Bouwinvest Dutch Institutional Retail Fund N.V.

2017

Annual Report

Bouwinvest Real Estate Investors

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2017 at a glance

Key information in 2017

TOTAL FUND RETURN	INCOME RETURN	RELATIVE PERFORMANCE	GRESB STAR RATING
7.8%	4.5%	2.3% IPD PROPERTY INDEX (ALL PROPERTIES)	★★★★ 4-STAR RATING

SECURED PIPELINE	AVERAGE FINANCIAL OCCUPANCY RATE	LIKE-FOR-LIKE RENT INCREASE	INVESTORS
€ 8 MILLION	95.6%	2.3%	5

Highlights 2017

- Total Fund return of 7.8%
- One new investor; two investors increased commitments
- € 77 million invested; four assets acquired, one redevelopment completed and one asset sold
- New and extended lease contracts totalling 32,022 m²; rental value € 6.0 million per year
- Average financial occupancy rate of 95.6%
- Four-star GRESB rating (74 points)
- Outperformance IPD Property Index (all properties) with 2.3%-point

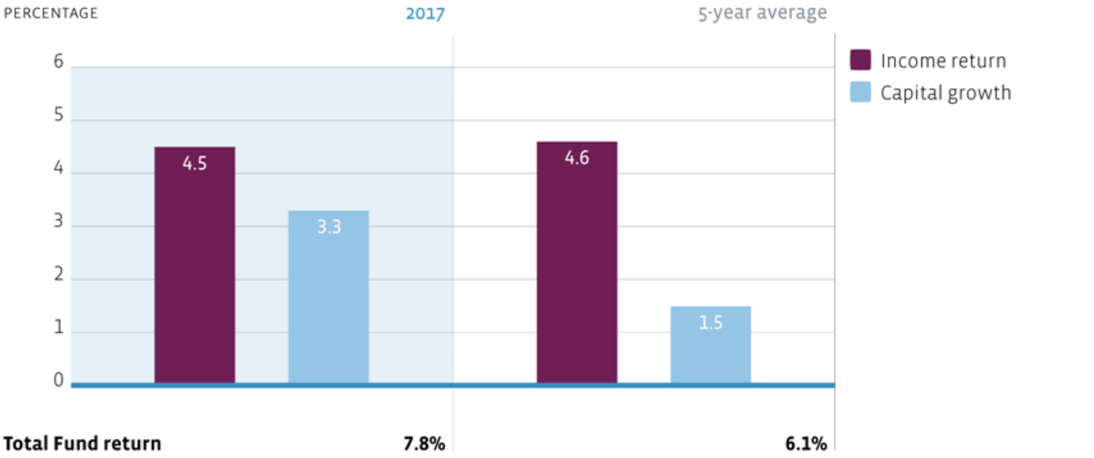
All amounts in € thousands unless otherwise stated

Performance per share	2017	2016
Dividends (in €)	117.77	114.76
Net earnings (in €)	190.59	215.61
Net asset value IFRS (in €, at year-end)	2,717.59	2,640.21
Net asset value INREV (in €, at year-end)	2,739.67	2,650.14

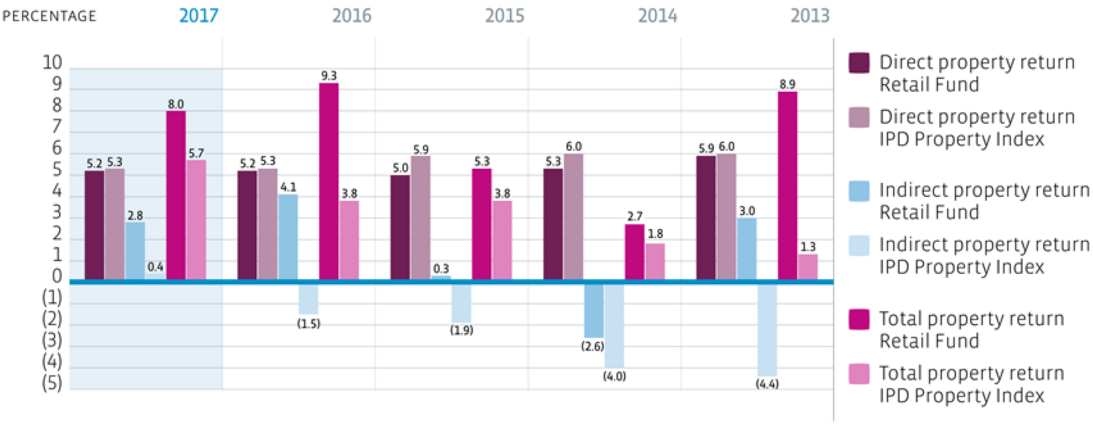
Statement of financial position	2017	2016
Total assets	898,815	832,920
Total shareholders' equity	888,896	824,201
Total debt from credit institutions	-	-

Result	2017	2016
Net result	61,059	64,250
Total Expense Ratio (TER)	0.53%	0.52%
Real Estate Expense Ratio (REER)	0.79%	0.82%

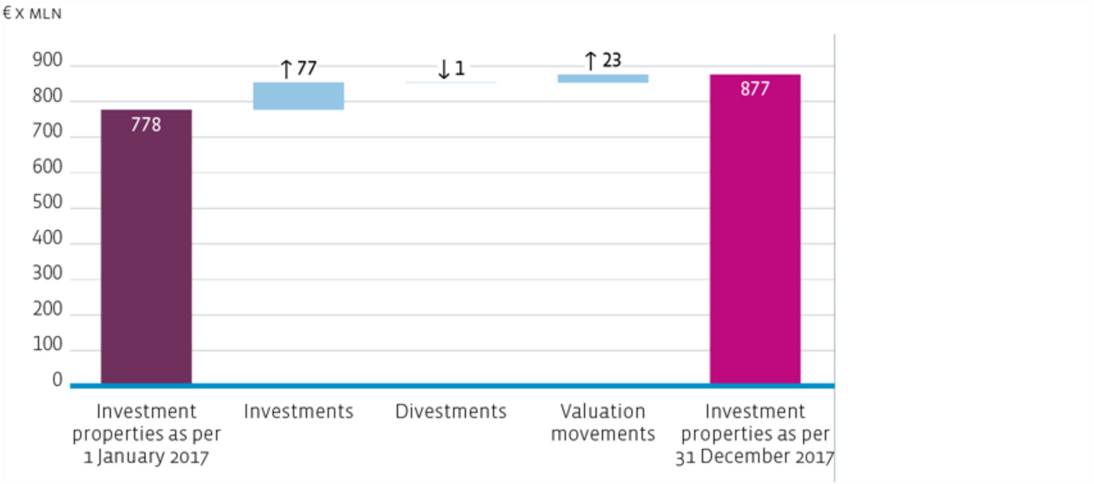
Fund return



Property performance (all properties)

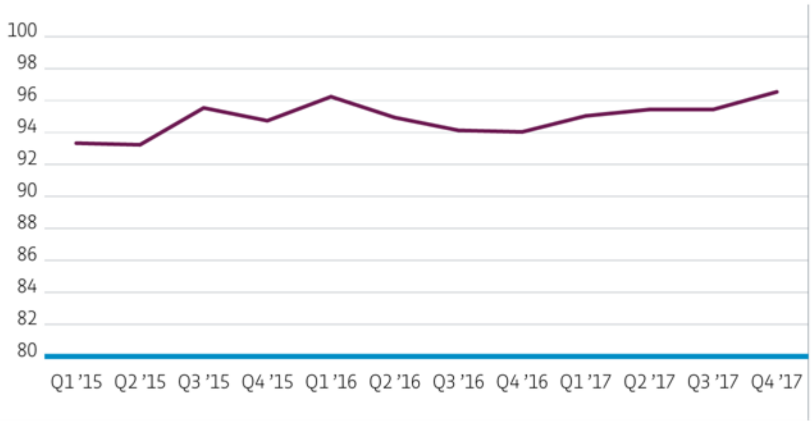


Portfolio movements



Financial occupancy rate

PERCENTAGE

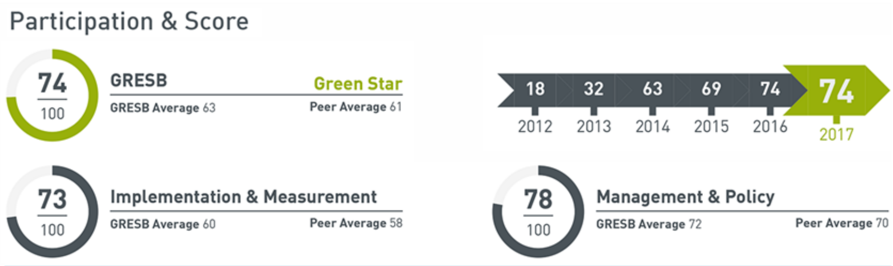


Portfolio figures	2017	2016
Investment property	864,868	765,613
Investment property under construction	11,941	12,711
Gross initial yield	5.7%	5.8%
Total number of properties	49	47
Average rent per square metre per year (in €)	234	233
Financial occupancy rate (average)	95.6%	94.7%
Sustainability (A, B or C label)	98.8%	85.2%

Responsible investment key data

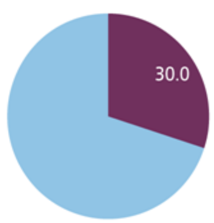
Fund and asset sustainability performance

Fund sustainability performance



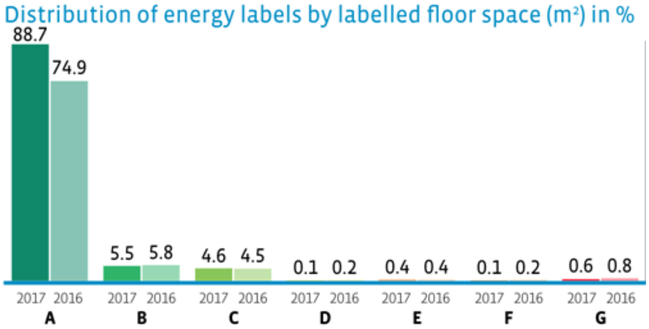
Asset sustainability performance

BREEAM label (% of lettable floor space)



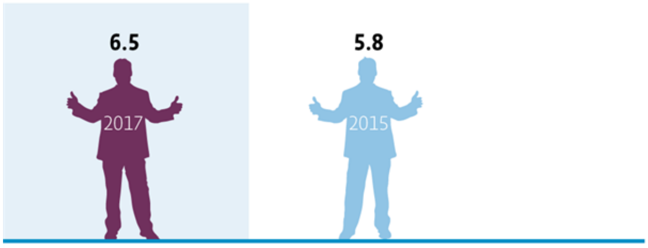
BREEAM label

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



Community and stakeholder engagement

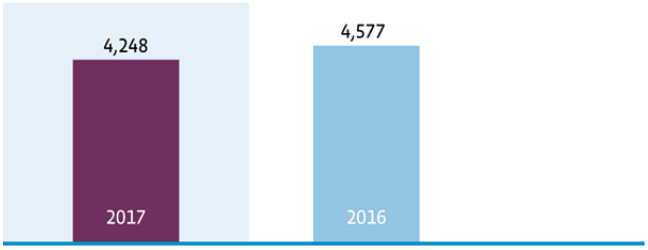
Satisfaction scores tenant engagement survey



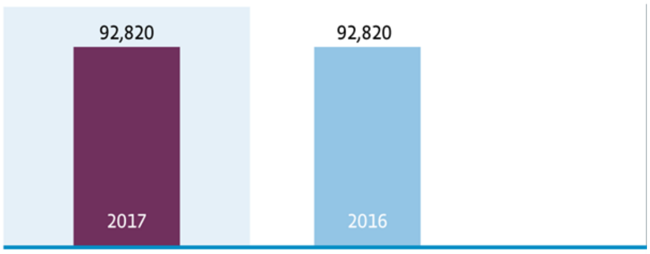
Participant rate tenant engagement survey

Environmental impact

Energy consumption (like-for-like, MWH)



On-site solar panels (Watt)



Highlights responsible investment 2017

- Four-star GRESB Rating (total of 74 points)
- Average energy index of the portfolio improved to 0.87 from 0.91
- Energy consumption fell by 7.2% to 4,248 MWH
- 98.8% of assets awarded a green energy label (A, B or C label)
- Six shopping centres BREEAM NL In-Use certified

Key information over five years

All amounts in € thousands, unless otherwise stated

	2017	2016	2015	2014	2013
Statement of financial position					
Total assets	898,815	832,920	747,515	689,847	615,525
Total shareholders' equity	888,896	824,201	738,335	670,322	605,784
Total debt from credit institutions	-	-	-	-	-
Performance per share					
Dividends (in €)	117.77	114.76	108.84	115.68	127.98
Net earnings (in €)	190.59	215.61	116.48	46.76	203.15
Net asset value IFRS (in €, at year-end)	2,717.59	2,640.21	2,537.12	2,527.09	2,594.04
Net asset value INREV (in €, at year-end)	2,739.67	2,650.14	2,547.83	2,544.13	2,608.41
Result					
Net result	61,059	64,250	32,150	11,185	47,149
Total Expense Ratio (TER)	0.53%	0.52%	0.53%	0.57%	0.57%
Real Estate Expense Ratio (REER)	0.79%	0.82%	0.91%	0.75%	0.78%
Fund return					
Income return	4.5%	4.6%	4.4%	4.5%	5.1%
Capital growth	3.3%	3.9%	0.1%	(2.7)%	3.0%
Total Fund return	7.8%	8.4%	4.5%	1.8%	8.1%
Portfolio figures					
Investment property	864,868	765,613	526,093	446,309	459,830
Investment property under construction	11,941	12,711	193,051	207,867	146,945
Gross initial yield	5.7%	5.8%	6.8%	7.0%	6.9%
Total number of properties	49	47	42	41	39
Average monthly rent per square metre (in €)	234	233	225	219	210
Financial occupancy rate (average)	95.6%	94.7%	94.2%	94.4%	92.9%
Sustainability (A, B or C label)	98.8%	85.2%	82.2%	79.1%	60.1%
Property performance (all properties)					
Direct property return	5.2%	5.2%	5.0%	5.3%	5.9%
Indirect property return	2.8%	4.1%	0.3%	(2.6)%	3.0%
Total property return	8.0%	9.3%	5.3%	2.7%	8.9%
IPD Property Index retail real estate (all properties)					
Direct return IPD Property Index	5.3%	5.3%	5.9%	6.0%	6.0%
Indirect return IPD Property Index	0.4%	(1.5)%	(1.9)%	(4.0)%	(4.4)%
Total return IPD Property Index	5.7%	3.8%	3.8%	1.8%	1.3%

The Retail Fund at a glance

The Bouwinvest Dutch Institutional Retail Fund is an investment company with variable capital. We believe that convenience and experience are the key trends that will determine the future of retail real estate. This is why the Retail Fund has a clear focus on the main shopping streets in major shopping cities and shopping centres that focus on convenience shopping in smaller towns and cities.

