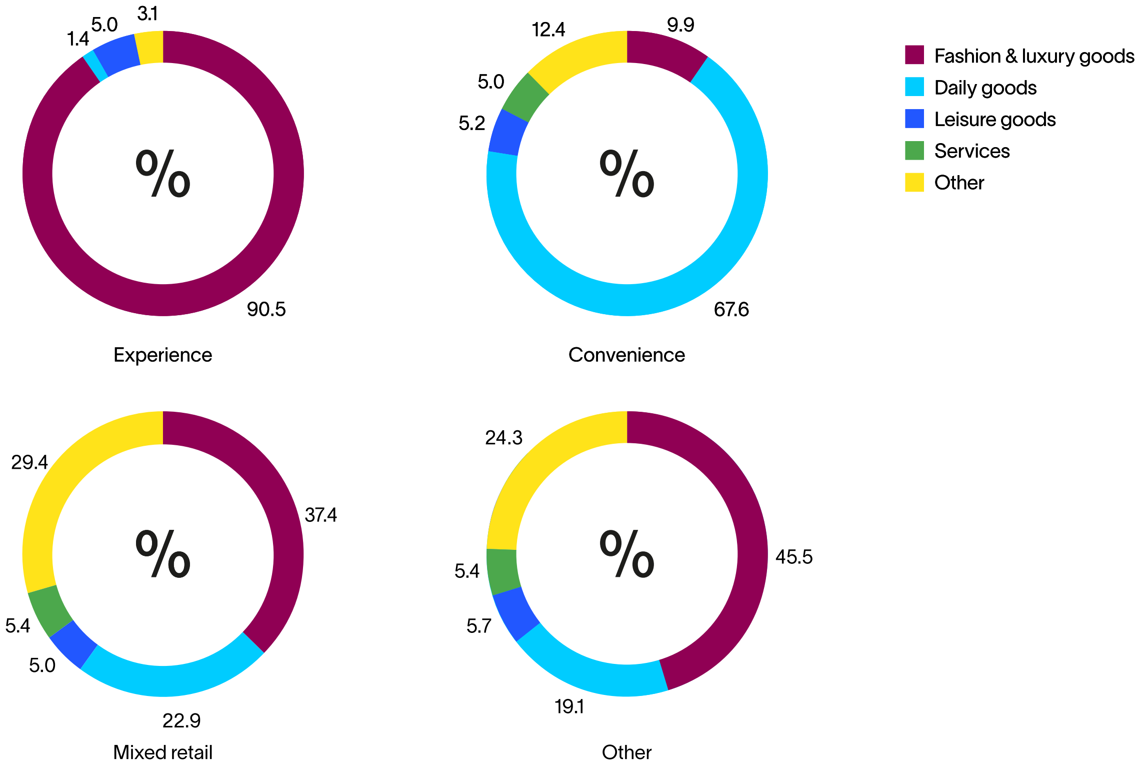
Redevelopments and asset upgrades

In 2020, the Fund started the work to optimise the PC Hooftstraat 125 asset in Amsterdam. The Fund has already applied for the permit to enlarge the basement. The start of the construction work is expected in Q2 2021. The total investment for this upgrade is around € 0.8 million. The Fund did not startany new redevelopment projects in the portfolio in 2020.

Tenant mix

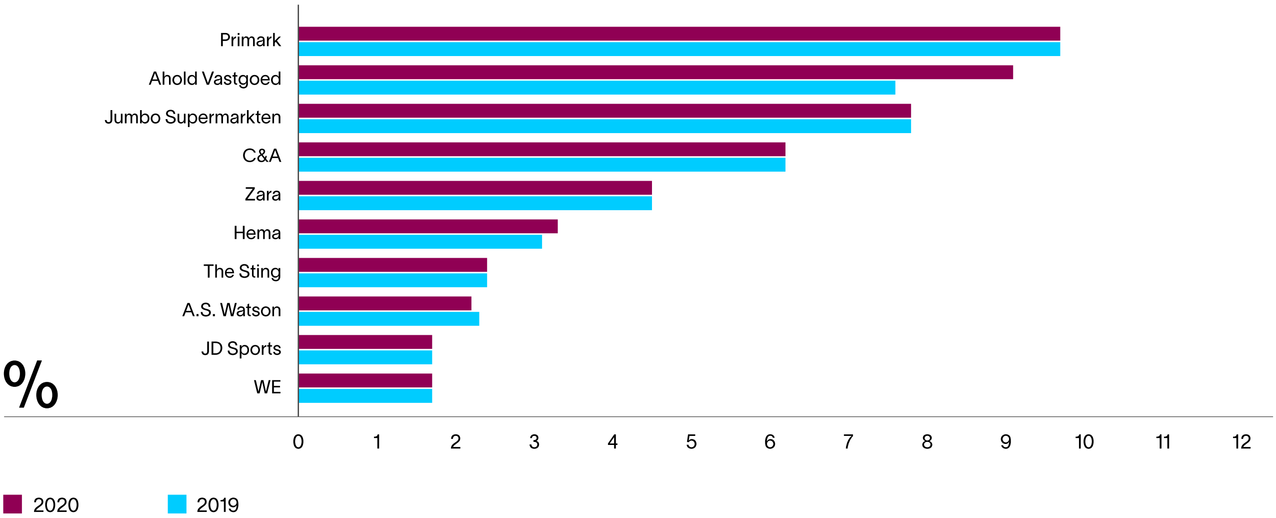
The Fund's portfolio includes a wide range of tenants by segment type. In 2020, in the Experience part of the portfolio, the share of the fashion & luxury goods segment declined slightly to 90.5% (2019: 91.2%). In the Convenience part of the portfolio, the share of the daily goods segment increased by 1.2% to 67.6% (2019: 66.4%). The segments Mixed Retail and Other saw no major changes in the range of tenants.

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



The top 10 major tenants accounted for a total of 48.6% of the theoretical rent in 2020 (2019: 46.6%). In 2020, the top-10 ranking changed slightly. Ahold and Jumbo changed places, due to the Schuygraaf shopping centre acquisition, including an Albert Heijn supermarket. New leases with A.S. Watson led to a top-eight ranking. Tenant H&M, top-eight at year-end 2019, dropped out of the top 10. Primark still tops the list with two leases in the Damrak 77-81 asset in Amsterdam and the Westerhaven asset in Groningen, accounting for 9.7% (2019: 9.7%) of the Fund's total rental income. This is in line with the Fund's diversification guideline to the effect that the total rental income of one tenant may not exceed 15% of the Fund's total rental income.

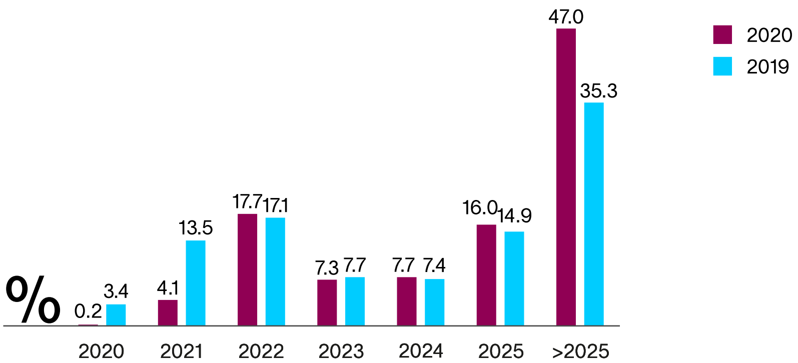
Top 10 major tenants based on theoretical rent



Expiry dates

The overview of expiry dates shows a gradual division in the coming years. By the end of 2020, 47% of the total rental income was due to expire after 2025, which means the Fund's expiration risk remains low. The average remaining lease term of the total portfolio at year-end 2020 was 6.0 years (2019: 6.3 years).

Expiry dates as percentage of rental income

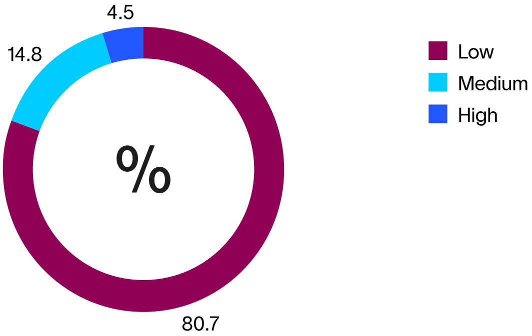


Allocation by risk

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 2020 is shown in the figure below. We assess all assets separately on an annual basis. In 2020, the Fund was classified as 95.5% low to medium risk and as such was consistent with the framework of the Fund conditions.

Future divestments of Other assets will lower the risk profile of the Fund even further in the coming years.

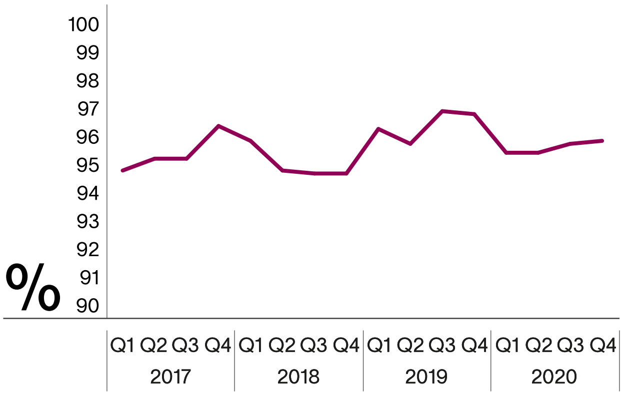
Allocation of investment property by risk as a percentage of book value



Financial occupancy

Despite the drop in demand for retail units due to the Covid-19 crisis, the Fund managed to maintain the average occupancy at a high level in 2020. The Fund's occupancy rate declined only slightly to 95.8% from 96.5% in 2019. Many tenants in financial difficulties survived thanks to government support combined with our - frequently tailor-made - payment arrangements.

Financial occupancy rate



Performance on sustainability

Highlights performance on sustainability 2020

- Signed DGBC Paris Proof commitment to become net-zero carbon before 2045. Drew up Paris Proof roadmap in 2020;
- Retained GRESB 4-star rating; overall score declined by two points to 83 points;
- 98.4% of portfolio has a green energy label, with an average energy index of 0.81 (87.7% A label);
- 92.7% of shopping centres are BREEAM certified, with 78.5% scoring BREEAM-NL in-Use GOOD or better;
- Total of approx. 242 kWp solar power installed by year-end 2020, which is lagging the 2021 target of 1,000 kWp;
- 6.0% like-for-like reduction in energy consumption; 12.4% increase in GHG emissions;
- 167 rental contracts with a sustainability clause (green rental contracts), which is 32.3% of the total portfolio;
- 0% of construction sites registered under the Dutch Considerate Constructors scheme (Bewuste Bouwers);
- 73% coverage of AEDs within six minutes walking distance.

Focus on sustainability

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 it is part of our responsibility 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. We are convinced that our approach reduces risk, increases client returns and makes our real estate assets and portfolios more attractive.

Environmental, social and governance (ESG) factors will continue to play a major role in our investment strategy. We are targeting a net-zero carbon, nearly energy-neutral and resilient portfolio before 2045 (approx. 100 kWh/m2 GLA per year). This will include an analysis of asset-level climate risks, including a plan on how to mitigate these risks. We have set out clear targets for the reduction of our environmental footprint and improving our positive social impact.

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

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

Furthermore, we devote attention to the Dutch policy position on transitioning towards a circular economy in 2050, with the focus on the use (and reuse) of resources. The real estate industry needs to be transformed into a circular ecosystem. We are committed to circular building projects.

Sustainability is a hot topic in the retail market, especially in terms of supply chain transparency. The complexity of the retail supply chain and the wide range of both social and environmental side-effects, has increased the attention being paid to this sector, including the sustainability of assets as a part of the total retail chain.

The Fund supports the United Nations Sustainable Development Goals (SDGs). We actively support three SDGs, as presented below.

Sustainable development goals

11 SUSTAINABLE CITIES AND COMMUNITIES Above average sustainable portfolio	7 AFFORDABLE AND CLEAN ENERGY Installation of renewable energy	8 DECENT WORK AND ECONOMIC GROWTH Considerate constructor scheme for construction projects

Highly sustainable Fund

In 2020, the Fund retained its GRESB 4-star rating. However, its overall score declined by two points, taking the total score to 83 points, from 85 points in 2019, which is in line with the overall GRESB average. The Fund’s peer comparison position stayed the same as last year and the Fund remained fifth out of six in 2020. The lower score was based primarily on two items, both related to performance indicators: data coverage and performance on like-for-like reductions. Furthermore, the scoring mechanism was updated, which resulted in a three-point decline in average global scores across the GRESB universe. To achieve a GRESB 5-star rating in 2021, we will continue to increase our focus on those performance indicators.