Fund characteristics

- No leverage
- Core investment style
- Target of 7.0% long-term average annual Fund return
- Robust governance structure
- Investment structure for an indefinite period of time
- Reports in accordance with INREV standards

Fund management

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

Our vision of the Dutch retail market

- Investors' capital inflow remains strong
- Returns retail real estate remains attractive
- Retail landscape gaining positive momentum, but still facing challenges
- Polarisation continues in stabilising market

Fund strategy

The Retail Fund aims to increase its assets under management to € 1.1 billion by 2020. This will be achieved through targeted acquisitions, redevelopments and a positive revaluation.

- Growth of the Fund to € 1.1 billion at year-end 2020
- Focus on retail assets classified as Experience and Convenience
- Increase the share of Experience and Convenience to at least 80% of the portfolio value
- Optimisation of the portfolio through redevelopments and active asset management
- Based on an increasing focus on sustainability, this strategy has now been defined at both Fund and asset levels

The retail portfolio at a glance

Portfolio characteristics

- € 877 million in Dutch retail properties (49 assets, 234,095 m^2 NLA) at year-end 2017
- High-quality retail assets divided into Experience and Convenience
- Continuously high occupancy rate
- Continuous outperformance of the IPD property index
- Four-star GRESB Rating

Major segments

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

EXPERIENCE - High street retail in best shopping cities

The main focus of the Fund's Experience portfolio is on individual high street shops or clusters of shops in prime shopping areas in major Dutch city centres. These city centres have retained their market share and will continue to do so in the future. The historical surroundings, the varied supply of retail formulas, plus restaurants, museums and other cultural and leisure facilities help keep these shopping areas attractive and popular. In short, they offer today's consumers the experience and 'fun factor' they demand, as shopping has become part of a 'total experience' for many consumers. Very importantly, these shopping areas are widely seen as the most future-proof segment of the retail market, and we believe this will continue to drive demand for retail space from a wide range of national and international fashion and lifestyle retail brands.

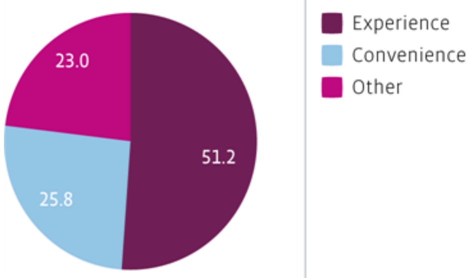
For strategic asset management and acquisition purposes, Bouwinvest and its research department retail experts have developed a ranking tool for the top shopping cities and high streets in the Netherlands, based on criteria such as footfall, average rent per m², vacancy rate, the number of inhabitants and average income in specific catchment areas. This tool provides an overview of the most attractive cities and shopping streets in the Netherlands.

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

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

The Fund focuses on a number of additional factors that increase the level of convenience so prized by today's consumers, an element that the Fund believes will become ever more important in the future. These additional criteria include easy accessibility, comfort parking, an effective tenant mix, plus the overall look and feel of the centre. Demographic changes in for instance average age or household size need to be actively addressed through the continuous optimisation of the property and its tenant mix. One essential part of the retail mix is one or two clear, complementary and well-positioned supermarket anchors, as these act as a major pull factor for convenience shoppers. An effective retail mix with various specialist stores is another factor that makes shopping centres attractive to consumers. Due to market changes and the ongoing growth of online sales, the number of non-food shops in these centres will decline even more in the near future. The Fund is therefore also focused on actively revitalising its convenience centres by increasing the average share – measured in square metres and in cash flow – accounted for by supermarkets, shops selling daily goods and deliveries, and decreasing the number of non-core units.

Portfolio composition by segment as a percentage of market value



Selection of principal properties

Experience

Damrak 70
Amsterdam

Nieuwendijk 196
Amsterdam

PC Hooftstraat 125
Amsterdam

Ridderstraat 17
Breda

Demer 38
Eindhoven

Spui - Grote Marktstraat
The Hague

Broerstraat 52-52a
Nijmegen

WTC
Rotterdam

Steenweg 43
Utrecht

Convenience

Mosveld
Amsterdam

Stadionplein
Amsterdam

't Fort
Apeldoorn

Berkel Center
Berkel en Rodenrijs

Parkweide
Ede

Molenhoek
Rosmalen

Prinsenland
Rotterdam

Heyhoef
Tilburg

Oosterheem
Zoetermeer

Message from the chairman

Dear stakeholders,

The Retail Fund had a good year in 2017, with the total Fund return of 7.8% exceeding our expectations and outperforming the IPD Property Index. The Fund also continued to optimise its portfolio and record growth on a number of fronts. We are clearly taking full advantage of the recovery of the Dutch economy and the steady rise in both consumer confidence and consumer spending, as well as the rising demand for retail investments, as both Dutch and foreign investors look to increase their exposure to retail real estate.

The market is still very fragmented as it makes the transition it needs to respond to ever-increasing online sales. This is where our very clear focus on Experience and Convenience is paying off, as investors have to be very careful where they invest in terms of the assets they acquire. On that front, the Fund made some useful acquisitions: two high street shops in Nijmegen (Experience) and two shopping centres in Zoetermeer and Hengelo (Convenience), all of which will contribute to our direct returns in the future.

Just as importantly, we continue to optimise the retail portfolio through redevelopment, upgrades and a wide range of sustainability measures. Last year saw the completion and delivery of the Molenhoek shopping centre in Rosmalen and solid progress in the redevelopment of De Munt in Weert and the Goverwelle shopping centre in Gouda. These investments are an essential part of our effort to future proof our portfolio and respond to current and future retail trends, plus they helped to increase our occupancy to 95.6% in 2017, from 94.7% at year-end 2016.

A good example of how these investments in sustainability are paying off was the 20-year lease we signed with the DOK library and art centre in Delft, which has teamed up with cultural education centre VAK for the optimal use of the available space. We clinched the deal after committing to extensive renovations and energy-efficiency improvements. The Sprengmolen Complex is now 100% leased to tenants with a sustainable and future-proof strategy, with the financial backing of the Delft city council.

On another front, we are already seeing the convergence of the needs of online and bricks and mortar retailers. Online retailers still have a problem with the so-called last mile, delivery to their customers, and are looking to set up drop-off and pick-up points. More and more online retailers are now opening stores, plus they are keen to cooperate with bricks and mortar retailers and other retail players on this front.

We are also in talks with local and national government bodies on the much-needed rejuvenation of a number of medium-sized cities, as these very vulnerable to growing online sales and a number of demographic trends. They need a dynamic city centre to survive and thrive and looking at how to add the Experience element, a combination of shopping, culture and leisure, to attract more visitors.

Another potential challenge is the government's recently announced policy on REITs, which would see the introduction of income taxes on real estate investments. Of course, we will deal with this, but this might actively discourage investments in real estate until we have a clear picture of what is going to happen. With regard to the project Damrak and Nieuwendijk, the Retail Fund is in discussion with the Dutch tax authorities about Bouwinvest Development B.V's compensation calculated for its redevelopment activities. Untill now, the result is not clear yet.

However, we still have a lot of confidence in our portfolio. We have managed to maintain our high occupancy rate thanks to a large number of long leases, but also thanks to our decision to focus on Experience and Convenience. This is why we will continue with this strategy, while taking into account the reality of the transition currently underway in the retail market as we make new acquisitions. Others share this faith, as we added a new investor in 2017 and expect to add more in the period ahead.

We are a long-term investor and we have the knowledge, determination and stamina to make things happen and adapt to the ever-changing retail environment. Take Muntpassage in Weert and Molenhoekpassage in Rosmalen; we have invested a lot of time and effort in future proofing these shopping centres in cities that need a boost to keep their centres vital and healthy. Hopefully, the national government and local authorities will realise how important this is for many medium-sized cities, and to relieve the pressure in the Randstad region. These kinds of investments create a virtuous circle for cities, retailers and people. We fully intend to be at the forefront of initiatives to breathe new life into city centres and to help the retail sector adapt and thrive long into the future.

All that is left now is for me to thank our investors for their continued faith in our strategy and all our employees for their hard work and commitment to Bouwinvest in 2017.

Dick van Hal

Chairman of the Board of Directors

Report of the Board of Directors

Market developments and trends

Economy & politics

Positive outlook Dutch economy
In the course of 2017, the Dutch economy gained additional positive momentum. GDP growth was largely driven by strong export figures, private investments and increased household spending. Housing market-related sectors have flourished in recent years, largely thanks to the very strong rebound in the housing market following the 2008 financial crisis.

Real GDP growth is expected to be around 3.2% and 3.1% in 2017 and 2018 respectively, according to forecasts from the Netherlands Bureau for Economic Policy Analysis (CPB). This is expected to be followed by lower growth rates in the subsequent two years (1.9% in 2019 and 1.5% in 2020). Unemployment has declined steadily to the current level of about 4.5% and is expected to decline further in the years ahead. Job growth is forecast to be positive in a whole range of sectors. Inflation is expected to increase somewhat, to a maximum level of about 2%, but will remain low from a historical perspective. Persistent low inflation is expected to boost consumer spending by an additional 1.5 - 2% annually. All in all, the economic outlook for the Netherlands is solid for the next few years, despite some international political uncertainty.

Brexit and ECB's monetary policy
The overall impact of the Brexit is as yet difficult to assess. So far, the direct consequences seem to be positive for the Netherlands, as we have already seen a string of announcements by international companies and institutions planning to move at least some of their offices to the Netherlands, with the relocation of the European Medicines Agency from London to Amsterdam being the most noteworthy. This will have a direct impact on the office real estate market, and possibly the residential and retail markets.

With respect to the European Central Bank's monetary easing policy, the current programme to purchase a total amount of € 60-80 billion of public and private debt on a monthly basis in order to achieve an inflation level of 2%, was tapered off in early 2018, when the ECB cut its monthly purchases to € 30 billion.

New coalition introduces policies that could harm institutional investors
Following the Dutch general election in March 2017, a four-party coalition government, consisting of the Liberal VVD, the centrist D66, the Christian Democrat CDA and the Christian conservative CU party, was formed in October. The new coalition will have a majority of just one in the highly fragmented 13-party Dutch parliament.

In the coalition agreement, the newly-formed government announced that fiscal investment institutions (Dutch: 'FBI') will no longer be allowed to invest directly in real estate. The change is supposed to come into effect from the financial year 2020 onwards. Bouwinvest, together with other institutional investors, is currently trying to persuade the government not to implement this regulation. Additionally, Bouwinvest is investigating the potential consequences of such a change in fiscal legislation for the funds it manages and is assessing alternative structures to minimise the negative fiscal impact on investors in these funds.

Political impact on the retail market
'The retail agenda' was launched in 2015 and is a widely supported plan and think tank, involving a cooperative effort from the national government, local authorities, investors and retailers. All parties agree on the need for an in-depth discussion on new retail developments in an already saturated market. With the aim of rejuvenating some ailing city centres, the agenda also focuses on redevelopment issues. However, the interests of the various stakeholders vary widely and the Association of Institutional Property Investors in The Netherlands (IVBN) decided in December 2017 to withdraw its direct support, as the other parties involved were not open to further dialogue regarding more flexible rental legislation.

Demographics

Continuing population and household growth

On a national level, both the total population and the number of households are expected to continue to grow in the coming decades. The total population is set to increase by over 700,000 in the 10 years leading up to 2025. In this period, the number of households is projected to rise by almost 600,000 to 8.3 million. This demographic growth, however, will be very much concentrated in the 20 largest municipalities in the Netherlands, especially the main cities of the Randstad region. While household growth in the four largest cities of the Randstad conurbation will be a cumulative 11% in the years to 2025, the figure for the country as a whole is expected to be 7.7%.