GRESB score 2020

In addition, Bouwinvest is a signatory of the UN PRI. In 2020, we scored A+ on both the Strategy & Governance module and the Property module.

Investing in sustainable buildings

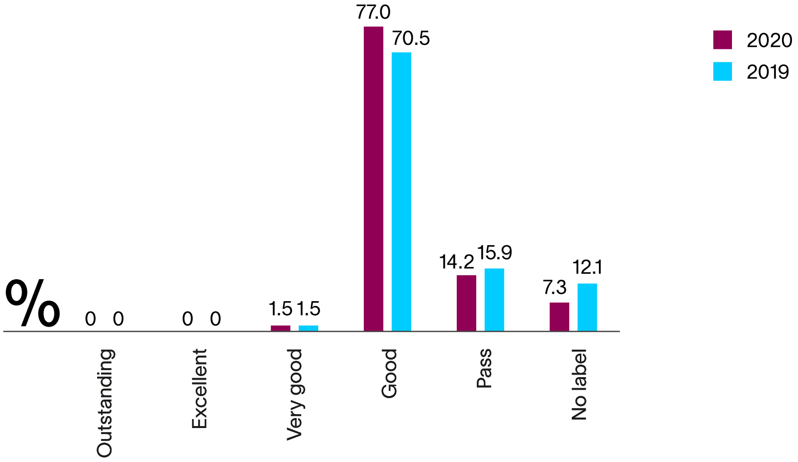
Sustainable buildings

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 such as BREEAM to measure and assess the overall sustainability of our assets. Certificates 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. Our goal is to obtain 100% insight into our assets' sustainability performance, to have 100% BREEAM-NL in-use certified shopping centres and to have at least 50% of our assets certified as BREEAM-NL in-use GOOD or better at management level by the end of 2021. In addition, benchmarks help us to make informed business decisions to mitigate environmental, social and governance risks and enhance our long-term returns.

By year-end 2020, the Fund had obtained BREEAM labels for 92.7% of the shopping centres in its portfolio. In addition, the Fund saw the largest increase in the percentage of BREEAM-NL GOOD certificates to 77.0% (2019: 70.5%).

For the coming year, we have increased our target to 80% BREEAM-NL in-use GOOD or better of all assets in the portfolio by the end of 2021, with a coverage of 95-100%.

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

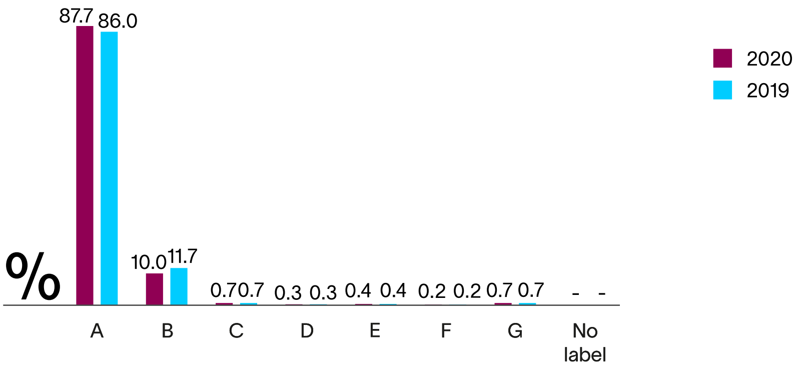


Green portfolio

The number of assets that qualified for a green energy label stabalised at 98.4% in 2020 (2019: 98.4%). This indicates a high level of energy efficiency for the portfolio. At the end of 2020, 87.7% of the portfolio had an A label (2019: 86.0%). Due to relabelling and newly acquired assets, this figure increased slightly. Our goal is to obtain A labels for 95% of the portfolio by the end of 2021. We have not realised this target yet, and it may be too ambitious. The biggest challenge is improving the rating of Experience assets, as the Fund depends on the cooperation of its retailers and some of these assets are qualified as listed buildings.

The Fund redefined these targets in the 2021-2023 Fund Plan in such a way that we are now aiming to obtain A energy labels for at least 95% of the portfolio (energy index <1.2).

Distribution of energy label by floor space (m²) in %



Environmental impact

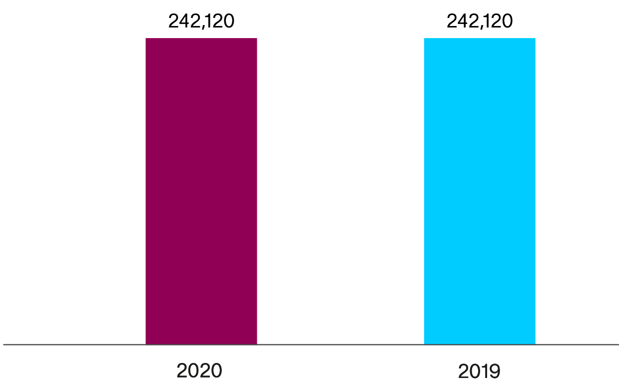
Bouwinvest committed itself to the Paris Proof commitment of the DGBC. To become net-zero carbon (Paris Proof) at the end of 2045, the Fund is in the process of drawing up roadmaps to realise this ambition. In 2021, the Fund will implement the technologies, measures and costs related to the implementation in our strategic maintenance plan for the coming years.

Energy consumption and GHG emissions
In 2020, the Fund managed to cut energy consumption by 6.0% (2019: 7.3%) on a like-for-like basis. The GHG emissions increased by 12.4% (2019: -18.6%).

Energy consumption (like-for-like, MWH)

Renewable energy production
In 2020, the Fund installed no solar panels. However the Fund has agreed on four projects that will be rolled out in 2021. The current panels have a maximum production of on-site solar power of approximately 242 kWp per year. The Fund's target is to generate more than 1,000 kWp of renewable energy from on-site solar panels by year-end 2021. However, we expect to need an additional year to achieve this goal. We expect to realise 600 kWp by the end of 2021, after completion of the four above-mentioned projects. Fortunately, there are a number of new promising projects that will enable us to continue to make progress on increasing the share of renewable energy across our portfolio.

On-site solar panels (kWp)



In 2020, the Fund raised its targets for the reduction of its environmental impact in the period 2021-2023:

- Renewable energy: increase percentage of renewable energy;
- Energy consumption: average annual reduction of 5% as from 2021;
- GHG emissions: average annual reduction of 5% as from 2021;
- Water use: average annual reduction 2%;
- Waste: increase recycling percentage.

Enhancing stakeholder value

Bouwinvest does its utmost to optimise long-term alliances with all our stakeholders. We have methods and means in place to understand, meet and respond to our stakeholders needs and to engage with the issues that our stakeholders find important. In addition to this, we take an active approach to raising environmental, social and governance awareness throughout the real estate industry, partly through membership of various real estate sector organisations, such as the Association of Institutional Property Investors in the Netherlands (IVBN) and the Dutch Green Building Council.

Stakeholder engagement

Improving client services and communication

Real estate markets are remarkably dynamic, so Bouwinvest has to be responsive to internal and external news, as well as trends, risks and developments that could influence investments in real estate markets. We are clear on our investment strategies and are dedicated to demonstrating our ability to meet or exceed our clients' expectations, by offering investment opportunities, services and market data related to existing and potential new investments.

In 2019, we conducted a stakeholder survey, asking our main stakeholders, including our investors, how they view us in terms of what we are getting right and where we could make improvements. This survey provided us with a lot of valuable feedback. The survey showed that we are on the right track on ESG front, but we can improve how and how much we communicate with investors on the progress we are making towards achieving our ESG ambitions. These, and other, actions will contribute towards improving our client services and communications towards our clients. Our ultimate goal is to achieve a steady long-term client satisfaction score of above 7.5 (out of 10). We will repeat our stakeholder survey in late 2021 and the results will be available in early 2022.

Tenant engagement

In a dynamic retail environment, it is important to stay in touch with our tenants. This contact gives us insight in their daily business activities, developments and trends in the retail industry, but also into the potential improvements in our assets. It gives us relevant information we can use in the management of the Fund.

Due to the Covid-19 pandemic, we communicated a great deal with our tenants in 2020. These unique circumstances led to very open discussions, with respect to differences in interests. While we discussed relief measures with retail sector and investor organisations, we simultaneously worked on our own tenant arrangements. We offered our tenants in financial difficulties rental payment postponements in exchange for insights into the development of their sales over the year. We also offered tailor-made arrangements, such as discounts, in exchange for extensions of lease contracts. Thanks to our proactive approach, we closed all our agreements without any judicial interventions.

The Fund successfully combined agreements on financial aspects with agreements on sustainability issues. In 2020, the Fund closed over 60 data-sharing agreements, which will help us to monitor the likes of the energy use and waste produced by our tenants at asset and portfolio level. We believe that the period of intensive communications helped us to gain more support for our sustainability goals.

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 2020, we have collected valuable information about the situation of our retailers on a broad range of issues.

For instance, in our regular meetings with two of our most important tenants, Albert Heijn and Jumbo, we made progress on two sustainability projects. In Best, we produced a plan to improve the Albert Heijn supermarket, both commercially and in terms of sustainability. We are currently in talks with the owners association to get permission to realise our proposition. In partnership with Jumbo, we made preparations for the installation of 1,000 solar panels on four supermarkets (verwijzing naar stukje Douwe Snel). Due to the Covid-19 pandemic, the Fund did faced some delays, but we still expect to complete this project in 2021.

Green leases

The Retail Fund continued its green lease initiative in 2020, adding 48 green leases. This took the total number of green leases in the portfolio to 167, which is 32.3% of all leases. This meant we achieved our goal for last year (25% by the end 2021). 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 for combined efforts 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 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, the DGBC, INREV and ULI.

The Retail Fund strives to register all new-build projects and redevelopments with the Dutch Considerate Constructors scheme (Bewuste Bouwer). This scheme ensures that contractors deal with the concerns of local residents and address safety and environmental issues during the construction phase.

The target is to have more than 75% of construction sites registered under the Considerate Constructors scheme by the end of 2021. However, the Fund had no construction sites in 2020.

AED

Bouwinvest was the first company in the Dutch real estate investment sector to contribute to the establishment of a national AED (automatic external defibrillator) network, which it is estimated could save up to 2,500 lives every year in the Netherlands. The use of an AED offers the highest probability of survival within the first six minutes after a heart attack. At the end of 2020, 73% of our tenants and communities have an AED available within six minutes walking distance.

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.

Financial performance

Return of the Fund

The Fund realised a total return of 0.3% in 2020, consisting of 3.8% income return and –3.4% in capital growth. Net rental income, administrative and finance expenses are the main drivers for the income return. The decline in capital growth was primarily driven by challenging market conditions in the experience, mixed and other retail sectors. The results for 2020 were below plan due to the fact that both rental income and valuations were negatively impacted by the Covid-19 pandemic.

Fund performance	2020 Actual	Plan	2019 Actual
Income return	3.8%	4.4%	4.2%
Capital growth	-3.4%	0.8%	0.1%
Fund performance	0.3%	5.1%	4.3%

Income return

The net rental income of € 42.0 million was € 6.1 million lower than the plan of € 48.1 million (2019: € 45.8 million). The most significant impact on the net rental income was due to rental discounts (€ 0.6 million) and an addition of € 2.3 million to the provision for doubtful debtors. The addition to the provision was primarily for expected rent discounts on outstanding rent receivables that were deferred in 2020. Other deviations from plan included lower rental income due to delayed acquisitions (€ 1.5 million), higher vacancy costs (€ 0.5 million) and higher costs for taxes and insurances (€ 0.5 million).

Administrative expenses were on plan but finance expenses came in at a total of € 0.4 million, compared with the plan of € 0.1 million. This difference was due to higher negative interest charges (€ 0.1 million) and land lease costs (€ 0.2 million).

The lower net rental income and higher finance expenses resulted in a decline in the income return to 3.8%, compared with the plan of 4.4%.

Capital growth

The values of the Fund's assets were lower in 2020 as a result of the market conditions following the Covid-19 outbreak. The Fund is largely invested in the Randstad urban conurbation and focuses continuously on the optimisation of its portfolio by upgrading and future-proofing its assets. Despite this focus, negative sentiment pushed asset values down, with the most significant depreciations seen in the Damrak asset in Amsterdam and De Promesse shopping centre in Lelystad, while the largest appreciation was realised by Parkweide in Ede.

Property performance

The total property return for 2020 came in at 1.0%, consisting of a 4.6% income return and -3.5% capital growth. The Fund outperformed the MSCI Netherlands Property Retail Index (all properties) by 5.3% in 2020. The outperformance is related to the Fund's capital growth in 2020, which was 5.2% higher compared with the benchmark's capital growth of -8.7%. Meanwhile, the income return was 0.1% lower compared with the benchmark's income return of 4.7%.

Property performance	2020 Actual	2020 MSCI	2019 Actual
Income return	4.6%	4.8%	4.9%
Capital growth	(3.5)%	(8.7)%	0.4%
Property performance	1.0%	(4.3)%	5.3%

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. For example, INREV 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.