Urbanisation and ageing major drivers

The growth in the number of households will be largely driven by the growth in one and two-person households, which in turn will be dominated by the growing number of elderly households. The number of people older than 75 years is expected to double over the next 25 years. As a result of this trend, the working population in the Netherlands will show virtually no growth over the coming years. However, the major Dutch cities will not be affected by this demographic trend, as the healthy and growing availability of employment opportunities will lead to a steady influx of (young) working people, especially in the cities of the Randstad region.

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

Capital market

Strong increase in investment volumes

Given the low interest rate environment and the yield spread offered by real estate, investors' capital inflow into real estate markets remains strong. In 2017, around € 21.0 billion was invested in the Dutch real estate market, significantly more than the € 14.1 billion invested in the previous year. This increase in investment volume was driven by both domestic and international investors, although the market share of the latter group increased. A year-end breakdown is not available yet, but midway through the year international players had accounted for 67% of total investments, compared to 60% for the full year 2016. Strategies among investors differ. Domestic institutional investors largely prefer core fund investments, while US investors target more opportunistic funds (even without seed assets) and Asian investors focus primarily on large single asset deals. European investors tend to concentrate on existing assets, preferably combined in a portfolio, which enables them to achieve acquisition targets more quickly.

Positive expectations

We expect investors' appetite to remain high for real estate investments, despite the expected rise in interest rates. This is due to the fact that real estate continues to prove its value in terms of adding diversification to investment portfolios and the attractive yield and total return it offers compared to interest rates and other asset classes. The highly transparent Dutch property market will remain a major destination for international investors eyeing European property markets.

Investment market

Investment volumes up, supply of core product limited

Despite a shortage of new-build core assets, retail investments increased further in 2017, especially due to a number of large portfolios being transferred.

Preliminary data for 2017 indicates that the retail sector accounted for an investment volume of close to € 5 billion, or around a quarter of total real estate investments. This is a further increase compared to the € 2.2 billion invested in retail property in the previous year.

In line with the increase in investor interest, gross prime yields in the largest cities compressed over the course of last year and ranges from 3.0% to 4.0% in the largest cities in the Netherlands. Drawback of these low yield levels is the increasing difficulty in purchasing A-quality retail meeting our financial requirements. The spread between prime and secondary locations across and within cities remains substantial. High-performing and good sized ancillary centres can offer attractive returns, as the occupier and investment markets gain traction.

Investor appetite for retail property might broaden further

Following the increase in investment volumes, we expect investor interest for the retail market to remain high, resulting in further downward pressure on prime yields. Investor interest in secondary properties is gaining traction, but contraction of secondary yields is not yet expected, which could possibly lead to a further increase in yield gap between prime and secondary assets.

Occupiers market

Retail landscape gaining positieve momentum, but still facing challenges

Once again in 2017, a number of retailers proved unable to keep pace with changing consumer preferences. Chains like the Phone House, Doniger Fashion Group (Gaastra, McGregor) and Witteveen were forced to file for bankruptcy. On the other hand, credit insurer Atradius expects the number of bankruptcies in retail to decline after 2017, as the growth in consumer spending is likely to support the remaining retailers. International retailers profiting from economies of scale, such as Primark, Zara and Hudson's Bay, continued to expand strongly in the top 20 cities of the Netherlands. Online shops (Coolblue, Fietsenwinkel.nl en FonQ) are switching to omni-channel strategies by renting physical shops, sometimes in very high-profile locations.

Polarisation continues in stabilising market

The current structure of the Dutch retail market is a result of strict governmental planning policies and is hierarchical in nature, with a clear distinction between various types of property and location, such as inner city shopping centres, urban district shopping centres, district shopping centres, neighbourhood shopping centres and peripheral retail locations. Most recent data show declining vacancy rates, increasing take-up and stable rents on a national level. However, the polarisation seen in recent years is still continuing at both regional and retail segment levels. Regions with a strong demographic and economic growth outlook offer a far stronger basis than regions suffering from demographic and economic contraction.

Sustainability and climate change

Global goals

The Paris Climate Agreement (COP21), the United Nations 2030 agenda for sustainable development and the Dutch Energy Agreement all marked the start of the race to curb global greenhouse gas (GHG) emissions in order to keep the global temperature rise below 2 degrees Celsius by 2050. At that point, all major business sectors should be operating in what will essentially be a zero carbon emission environment.

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. It is therefore essential that the companies and people who manage global real estate assets play a significant role in finding solutions. This means that the building and construction sector has to move towards a completely zero carbon built environment by 2050. The Energy Performance of Buildings Directive (EPBD) applicable to European countries requires all new buildings to be near zero-energy by the end of 2020.

Sustainability and the retail market

With regard to the retail market, this will only increase the focus on sustainability. This is also in line with demand: both occupiers and investors are increasingly focusing on this aspect. Firstly, due to the recognition that occupiers and owners themselves are also judged on their actual levels of sustainability; secondly, as the level of sustainability of a retail asset is also an indication of the quality of the asset; and finally, due to the fact that sustainability has become mainstream.

Eight interconnected sustainability megatrends
most critical for the real estate sector over the next 15 to 20 years.

Low carbon economy	Urbanisation	Workforce transformation	Health and wellness
Technological innovation	Land and resource scarcity	Changing demographics	Transparency and social value

Technology and innovation

Property and technology

Proptech is an overarching term used for technological innovations in the property sector. Innovative proptech concepts include the creation of digital platforms for improved information and knowledge exchange, the use of virtual reality or augmented reality in the design and marketing of properties, the addition of sensors to buildings to obtain more knowledge on their usage and performance, advanced (big) data analytics for property selection, as well as the possible use of blockchain technology for smart rental contracts to speed up and simplify processes and cut overheads.

New construction process and materials

New materials are opening up possibilities and helping to increase sustainability. Overall, the trend is towards the re-use of building materials when redeveloping and constructing buildings in line with the circular economy concept. Additionally, we are seeing the rise of new building methods, sometimes on-site, like 3D printing, but more often off-site. Drones can be used for inspection purposes, while robots can pour concrete and lay bricks.

Technology improves shopping experience

Technology is playing an increasingly important role in the retail market. Retailers are attracting consumers with in-store technology, using it to implement their omni-channel strategies, improve shopping experience and create consumer loyalty. Mobile devices create a whole range of opportunities, ranging from personalising products to guiding consumers through shopping centres. Continuous monitoring of passers-by gives investors and retailers vital information, but can also be controversial in terms of violating the privacy of consumers.

The Fund's strategy

The Fund's strategy can be summed up as follows:

- Growth of the Fund to **€ 1.1 billion at year-end 2020**
- Focus on retail assets classified as **Experience and Convenience**
- Increasing share of Experience and Convenience to at least **80% of the portfolio value**
- Optimisation of the portfolio through **redevelopments and active asset management**

Responsible investment strategy at Fund level:

- The ambition is to be in the **leading group of sustainable real estate funds**. We want to set the standard in our sector and create and sustain stakeholder valuethrough effective integration of material ESG issues that lower risks and future-proof our real estate investment.
- The Fund's long-term ambition is to retain its **four-star ranking** according to the Global Real Estate Sustainability benchmark (GRESB)

Responsible investment strategy at asset level:

- Focus on assets with an **above-average sustainability performance** (environmental impact, stakeholder value and community engagement).

Diversification guidelines and investment restrictions

The Fund applies a defined set of Investment Restrictions in the execution of its strategy. The Fund will adhere to the following Investment Restrictions to focus on its core activity and to limit risks. In the Fund Plan 2018-2020 the diversification guidelines have been slightly expanded.

Diversification guidelines	Current portfolio	Conclusion
≥ 80% of investments invested in assets classified as Experience and Convenience	77.0% in assets classified as Experience and Convenience	Not compliant (*)
≥ 90% of investments invested in low or medium risk categories	96.6% in low and medium risk	Compliant
Investment restrictions when the total investments of the Fund are > € 750 million		
< 15% invested in single investment property	There is one investment property exceeding 15%	Not compliant (**)
< 10% invested in non-core properties (non-retail investment properties)	0% concerns non-core Retail properties	Compliant
No investments that will have a material adverse effect on the Fund's Diversification Guidelines.	There have been no investments in 2017 that have a material adverse effect on the Fund's diversification guidelines	Compliant
Restrictions on (re)development activities < 5% of the Fund's total investment portfolio value		
a. only Assets from the Fund's porfolio qualify for (re)development	In 2017 all (re)development activities were executed only for assets of the Fund's portfolio	Compliant
b. the activities are exclusively targeted at optimising the quality of the portfolio	All activities were targeted at optimising the quality of the Fund portfolio	Compliant
c. not allowed if it has a negative impact on the Fund's Diversification Guidelines	There was no negative impact on the Fund's diversification guidelines	Compliant
d. signed commitments relating to at least 60% of the rental income of the Asset is required	Commitment > 60%	Compliant
e. (re)development is undertaken by and for the risk and account of Bouwinvest Retail Development, a wholly owned subsidiary of the Fund	All (re)development activities are undertaken by and for the risk and account of Bouwinvest Retail Development	Compliant
f. all financial risks in connection with the work to be conducted as part of the (re)development will be contractually excluded by Bouwinvest Retail Development and transferred to external developers or contractors. Examples of such risks are: design and building risks and cost and planning risks	All financial risks in connection with the work to be conducted as part of the (re)development are contractually excluded by Bouwinvest Retail Development and transferred to external developers or contractors	Compliant
g. zoning risks remain with the Fund, however starting the building activities in relation to a (re)development is conditional upon obtaining the relevant zoning permits	The building activities in relation to a (re)development were conditional upon obtaining the relevant zoning permits	Compliant

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

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

Portfolio developments 2017 in perspective

Portfolio composition at year-end 2017:

- 49 properties
- 234,095 m² of lettable floor space
- Total value of investment property € 877 million

Investments, divestments and redevelopments

Following the completion of the Damrak and Nieuwendijk redevelopments in Amsterdam at the end of 2016, in 2017 the Fund continued to work on the optimisation of its retail portfolio. In this chapter, we describe how new acquisitions, divestments and investments in standing assets have contributed to this portfolio optimisation.

Investments

The Fund invested a total of € 77 million in new turn-key acquisitions and investments in standing assets, which was slightly below the budget of € 90 million. The investments helped take the total value of the portfolio to € 877 million at the end of 2017. Of the total acquisitions, € 8 million was in line with our Experience strategy, while € 69 million was invested in line with our Convenience strategy.

New assets in the portfolio

Slangenbeek shopping centre, Hengelo

The Slangenbeek shopping centre comprises 11 retail units, including two supermarkets, Albert Heijn en Dirk van de Broek. The 3,862-m² centre also has several local businesses (including a hairdresser, a baker, a cheese store and a florist) and a national retailer, Kruidvat. The centre has around 330 parking spots on the adjacent parking lot. The shopping centre is 100% let and the average remaining term on the lease contacts is 5.6 years. The shopping centre has a healthy catchment area, anchored by dominant supermarkets, with good parking facilities and a retail mix focused on daily shopping.

Slangenbeek shopping centre
Hengelo,
The Netherlands

Oosterheem shopping centre, Zoetermeer

The 12,000-m² Oosterheem shopping centre includes 38 retail units and focuses on shopping for daily goods. Anchored by three modern supermarkets (Jumbo, Aldi and Hoogvliet), local and national retailers, including Hema, Blokker and Zeeman, a central location in the neighbourhood and its own parking for 230 cars, the centre offers all the convenience the Fund demands.

Oosterheem shopping centre
Zoetermeer,
The Netherlands

Broerstraat 52 and 52a, Nijmegen

The Fund acquired two high street units in the Broerstraat, the busiest shopping street in Nijmegen. The units are rented by retailer Men at Work B.V. and Nelson Schoenen B.V. and includes 613 m² of leasable area on the ground floor and a 500-m² basement area. Nijmegen is among the Top-10 most attractive Dutch cities for shopping, so the acquisition is fully in line with the 'Experience' element of the Retail Fund's strategy.

Broerstraat 52-52a
Nijmegen,
The Netherlands

Completed redevelopments

Molenhoek shopping centre, Rosmalen

The completed redevelopment of Molenhoek has given a major boost to this successful shopping centre for daily goods. This asset is now completely future-proof, with new facades, the expansion of the existing tenant Albert Heijn (500 m²), a major upgrade of the look and feel of the centre, as well as improvements to the accessibility and an increase in the number of parking spaces, after which the footfall rose sharply by 23%. In addition, the redevelopment led to a strong improvement in the green energy label of this asset to label A from label G.

Molenhoek shopping centre
Rosmalen,
The Netherlands

Redevelopment investments

Goverwelle shopping centre, Gouda

The Fund is investing in the upgrade and expansion of the Goverwelle shopping centre. The 1,000-m² extension will create space for the expansion of the Albert Heijn supermarket and for the addition of a second, complementary discount supermarket, plus additional parking facilities for 235 cars. Completion of this redevelopment is expected in 2018.

Goverwelle shopping centre
Gouda,
The Netherlands

Muntpassage shopping centre, Weert

In 2017, the Fund reached agreement on an upgrade of the De Munt shopping centre in Weert, involving cosmetic improvements, fire safety measures and the improvement of the centre's lettability. The Fund is currently evaluating a potential upgrade of the Muntpassage shopping centre in combination with the letting of 3,500 m² of vacant retail space following the bankruptcy of former tenant V&D. As part of this evaluation, the Fund is currently in negotiations with several retailers for units in the renovated shopping centre. We expect to complete this redevelopment in 2018.

Secured pipeline

Centrumplan, Rosmalen

The investment Centrumplan in Rosmalen includes the acquisition of 17 retail units with a combined size of around 6,800 m2, which will form the expansion and completion of the current Rosmalen shopping centre. Construction was started in 2017 and delivery is expected in the second quarter of 2018. The expected total annual rental income for the entire plan is estimated at around € 1.4 million upon delivery.

The main anchors are two supermarkets: Jumbo (around 2,000 m²) and Lidl (around 1,800 m²), together with a number of daily grocery units. In addition, national retailers such as Kruidvat and HEMA are set to open stores in this new city centre area, together with a brasserie located in a historical building. The average term of the contracts already signed is around 8.3 years from delivery.

This investment is a good fit with the 'Convenience' element of the Fund's strategy, which includes investments in local shopping centres with a healthy catchment area, anchored by supermarkets, with ample parking facilities and a retail mix geared towards daily shopping needs.

Divestments

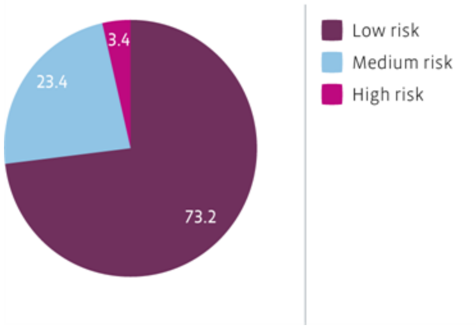
In 2017, the Fund budgeted € 25 million for the divestment of non-prime assets. These assets do not fit our strategic requirements due to their location, size or economic outlook. In 2017, the Fund sold one high street asset in Breda (€ 0.6 million) with € 0.1 million profit. The remaining sales are expected in the first half of 2018.

Risk-return profile

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 2017 is shown in the figure below. Every year, all properties are assessed separately.

Portfolio composition by risk category based on market value

PERCENTAGE



Portfolio diversification

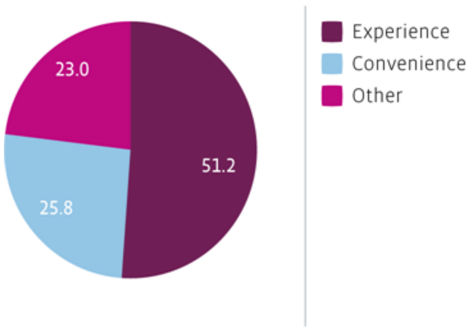
At year-end 2017, the Fund's total portfolio consisted of a total of 49 assets. Of these, 28 assets are classified as Experience and 11 assets are classified as Convenience The category 'Other' consists of 10 retail assets that do not fully meet our strict Experience and Convenience criteria.

Major segments

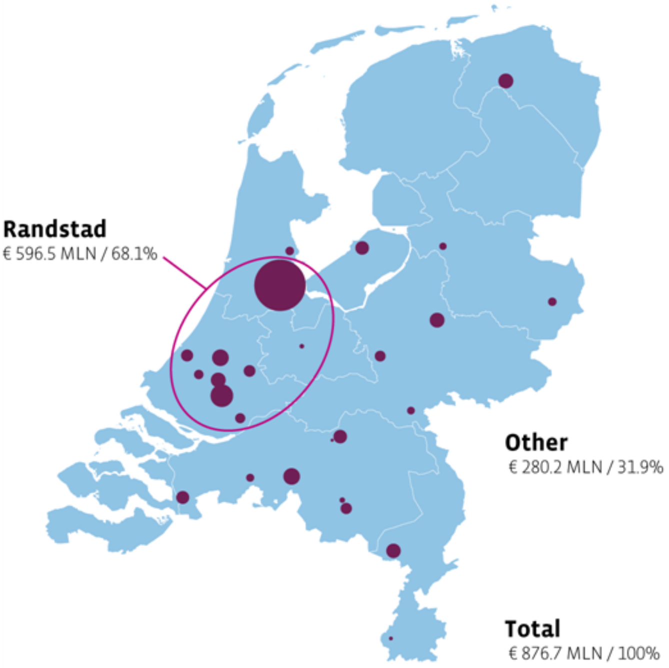
The Fund's diversification strategy is based on the belief that the future of retail real estate will be determined by two very distinct segments of the market: high street shopping areas that offer consumers a distinctive Experience and district shopping centres or stand-alone supermarkets that provide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

The Fund's ambition is to increase the share of Experience and Convenience to at least 80% of the portfolio value. In line with this ambition, in 2017, the Fund realised a 4.3%-point increase in the share of Experience and Convenience, which rose to 77.0% from 72.7%.

Portfolio composition by segment as a percentage of market value



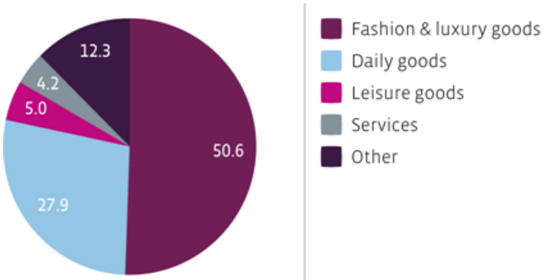
Regional spread of the Retail Fund portfolio based on market value



Tenant mix

The Fund's portfolio includes a wide range of tenants by segment type. In 2017, the share of the segment 'daily goods' increased by 1.1% to 27.9% of the total portfolio through the acquisitions of the Slangenbeek and Oosterheem shopping centres. The share of the segment 'fashion and luxury goods' decreased by 2.6% to 50.6%.

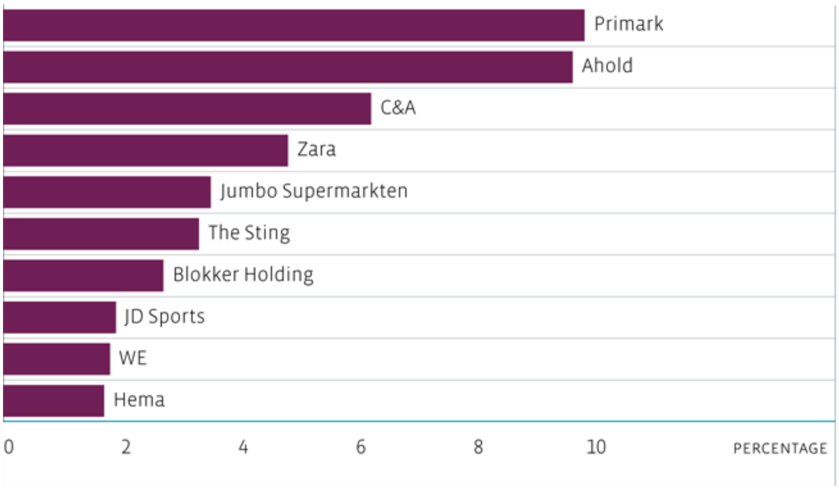
Portfolio composition by tenant sector as a percentage of rental income



Top 10 tenants

The top ten tenants accounted for a total volume of 45.3% of the theoretical rent in 2017 (2016: 47.5%). The ranking changed slightly, mainly due to the acquisitions. Primark still tops the list, accounting for 9.8% of the Fund's total rental income. Jumbo Supermarkten rose from sixth to fifth place. Hema also rose to tenth place due to new leases in the Prinsenland shopping centre in Rotterdam and the Oosterheem shopping centre in Zoetermeer.

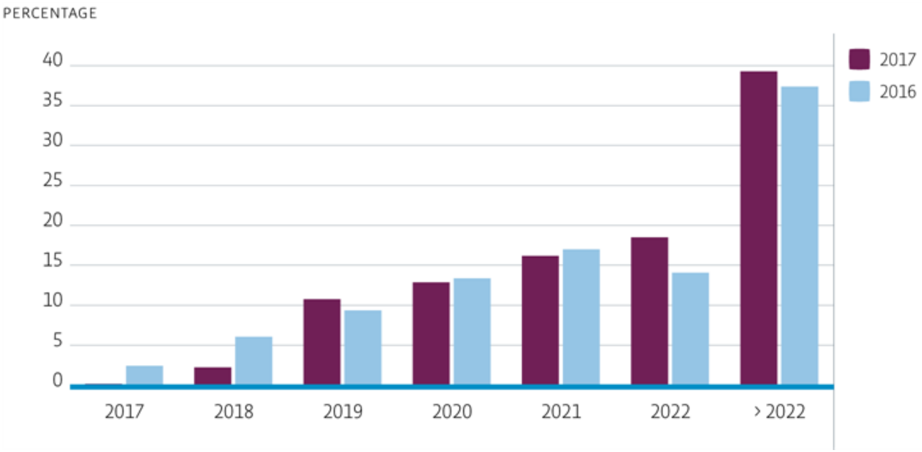
Top 10 major tenants based on theoretical rent



Expiry dates

The overview of expiry dates shows a gradual division in the coming years. By the end of 2017, more than 39.2% of the total rental income was due to expire after 2022, which means the Fund's expiration risk remains very low. The average remaining lease term of the total portfolio at year-end 2017 is 6.5 years.

Expiry dates as a percentage of rental income

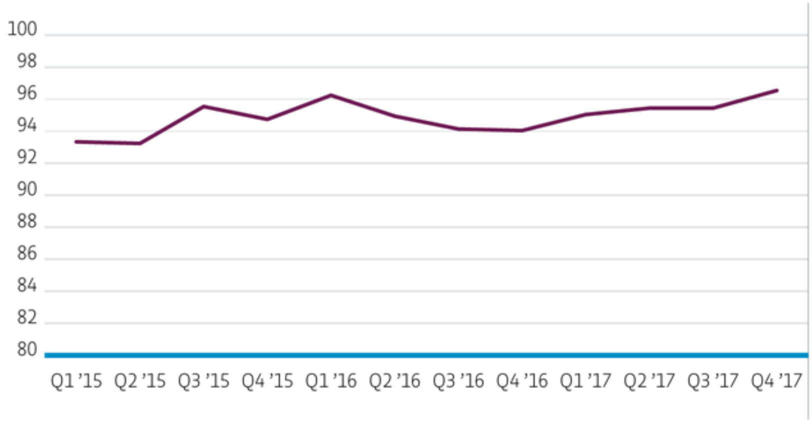


Financial occupancy

The Fund managed to increase the average occupancy rate up to 95.6% in 2017 (94.7% in 2016), which was 0.7% better than the 2017 budget. Although we saw an increase in the occupancy rate at a large number of assets in the portfolio, the new Mosveld shopping centre (13.0% increase to 86.4%) and the Stadionplein shopping centre in Amsterdam (19.4% increase to 96.2%) made the largest contribution to the higher occupancy rate.

Financial occupancy rate

PERCENTAGE



Financial performance in 2017

Total return

The Fund realised a total fund return of 7.8% (2016: 8.4%), consisting of a 4.5% income return (2016: 4.6%) and a 3.3% capital growth (2016: 3.9%). The total return in Euros was € 61.1 million in 2017, compared to € 64.3 million in 2016.

The Fund's NAV grew to € 889 million from € 824 million in 2016, a growth of 7.9%. The main drivers of the NAV growth were the acquisitions of investment property, the completion of redevelopments and the positive revaluations of the investment properties in the portfolio.

Income return

The Fund realised an income return of 4.5% in 2017, 0.1%-point less than in 2016.

The income return remained at a stable level in 2017, compared to 2016. Due to acquisitions and the completion of redevelopments, the gross rental income in 2017 increased with 10.3% compared to 2016, to an amount of € 49 million. The net rental income increased with 10.7% compared to 2016, to an amount of € 42 million.

The secured rent until 2020 (three-year horizon) at year-end 2017 decreased to 74% of the 2017 gross rental income (year-end 2016: 91%). However, the Fund's expiration risk is still very low since 39.2% of the total rental income of the Fund expires after 2022. In 2017, the new and extended lease contracts, totaling a 32,022 m² and a rental value of € 6.0 million per year, also contributed to the increase of the secured rent and thereby lowering the expiration risk for the Fund. As a result of the new and extend lease contracts, the average financial occupancy rate also increased to 95.6% in 2017, compared to 94.7% in 2016.

Capital growth

The Fund realised a capital growth of 3.3% in 2017, 0.6%-point less than in 2016.

Property values continued to show an upward trend in 2017 compared to 2016. We believe that this is due to the fact that the Fund is largely invested in the Randstad conurbation and the Fund's continued focus on optimising the portfolio by upgrading and future-proofing the assets.

Property performance

The total property return for 2017 came in at 8.0% (2016: 9.3%), consisting of a 5.2% direct property return (2016: 5.2%) and a 2.8% indirect property return (2016: 4.1%). The total property return is with 8.0% an outperformance of 2.3%-point of the IPD Property Index.

The fund return (INREV) and property return (IPD) 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 IPD methodology as a percentage of the value of the investment properties. INREV e.g. includes cash, the fee costs and administrative costs in the calculation of the income return (INREV). Furthermore the amortisation of acquisition is threated differently by INREV and IPD.

Capital Management

Leverage

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

During 2017, the Fund was solely financed with equity and did not use any loan capital for liquidity management purposes.

Treasury management

For treasury management the Fund acted accordingly its treasury policy in 2017, in order to manage liquidity and financial risks for the Fund. The main objectives of the treasury management activities were to secure shareholders' dividend pay-out and liquidity by redemptions, as well as managing the Fund's cash position.