Goverwelle Convenience

Gouda
The Netherlands

Shareholder information

Introduction

In this section, we summarise the financial management policies, activities and performance of the Fund over 2020, followed by the Fund's overall governance and structure. We conclude this section with more details about the fund manager.

Financial management

Results

Income Statement summary (all amounts in € thousands)	**2020**	2019	change	in %
Revenues	54,786	56,409	(1,623)	-3%
Operating expenses	(12,825)	(10,634)	(2,191)	21%
Net rental income	**41,961**	**45,775**	**(3,814)**	**-8%**
Net valuation gain / (loss)	(31,045)	4,096	(35,141)	-858%
Result on disposal	(1,461)	(718)	(743)	103%
Administrative expenses	(5,249)	(5,061)	(188)	4%
Finance expenses	(457)	(433)	(24)	6%
Income taxes	77	-	77	100%
Result for the year	**3,826**	**43,659**	**(39,833)**	**-91%**
Financial occupancy	95.8%	96.5%		
REER	1.09%	0.86%		
TGER	0.54%	0.52%		

In 2020, the result for the year declined to € 3.8 million from € 43.7 million in 2019 (-91%). The decline of € 39.8 million was primarily driven by the negative valuations of the investment properties, as a result of the continued uncertainty due to the Covid-19 pandemic.

Revenues of € 54.8 million were € 1.6 million lower than in 2019 (€ 56.4 million), with the decline driven by rent discounts (€ 0.6 million), lower rental income due to delayed acquisitions (€ 0.6 million) and higher vacancy (€ 0.4 million). The higher vacancy combined with the lower rental income are reflected in the lower occupancy rate of 95.8%.

Operating expenses of € 12.8 million were € 2.2 million higher than in 2019 (€ 10.6 million). This increase was primarily driven by an allocation of € 2.3 million to the provision for doubtful debtors, in response to greater uncertainty on account of rent deferrals and higher overall outstanding tenant receivables. Driven by the increase in operating expenses, the REER rose to 1.09% in 2020, from 0.86% in 2019.

Administrative expenses, mainly consisting of management fee, increased to € 5.2 million (2019: € 5.1 million). The increase of € 0.2 million consisted of management fee and higher regulator costs.

The finance result increased as a result of continued negative interest rates. The positive income taxes in 2020 are a settlement of 2016 and 2017 income tax returns, following the disputed redevelopment of the Damrak in Amsterdam. Driven by the combination of higher administrative and other fund level expenses with a slightly lower NAV, the TGER increased to 0.54% in 2020, from 0.52% in 2019.

Dividend

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

The Executive Board of Directors proposes to pay a dividend of € 36.4 million for 2020 (2019: € 40.4 million), 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, € 27.6 million or 76% was paid out in the course of 2020. The fourth instalment was paid on 15 February 2021. The rest of the distribution over 2020 will be paid in one final instalment following the adoption of the annual report by the Annual General Meeting of shareholders on 14 April 2021.

Funding

According to internal guidelines the Fund is not allowed to have an unsecured pipeline. At the end of 2020, the Fund did not have an unsecured pipeline.

In 2020, the Fund received an additional commitment of € 15 million from an existing investor. Last year, we made no capital calls as a result of delayed acquisitions, keeping the number of shareholders at seven. One transfer of shares took place.

Shareholder	Number of shares at year-end 2020
Shareholder A	285,156
Shareholder B	27,402
Shareholder C	18,969
Shareholder D	9,440
Shareholder E	9,247
Shareholder F	3,847
Shareholder G	788
Total	**354,849**

Leverage

Leverage policy: In line with the Fund's Information Memorandum, it is allowed to incur debt up to a debt to total asset ratio of up to 3%, to bridge any temporary liquidity constraints and accommodate distributions to shareholders and redemption of shares.

In 2020, the Fund was financed solely with equity and did not use any loan capital for liquidity management purposes.

Treasury management

Treasury policy: For treasury management purposes, the Fund acted in accordance with Bouwinvest's treasury policy in 2020, to manage the Fund's liquidity and financial risks. The main objectives of the treasury management activities are to secure shareholders' dividend pay-out, ensure other obligations can be met and to manage the Fund's cash position.

At year-end 2020, the Fund had € 8.9 million freely available in cash. In 2020, the Fund's cash position declined by € 20.6 million compared with year-end 2019.

Interest rate and currency exposure

As the Fund had no foreign currency exposure, there was no currency exposure risk. The Fund did not have any loans and borrowings. The interest rate risk was therefore limited to the negative interest rate developments on the Fund's bank balances.

Tax

Tax policy: The Fund qualifies as a fiscal investment institution (FII) under Dutch law and as such is subject to corporate tax at a rate of zero percent. Being an FII, the Fund is obliged to distribute its entire fiscal result annually.

The Fund met its obligations related to value added tax, transfer tax and other applicable taxes in their entirety in 2020. In 2020, the Fund complied with FII requirements.

Fund governance

Bouwinvest Dutch Institutional Retail Fund N.V. (the 'Fund') was established in 2010. The Fund has a governance structure that 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 an Executive Board of Directors.

The Fund is governed by 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 interests 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
- Elaborate approval process for all real estate investments
- Transparency and integrity integrated in daily business conduct
- Code of conduct
- Transparent and open shareholder communication

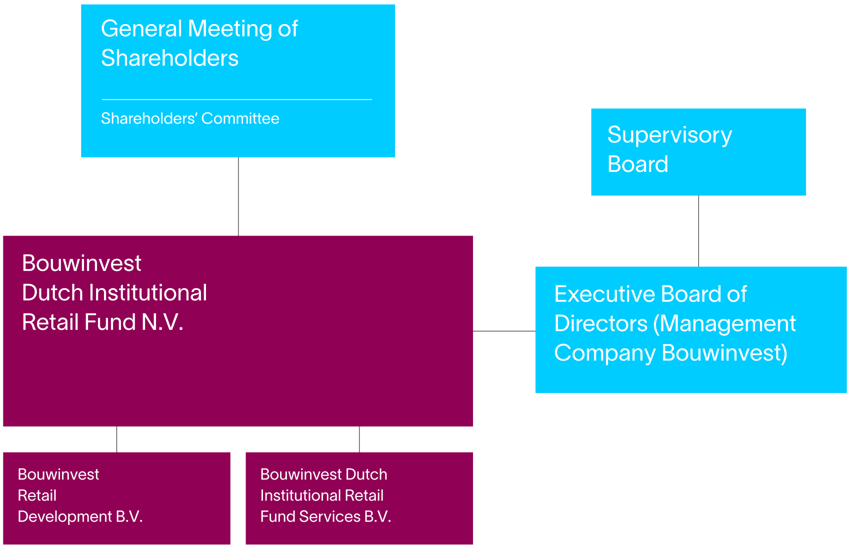
Structure of the Fund

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 sole 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 Fund's renting activities, and Bouwinvest Retail Development B.V., in which development activities are pursued that are ancillary to the Fund's investment portfolio. Such activities are placed in these taxable subsidiaries to ensure the Fund's compliance with the 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.

General Meeting of Shareholders

Shareholders of the Retail Fund 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.

Anchor investor

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

Governance matrix

The voting rights of the General Meeting of Shareholders and the Shareholders' Committee are shown in the 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 Executive Board of Directors 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 Executive Board of Directors 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			

Manager of the Fund

Bouwinvest is the fund manager 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.

Executive Board of Directors

Bouwinvest's Executive Board of Directors consists of the Chief Executive Officer, also Statutory Director, the Chief Financial & Risk Officer, also Statutory Director, the Chief Investment Officer Dutch Investments, the Chief Investment Officer International Investments and the Chief Client Officer. The Statutory Director is appointed by the Bouwinvest General Meeting of Shareholders following nomination by Bouwinvest's Supervisory Board. The Executive 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 Executive 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 directly apply to Bouwinvest as it is an unlisted company, the Executive Board of Directors endorses the best practices of the Code in 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 Executive 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, responsible investment, health and safety, as well as our business partners. Bouwinvest has also instituted a whistleblower policy to deal with the reporting and investigation of 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 2020, there was no conflicts of interest as referred to in the Bouwinvest Conflicts of Interest Policy, either between the members of the Executive 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 the Asia-Pacific region, hotel properties through Bouwinvest Dutch Institutional Hotel Fund N.V. and healthcare properties through Bouwinvest Dutch Institutional Healthcare Fund N.V.

Bouwinvest aims for the highest level of transparency in its communications on its 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.

Shareholders' calendar

15 February 2021	Payment interim dividend fourth quarter 2020
14 April 2021	General Meeting of Shareholders
28 April 2021	Payment of final dividend 2020
17 May 2021	Payment interim dividend first quarter 2021
16 June 2021	Shareholders' Committee
18 August 2021	Payment interim dividend second quarter 2021
9 November 2021	Shareholders' Committee
19 November 2021	Payment interim dividend third quarter 2021
8 December 2021	General Meeting of Shareholders
15 February 2022	Payment interim dividend fourth quarter 2021

Damrak 70
Experience

Amsterdam
The Netherlands

Risk management

Risk Management Framework

Bouwinvest has set up an Integrated Risk Management Framework, which enables Bouwinvest to address all the risks it has identified that may prevent it from achieving its objectives, and to manage these risks while taking into account Bouwinvest's risk appetite. Bouwinvest has put together a balanced set of control measures and updates and improves these measures to address identified control deficiencies. Risks are viewed as both a threat and an opportunity to improve the organisation and add value.

Integrated risk management addresses risks across a variety of levels in the organisation, including strategic, tactical and operational risks. Widening the scope of risk management to cover both strategic risks and opportunities (in addition to tactical and operational risks) creates an integrated approach that can bridge the gap between strategy and tactics. Integrated risk management is an interactive process of:

- Drafting the strategy and the related risk profile and risk appetite;
- Identifying risks and opportunities;
- Drafting and implementing the policy for risk management; and
- Implementing, monitoring and providing feedback on risks and control measures and a continuous review of risks and control measures.

The three lines of defense and the risk taxonomy are two crucial elements of Bouwinvest's Risk Management Framework, which are applied to the Bouwinvest management organisation, the Dutch funds and the international mandates. Further information on the risk governance can be found in the 2020 annual report of the manager of the Fund, Bouwinvest Real Estate Investors.

Main Fund risks

On the basis of the taxonomy and in line with AIFMD regulations, the Fund has identified a number of risks, including market, credit, counterparty, liquidity, and operational risks, together with related mitigants.

Risks from the Risk Taxonomy

1.0 Financial risk

1.1 Market risk

Risk type	Risk description	Risk mitigation
1.1.1. Interest rate risk	The risk that interest rate fluctuations – due to an imbalance between interest rate sensitive assets and liabilities (including off-balance sheet items) in the field of interest maturity and interest rate – lead to undesirable effects on the balance sheet and result.	Cash position in line with current cash flows; capital calls only when instalments are due.
1.1.3 Market concentration risk	The risk that, due to insufficient diversification within the assets under management, a certain development or event could have an above-average impact on the value of the assets under management.	Long term investment strategy with portfolio spread over different strategies, location and tenants. Investment restrictions apply, but due concentration in trophy asset Damrak is accepted.
1.1.4 Price volatility	The risk of changes in the value (of marketable instruments) within the assets under management due to changes in market prices.	Active management with goal to provide long term stable returns. Hurdle rates apply to acquisitions to maintain long term minimum returns.
1.1.5 Market liquidity risk	The risk that available assets cannot be converted into cash and cash equivalents quickly enough or at acceptable prices.	Long term investment strategy Hold-sell analysis to identify potential divestment assets early on. Market interest for non-prime locations limited, leading to substantial time to dispose assets. Acquisitions fitting strategy with attractive (expected) yields meeting hurdle rates are scarce.
1.1.6 Occupancy rate risk	The risk of losses due to an exessively low occupancy rate in the assets under management.	Focus on ideal locations, strong tenants and healthy mix of Experience and Convenience with strong catchment areas.
1.1.7 Real estate portfolio risk	The risk of losses arising from suboptimal asset and tenant diversification, suboptimal asset quality and unsustainable assets under management.	Long term strategy focusing on sustainable assets attractive to tenants now and in the future. Strategy changed slightly with e-commerce logistics assed as a new part of mixed use at the expense of experience, vulnerable to online-trend.
1.1.8 Real estate strategy risk	The risk of losses related to the chosen real estate strategy, taking account of the degree of development in the assets under management, blind pool and non-income producing share in the assets under management.	The Fund has very limited exposure to non-income producing assets, while potential (re)developments are subject to strict criteria.
1.1.10. Operational expenditure risk	The risk of losses arising from high operational costs of the assets under management that are not in line with the budgeted costs.	All assets have annually updated maintenance plans to keep assets in good condition.
1.1.11 Valuation risk	The financial risk that an asset is undervalued and worth less than expected when it matures or is sold. Factors that could contribute towards valuation risk include incomplete data, market instability, uncertainties in financial modelling and poor data analysis by people responsible for determining the value of the asset.	Mitigated by frequent appraisals, with periodic rotation of appraisers, quality of appraisers (NRVT, certification) and additional scrutiny by external accountant.
1.1.12 Inflation risk	The risk of losses arising from changes in the inflation rate.	Rental rates contain (yearly) indexation clauses. Construction costs are usually capped (partial or no indexation).

1.2 Credit & counterparty risk

Risk type	Risk description	Risk mitigation
1.2.1 Credit risk	The risk that a counterparty defaults on contractual or other agreed obligations (including furnished credits, loans, receivables, pledges, rental obligations, banking credit positions and received guarantees).	Spread over multiple tenants, and locations. Risk assessment of potential and existing top-10 tenants; deposits and or bank guarantees. Active payment collection strategy with dedicated department supported by Covid-19 Taskforce to deal with impact of Covid-19. Cash must be held with local bank with good external ratings.
1.2.2 Counterparty risk	The risk that a counterparty (to a transaction) defaults before the final settlement of the cash flows (associated with the transaction) has taken place (breaching delivery versus payment).	Risk assessment of developer and or contractor, with instalments lagging actual construction costs and frequent (independent) monitoring of building progress.

1.3 Liquidity risk

Risk type	Risk description	Risk mitigation
1.3.1 Liquidity risk	The risk of losses arising from the inability to gain timely access to sufficient liquidity to meet obligations or withdrawals or, due to the lack of liquidity, being forced to sell assets under unfavourable conditions.	Contractual cash outflows (operational expenditure, fees) are relatively small compared to direct income. Investment instalments are fully covered by available funding from commitments.
1.3.2 Funding risk	The risk that commitments made are not covered by contractually agreed financing (from promises of investors and/or promised loans).	Acquisitions and related investment instalments must be fully covered by available funding from commitments.

2.0 Non - financial risk

2.1 Strategic & business risk

Risk type	Risk description	Risk mitigation
2.1.2 ESG risk	The risk arising from improper behaviour on the part of Bouwinvest with respect to to environmental criteria, social performance and governance, or its inadequate response to developments in the field of ESG.	Ambitious climate targets to anticipate existing or future legislation and trends from tenants. Construction projects usually undertaken under the Dutch Considerate Constructors (Bewust Bouwers) label.
2.1.3 Model risk	The risk that decisions based on models could lead to wrong outcomes and/or assumptions, such as financial losses or lower than expected results, reputational damage and erroneous strategic decision-making.	Models are applied to hold/sell and acquisition decisions and frequently updated based on newly available data and insights. Model validation policy in place.
2.1.5 Claim risk	The risk that claims are instituted or that insufficient capital is available to cover an awarded claim or that one is not properly insured against it.	Mitigated by appropriate insurance against property related claims.
2.1.7 Legal risk	The risk associated with the possibility of a threat to the legal position of Bouwinvest and/or funds and mandates managed by Bouwinvest, including the possibility that contractual stipulations are not enforceable or incorrectly documented.	Mitigated by standard contracts and dedicated in-house legal department.
2.1.8 Tax risk	The risk related to taxation, i.e. where the competent legislator levies tax on a threshold determined by the legislator, including sanctions in the case of shortfalls observed in the payment of the due taxes. Exemptions, lower tax rates or carrying out activities in different jurisdictions are circumstances that could result in an increased tax risk.	Mitigated by active, dedicated in-house tax department; Tax Control Framework includes anticipation of future fiscal changes that may affect the Fund; lobbying with other real estate investors (eg IVBN).
2.1.10 Concentration risk	The risk arising from the dependence on a limited number of large clients, advisory mandates and types of investment products.	bpfBOUW is the Fund's main investor, which exposes the Fund to changes in the pension fund's retail strategies and allocations. This is mitigated by fund regulations and its status as an AIF managed by manager Bouwinvest supervised by AFM.

2.2 Operational risk

Risk type	Risk description	Risk mitigation
2.2.4 Outsourcing risk	The risk that the continuity, integrity and/or quality of the procedures outsourced to third parties (whether or not within a group) or the equipment and personnel provided by these third parties are damaged.	This risk is mitigated by making use of reliable property managers that are regularly scrutinised via audits performed by Bouwinvest.

2.3 Compliance risk

Risk type	Risk description	Risk mitigation
2.3.1 Integrity risk	The risk of reputational damage or existing or future threats against equity or results due to inadequate compliance with any legal stipulations or with standards set by society or the organisation. This includes risks associated with fraud, money laundering, conflicts of interest, terrorist financing, sanctions legislation, corruption, undesirable conduct, insider knowledge and market abuse.	This risk is mitigated by applying client due diligence in line with regulations, and working with trusted parties that have often had a long relationship with Bouwinvest.

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 Executive 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.

Risks in the portfolio are monitored closely and the following events and risks were noteworthy in 2020.

Market concentration risk

The Fund is highly diversified across cities and segments, with the exception of the Damrak Amsterdam asset. This asset is large, in a prime location and involves long-term leases. This Damrak asset exceeds the Fund's single asset guideline of 15% of the Fund, due to its strong capital growth in recent years. In 2020, the Fund once again reduced its concentration in the G4, due to the acquisition of the Schutytgraaf asset in Arnhem.

Occupancy rate risk

The Fund has a different leasing strategy for each individual retail asset to achieve an optimal occupancy rate. In most locations, but especially in district shopping centres, it is also vital to have the right mix of complementary tenants to ensure the long-term success of a shopping centre. In 2020, the leasing activities came under severe pressure due to the Covid-19 crisis. However, the Fund still managed to maintain the average occupancy at a high level. Many tenants in financial difficulties survived thanks to government support combined with our payment arrangements.

Valuation risk

Despite the Covid-19 situation, there are no remaining uncertainty clauses from our appraisers. Nevertheless, Capital growth was negative in 2020 and came in at -3.4%. The restrictions imposed by the Covid-19 pandemic will continue to put pressure on the valuations of the Experience assets, while the valuations of Convenience shopping centres and supermarkets are expected to remain stable.

Credit risk

Our leasing process is focused on strong, reputable tenants and includes risk assessment of potential tenants, deposits and or bank guarantees. During the Covid-19 crisis, the Fund mitigated this risk further through an active payment collection strategy with a dedicated department, supported by a Covid-19 Taskforce. This resulted in arrears 7.3% at year end (of which 4.1% was deferred), much lower than the peak in Q2 (9.2%), with a provision for doubtful debtors of €2.3 million (booked as an expense).

Liquidity risk

In 2020, the Covid-19 crisis resulted in an increase in rent in arrears, including deferred payments. However, this had only a limited impact on the Fund’s income and the Fund therefore had ample liquidity to pay its current expenses and dividends to its shareholders.

Funding risk

In 2020, sufficient funding was available for the unfunded future commitments at the time of actual investments.

Fiscal risk

FII regime:
In its 2021 Tax Plan, the Dutch government announced that the Dutch Ministry of Finance is planning to evaluate the FII regime in 2021. This evaluation could eventually result in the abolition of the real estate FII. As a result, the Fund would become subject to tax at the ordinary income tax rate. In anticipation of the outcome of this evaluation, Bouwinvest commenced an investigating of a possible restructuring of the Fund into the legal form of a closed Fund for Mutual Account. The fiscal transparency of the Fund for Mutual Account regime prevents double taxation for investors.

Another significant risk has required additional attention, a risk that cannot be mapped one-to-one with the risks above, namely climate risk.

Climate risk

Last year was another year with exceptionally hot weather, reminding us of the need to deal with climate change and related risks. In line with the recommendations from the Task Force on Climate Financial Disclosures (TCFD), the Fund recognises two main risks related to climate change, namely physical risks directly affecting our real estate and our tenants (heat stress, flooding, strong winds, etc), and transition risks, related to risks related to the adaptation of our real estate to future climate change (an environment where greenhouse gasses should be minimised to limit future temperature rises to 2˚C or less).

Core elements of the recommended disclosures include the organisation’s governance related to climate risks, the strategy, risk management and resulting metrics and targets. Within Bouwinvest, the Sustainability & Innovation department is dedicated to advising the Board on preparing the management organisation and the Fund for the necessary steps and related changes. These climate risks affect a large number of risks within our risk taxonomy, and we will adapt our risk taxonomy to incorporate climate risk where necessary. As an example of recent initiatives, Bouwinvest has commissioned an impact analysis (including financials and returns) and the measures required for our real estate to meet our Paris Proof goals in 2045.

Compliance

Bouwinvest sees integrity, transparency and corporate social responsibility as important prerequisites to achieving its business objectives. In that context, Bouwinvest strives for ethical and controlled business operations in which Bouwinvest and its employees comply with laws and regulations and the company’s own Code of Conduct.

The compliance function is largely asked for advice on the subjects: assessment of business partners, ancillary positions, gifts & events and privacy.

Reports and advice

Information on Bouwinvest's compliance policy and procedures as well as incidents in 2020 can be found in the annual report 2020 of Bouwinvest Real Estate Investors B.V.

Bouwinvest wins yet another MSCI award

Real Value for Life

Bouwinvest once again prolonged a prestigious title in 2020, as its Retail Fund was voted the best performing specialist real estate fund in the Netherlands for the second year in a row. This prize is awarded by MSCI, the independent research firm that has been supporting the international investment world for 40 years.

The Retail Fund's strategy

The Retail Fund invests the capital of institutional investors in the Dutch retail market with a long-term horizon. The Fund focuses on the best shopping streets (Experience) and on neighbourhood shopping centres for daily groceries (Convenience). The Fund is one of the most sustainable Dutch retail funds and has a GRESB 4-star rating.

What makes MSCI's approach special is that it compares investment funds at sector level, says executive director Maarten Broek. 'We compare specialised funds with each other, something we also do with diversified funds. We also measure performance according to three-year averages, based on the actual performance of the funds compared with other funds active in the same sector'. So how special is it that Bouwinvest won the award for the second year in a row in 2020? 'We can see that the retail sector as a whole is going through a difficult period. Returns were lower even before the outbreak of the pandemic. So it's quite a feat to achieve this result in such a critical market'. Winning an independent award like this one can help to strengthen a fund's position in the investment market, Broek says: 'Investors look specifically at the long-term track record of market players like Bouwinvest'.

For Bouwinvest's part, Collin Boelhouwer, Director Dutch Retail Investments, says he is extremely pleased with the award: 'This is an award we are very proud to receive, just as we were the previous year. In a challenging market, our clear investment vision once again resulted in a stable retail portfolio that delivered an above-average performance'.

'Winning multiple MSCI Awards shows that a fund has recorded relatively strong returns over a prolonged period'. Maarten Broek, MSCI

Outlook

Retail occupier market

From mid-December 2020 onwards, the Netherlands has been facing a strict lockdown in which all non-essential stores were forced to close. Supermarkets and food specialty shops remained open, while selected other destinations (F&B, DIY and garden centres) were allowed to offer click-and-collect options. All other shops were fully reliant on online sales, forcing many small to medium-sized enterprises to become multi-channel. We expect this to make them more future-proof, subject to the condition that they will survive the crisis.

The ongoing lockdown added to the pressure on a substantial part of the retail market and the longer the lockdown lasts, the greater the impact will be. Retailers are in constant dialogue with their landlords regarding the postponement and/or even waiving of rental payments. This will have a negative impact on the income returns of investors in 2021 and exert strong downward pressure on market rents, especially for experience-oriented locations (high streets and large shopping centres), with a gradual recovery expected in the years thereafter. On top of this, with increasing numbers of consumers forced to rely on e-commerce on a more regular basis, this may well further cement the position of this retail channel in the post-Covid era.

Retail investor market

In the future, we are likely to see the evolution of more compact city centres with fewer stores. Polarisation will continue to be a defining theme in the retail market. The most dominant and thriving retail destinations will remain the most robust. Investors will therefore continue to focus on the less vulnerable segments, particularly in the relatively stable segment of daily convenience shopping. We expect investors' interest in experience locations to remain subdued.

Retail Fund plan

The Fund's experience & convenience strategy and our focus on the very best assets in both categories has paid off in the current crisis. We have maintained our high occupancy rate. On a five-year basis, the Fund has outperformed the MSCI property index by a significant margin of 270 basis points (6.6% vs 3.9%). However, during the crisis the major cities have been forced to deal with a sharp decline in the number of visitors, which has had a negative impact on the performance of experience assets. This is why we are careful with regard to the acquisition of any new assets in the experience segment and are more focused on strengthening the convenience segment.