At year-end 2017, the Fund had € 21.5 million in freely available cash and no cash availabe in a 30-day deposit as at 31 December 2017. During 2017 the cash position decreased by € 31.8 million, as compared to year-end 2016, mainly due to a reduction in working capital.

During 2017, the Fund paid € 36.4 million as dividend to the shareholders. Also during 2017, two capital calls were executed at a total amount of € 40 million.

Interest rate and currency exposure

During 2017 the Fund was subject to the negative interest rate development for its bank balances. In order to minimalize the costs of the negative interest rate on the bank balances, during 2017 the Fund used 30-day bank deposits.

As the Fund had no external loans and borrowings during 2017, as well as the Fund did not had any foreign currency exposure during 2017, the Fund had no exposure to interest rate risks or currency exposure risks.

Dividend and dividend policy

The Board of Directors of Bouwinvest proposes to pay a dividend of € 117.77 per share for 2017 (2016: € 114.76), which corresponds to a pay-out ratio of 100%. It is proposed that the dividend be paid in cash, within the constraints imposed by the company's fiscal investment institution (FII) status. Of this total dividend, 75.0% was paid out in 2017, with the final quarterly instalment paid out on 26 February 2018. The remainder of the distribution over 2017 will be paid out in a final instalment on 26 April 2017, following approval by the Annual General Meeting of Shareholders to be held on 18 April 2018.

Tax

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

The Fund met its obligations related to value added tax, transfer tax and other applicable taxes in their entirety in 2017. With regard to the project Damrak and Nieuwendijk, the Retail Fund is in discussion with the Dutch tax authorities about Bouwinvest Development B.V's compensation calculated for its redevelopment activities. Untill now, the result is not clear yet.

Outlook

Improvement of occupiers market

After a substantial period of headwinds, the increase in consumer spending and the restructuring of high streets and (some) retail formats, have started to change the tide. Over the past year, vacancy rates started to decline, take-up increased and rents stabilised.

At the same time, the polarisation seen in recent years is set to continue at both regional and retail segment levels. Regions with a strong demographic and economic growth outlook offer a far stronger basis than regions suffering from demographic and economic contraction.

Technology improves shopping experience

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

Fund ready for the future of retail

Over the last few years, the Fund made solid progress in terms of portfolio optimisation and even managed to increase its high occupancy rate thanks to its active asset management approach. The strategy focusing on retail assets classified as Experience and Convenience has ensured that our assets are located in prime retail locations with good economic prospects. The Fund will continue to expand its portfolio, by investing in distinctive and high-quality high street retail units in the major shopping cities and in well-positioned daily shopping centres. In addition, the Fund will continue its sustainability strategy aimed at reducing the environmental footprint of the shopping centres or retail assets in its portfolio. We believe this will put the Fund in an even stronger position for the future. We will continue these efforts in 2018, again taking delivery of new assets and realising redevelopments of standing assets.

Amsterdam, 19 March 2018

Bouwinvest Real Estate Investment Management B.V.

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

Responsible fund and asset management

Introduction

Bouwinvest aims to provide a solid return on real estate investments for institutional investors and their beneficiaries and to do this in a responsible manner. What this means is that we take a long-term view and environmental, social and governance (ESG) criteria play a significant role in our investment strategy. We have integrated social, environmental, and/or ethical considerations in our core business strategy and operations to create more value for our stakeholders and generate better risk-adjusted financial returns for our investors. Sustainable and socially responsible investments and business operations play a key role in booking growth in a controlled manner, future-proofing our organisation and real estate investments and are a key factor in the role we want to play in tackling the challenges we all face today and in the future. In other words, we see sustainability as an inherent part of our corporate mission and our license to operate.

The Fund addresses a wide range of environmental and social issues, risks and opportunities during the various investment stages (from acquisition to management through to disposal). By identifying and managing those issues that are expected to impact investment performance and generate long-term business value, we seek to protect returns over the long term and future-proof our portfolio.

'It's our ambition to stay in the leading group of sustainable Real Estate Funds.'

Fund & asset sustainability

- Global Real Estate Sustainability Benchmark (GRESB)
- Green asset certificates
- Energy labels (EPA)

Community & stakeholder engagement

- Tenant engagement and satisfaction
- Green leases
- Procurement
- Safety
- Community & stakeholder management

Environmental impact

- Energy
- Renewable energy
- Water
- Waste
- GHG emissions

We believe that green buildings can help combat climate change, as well as generate numerous other wider social, economic, environmental and health benefits. Acting responsibly is therefore an integral part of the Fund's investment strategy and we are certain it lowers risks, increases returns and increases lettability.

Sustainability ambition and strategy

Our ambition is to be in the leading group of sustainable real estate funds. We want to set the standard in our sector and create and sustain stakeholder value through effective integration of material ESG issues that lower risks and future-proof our real estate investments. The Fund has a responsible investment focus on environmental impact, stakeholder value and community engagement.

We aim for above-average sustainability performance at Fund and asset level.

Our long-term strategy to achieve this goal is based on three main pillars:

- Increased Fund and building sustainability performance
- Increased community and stakeholder engagement
- Reduced environmental impact

Summary of responsible Fund and asset management

ESG Strategy	Category	ESG targets 2017	Results 2017
Increased fund and building sustainability performance	Fund	• GRESB 4 star rating	Achieved: GRESB 4 star rating
		• Improvement of overall GRESB score	Not achieved: total GRESB score remained at 74 points
	Asset	• 100% of all shopping centres BREEAM certificate in 2018	On track: six assets received a BREEAM label
		• 100% green (A, B, C) portfolio in 2018	On track: Green portfolio up with 14 bps to 99% in total
Increased community and stakeholder engagement	People	• Improvement of bi-annual tenant satisfaction rate (5.8 in 2015)	Achieved: Average tenant satisfaction rating 6.5
Reduced environmental impact	Environment	• Yearly reduction of energy consumption (like-for-like) with 2%	Achieved: Like-for-like energy reduction of 7.2%.
		• Increase percentage renewable energy through the installation of solar panels	On track

The 2017 results will be explained in more in detail in the following sections.

Increased fund and asset sustainability performance

Sustainability performance at Fund level

Benchmarking based on GRESB enables the Retail Fund to improve sustainability. It provides us with the information we need to report the performance and targets within our assets on a regular basis. We use the GRESB tool to report annually on the Fund's CSR performance. We can therefore add new objectives or actions after the assessment.

In 2014, the Fund was awarded Green Star status in the annual GRESB assessment. The Fund has retained this status to this day. In 2016, GRESB introduced a new star-rating, which is based on the GRESB score and its quintile position relative to the GRESB universe. The Fund was awarded a four-star status in 2016 (on a scale of 1-5). The target for 2017 was to retain this status, to improve the overall score and outperform the Fund's peer group. The Fund did outperform its peer group and is currently third of eight in the ranking for Dutch Retail funds. The Fund was again awarded four-star status;   the overall score remained the same at 74 (GRESB average 63).

Sustainability performance at asset level

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

The Fund received a BREEAM award for its efforts in responsible and sustainable investing in real estate at the 2017 BREEAM Awards in London. The award is part of a new category that resulted from cooperation between BREEAM and GRESB and constitutes international recognition for real estate investors that have played a leading role in implementing sustainability accreditation across their portfolio assets. In addition, the award also takes into account the level of effort made to implement sustainability measures throughout the portfolio and the corporate commitment to achieving higher goals.

The 2017 target for sustainability measures was to achieve a BREEAM 'Good' rating for new developments, acquisitions and major renovations in the portfolio and to make progress with BREEAM labelling to ensure 100% BREEAM labelling of all shopping centres by the end of 2018. In 2017, six assets received a BREEAM-NL In-Use or New Construction and Renovation certificate. In addition, six assets completed the self-assessment scan, which is a first step towards applying for certification. The Fund has devised an asset sustainability plan for each asset aimed at improving sustainability performance. As planned, the other assets will be labelled in 2018.

The figure below shows all certificates obtained per asset.

BREEAM label per asset

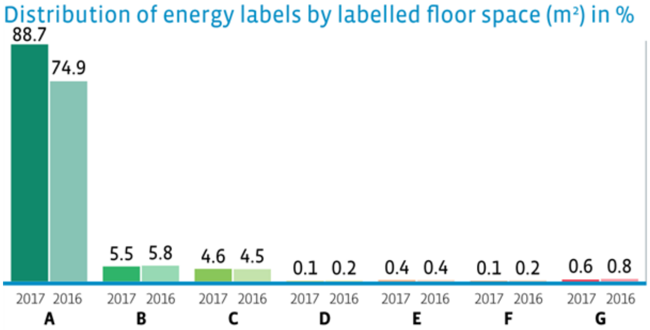
Asset	BREEAM-label	Type
Westerhaven, GRONINGEN	Pass	In-Use
Makado, PURMEREND	Pass	In-Use
Goverwelle, GOUDA	Good	In-Use
De Promesse, LELYSTAD	Good	In-Use
Damrak, AMSTERDAM	Very Good	Ontwerp
Nieuwendijk 196, AMSTERDAM	Very Good	Ontwerp
Spui/Grote Marktstraat, THE HAGUE	Good*	In-Use
De Munt, WEERT	Good*	In-Use
Heyhoef, TILBURG	Pass*	In-Use
Molenhoekpassage, ROSMALEN	Good*	In-Use
Maasplaza, DORDRECHT	Very Good*	In-Use
Boterhoek, BEST	Pass*	In-Use

* Self-assessment ready

Another target related to the sustainability at asset level was to achieve a 100% green (energy label A, B, C) portfolio at year-end 2018. In 2017, the fund also carried out measures to increase the sustainability of its assets. The sustainable redevelopment of Molenhoek shopping centre in Rosmalen, which included adding insulation to the outer facade of concrete plates and renewing the roof area, improved the centre's energy label to A from G. In addition, the new shopping centres Stadionplein and Mosveld in Amsterdam also obtained an A label. This led to a sharp increase in the total assets with a green label to 98.8% (2016: 85.2%), indicating a good overall level of energy efficiency for the portfolio.

Distribution of energy labels in the portfolio

Distribution of energy labels by labelled floor space (m^2) in %



Increased community and stakeholder engagement

Cooperation and engagement with our tenants and other stakeholders is an essential part of our sustainability strategy. We firmly believe that we can achieve the most by working with all our clients and other stakeholders, sharing ideas and devising innovative solutions to the challenges we all face.

Tenant engagement and satisfaction

The Retail Fund conducts a bi-annual tenant satisfaction survey, which provides insight into the satisfaction of tenants and highlights potential improvements. We discussed the results with our property managers and agreed targets, all aimed at further improving tenant satisfaction. The overall score in 2017 was 6.5 (2015: 5.8) and the participation rate was 54% (2015: 49%). After a slightly decrease of tenant satisfaction in 2015 this year's survey has shown a substantial increase. All aspects of tenant satisfaction resulted in a much more positive appreciation. The key results of most recent survey (2017) are:

- 217 tenants responded; response rate of 54% (2015: 49%)
- Average satisfaction substantial increased to 6.5 (2015: 5.8)

Green leases

The Retail Fund continued its Green Lease initiative in 2017, adding 19 Green Leases to take the total to 42 Green Leases in the portfolio. These lease agreements incorporate sustainability clauses, with the aim of increasing and enhancing the information exchange between the Retail Fund and its tenants. This in turn creates opportunities to improve environmental performance. Combined with the installation of smart meters at tenant level, the Fund sees this as the first step towards more far-reaching green leases in the future.

Procurement

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

Safety

The Retail Fund applies 'Bewuste Bouwers' sustainable building criteria to all new-build projects and redevelopments. These criteria ensure that the contractor deals with the concerns of local residents, and addresses safety and environmental issues during the construction phase.

Pilot smart real estate management and maintenance

In 2017, the Fund conducted a successful pilot with an online management concept for the effective management and maintenance of properties. The tool helps the Fund to register, schedule, manage and monitor standard inspections and legal inspections, as well as evacuation exercises, certifications and insurance policies. The tool helps the Fund to reduce its strict liability and total costs of ownership. It can lead to savings of up to 15%, while minimising user costs, maintaining the quality and value of the properties and preventing unwanted vacancies. The Fund is planning to continue the roll-out of the tool in 2018 .

Reduced environmental impact

Focus on material topics

The Retail Fund's sustainability strategy is focused on reducing the environmental footprint of the shopping centres or retail assets in its portfolio. It does this by exerting a direct influence on the larger (public) areas of the buildings or complexes, and by investing in improvements that benefit existing and potential tenants. We actively cooperate with existing tenants on initiatives to optimise comfort and energy efficiency. We continue to work with our property managers, local authorities and tenants to provide comfortable, safe and convenient shopping areas in our retail assets. So far, six assets have been assessed or are in the process of being assessed for the 'Keurmerk Veilig Ondernemen' safety certification.

Monitoring performance

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

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

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

The Fund's ambition to increase the coverage and transparency of its environmental impact according to INREV sustainability guidelines is reflected in the summary of key ESG data. For more detailed information on the key performance indicators, please see the Responsible investing performance indicators at the end of this annual report.

Corporate governance

Bouwinvest Dutch Institutional Retail Fund N.V. (the Retail Fund) was established in 2010. Stichting Bedrijfstakpensioenfonds voor de Bouwnijverheid (bpfBOUW, the pension fund for the construction industry) is the Retail Fund's anchor investor. In 2017, Bouwinvest welcomed one new investor to the Fund. The Fund has a transparent governance structure, which ensures effective and efficient management, combined with proper checks and balances. The Fund's governance structure consists of a General Meeting of Shareholders, a Shareholders' Committee and a Board of Directors.