We believe that we can only generate long-term stable financial returns for our investors if we take the societal impact into account in every decision we take. Our focus is on the city of the future and we aim to create real value for life by investing for the long term in a responsible manner. The Retail Fund wants to identify and help create experience and convenience shopping destinations that are fit-for-purpose today and that will remain so long into the future. In addition, we aim to reduce the environmental impact of our portfolio, striving for a net-zero carbon, nearly energy-neutral and climate-resilient Paris Proof portfolio before 2045.

The pandemic will leave its mark on the real estate markets. Many developments that had already been initiated before the pandemic, such as online shopping, accelerated during the crisis. At the same time, we are convinced that once Covid-19 measures are lifted, people will want to shop, travel and meet each other again. With its long-term investment scope, the Fund focuses on adding value for our investors, tenants and stakeholders by continuing to invest in attractive living and working environments.

Amsterdam, 22 maart 2021

Bouwinvest Real Estate Investors B.V.

Dick van Hal, Chief Executive Officer and Statutory Director
Rianne Vedder, Chief Financial & Risk Officer and Statutory Director
Mark Siezen, Chief Client Officer
Allard van Spaandonk, Chief Investment Officer Dutch Investments
Stephen Tross, Chief Investment Officer International Investment

Financial statements

Consolidated statement of comprehensive income

All amounts in € thousands, unless otherwise stated

	Note	2020		2019	
Gross rental income	6	52,709		53,657	
Service charge income	6	1,964		1,972	
Other income		113		780	
Revenues			**54,786**		**56,409**
Service charge expenses		(2,136)		(2,213)	
Property operating expenses	7	(10,689)		(8,421)	
			(12,825)		**(10,634)**
Net rental income			**41,961**		**45,775**
Result on disposal of investment property			**(1,461)**		**(718)**
Positive fair value adjustment completed investment property	12	3,890		18,088	
Negative fair value adjustment completed investment property	12	(34,935)		(13,992)	
Fair value adjustments on investment property under construction	13	-		-	
Net valuation gain (loss)			**(31,045)**		**4,096**
Administrative expenses	8		(5,249)		(5,061)
Result before finance result			**4,206**		**44,092**
Finance result	9	(457)		(433)	
Net finance result			**(457)**		**(433)**
Result before tax			**3,749**		**43,659**
Income taxes	10		77		-
Result for the year			**3,826**		**43,659**
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			**3,826**		**43,659**
Net result attributable to shareholders			3,826		43,659
Total comprehensive income attributable to shareholders			**3,826**		**43,659**
Distributable result	20		36,414		40,439
Pay-out ratio	20		100%		100%
Earnings per share (€)					
From continuing operations					
Basic			11		123
Diluted			11		123

Consolidated statement of financial position

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2020	2019
Assets			
Non-current assets			
Investment property	12	951,258	965,495
Investment property under construction	13	-	-
Total non-current assets		**951,258**	**965,495**
Current assets			
Trade and other current receivables	14	1,867	1,404
Cash and cash equivalents	15	8,864	29,505
Total current assets		**10,731**	**30,909**
Total assets		**961,989**	**996,404**
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		354,849	354,849
Share premium		366,774	390,794
Revaluation reserve		224,076	233,750
Retained earnings		(3,826)	(43,659)
Net result for the year		3,826	43,659
Total equity	16	**945,699**	**979,393**
Liabilities			
Non-current lease liabilities	17	8,728	8,516
Current trade and other payables	18	7,562	8,495
Total liabilities		**16,290**	**17,011**
Total equity and liabilities		**961,989**	**996,404**

Consolidated statement of changes in equity

For 2020, 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 2020	354,849	390,794	233,750	(43,659)	43,659	979,393
Comprehensive income						
Net result	-	-	-	-	3,826	3,826
Total comprehensive income	**-**	**-**	**-**	**-**	**3,826**	**3,826**
Other movements						
Issued shares	-	-	-	-	-	-
Appropriation of result	-	-	-	43,659	(43,659)	-
Dividends paid	-	(24,020)	-	(13,500)	-	(37,520)
Movement revaluation reserve	-	-	(9,674)	9,674	-	-
Total other movements	**-**	**(24,020)**	**(9,674)**	**39,833**	**(43,659)**	**(37,520)**
Balance at 31 December 2020	**354,849**	**366,774**	**224,076**	**(3,826)**	**3,826**	**945,699**

* See explanation dividend restrictions in Note 16.

For 2019, 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 2019	350,495	396,265	222,920	(48,675)	48,675	969,680
Comprehensive income						
Net result	-	-	-	-	43,659	43,659
Total comprehensive income	**-**	**-**	**-**	**-**	**43,659**	**43,659**
Other movements						
Issued shares	4,354	7,646	-	-	-	12,000
Appropriation of result	-	-	-	48,675	(48,675)	-
Dividends paid	-	(13,117)	-	(32,829)	-	(45,946)
Movement revaluation reserve	-	-	10,830	(10,830)	-	-
Total other movements	**4,354**	**(5,471)**	**10,830**	**5,016**	**(48,675)**	**(33,946)**
Balance at 31 December 2019	**354,849**	**390,794**	**233,750**	**(43,659)**	**43,659**	**979,393**

* See explanation dividend restrictions in Note 16.

Consolidated statement of cash flows

All amounts in € thousands

	Note	2020	2019
Operating activities			
Net result		3,826	43,659
Adjustments for:			
Valuation movements		31,045	(4,096)
Result on disposal of investment property		1,461	718
Net finance result		457	433
Movements in working capital		(1,396)	(2,234)
Cash flow generated from operating activities		**35,393**	**38,480**
Interest paid		(303)	(283)
Interest received		-	-
Cash flow from operating activities		**35,090**	**38,197**
Investment activities			
Proceeds from sales of investment property		2,428	26,835
Payments of investment property		(20,639)	(15,872)
Payments of investment property under construction		-	(6,230)
Cash flow from investment activities		**(18,211)**	**4,733**
Finance activities			
Proceeds from the issue of share capital		-	12,000
Dividends paid		(37,520)	(45,946)
Cash flow from finance activities		**(37,520)**	**(33,946)**
Net increase/(decrease) in cash and cash equivalents		(20,641)	8,984
Cash and cash equivalents at beginning of year		29,505	20,521
Cash and cash equivalents at end of year	15	**8,864**	**29,505**

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 14 April 2021, 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 2020 was a normal calendar year from 1 January to 31 December 2020.

2.1 Basis of preparation

Statement of compliance
The consolidated financial statements of the 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 subsections 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.

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 2020, the Fund adopted the new IFRS standards, amendments to IFRS and the interpretations that are mandatory for accounting periods that begin on or after 1 January 2020:

- Amendments to IAS 1 and IAS 8 - Definition of Material - adopted on November 29, 2019 are effective from January 1, 2020
- Amendments to References to the Conceptual Framework in IFRS Standards adopted on November 29, 2019 are effective from January 1, 2020
- Amendments to IFRS 9, IAS 39 and IFRS7 Interest Rate Benchmark Reform Phase 1 - adopted on January 15, 2020 are effective from January 1, 2020
- Amendments to IFRS 3 Business Combinations – definition of a business – adopted on April 21, 2020 are effective from January 1, 2020
- Amendment to IFRS 16 Leases Covid-19-Related Rent Concessions adopted on October 9, 2020 is effective from June 1, 2020

These standards, amendments and interpretations do not have a significant 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 2021
At the date of authorisation of these financial statements, the Fund has not applied the following new and revised IFRS standards that have been issued but are not yet effective:

- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9 – adopted on December 15, 2020 are effective from January 1, 2021
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2 – adopted on January 13. 2021 are effective from January 1, 2021

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.

The Fund is monitoring these regulatory changes.

Preparation of the financial statements
The consolidated financial statements have been prepared on a 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 accordance 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 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 intra-group 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 is initially measured 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 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.

The right-of-use component of land leases is included as an integral part of the Investment property. The accounting principles for land leases are disclosed in more detail in note 2.5 Leases.

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

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 other things, 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

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.

The right-of-use component of land leases is included as an integral part of the Investment property under construction. The accounting principles for land leases are disclosed in more detail in note 2.5 Leases.

Net result on sale of investment property

Proceeds from the sale of investment properties are recognised when the control of the property is transferred to the purchaser. The profits or losses on the sale of investment properties are identified as the difference between the net proceeds of the sale and the carrying value of the investment properties in the Fund's most recently published balance sheet.

2.5 Leases

The Fund shall assess at the inception of a contract whether the contract is, or contains, a lease. A lease contract conveys the right to control the use of an identified asset owned by another party for a period of time in exchange for a consideration. The economic benefits deriving from that asset are transferred to the Fund. Where the Fund is a lessee, the Fund recognises a right-of-use asset and a lease liability.

The Fund recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The Fund leases properties that meet the definition of investment property. These right-of-use assets are presented as part of the line item 'Investment property' in the statement of financial position.

The lease liability is the primary basis for the accounting of the right-of-use asset. At inception, the right-of-use asset comprises the lease liability plus any direct costs of obtaining the lease, less any incentives provided by the lessor. After initial recognition, the Fund measures the right-of-use asset applying a cost model. For leases, the Fund applies the fair value model in IAS 40.

The accounting principles for lease liabilities are disclosed in more detail in note 2.10 Non-current lease liabilities.

2.6 Financial instruments

Financial assets and financial liabilities are recognised in the Fund's statement of financial position when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them.

The Fund determines the classification of its financial assets at initial recognition. At initial recognition, financial assets are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. With the exception of trade receivables that do not contain a significant financing component, the Fund initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. As the Fund's rent and other trade receivables do not contain a significant financing component, they are measured at the transaction price determined under IFRS 15.

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.

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

The Fund recognises an allowance for expected credit losses (ECLs) for all debt instrument except those held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For rent and other trade receivables and contract assets, the Fund applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date (i.e., a loss allowance for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default). The Fund has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Impaired debts are derecognised when they are assessed as uncollectible.

In determining the expected credit losses the Fund takes into account any recent payment behaviours and future expectations of likely default events (i.e. not making payment on the due date) based on individual customer credit ratings, actual or expected insolvency filings or company voluntary arrangements, likely deferrals of payments due and those tenants expected to be offered a period of rent free as a result of temporary closures imposed in order to limit the spread of Covid-19 and market expectations and trends in the wider macro-economic environment in which our customers operate. These assessments are made on a customer by customer basis.

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
The Fund's financial liabilities comprise trade and other payables. All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs. The Fund determines the classification of its financial liabilities at initial recognition.

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.

2.7 Prepayments

Prepayments are stated at cost less any accumulated impairment losses.

2.8 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.

2.9 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.

2.10 Non-current lease liabilities

At initial recognition, a lease liability is measured at the present value of the lease payments in the lease, including any renewal options where it is reasonably certain the Fund will exercise the option and the lease payments due after exercising the option can be estimated.

Lease payments are discounted using the rate implicit in the lease. If this rate cannot be estimated, the Fund's incremental borrowing rate for borrowings secured by a similar asset and for a similar term as the lease is used. Lease payments include fixed payments and variable payments that depend on an index or rate including any renewal options included in the determination of the term of the lease.

After initial recognition, the Fund measures the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications

For land lease contracts, the Fund takes into account a perpetual view, even when the land lease contracts have a continuous character. Continuous contracts may include a potential break option, however this break option is considered theoretical, as the land lease is highly interlinked with the investment property. Breaking the lease destroys the value of the property. Therefore, the lease term for continuous contracts is also considered perpetual.

2.11 Current trade and other payables

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

Tenant deposits

The 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 one to 12 months. Such deposits are treated as financial assets in accordance with IFRS 9 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.

2.12 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.

2.13 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.

2.14 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.

2.15 Other income

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

2.16 Finance income and expenses

The 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.

2.17 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 with 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.

2.18 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.

2.19 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. The subsidiaries of the fund are subject to Dutch corporate income tax at a rate of 16.5% - 25%.

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 risks), 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

The Fund has exposure to (negative) interest rate risk for its bank balances. As the Fund has no external loans and borrowings, it has no exposure to related interest rate risks.

(IV) Hedging risk

The Fund has no hedging instruments in place.

Credit risk

Credit risk is defined as the unforeseen losses on assets if counterparties should fail to meet their obligations. The Fund closely monitors the creditworthiness of tenants. When entering into a contract, the Fund checks their credit rating, while throughout the term of the contract the Fund keeps 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 its counterparties, the Fund does not expect any defaults.

The credit risk relating to the receivables is maximised to € 1.8 million in 2020 (2019: € 1.4 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.

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 fiscal profit annually to its shareholders as required by tax law. Reference is made to Note 10. 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 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 agreements and estimations of the rental values when the agreements expire. 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 independent external appraisers.

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 strategic segments are: Experience, Convenience, Mixed and Other.