Fund governance

The Retail Fund is governed in a robust framework with systems and processes to manage risks appropriately. Safeguarding the interests of our investors, integrity and transparency play a key role in the Fund's governance principles:

- Independent compliance function
- Conflicts of interests policy
- 'Checks and balances' framework with four lines of defence
- Robust process management: ISAE 3402 type II certified
- AIFMD compliant
- Independent depositary appointed

Rules and principles governing day-to-day business

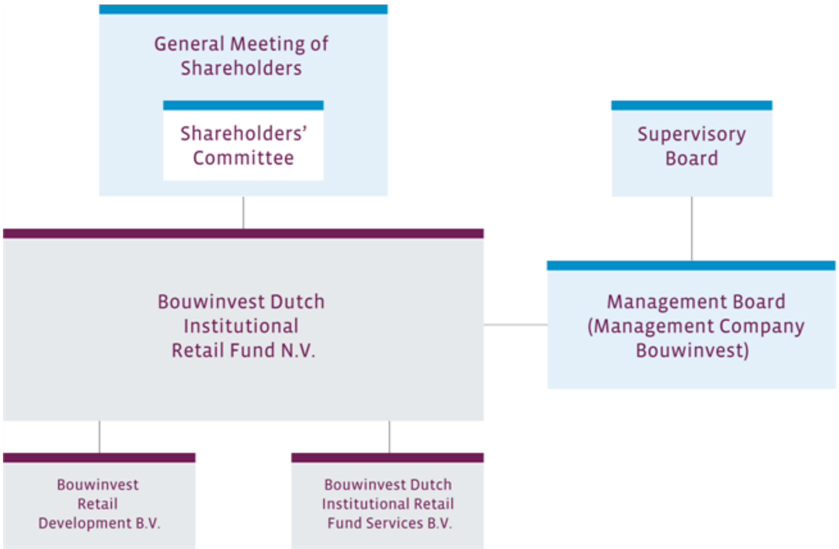
- Best-in-class system for valuation of assets
- '4-eyes-principle' on all real estate investments
- Transparency and integrity in daily business conduct
- Code of conduct
- Shareholder communications

Structure of the Fund

The Retail 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 Investment Management B.V. (Bouwinvest) is the Fund's Statutory Director and management company, subject to the terms of 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) and of the Dutch Central Bank (DNB).

The Fund owns two taxable subsidiaries, Bouwinvest Retail Development B.V. and Bouwinvest Dutch Institutional Retail Fund Services B.V. These subsidiaries perform activities that may 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. performs development activities for the investment portfolio of the Fund while Bouwinvest Dutch Institutional Retail Fund Services B.V. renders services that are ancillary to the renting activities of the Fund.

Fund governance structure



Shareholders' Committee

The Shareholders' Committee comprises a maximum of five shareholders: one representative of each of the four shareholders with the largest individual commitment and one member to represent the collective interests of all other shareholders. The members of the Shareholders' Committee shall be appointed by the Shareholders as of the annual general meeting for a period of one year.

Role of the Shareholders' Committee

The role of the Shareholders' Committee is to approve certain specified resolutions by the management company and to be consulted with regard to certain resolutions specified in the Terms and Conditions. The responsibility for proper performance of its duties is vested in the Shareholders' Committee collectively. In 2017, the Shareholders' Committee met once to discuss the Fund Plan and had a conference call about amendments to the Fund documentation.

General Meeting of Shareholders

Shareholders of the Retail Fund must be qualified 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 resolutions that have a substantial impact on the Retail Fund and its risk profile (see governance matrix).

Governance matrix

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

The rights of the General Meetings of Shareholders and the Shareholders' Committee are specified in more detail in the Information Memorandum of the Fund and the Fund Documents.

Anchor investor

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

Management company

Bouwinvest is charged with the management and administration of the Fund. It is authorised to conduct any and all 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 company. bpfBOUW holds 100% of the shares in Bouwinvest.

Board of Directors

Bouwinvest has a Board of Directors, consisting of one Statutory Director, also Chairman of the Board, and three managing directors: the Managing Director Finance & Risk, the Managing Director Dutch Investments and the Managing Director International Investments. The Statutory Director is appointed by the General Meeting of

Shareholders of Bouwinvest following nomination by Bouwinvest's Supervisory Board. The Board of Directors is governed by a set of regulations that also outline its tasks and responsibilities.

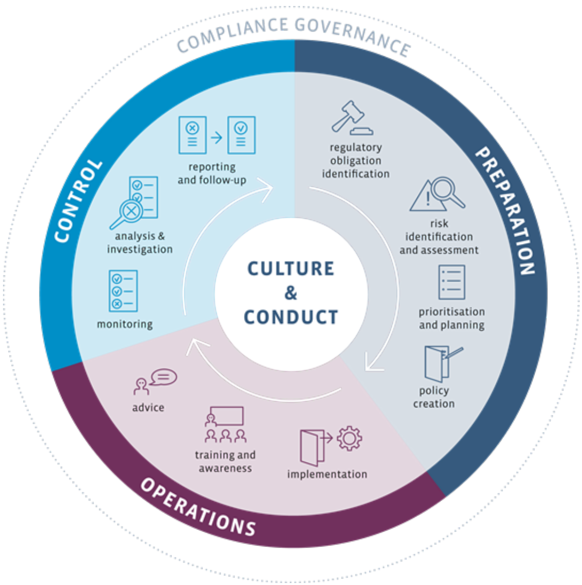
Supervisory Board
Bouwinvest has an independent Supervisory Board with a minimum of three and a maximum of five members. The Supervisory Board currently has four members. The maximum term of office is four years, with the possibility of reappointment for an additional four years. The role of the Supervisory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

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

Compliance
Bouwinvest has a dedicated Compliance function that identifies, assesses, advises on, monitors and reports on the company's compliance risks. For the planning, execution and reporting of all compliance activities, the compliance function employs the Bouwinvest Compliance Cycle. This cycle contains ten groups of activities that are key for the compliance function. The compliance risks include the risk of legal or regulatory sanctions, financial loss, or loss of reputation that the management company may suffer as a result of any failure to comply with applicable financial regulations, codes of conduct and standards of good practice. The compliance officer reports to the Statutory Director on a monthly basis, as well as to the chairman of the Supervisory Board on issues related to the Board of Directors.

Compliance cycle



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 2017, there were no conflicts of interest as referred to in the Bouwinvest Conflicts of Interest Policy, either between the members of the Board of Directors, the management company, the Fund and/or other funds managed by the management company.

Funds managed by Bouwinvest

Bouwinvest manages the following funds:

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

Bouwinvest has a separate mandate from bpfBOUW for the management of international real estate investments, Bouwinvest Dutch Institutional Hotel Fund N.V. and Bouwinvest Dutch Institutional Healthcare Fund N.V.

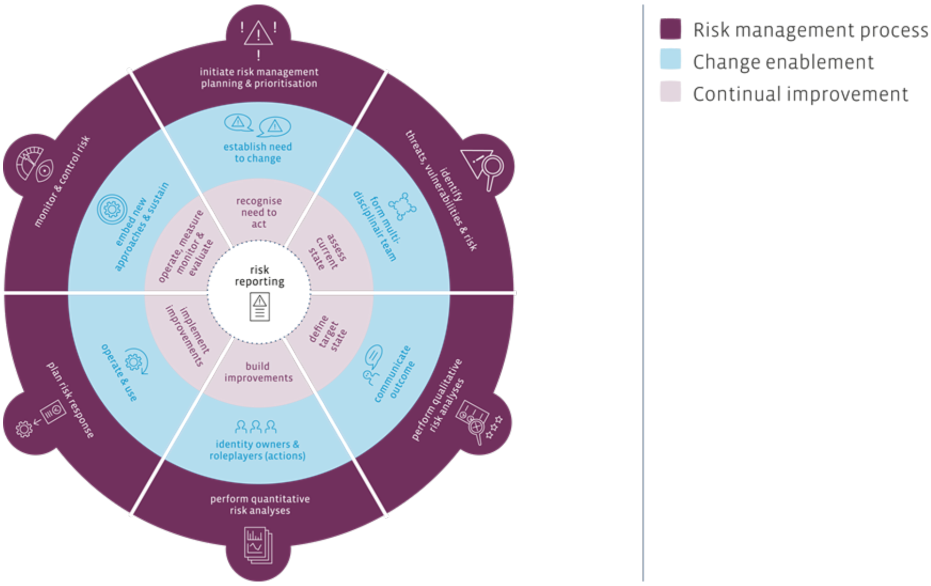
External auditor

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

Risk management

Risk management and compliance

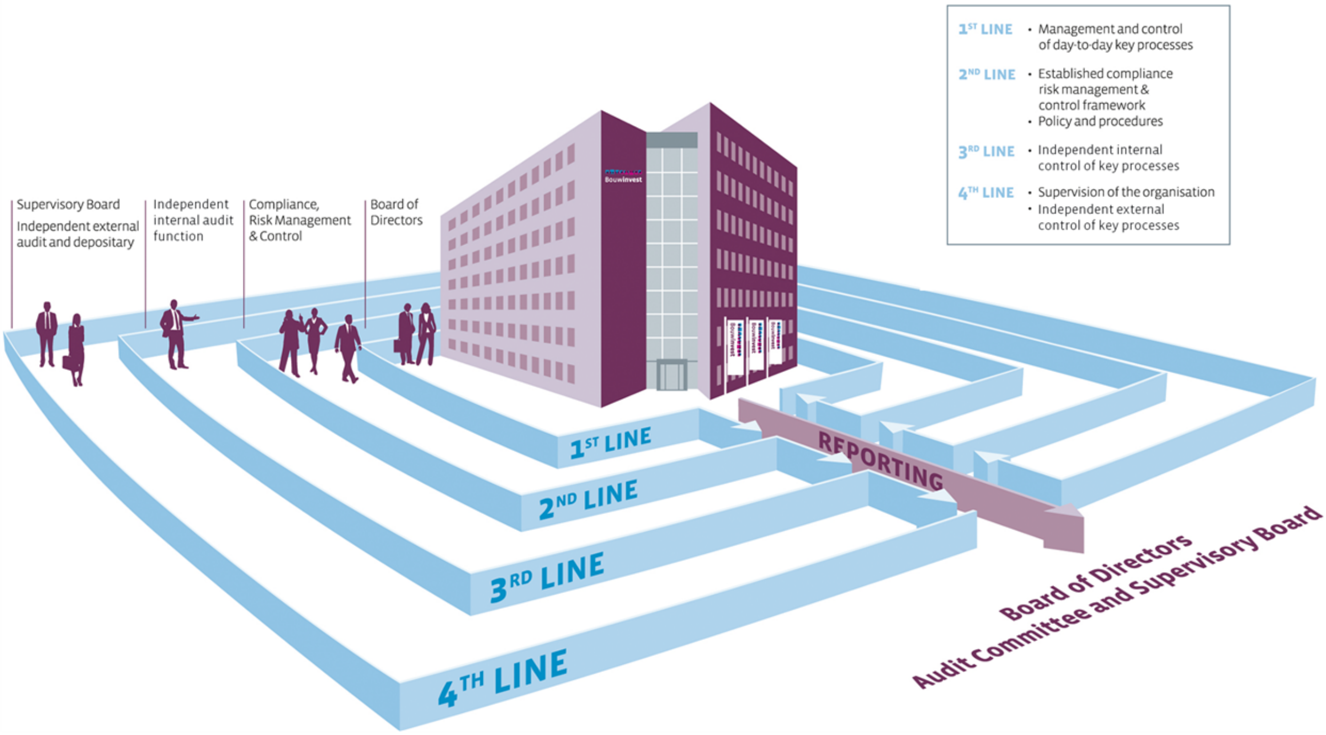
Risk management and compliance are independent functions within Bouwinvest. Their role is to identify, assess, advise on, monitor and report on financial, operational and compliance risks faced by the Fund. In 2017, Bouwinvest continued to refine and enhance its risk and compliance capabilities. It also introduced new policies and renewed quarterly risk reporting formats for the Fund.



Risk management framework

Bouwinvest has implemented a risk management framework based upon the principles of The Committee of Sponsoring Organizations of the Treadway Commission (COSO). It is an Enterprise Risk Management Framework (ERMF), covering all activities of the Fund at all levels. To ensure that its risk management framework is operational and effective, Bouwinvest has established an Accountability and Monitoring policy, consisting of the ‘Four lines of defence’. This policy puts risk management into practice by using Management (1st line), Risk-compliance-control (2nd line), Internal audit (3rd line) and External audit - Supervisory Board (4th line) as defence functions.

Bouwinvest's lines of defence



Major risk factors and corrective measures

Within the domain of the Retail Fund, we distinguish the following risk clusters:

- Market risks
- Strategic risks
- Management risks

Market risks

Market risks focus on the Fund's exposure to adverse market developments. Such developments can affect both the Fund's direct and indirect return. In the quarterly fund reporting the following Key Risk Indicators (KRIs) are shown to reflect the Fund's current risk situation and future risk outlook:

- Occupancy
- Operational expenditure
- Remaining lease term
- Counterparty risk
- Valuation movement

Occupancy

The occupancy KRI reflects the current and expected occupancy situation for the Fund. Occupancy depends on market demand, availability of competitive propositions and fund portfolio positioning in the market. Occupancy is an important driver for the expected direct return of the Fund. Because of its importance for direct return it can also affect the Fund's indirect return considerably.