The valuation of the completed investment properties per retail location by strategy for the year ended 31 December was as follows:

Investment property as at 31 December	2020	2019
Strategy type		
Experience	469,022	489,090
Convenience	334,216	297,255
Mixed	42,320	44,413
Other	105,700	134,737
Total	**951,258**	965,495

6 Gross rental income and service charge income

	2020	2019
Theoretical rent	57,491	57,470
Incentives	(2,365)	(1,829)
Vacancies	(2,417)	(1,984)
Total gross rental income	52,709	**53,657**

The future contractual rent from leases in existence on 31 December 2020, until the end of the contract (accounted for on the basis of the minimum rent) can be analysed as follows:

	2020	2019
First year	55,250	54,211
Second year	47,777	49,648
Third year	41,640	40,128
Fourth year	37,158	34,024
Fifth year	29,576	29,570
More than five years	127,890	140,013

Service charge income represents € 2.0 million (2019: € 2.0 million) income receivable from tenants for the services utilities, caretakers, etc. when the Fund acts as a principal.

7 Property operating expenses

	2020	2019
Taxes	2,221	1,828
Insurance	210	182
Maintenance	1,522	2,005
Valuation fees	141	142
Property management fees	1,038	974
Promotion and marketing	411	312
Letting and lease renewal fees	957	999
Addition to provision for doubtful debtors	2,296	519
Owners associations	953	674
Other operating expenses	940	786
Total property operating expenses	**10,689**	**8,421**

In 2020, € 0.2 million (2019: € 0.3 million) of the maintenance expenses related to unlet properties. The addition to the provision for doubtful debtors mainly relates to expected rent discounts to support our tenants in managing the impact of Covid-19.

Other operating expenses relate to sustainability development and operational consultancy.

8 Administrative expenses

	2020	2019
Management fee Bouwinvest	4,904	4,845
Audit fees	37	29
Other administrative expenses	272	171
Other Fund expenses	36	16
Total administrative expenses	**5,249**	**5,061**

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.

The other administrative expenses consist of legal fees and regulators costs.

9 Finance expenses

	2020	2019
Finance expenses	202	182
Interest on lease liabilities	255	251
Total finance expenses	**457**	**433**

The Fund had no external loans and borrowings during 2020. The Fund was subject to the negative interest rate development for its bank balances.

Costs for land lease are classified as finance expenses under IFRS16.

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 realised 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 (2020: 16.5% - 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 ancillary 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 2020. The effective tax rate was 0% (2019: 0%).

Legislation FII status

In its 2021 Tax Plan, the Dutch government announced that the Dutch Ministry of Finance is planning to evaluate the FII regime in 2021. This evaluation could eventually result in the abolition of the real estate FII. As a result, the Fund would become subject to tax at the normal income tax rate. In anticipation of the outcome of this evaluation, Bouwinvest commenced an investigation of a possible restructuring of the Fund into the legal form of a closed Fund for Mutual Account. The fiscal transparency of the Fund for Mutual Account prevents double taxation for investors.

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 formalised.

11 Employee benefits expense

The Retail Fund has no employees.

12 Investment property

	2020	2020	2019	2019
At the beginning of the year		**960,769**		**941,431**
First time adoption IFRS16		**-**		**8,343**
Investments		**21,567**		**15,757**
Transfers to investment property under construction	-		-	
Transfers from investment property under construction	-		18,672	
Total transfers to/from investment property under construction		**-**		**18,672**
Disposals		**(3,889)**		**(27,553)**
Net gain (loss) from fair value adjustments on investment property (like for like)	(29,673)		3,280	
Net gain (loss) from fair value adjustments on investment property	(1,373)		816	
In profit or loss		**(31,046)**		**4,096**
In other comprehensive income		**-**		**-**
Transfers out of level 3		**-**		**-**
Movement of right of use ground leases		**57**		**23**
Total investment property (level 3)		**947,458**		**960,769**
Lease incentives		**3,800**		**4,726**
At the end of the year		**951,258**		**965,495**

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 2020, 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 2020, and 1 January 2020, 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 of € 3.8 million (2019: € 4.7 million) is deducted from the total fair value of investment properties.

The right of use of land is included as an integrated part of the Investment property. To compare the externally appraised values of the Investment property the lease liabilities are deducted from the investment property value.

	2020	2019
Investment Property	951,258	965,495
Less: lease liabilities	(8,728)	(8,516)
Valuation as per valuation report	**942,530**	**956,979**

The specifications of acquisitions, other capital expenditures and the disposals are set out below.

Investments	2020	2019
Experience	4	8,235
Convenience	21,548	105
Other	15	7,417
Total Investments	**21,567**	**15,757**

Disposals	**2020**	2019
Experience	-	(474)
Convenience	-	(12,360)
Other	(3,889)	(14,719)
Total disposals	**(3,889)**	**(27,553)**

The investment property was sold with a negative result of € 1.5 million (2019: € 0.7 million).

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

2020

	Experience	**Convenience**	**Mixed retail**	**Other**	**Total**
Current average rent (€/m²)	373	220	199	161	237
Market rent (€/m²)	361	205	177	140	221
Gross initial yield	4.3%	6.8%	7.8%	9.6%	5.9%
Net initial yield	3.6%	5.2%	6.4%	5.2%	4.5%
Current vacancy rate (VVO m²)	1.5%	3.0%	0.8%	10.2%	4.5%
Average financial vacancy rate	2.5%	3.3%	0.2%	8.4%	3.8%
Long-term growth rental rate	1.5%	1.4%	1.8%	1.0%	1.4%
Risk free (NRVT)					0.1%

2019

	Experience	Convenience	Other	Total
Current average rent (€/m²)	371	219	172	236
Market rent (€/m²)	386	206	156	228
Gross initial yield	3.9%	6.3%	7.9%	5.4%
Net initial yield	3.8%	5.7%	5.8%	4.7%
Current vacancy rate (VVO m²)	1.7%	3.3%	8.4%	4.9%
Average financial vacancy rate	1.5%	2.3%	7.0%	3.3%
Long-term growth rental rate	1.5%	1.4%	1.3%	1.4%
Risk free (NRVT)				0.4%

The net valuation gain (loss) for the year included a positive fair value adjustment of € 3.9 million (2019: € 18.1 million) relating to investment properties that are measured at fair value at the end of the reporting period.

Investment property includes no buildings held under finance leases. The carrying amount is € nil (2019: € nil).

Sensitivity analysis

The appraisal of the portfolio implies a net initial yield of 4.5% (2019: 4.7%). If the yields used for the appraisals of investment properties on 31 December 2020 had been 100 basis points higher (2019: 100 basis points higher) than was the case at that time, the value of the investments would have been 18.3% lower (2019: 15.6% lower). In this situation, the Fund's shareholders' equity would have been € 173 million lower (2019: € 160 million lower).

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

	2020		2019	
Change rental rates	-5%	5%	-5%	5%
Value of the investment property change	(47,127)	47,127	(47,849)	47,849

	2020		2019	
Change net initial yield	– 25 bps	+ 25 bps	– 25 bps	+ 25 bps
Value of the investment property	55,958	(50,019)	61,588	(40,383)

13 Investment property under construction

	2020		2019	
At the beginning of the year		**-**		**12,898**
First time adoption IFRS16		**-**		**-**
Investments		**-**		**5,774**
Transfer to investment property	-		(18,672)	
Transfer from investment property	-		-	
Total transfers to/from investment property		**-**		**(18,672)**
Net gain (loss) from fair value adjustments on investment property under construction	-		-	
In profit or loss		**-**		**-**
In other comprehensive income		**-**		**-**
Transfers out of level 3		**-**		**-**
Movement of right of use ground leases		**-**		**-**
At the end of the year		**-**		**-**

The right of use of land is included as an integrated part of the investment property under construction. To compare the externally appraised values of the Investment property under construction the lease liabilities are deducted from the investment property under construction value.

	2020	2019
Investment Property	-	-
Less: lease liabilities	-	-
Valuation as per internal valuation	**-**	**-**

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

The as if completed value of the investment property under construction is determined by external valuation experts.

The specifications of acquisitions and other capital expenditures are set out below.

Investments	2020	2019
Experience	-	-
Convenience	-	5,774
Other	-	-
Total Investments	**-**	**5,774**

14 Trade and other current receivables

	2020	2019
Trade receivables	1,826	1,389
Other receivables	41	15
Balance as at 31 December	**1,867**	**1,404**

	2020	2019
Trade receivables	4,127	1,875
Provision for doubtful debtors	(2,301)	(486)
Balance as at 31 December	**1,826**	**1,389**

Age of trade receivables (days past due)	2020	2019
1 - 30	1,040	310
31 - 60	39	527
61 - 90	-	16
> 90	747	536
Carrying amount	**1,826**	**1,389**

Movement in provision for doubtful debtors

The provision for doubtful debtors is based on expected credit losses.

	2020	2019
At the beginning of the year	**(486)**	**(292)**
Additions to the provision	(2,296)	(519)
Receivables written off during the financial year	481	325
At the end of the year	**(2,301)**	**(486)**

The addition to the provision for doubtful debtors mainly relates to expected rent discounts to support our tenants in managing the impact of Covid-19.

15 Cash and cash equivalents

	2020	2019
Bank balances	8,864	29,505
Balance as at 31 December	**8,864**	**29,505**

The bank balances of € 8.9 million are freely available to the Fund as at 31 December 2020.

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

For 2020, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2020	354,849	390,794	233,750	(43,659)	43,659	979,393
Comprehensive income						
Net result	-	-	-	-	3,826	3,826
Total comprehensive income	**-**	**-**	**-**	**-**	**3,826**	**3,826**
Other movements						
Issued shares	-	-	-	-	-	-
Appropriation of result	-	-	-	43,659	(43,659)	-
Dividends paid	-	(24,020)	-	(13,500)	-	(37,520)
Movement revaluation reserve	-	-	(9,674)	9,674	-	-
Total other movements	**-**	**(24,020)**	**(9,674)**	**39,833**	**(43,659)**	**(37,520)**
Balance at 31 December 2020	**354,849**	**366,774**	**224,076**	**(3,826)**	**3,826**	**945,699**

* See explanation dividend restrictions in this Note.

For 2019, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2019	350,495	396,265	222,920	(48,675)	48,675	969,680
Comprehensive income						
Net result	-	-	-	-	43,659	43,659
Total comprehensive income	**-**	**-**	**-**	**-**	**43,659**	**43,659**
Other movements						
Issued shares	4,354	7,646	-	-	-	12,000
Appropriation of result	-	-	-	48,675	(48,675)	-
Dividends paid	-	(13,117)	-	(32,829)	-	(45,946)
Movement revaluation reserve	-	-	10,830	(10,830)	-	-
Total other movements	**4,354**	**(5,471)**	**10,830**	**5,016**	**(48,675)**	**(33,946)**
Balance at 31 December 2019	**354,849**	**390,794**	**233,750**	**(43,659)**	**43,659**	**979,393**

* 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 2020	**354,849**	**354,849**	**390,794**	**745,643**
New shares issued	-	-	-	-
Dividend paid	-	-	(24,020)	(24,020)
Balance at 31 December 2020	**354,849**	**354,849**	**366,774**	**721,623**

	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 2019	**350,495**	**350,495**	**396,265**	**746,760**
New shares issued	4,354	4,354	7,646	12,000
Dividend paid	-	-	(13,117)	(13,117)
Balance at 31 December 2019	**354,849**	**354,849**	**390,794**	**745,643**

Issued capital

The authorised capital comprises 1 million shares each with a nominal value of € 1,000. As at 31 December 2020, in total 354,849 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 2020 was determined at the individual property level.

17 Non-current lease liabilities

	2020	2019
Opening balance at 1 January 2020	**8,516**	**-**
First time adoption IFRS16	-	8,343
Interest	155	150
Other movements	57	23
Balance at 31 December 2020	**8,728**	**8,516**

The average discount rate used for discounting the lease payments is 3%.

Land lease obligations	2020	2019
Year 1	103	101
Year 2	103	101
Year 3-5	308	303
Year > 5	14,762	14,705
Total land lease obligations	**15,276**	**15,210**

18 Current trade and other payables

	2020	2019
Trade payables	1,170	752
Rent invoiced in advance	3,554	5,139
Tenant deposits	1,195	1,245
VAT Payable	475	255
Other payables	1,168	1,104
Balance as at 31 December	**7,562**	**8,495**

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

19 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.

	2020	2019
Net result attributable to shareholders	3,826	43,659
Weighted average number of ordinary shares	354,849	354,515
Basic earnings per share (€ per share)	10.78	123.15

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

20 Dividends per share

In 2020, the Fund paid out a dividend of € 105.74 per share (2019: € 129.60) which amounts to a total of € 37.5 million (2019: € 45.9 million). A total dividend of € 36.4 million (2019: € 40.4 million), is to be proposed at the Annual General Meeting of shareholders on 14 April 2021. These financial statements do not reflect this dividend payable.

The dividend proposal for 2020 has not been accounted for in the financial statements. The dividend for 2020 will be paid in cash.

21 Contingent liabilities and assets

As at 31 December 2020, the Fund's total future investment commitments amounted to € 9 million (2019: € 2 million) related to the acquisition of Schuytgraaf in Arnhem.

As at 31 December 2020, the Fund had unprovisioned contractual obligations for future repairs and maintenance of € 0.2 million (2019: € 0.1 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.

22 Related parties

The Retail Fund's subsidiaries and members of the Supervisory Board and Executive 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 € 4.9 million fee in 2020 (2019: € 4.8 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 Executive 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 Executive Board of Directors.

The members of the Supervisory Board and Executive Board of Directors of Bouwinvest held no personal interest in the Fund's investments in 2020.

Bouwinvest Development B.V. and Bouwinvest Retail Development B.V. (re)develop part of the investment property for the Fund. In 2020, € 1.2 million (2019: € 5.3 million) was paid to Bouwinvest Development B.V. and Bouwinvest Retail Development B.V. with regard to projects.

23 Management fee

Bouwinvest is the manager and the Statutory Director of the Fund. The management fee paid for the year 2020 amounted to € 4.9 million (2019: € 4.8 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 Article 22 of the AIMFD, is disclosed in the annual report 2020 of Bouwinvest Real Estate Investors B.V.

24 Audit fees

The table below shows the fees charged over the year 2020 by Deloitte Accountants B.V. and the Deloitte Network in respect of activities for the Retail Fund.

	2020	2019
Audit of the financial statements	37	29
Other audit engagements	-	-
Tax advisory services	-	-
Other non-audit services	-	-
Total fees	**37**	**29**

25 Subsequent events

As of January 2021, one Dutch pension fund committed for a total of € 15 million.

In January 2021, shares were issued for € 12 million.

Company balance sheet

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2020	2019
Assets			
Non-current assets			
Investment property		951,258	965,495
Investment property under construction		-	-
Financial assets	3	601	1,728
Total non-current assets		**951,859**	**967,223**
Current assets			
Trade and other current receivables		2,008	1,586
Cash and cash equivalents		8,279	28,998
Total current assets		**10,287**	**30,584**
Total assets		**962,146**	**997,807**
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		354,849	354,849
Share premium		366,774	390,794
Revaluation reserve		224,076	233,750
Retained earnings		(3,826)	(43,659)
Net result for the year		3,826	43,659
Total equity	4	**945,699**	**979,393**
Liabilities			
Non-current lease liabilities		8,728	8,516
Current trade and other payables		7,719	9,898
Total liabilities		**16,447**	**18,414**
Total equity and liabilities		**962,146**	**997,807**

Company
profit and loss account

All amounts in € thousands

	2020	2019
Profit of participation interests after taxes	73	540
Other income and expenses after taxes	3,753	43,119
Result for the year	**3,826**	**43,659**

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

	2020	2019
As per 1 January	**1,728**	**1,183**
Acquisitions	-	5
Dividends received	(1,200)	-
Net result for the year	73	540
As per 31 December	**601**	**1,728**

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 2020, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2020	354,849	390,794	233,750	(43,659)	43,659	979,393
Comprehensive income						
Net result	-	-	-	-	3,826	3,826
Total comprehensive income	**-**	**-**	**-**	**-**	**3,826**	**3,826**
Other movements						
Issued shares	-	-	-	-	-	-
Appropriation of result	-	-	-	43,659	(43,659)	-
Dividends paid	-	(24,020)	-	(13,500)	-	(37,520)
Movement revaluation reserve	-	-	(9,674)	9,674	-	-
Total other movements	**-**	**(24,020)**	**(9,674)**	**39,833**	**(43,659)**	**(37,520)**
Balance at 31 December 2020	**354,849**	**366,774**	**224,076**	**(3,826)**	**3,826**	**945,699**

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

For 2019, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2019	350,495	396,265	222,920	(48,675)	48,675	969,680
Comprehensive income						
Net result	-	-	-	-	43,659	43,659
Total comprehensive income	**-**	**-**	**-**	**-**	**43,659**	**43,659**
Other movements						
Issued shares	4,354	7,646	-	-	-	12,000
Appropriation of result	-	-	-	48,675	(48,675)	-
Dividends paid	-	(13,117)	-	(32,829)	-	(45,946)
Movement revaluation reserve	-	-	10,830	(10,830)	-	-
Total other movements	**4,354**	**(5,471)**	**10,830**	**5,016**	**(48,675)**	**(33,946)**
Balance at 31 December 2019	**354,849**	**390,794**	**233,750**	**(43,659)**	**43,659**	**979,393**

* 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 2020, in total 354,849 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 2020 was determined at the individual property level.

Appropriation of profit 2019

The Annual General Meeting of shareholders on 15 April 2020 adopted and approved the 2019 financial statements of the Retail Fund. A dividend of € 40.4 million (in cash) has been paid. Of the profit for 2019 amounting to € 43.7 million, € 43.7 million was incorporated in the retained earnings.

Proposal for profit appropriation 2020

The management of the Fund proposes to the General Meeting of shareholders that a dividend of € 36.4 million (in cash) is to be paid. Of the profit for 2020 amounting to € 3.8 million, € 3.8 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 23 of the consolidated financial statements.

Signing of the Financial Statements

Amsterdam, 22 March 2020

Bouwinvest Real Estate Investors B.V.
Dick van Hal, *Chief Executive Officer and Statutory Director*
Rianne Vedder, *Chief Financial & Risk Officer and Statutory Director*
Mark Siezen, *Chief Client Officer*
Allard van Spaandonk, *Chief Investment Officer Dutch Investments*
Stephen Tross, *Chief Investment Officer 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 Executive 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 2020 included in the annual report

Our opinion

We have audited the accompanying financial statements 2020 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 2020, and of its result and its cash flows for 2020 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 2020, and of its result for 2020 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 2020.
2. The following statements for 2020: the consolidated income statement, 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 2020.
2. The company profit and loss account for 2020.
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 € 9.5 million. The materiality is based on 1% 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	€ 9.5 million
Basis for materiality level	1% of total investment property
Threshold for reporting misstatements	€ 475 thousand

We agreed with the Executive Board of Directors that misstatements in excess of € 475 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 matter to the Executive Board of Directors. The key audit matter is not a comprehensive reflection of all matters discussed.

This matter was 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 this matter.

Key audit matter	How the key audit matter was addressed in the audit
Valuation of investment property	
Refer to notes 4.1, 12, and 13 to the consolidated financial statements. As at December 31, 2020 the Company held a portfolio of investment property with a fair value of € 951 million (December 31, 2019: € 965 million). The portfolio consist of € 951 million retail properties. At the end of each reporting period, the Executive Board of Directors determines the fair value of its investment property portfolio in accordance with the requirements of IAS 40 and IFRS 13. The Company uses external valuation reports issued by external independent professionally qualified valuers to determine the fair value of its investment property. As the valuation of investment property is inherently judgmental in nature, due to the use of assumptions that are highly sensitive, any change in assumptions may have a significant effect on the outcome given the relative size of the investment property balance. The most significant assumptions and parameters involved, given the sensitivity and impact on the outcome, are the capitalisation rate and market rent levels. In addition, and as the external appraiser has highlighted in its assessment of the fair value of the property portfolio, there is considerable uncertainty over the global economy due to Covid-19 and how long it will take before the economy is stabilized. This has introduced a level of uncertainty relating to projected future cash flows which affects the valuation of these assets resulting in special audit considerations.	Our audit procedures included, among others, the following: We have gained understanding of the valuation process and tested the design and implementation of the Company's relevant controls with respect to the data used in the valuation of the property portfolio. We evaluated the competence of the Company's external appraiser, which included consideration of their qualifications and expertise. We have further evaluated and challenged the assumptions made in respect to the creditworthiness of significant tenants, lease incentives and vacancy periods in the valuation calculations. In relation to the significant assumptions in the valuation of investment property we have: - determined that the valuation methods as applied by the Executive Board of Directors, as included in the valuation reports, are appropriate; - challenged the significant assumptions used (such as capitalisation rate, market rental income, market-derived discount rate) against relevant market data. We have involved our internal real estate valuation experts in these assessments; - assessed the sensitivity analysis on the key input data and assumptions to understand the impact of reasonable changes in assumptions on the valuation and other key performance indicators; - assessed the appropriateness of the disclosures relating to the assumptions used in the valuations and sensitivity analysis in the notes to the consolidated financial statements. **Observation** We found that, with the (significant) assumptions used in the valuation reports, the valuation of the investment property is valued within a reasonable range.

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 Executive Board of Directors.
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.
- Other additional information.

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

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

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

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

Management is responsible for the preparation of the other information, including the Report of the Executive 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 Executive 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 22, 2021

Deloitte Accountants B.V.

Signed on the original: V.S. Borreman

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 2020 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 2020 in accordance with the reporting criteria as included in the section 'reporting of performance indicators'.

The sustainability information consists of performance information in the section 'Performance on Sustainability' part of chapter 'Performance on strategy' on page 25-30 of the 2020 Annual Report. excluding the performance information on installed AED's and the Paris-Proof commitment.

Basis for our conclusion

We performed our examination of the sustainability information in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (assurance engagements other than audits or reviews of historical financial information). This engagement is aimed to obtain limited assurance. Our responsibilities in this regard are further described in the 'Our responsibilities for the examination of the sustainability information' 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 requirements 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. The reporting criteria used for the preparation of the sustainability information are the reporting criteria as disclosed in the Bouwinvest annual report on page 107-108.

Limitations to the scope of our examination

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.

The references to external sources or websites in the sustainability information are not part of the sustainability information as reviewed by us. We therefore do not provide assurance on this information.

Responsibilities of the Executive Board of Directors for the sustainability information

The Executive Board of Directors is responsible for the preparation of the sustainability information in accordance with the applicable criteria, including the identification of the intended users and the criteria being applicable for their purposes. In this context, Executive Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation, measurement or evaluation of the sustainability information that are free from material misstatement, whether due to error or fraud.

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 3000A, 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 Executive Board of Directors.
- 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 Executive Board of Directors regarding, among other matters, the planned scope, timing and outcome of the review.

Amsterdam, March 22, 2021

Deloitte Accountants B.V.

Signed on the original: V.S. Borreman

Parkweide Convenience

Ede
The Netherlands

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 2020 figures**	Actual impact on 2019 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 2020	Per share 2020	Total 2019	Per share 2019
	NAV as per the financial statements	**945,699**	2,665.07	**979,393**	**2,760.03**
	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	**945,699**	**2,665.07**	**979,393**	**2,760.03**
	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	**5,327**	15.01	6,081	17.14
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	**951,026**	**2,680.09**	**985,474**	**2,777.17**
	Number of shares issued	**354,849**		354,849	
	Number of shares issued taking dilution effect into account	**354,849**		354,849	
	Weighted average INREV NAV	**973,375**		985,836	
	Weigthed average INREV GAV	**981,240**		996,499	
	Total Global Expense Ratio (NAV)	**0.55%**		**0.53%**	
	Total Global Expense Ratio (GAV)	**0.55%**		**0.52%**	
	Real Estate Expense Ratio (GAV)	**1.09%**		**0.86%**	

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 that 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 2020, no dividends are recorded as a liability, so 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 2020.

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 2020.

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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, no adjustment had been made since the financial assets and liabilities accounted for in the Statement of financial position are not materially different from 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 2020, 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 2020, the set-up costs of the Fund had been amortised, so no adjustment was made as per 31 December 2020.

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.

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 financial position 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 financial position 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 2020, 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.

When 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 2020, no adjustment had been made since the Fund has no subsidiaries with a negative equity.

18 Goodwill
Upon the acquisition of an entity that is determined to be a business combination, goodwill may arise as a result of a purchase price allocation exercise. A major component of such goodwill in property vehicles often 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 2020, 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 2020, 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 2020 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 98 up to and including page 101.

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 98 up to and including page 101.

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 22, 2021

Deloitte Accountants B.V.

Signed on the original: V.S. Borreman

Enclosures

Composition of the Executive Board of Directors

Chief Executive Officer and Statutory Director

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

Dick van Hal has been CEO 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 (Association of Institutional Property Investors in the Netherlands).

Chief Financial & Risk Officer and Statutory Director

M.A. (Rianne) Vedder (1970, Dutch)

Rianne Vedder was appointed Chief Financial and Risk Officer on 15 October 2019. She was formerly a Partner at EY Financial Services Advisory and jointly responsible for the growth and continued development of the consultancy practice of the EY organisation. She previously held positions within EY Financial Services and Capgemini. Rianne studied Business Economics at Maastricht University and holds a postgraduate Chartered Controller degree. She is an INSEAD-certified Independent Non-Executive Director.

Chief Client Officer

M. (Mark) Siezen (1972, Dutch)

Mark was appointed Chief Client Officer and member of the Management Board on 1 November 2020. Mark previously worked as Executive Director and member of the board of CBRE. Prior to that, he held various positions at Multi Cooperation, NSI and COFRA Holding (including Redevco and C&A).