Operational expenditure

The Fund’s direct return, its ability to pay out dividends to its shareholders, also depends on its expected expenditure. As in the case of the occupancy KRI, the direct return performance can also have a significant impact on the indirect performance. The operational expenditure KRI reflects cost performance compared to planned cost. On top of that, the Fund’s quarterly reports include an asset manager outlook for cost performance.

Remaining lease term
In commercial real estate like that of the Retail Fund most of the leases are contracted with a fixed term. The average weighted remaining lease term serves as a KRI to reflect the uncertainty of future direct returns. The outlook for this KRI indicates whether the asset manager expects this uncertainty to increase or decrease.

Counterparty risk
Counterparty risk is the risk that parties the Fund has agreements with will default. This risk is largely determined by the ability of its tenants to fulfil their contractual obligations. For the Retail Fund, this risk is mitigated by active credit management and critical tenant selection.

Valuation movement
The valuation movement KRI indicates the fund return driven by revaluations and it reflects the outlook for this indicator. All properties owned by the Fund are revaluated by external appraisers either on a quarterly (standing properties) or on an annual (non-standing properties) basis. This revaluation is the most important driver for the Fund's indirect return.

Strategic risks
Strategic risks focus on the Fund's ability to achieve its strategic goals. These goals focus primarily on sustainable long term fund performance. In the quarterly fund reporting the following Key Risk Indicators (KRIs) are shown to reflect the Fund’s current risk situation and future risk outlook:

- Asset risk mix
- Segment fulfillment
- Sustainability
- Acquisition and disposal

Asset risk mix
Different assets in the Fund’s portfolio provide propositions with different levels of risk. Each property is scored in a risk return assessment model and assigned a risk category accordingly. In order to optimise fund return while considering the Fund’s risk appetite, Fund goals are set for each of the three risk categories. The KRI for asset risk mix shows whether or not the Fund is able to match its portfolio to the risk appetite it is aiming for.

Segment fulfilment
Based on analysis and investment beliefs the Retail Fund has specific strategic goals related to the type of assets it aims to own. More specifically, the Fund is focusing its investment activities on high street retail and shopping centres. The Segment fulfilment KRI focuses on the ability of the Fund to attain the segment distribution it is aiming for.

Sustainability
To ensure that the Fund is future proof and able to provide long-term stable returns, the Fund has set sustainability goals. This KRI will show whether or not the Fund is currently able to meet its sustainability goals.

Acquisition and disposal
To meet investor demand, the Fund is aiming for a portfolio of a certain size. The acquisition and disposal KRIs show the Fund’s (expected) ability to meet its portfolio size targets.

Management risks
This refers to the risk that Bouwinvest’s management of the Retail Fund, including its management and control of the risks it faces, may in some way be inadequate or ineffective. This would affect the Fund’s direct and indirect returns. This risk is subdivided into the following risk elements:

- Fund specific legal or regulatory risk
- Fund manager continuity and reputation

Fund specific legal or regulatory risk
The aim of this KRI is to enable Fund management to notify investors of any large regulatory or legal circumstances that may affect or are already affecting the Fund's performance. To minimise any legal or regulatory irregularities, Bouwinvest has an experienced legal staff.

Fund manager continuity and reputation

Bouwinvest is responsible for the fund management organisation. If Bouwinvest sees any threats to its functioning as a fund manager, for instance in terms of damaged reputation or threatened continuity, this KRI will be used to inform investors. Going forward, Bouwinvest as a manager will continue to aim for the highest possible standards of integrity.

To control operational and integrity risks, there is a management agreement in place that determines Bouwinvest's responsibilities as the Retail Fund's management company. Bouwinvest's ISAE 3402 certification provides investors with reassurance on the risk management, including risk definition and control measures, of all key processes of the company's day-to-day operations.

Alternative Investment Fund Managers Directive (AIFMD)

Since 2014, Bouwinvest has an AFM licence as required by the AIFMD. This licence allows Bouwinvest's real estate funds to manage funds that are open for institutional investors other than bpfBOUW. The AIFMD specifies certain transparency and integrity-related requirements for Alternative Investment Funds. In 2017, Bouwinvest continued to optimise its reporting processes and streamlined its cooperation with depositary Intertrust Depositary Services B.V.

Monitoring and reporting

Monitoring risks is embedded in the daily activities of the responsible line manager and is an integral part of the planning and control cycle. Bouwinvest monitors all the defined risks via key risk indicators, supported by the performance reporting and business incidents reporting processes. Each quarter, the Board of Directors is provided with a risk report, including the risk indicators indicated above and actions necessary to limit or mitigate risk, if there is a deviation between the outcome and the pre-determined norm. The Fund continued to enhance its system for reporting and monitoring risk in 2017. These improvements enable management to act in a timely manner to counteract or mitigate risk.

Financial statements

Consolidated statement of comprehensive income

All amounts in € thousands, unless otherwise stated

	Note		2017		2016
Gross rental income	6	49,410		44,786	
Service charge income	6	1,931		1,779	
Other income		58		138	
Revenues			**51,399**		**46,703**
Service charge expenses		(2,092)		(1,813)	
Property operating expenses	7	(6,894)		(6,571)	
			(8,986)		**(8,384)**
Net rental income			**42,413**		**38,319**
Result on disposal of investment property			**110**		**137**
Positive fair value adjustment completed investment property		46,463		29,213	
Negative fair value adjustment completed investment property		(21,332)		(28,696)	
Net valuation gain (loss) on investment property	12		**25,131**		**517**
Net valuation gain (loss) on investment property under construction	13		**(1,913)**		**29,398**
Administrative expenses	8		(4,475)		(4,013)
Result before finance result			**61,266**		**64,358**
Finance result	9	(140)		(107)	
Net finance result			**(140)**		**(107)**
Result before tax			**61,126**		**64,251**
Income taxes	10		(67)		(1)
Result for the year			**61,059**		**64,250**
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			**61,059**		**64,250**
Net result attributable to shareholders			61,059		64,250
Total comprehensive income attributable to shareholders			**61,059**		**64,250**
Distributable result	19		37,731		34,198
Pay-out ratio	19		100%		100%

Consolidated statement of financial position

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2017	2016
Assets			
Non-current assets			
Investment property	12	864,868	765,613
Investment property under construction	13	11,941	12,711
		876,809	**778,324**
Current assets			
Trade and other current receivables	14	520	1,285
Cash and cash equivalents	15	21,486	53,311
		22,006	**54,596**
Total assets		**898,815**	**832,920**
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		327,089	312,172
Share premium		361,679	348,515
Revaluation reserve		200,128	163,514
Retained earnings		(61,059)	(64,250)
Net result for the year		61,059	64,250
Total equity	16	**888,896**	**824,201**
Current liabilities			
Trade and other payables	17	9,919	8,719
Total liabilities		**9,919**	**8,719**
Total equity and liabilities		**898,815**	**832,920**

Consolidated statement of changes in equity

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

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

* See explanation dividend restrictions in Note 16.

For 2016, 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 2016	**291,013**	**318,992**	**128,330**	**(32,150)**	**32,150**	**738,335**
Comprehensive income						
Net result	-	-	-	-	64,250	64,250
Total comprehensive income	**-**	**-**	**-**	**-**	**64,250**	**64,250**
Other movements						
Issued shares	21,159	33,841	-	-	-	55,000
Appropriation of result	-	-	-	32,150	(32,150)	-
Dividends paid	-	(4,318)	-	(29,066)	-	(33,384)
Movement revaluation reserve	-	-	35,184	(35,184)	-	-
Total other movements	**21,159**	**29,523**	**35,184**	**(32,100)**	**(32,150)**	**21,616**
Balance at 31 December 2016	**312,172**	**348,515**	**163,514**	**(64,250)**	**64,250**	**824,201**

* See explanation dividend restrictions in Note 16.

Consolidated statement of cash flows

All amounts in € thousands

	Note	2017	2016
Operating activities			
Net result		61,059	64,250
Adjustments for:			
Valuation movements		(23,218)	(29,915)
Result on disposal of investment property		(175)	(137)
Net finance result		140	107
Movements in working capital		1,331	(39)
Cash flow generated from operating activities		**39,137**	**34,266**
Interest paid		(140)	(107)
Interest received		-	-
Cash flow from operating activities		**38,997**	**34,159**
Investment activities			
Proceeds from sales of investment property		625	1,839
Payments of investment property		(60,833)	(10,896)
Payments of investment property under construction		(14,250)	(21,033)
Cash flow from investment activities		**(74,458)**	**(30,090)**
Finance activities			
Proceeds from the issue of share capital		40,000	55,000
Dividends paid		(36,364)	(33,384)
Cash flow from finance activities		**3,636**	**21,616**
Net increase/(decrease) in cash and cash equivalents		(31,825)	25,685
Cash and cash equivalents at beginning of year		53,311	27,626
Cash and cash equivalents at end of year	15	**21,486**	**53,311**

Notes to the consolidated financial statements

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 18 April 2018, 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 2017 was a normal calendar year from 1 January to 31 December 2017.

2.1 Basis of preparation

Statement of compliance

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

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

Statement of comprehensive income

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

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

In 2017, the Fund did not adopt any new or amended standards and does not plan the early adoption of any of the standards issued but not yet effective.

Below is a list of the amendments to IFRSs and the new Interpretations that are mandatorily effective for accounting periods that begin on or after 1 January 2017.

- Amendments to IAS 7: Disclosure Initiative
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

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

New and amended standards and interpretations, effective for financial years beginning on or after 1 January 2018 Standards issued but not yet effective

Standards issued but not yet effective up to the date of the issuance of the Fund's financial statements are listed below:

- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15, effective 1 January 2018
- IFRS 9 Financial Instruments, effective 1 January 2018
- IFRS 16 Leases
- Amendments to IAS 40: Transfers of Investmenty Property
- Clarifications to IFRS 15 Revenue from Contracts with Customers
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions
- Annual Improvements to IFRS Standards 2014–2016 Cycle
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

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

New and amended standards and interpretations not yet adopted by the European Union

The standards, amended standards and interpretations that have not yet been adopted by the European Union are not yet being applied by the Fund.

- Annual Improvements to IFRS Standards 2015-2017 Cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRS 17 Insurance Contracts
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Prepayments Features with Negative Compensation
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
- Amendments to IAS 19 Plan Amendments, Curtailment or Settlement

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

Preparation of the financial statements

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

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

2.2 Basis of consolidation

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

The following entities are included in the consolidated financial statements:

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

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

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

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

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

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

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

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

2.3 Investment property

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

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

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

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

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

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

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

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

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

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

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

2.4 Investment property under construction

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

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

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

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

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

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

2.5 Financial instruments

Financial assets

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

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

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

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

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

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

Financial liabilities

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

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

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

2.6 Prepayments

Prepayments are stated at cost less any accumulated impairment losses.

2.7 Cash and cash equivalents

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

2.8 Issued capital

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

2.9 Trade and other payables

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

Tenant deposits

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

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

2.10 Dividend distribution

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

2.11 Rental income

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

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

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

2.12 Service charges, property operating expenses and administrative expenses

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

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

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

2.13 Other income

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

2.14 Finance income and expenses

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

2.15 Cash flow statement

Cash flows are stated according to the indirect method.

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

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

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

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

3 Financial risk management

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

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

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

(I) Foreign exchange risk

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

(II) Price risk

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

(III) Interest rate risk

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

(IV) Hedging risk

The Fund has no hedging instruments in use.

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

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

The carrying amounts of the financial assets represent the maximum credit risk. The combined carrying amount on the reporting date was made up as follows:

(I) The Fund's maximum exposure to credit risk by class of financial asset was as follows:

	2017	2016
Trade and other receivables, net of provision for impairment (Note 14)		
Rent receivables from tenants	520	361
Other financial assets	-	924
Cash and cash equivalents (Note 15)	21,486	53,311

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.

(II) Analysis by credit quality of financial assets was as follows:

	2017	2016
Trade and other current receivables		
Neither past due nor impaired	-	924
Total neither past due nor impaired	**-**	**924**
Past due but not impaired		
Less than 30 days overdue	137	339
30 to 90 days overdue	-	-
Total past due but not impaired	**137**	**339**
Individually determined to be impaired (gross)		
30 days to 90 days overdue	71	243
More than 90 days overdue	539	-
Total individually determined to be impaired (gross)	**610**	**243**
Less: impairment provision	(227)	(221)
Total trade and other current receivables, net of provision for impairment	**520**	**1,285**

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. A summary table with maturity of financial assets and liabilities (see below) is used by key management personnel to manage liquidity risks and is derived from managerial reports at Fund level. The amounts disclosed in these tables are the contractual undiscounted cash flows. 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.