Chief Investment Officer Dutch Investments

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

Allard van Spaandonk has been CIO Dutch Investments since 2013. He was formerly director Asset Management of Bouwinvest, director retail investments at Syntrus Achmea Vastgoed as well as head of residential mortgages at Achmea Vastgoed. Allard is a member of the Management Board of NEPROM (Dutch association of project development companies).

Chief Investment Officer International Investments

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

Stephen Tross has been CIO International Investments since 2010. Stephen previously worked in the real estate audit practices at KPMG Accountants NV and PricewaterhouseCoopers 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 management board of AFIRE and ANREV.

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.

Responsible investment performance indicators

Continued improvement of the Fund's sustainability performance

Impact area	Indicator	Measure	Units of measure	2020	2019	Change	Plan 2020-2022
Fund sustainability benchmark	GRESB	Star rating	# stars	4	4	-	Annual improvement of overall GRESB score
	GRESB	Overall score (GRI-CRESS: CRE8)	# [1-100]	83	85	-2	

Investing in sustainable real estate

Impact area	Indicator	Measure	Units of measure	2020	2019	% change	Plan 2020-2022
Asset sustainability certificate	BREEAM	Green Building Certificates floor space of shopping centres (BREEAM or GPR) (GRI-CRESS: CRE8)	%	92.7%	87.9%	4.7%	100% BREEAM-NL certified shopping centres by end 2021 and 50% certitied BREEAM-NL in-Use GOOD or better by end 2021 at management level
		Certificate BREEAM-NL in-use PASS	%	14.2%	15.9%	-1.7%	
		Certificate BREEAM-NL in-use GOOD	%	77.0%	70.5%	6.5%	
		Certificate BREEAM-NL in-use VERY GOOD	%	1.4%	1.5%	-0.1%	
		Certificate BREEAM-NL in-use EXCELLENT	%	0.0%	0.0%	0.0%	
		Certificate BREEAM-NL in-use OUTSTANDING	%	0.0%	0.0%	0.0%	
	BREEAM (new acquisitions)	Labelled floor space (GRI-CRESS: CRE8)	%	0.0%	0.0%	0.0%	Acquisitions and major renovations/ redevelopments minimum BREEAM-NL In-use GOOD
		Average score (GRI-CRESS: CRE8)	%	n/a	n/a	n/a	

Reduce Environmental impact

Impact area	Indicator	Measure	Units of measure	2020	2019	% change	Plan 2020-2022
Energy performance certificate	EPC	Labelled floor space (GRI-CRESS: CRE8)	%	100.0%	100.0%	0.0%	100% green portfolio (A, B, C energy labels) in 2020
		Green labelled floor space (A, B or C label)	%	98.4%	98.4%	0.0%	
		A labelled floor space	%	87.7%	86.0%	2.0%	By end of 2021 95% of the portfolio has an energy label A or better (energy index <1.2)
		Average energy index	#	0.81	0.80	0.9%	
Renewable energy	Solar panels	Installed kWp of solar panels	kWp	242.1	242.1	0.0%	By end 2021, solar panels generate 1,000 kWp

Impact area	Indicator	Measure	Units of measure	2020 (abs)	2019 (abs)	% change (LfL)	Plan 2020-2022
Energy	Electricity	Total landlord-obtained electricity (GRI: 302-2)	MWh	2,832	3,271	-15.0%	Annual reduction of environmental impact to increase:
	Gas	Total gas consumption (GRI: 302-1)		2,179	1,865	12.4%	
	District heating and cooling	Total district heating and cooling (GRI: 302-2)		-	-	0.0%	
	Total	Total energy consumption from all sources (GRI: 302-2)		5,010	5,136	-6.0%	from -2% in 2019 to -5% in 2021
	Energy intensity	Building energy intensity (GRI-CRESS: CRE1)	kWh/m²/year	27	25	-6.0%	
		Energy and associated GHG disclosure coverage		29 of 60	30 of 61		
GHG emissions	Direct	Scope 1 (GRI: 305-1)	tonnes CO_2e	420	360	12.4%	
	Indirect	Scope 2 (GRI: 305-2)		1,574	1,819	-15.0%	
	Total	Total GHG emissions (GRI: 305-2) Scope 1 and 2		1,995	2,178	-11.0%	from -2% in 2019 to -5% in 2021
		Total GHG emissions after compensation		420	360	12.4%	
	GHG emissions intensity	GHG intensity from building energy (GRI-CRESS: CRE3)	kg CO_2e/m²/year	11	11	-11.0%	
Water	Total	Total water consumption (GRI:303-1)	m³	10,876	18,951	-29.0%	from -2% in 2019 to -5% in 2021
	Water intensity	Building water intensity (GRI-CRESS: CRE2)	m³/m²/year	0.04	0.07	-29.0%	
Waste	Total	Total waste collected (GRI: 306-1)	tonnes	155	255	-50.5%	from -2% in 2019 to -5% in 2021
		Recycling rate	%	20%	27%	-26.1%	

Stakeholder engagement performance

Impact area	Indicator	Measure	Units of measure	2020	2019	% change	Plan 2020-2022
Engage with stakeholders	Tenant satisfaction	Response rate (GRI: 102-43)	%	n/a	51%	-1%	Tenants give the Fund a score higher than 7
		Average total score (GRI: 102-43)	#	n/a	6.4	n/a	
	Client satisfaction	Response rate (GRI: 102-43)	%				Clients give the Fund a score higher than 7.5
		Average total score (GRI: 102-43)	#				
Sustainable stewardship	Considerate constructors scheme	Registered construction projects	#	n/a	1 of 2	n/a	In 2021, 75% of construction sites (€) registered under Considerate Constructors Scheme ('Bewuste Bouwer')
		Participation rate (by acquisition price)	%	n/a	38.6%	n/a	
	Board seats and committee memberships industry organisations, related to the Dutch retail sector	Number	#	2	2	No change	Gain board seats and committee memberships industry organisations: have at least one active board/committee memberships within industry organisations in the Dutch retail sector
	Make areas heart safe	Number	%	73%	n/a	No change	by the end of 2021, our tenants in shopping centres and communities have an AED available within six minutes walking distance

Being a responsible organisation

Impact area	Indicator	Measure	Units of measure	2020	2019	% change	Plan 2020-2022
Sustainable agreements	Leases	Number of new leases	#	48	46	4.3%	Annual increase in number of green leases
		Number of green leases	#	167 of 517	121 of 523	9.2%	
Responsible business operation	Digital tenant portal	Usage of tentants	%	0.00%	0.00%	0.0%	In 2021 all our tenants can use our tenant portal incl. sustainability performance

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 2020 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)
The Hague	Spui - Grote Marktstraat	3,256	1997	Experience	95.3%
The Hague	Spuistraat 70	131	1900	Other	0.0%
Amsterdam	Dukaat	5,438	1999	Convenience	93.5%
Amsterdam	Damrak	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	100.0%
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	26.3%
Amsterdam	Wolvenstraat 10	180	1900	Experience	100.0%
Amsterdam	Stadionplein winkels	4,451	2016	Convenience	100.0%
Amsterdam	Mosveld	7,608	2016	Convenience	89.3%
Apeldoorn	t Fort	6,319	2001	Convenience	90.9%
Apeldoorn	Hoofdstraat 107-115	4,309	2012	Experience	100.0%
Arnhem	Schuytgraaf I	6,149	2017	Convenience	99.7%
Bergen op Zoom	De Parade	15,220	2009	Other	95.5%
Berkel en Rodenrijs	Berkel Center	10,496	1997	Mixed retail	99.7%
Best	Boterhoek 17	1,617	1984	Convenience	100.0%
Breda	Ginnekenstraat 42	166	1900	Experience	9.7%
Breda	Ridderstraat 10	343	1900	Experience	98.6%
Breda	Ginnekenstraat 57	207	1900	Experience	4.9%
Breda	Ridderstraat 17	466	1900	Experience	100.0%
Delft	Sprengmolen	6,156	2012	Mixed retail	100.0%
Denekamp	Lange Voor 10	1,461	1991	Convenience	100.0%
Dordrecht	Krispijnseweg 68	1,236	1949	Convenience	100.0%
Ede	Parkweide	5,409	2015	Convenience	100.0%
Eindhoven	Demer 38	694	2012	Experience	100.0%
Eindhoven	Demer 48	869	1950	Experience	94.5%
Eindhoven	Rechtestraat 35	432	1900	Experience	100.0%
Eindhoven	Demer 20-22	480	1951	Experience	100.0%
Enschede	Kuipersdijk 118	1,441	1992	Convenience	100.0%
Gouda	Goverwelle	6,880	1993	Convenience	91.0%
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	99.1%
Kapelle	Weststraat 2	1,517	2001	Convenience	100.0%
Lelystad	De Promesse	15,358	2009	Other	81.7%
Maastricht	Muntstraat 19	261	1900	Experience	100.0%
Nijmegen	Broerstraat 52 en 52A	1,088	1990	Experience	96.7%
Oisterwijk	Pannenschuurplein 32	1,426	1986	Convenience	100.0%
Rijssen	Laan Oud-Indiegangers 5	1,059	2011	Convenience	100.0%
Rosmalen	Winkelcentrum Molenhoek	4,810	1992	Convenience	100.2%
Rosmalen	Centrumplan	6,296	2018	Convenience	95.5%
Rotterdam	Prinsenland	4,551	2007	Convenience	100.0%
Rotterdam	Beijerlandselaan	3,093	2014	Convenience	98.5%
Rotterdam	WTC	8,094	1987	Experience	98.3%
Tilburg	Heyhoef	10,800	1997	Convenience	98.4%
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	68.3%
Utrecht	Steenweg 41	214	1905	Experience	65.6%
Weert	De Munt	15,463	1996	Other	90.1%
Zoetermeer	Oosterheem	11,684	2012	Convenience	98.0%
Zoutelande	Westkapelseweg 10	2,084	2015	Convenience	100.0%
Zwolle	Het Eiland	6,853	2001	Other	97.1%
		242,342			**96,2%**

Glossary

Acquired residential units in mid-rental segment

The total number of acquired units with rental prices between € 737 and € 1,000 per month in the reporting period.

Considerate constructors scheme

The proportion of construction sites controlled by the reporting company that are registered under the Dutch Considerate Constructors (Bewuste Bouwers) scheme 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.

Fund capital growth (INREV)

Fund capital growth is the total return (INREV), less the distributable result, divided by INREV NAV at the beginning of the period plus the time weighted (daily) contributions for the quarter minus the time weighted (daily) distributions/ redemptions for the quarter. Annual fund capital growth is calculated compounded on the basis of 4 quarters.

Fund income return (INREV)

The fund income return per period as a percentage is equal to the distributable result, divided by INREV NAV at the beginning of the period plus the time weighted (daily) contributions for the quarter minus the time weighted (daily) distributions/ redemptions for the quarter. Annual fund income return is calculated compounded on the basis of four quarters.

Fund total return (INREV)

The fund total return for the quarter is equal to the sum of the unrounded fund income return and fund capital growth. As a result rounding differences may occur. The annual fund total return is calculated compounded on the basis of the quarterly fund total return. As a result, the fund total return is not the sum of the fund income return and the fund capital growth.

Green portfolio

Relative share of lettable floor area with energy label A, B and C compared with the total lettable floor area of the portfolio, based on investment properties and excluding 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 measurement 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.

Indirect property return

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 (MSCI methodology).

INREV NAV

INREV NAV is based on the fair value of the underlying assets and liabilities, as at the financial position 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 built 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.

Membership of industry associations

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

MSCI Property Index

Benchmark organisation IPD has been rebranded as MSCI. This is why we now cite the MSCI Netherlands Annual Property Index, rather than the 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.

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.

Pay-out ratio of distributable earnings

This is the distributed dividend in the reporting period divided by the distributable result in the reporting period.

Property value

The Property value equals the fair value of the Investment Property and Investment Property under Construction excluding the value of Lease Liabilities.

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 with previous year on a like-for-like basis for energy meters that 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 for the reporting year is corrected for differences in the number of degree days at De Bilt (the Netherlands) between the current and previous year.

Sustainably certified portfolio

The relative share of investment properties within a portfolio that have been formally granted sustainable building certification, rating or labelling at the end of a reporting period, compared with the total portfolio of investment properties (based on m^2 LFA).

Theoretical rent

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

Total Global Expense Ratio (TGER)

The total expense ratio reflects the total Fund expenses of the current reporting period as a percentage of the time-weighted INREV Gross Asset Value (GAV) over the period. The TGER is backward looking and includes the management fee, administrative expenses and valuation fees.

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.

Zero-energy projects

Number of acquisition transactions (investment proposals approved by the Executive Board of Directors) in the period 2018-2020, with agreed yearly total energy consumption of below 0 kWh.

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