The maturity analysis of financial instruments at 31 December 2017 was as follows:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	Total
Assets				
Trade and other receivables	137	71	312	520
Liabilities				
Tenant deposits	-	-	884	884
Trade payables	826	-	-	826
Group companies Bouwinvest	1,627	-	-	1,627
Other financial liabilities	5,074	67	1,441	6,582

The maturity analysis of financial instruments at 31 December 2016 was as follows:

	Demand and less than 1 month	From 1 to 3 months	From 3 to 12 months	Total
Assets				
Trade and other receivables	924	361	-	1,285
Liabilities				
Tenant deposits	-	-	479	479
Trade payables	2,980	-	-	2,980
Other financial liabilities	4,393	-	867	5,260

3.2 Fair value estimation

The carrying amounts of the financial assets and liabilities and their fair values were as follows:

		2017		2016	
As at 31 December	Note	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables (level 2)	14	520	520	1,285	1,285
Cash and cash equivalents (level 1)	15	21,486	21,486	53,311	53,311
Financial liabilities measured at amortised cost and other payables (level 2)	17	(9,919)	(9,919)	(8,719)	(8,719)
		12,087	**12,087**	**45,877**	**45,877**

In addition, 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 operating profit annually to its shareholders as required by tax law. Reference is made to Note 10 [on page 59] . In order to maintain or adjust its capital structure, the Fund may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back shares from shareholders or sell assets to reduce debt.

4 Critical accounting estimates and judgements

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

4.1 Critical accounting estimates and assumptions

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

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

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

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

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

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

5 Retail locations by strategy

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

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

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

Property valuation as at 31 December	2017	2016
Strategy type		
Experience	449,050	404,206
Convenience	214,067	149,075
Other	201,751	212,332
Total	**864,868**	**765,613**

6 Gross rental income and service charge income

	2017	2016
Theoretical rent	52,954	48,498
Incentives	(1,207)	(1,165)
Vacancies	(2,337)	(2,547)
Total gross rental income	**49,410**	**44,786**

The future contractual rent from leases in existence on 31 December 2017, until the end of the contract (accounted for on the basis of the minimum rent) can be analysed as follows:

	2017	2016
First year	51,716	46,862
Second to fifth years	148,387	149,313
More than five year	144,319	152,343

Service charge income represents € 1.9 million (2016: € 1.8 million) income receivable from tenants for the services utilities, caretakers, etc. when the Fund acts as a principal.

7 Property operating expenses

	2017	2016
Taxes	1,872	1,315
Insurance	163	164
Maintenance	1,428	1,738
Valuation fees	159	85
Property management fees	898	811
Promotion and marketing	273	195
Letting and lease renewal fees	686	498
Other operating expenses	1,375	1,221
Addition to provision for bad debts	40	544
Total property operating expenses	**6,894**	**6,571**

In 2017, € 0.1 million (2016: € 0.2 million) of the maintenance expenses related to unlet properties.

8 Administrative expenses

	2017	2016
Management fee Bouwinvest	4,255	3,829
Audit fees	26	24
Other administrative expenses	96	145
Legal fees	-	-
Other Fund expenses	98	15
Total administrative expenses	**4,475**	**4,013**

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

9 Finance expenses

	2017	2016
Finance expenses	140	107
Total finance expenses	**140**	**107**

The Fund had no external loans and borrowings during 2017. The Fund was subject to the negative interest rate development for its bank balances.

10 Income taxes

The Fund is structured as a fiscal investment institution (fiscale beleggingsinstelling, or 'FII') within the meaning of Article 28 of the Dutch Corporate Income Tax Act 1969 (Wet op de vennootschapsbelasting 1969). An FII is subject to Dutch corporate income tax at a rate of 0%, provided that certain requirements are met regarding the Fund's distribution of profits, its activities, leverage and shareholders.

Autumn 2017 the Dutch government announced to close the Dutch FII-regime for direct investments in real estate. This measure should become effective as per 1 January 2020. An alternative fund structure however, the so called closed fund for joint account (besloten FGR), seems a good alternative for investors. For taxation purposes the profits of such fund are atributed to the investors instead of being taxed at fund level.

Given the potential tax costs (transfer tax) and the complexities of a restructuring plus the disadvantages of such alternative structure (in particular concerning liquidity) Bouwinvest supports all efforts that are being made to convince the government not to change the law in this respect.

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.

An FII is obliged to be engaged exclusively in portfolio investment activities, i.e. it may not (partly) conduct an active trade or business. Whether an activity is characterised as a portfolio investment activity or as a business activity for Dutch tax purposes depends on all the relevant facts and circumstances. Additional rules apply for real estate development activities related to the FII's own real estate portfolio. In this respect, an FII may engage in development activities for its own real estate portfolio, provided that the property development is carried out within a taxable subsidiary that carries out the development activities on behalf of the FII. 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.

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.

To qualify as an FII, at least 75% of the Fund must be owned by:

- Individuals
- Entities that are not liable for profit tax and the profits of which are not taxed at the level of the beneficiaries
- Entities that are exempt from profit tax and the profits of which are not taxed at the level of the beneficiaries
- Listed/regulated FIIs

It is also prohibited for entities resident in the Netherlands to collectively own an interest of 25% or more in the Fund through one or more mutual funds or corporate entities not resident in the Netherlands with a capital divided into shares; and no single individual may own an interest of 5% or more.

Retail Development is the taxable subsidiary that carries out development activities for the Retail Fund. The profit before tax of Retail Development is € 310 thousand and the income tax amount to € 67 thousand.

In 2016 the Fund established a taxable subsidiary, Bouwinvest Dutch Institutional Retail Fund Services B.V., which renders services that are ancillary to renting activities of the Fund. Since no services were recognised in 2017, the taxable profit was nihil.

The Retail Fund met the requirements of an FII in 2017. The effective tax rate was 0% (2016: 0%).

11 Employee benefits expense

The Retail Fund has no employees.

12 Investment property

	2017	2017	2016	2016
At the beginning of the year		**763,747**		**521,589**
Transfers from investment property under construction	14,076		232,447	
Investments	60,833		10,896	
Total investments		**74,909**		**243,343**
Transfers to investment property under construction		-		-
Disposals		(450)		(1,702)
Net gain (loss) from fair value adjustments on investment property (like for like)	28,252		(3,381)	
Net gain (loss) from fair value adjustments on investment property	(3,121)		3,898	
In profit or loss		**25,131**		**517**
In other comprehensive income		-		-
Transfers out of level 3		-		-
Total investment property (level 3)		**863,337**		**763,747**
Lease incentives		1,531		1,866
At the end of the year		**864,868**		**765,613**

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 2017, 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 2017, and 1 January 2017, 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 € 1.5 million (2016: € 1.9 million) is deducted from the total fair value of investment properties.

Investments and investment property under construction	2017	2016
Experience	7,617	204,180
Convenience	66,873	38,979
Other	419	184
Total Investments and investment property under construction	**74,909**	**243,343**

Disposals	2017	2016
Experience	(450)	-
Convenience	-	-
Other	-	(1,702)
Total disposals	**(450)**	**(1,702)**

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

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

2016	Experience	Convenience	Other	Total
Current average rent (€/m²)	368	216	179	233
Estimated rental value (€/m²)	395	205	167	231
Gross initial yield	4.2%	6.4%	8.0%	5.8%
Net initial yield	3.9%	5.2%	6.9%	5.0%
Current vacancy rate (LFA m²)	3.2%	14.6%	5.4%	7.2%
Current financial vacancy rate	1.1%	3.6%	9.3%	5.3%
Long-term growth rental rate	2.0%	10.7%	10.2%	15.3%
Average 10-year inflation rate (IPD Nederland)				1.0%

The net valuation gain (loss) for the year included a positive fair value adjustment of € 46.5 million (2016: € 29.2 million) relating to investment properties that are measured at fair value at the end of the reporting period.

As at 31 December 2017, the Fund had unprovisioned contractual obligations for future repairs and maintenance of € 0.3 million (2016: € 0.5 million).

Direct operating expenses recognised in profit or loss include € 0.1 million (2016: € 0.1 million) relating to vacant investment property. Investment property includes buildings held under finance leases. The carrying amount is € nil (2016: € nil).

Sensitivity analysis

The appraisal of the portfolio implies a net initial yield of 4.9% (2016: 5.0%). If the yields used for the appraisals of investment properties on 31 December 2017 had been 100 basis points higher (2016: 100 basis points higher) than was the case at that time, the value of the investments would have been 15.8% lower ceteris paribus (2016: 15.6% lower). In this situation, the Fund's shareholders' equity would have been € 146 million lower (2016: € 128 million lower).

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

		2017		2016
Change rental rates	-5%	5%	-5%	5%
Value of the investment property change	(43,243)	43,243	(38,281)	38,281

		2017		2016
Change net initial yield	– 25 bps	+ 25 bps	– 25 bps	+ 25 bps
Value of the investment property	31,818	(53,625)	40,318	(36,477)

13 Investment property under construction

	2017	2016
At the beginning of the year	**13,166**	**195,182**
Investments	14,764	21,033
Transfer to investment property	(14,076)	(232,447)
Transfer from investment property	-	-
Net gain (loss) from fair value adjustments on investment property under construction	(1,913)	29,398
In profit or loss	**(1,913)**	**29,398**
In other comprehensive income	-	-
Transfers out of level 3	-	-
Total investment property under construction (level 3)	**11,941**	**13,166**
Lease incentives	-	(455)
At the end of the year	**11,941**	**12,711**

	2017	2016
Investment property under construction at fair value	11,941	12,711
Investment property under construction at amortised cost	-	-
As at 31 December	**11,941**	**12,711**

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

Investments and investment property under construction	2017	2016
Experience	-	12,825
Convenience	14,764	8,208
Other	-	-
Total investments and investment property under construction	**14,764**	**21,033**

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

Transfers to investment property	2017	2016
Amsterdam (2016: Rosmalen)	(14,076)	(232,447)
Total transfers to investment property	**(14,076)**	**(232,447)**

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

	2017	2016
Gross initial yield	7.0%	6.7%
Net initial yield	6.4%	6.0%
Long-term vacancy rate	0.3%	0.6%
Average 10 – year inflation rate (IPD Nederland)	0.5%	1.0%
Estimated average percentage of completion	61.0%	82.0%
Current average rent (€/m²)	228	199
Construction costs (€/m²)	3,558	588

14 Trade and other current receivables

	2017	2016
Trade receivables	520	361
Group companies Bouwinvest	-	-
Tax	-	924
Other receivables	-	-
Balance as at 31 December	**520**	**1,285**

15 Cash and cash equivalents

	2017	2016
Bank deposits	-	13,490
Bank balances	21,486	39,821
Balance as at 31 December	**21,486**	**53,311**

The bank balances of € 21.5 million are freely available to the Fund as at 31 December 2017. In order to minimalise the costs of the negative interest rate on the bank balances, during 2017 the Fund used 30-day bank deposits. The bank deposits of have a 30 days' notice period.

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

For 2017, before appropriation of profit

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

* See explanation dividend restrictions in this Note.

For 2016, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2016	**291,013**	**318,992**	**128,330**	**(32,150)**	**32,150**	**738,335**
Comprehensive income						
Net result	-	-	-	-	64,250	64,250
Total comprehensive income	**-**	**-**	**-**	**-**	**64,250**	**64,250**
Other movements						
Issued shares	21,159	33,841	-	-	-	55,000
Appropriation of result	-	-	-	32,150	(32,150)	-
Dividends paid	-	(4,318)	-	(29,066)	-	(33,384)
Movement revaluation reserve	-	-	35,184	(35,184)	-	-
Total other movements	**21,159**	**29,523**	**35,184**	**(32,100)**	**(32,150)**	**21,616**
Balance at 31 December 2016	**312,172**	**348,515**	**163,514**	**(64,250)**	**64,250**	**824,201**

* 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 2017	**312,172**	**312,172**	**348,515**	**660,687**
New shares issued	14,917	14,917	25,083	40,000
Dividend paid	-	-	(11,919)	(11,919)
Balance at 31 December 2017	**327,089**	**327,089**	**361,679**	**688,768**

	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 2016	**291,013**	**291,013**	**318,992**	**610,005**
New shares issued	21,159	21,159	33,841	55,000
Dividend paid	-	-	(4,318)	(4,318)
Balance at 31 December 2016	**312,172**	**312,172**	**348,515**	**660,687**

Issued capital
The authorised capital comprises 1 million shares each with a nominal value of € 1,000. As at 31 December 2017, in total 327,089 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 2017 was determined at the individual property level.

17 Trade and other payables

	2017	2016
Trade payables	826	2,980
Rent invoiced in advance	5,074	4,393
Group companies Bouwinvest	1,627	-
Tenant deposits	884	479
Service charge payments	566	595
Promotion costs	167	101
Tax	67	-
Other payables	708	171
Balance as at 31 December	**9,919**	**8,719**

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

18 Earnings per share

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

	2017	2016
Net result attributable to shareholders	61,059	64,250
Weighted average number of ordinary shares	320,367	297,989
Basic earnings per share (€ per share)	190.59	215.61

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

19 Dividends per share

In 2017, € 36.4 million (2016: € 33.4 million) was paid as dividend. The payment of a dividend over 2017 of € 117.77 per share as at year-end 2017 (2016: € 114.76), amounting to a total dividend of € 37.7 million (2016: € 34.2 million), is to be proposed at the Annual General Meeting of shareholders on 18 April 2018. These financial statements do not reflect this dividend payable.

The dividend proposal for 2017 has not been accounted for in the financial statements. The dividend for 2017 will be paid in cash.

20 Contingent liabilities and assets

As at 31 December 2017, the Fund's total future commitments amounted to € 8 million (2016: € 30 million). These commitments are made up as follows:

	2018	2019
Investment commitments	8	-
	8	**-**

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.

The Retail Fund contracted Bouwinvest Development B.V. to redevelop the projects Damrak and Nieuwendijk in Amsterdam, whereas Bouwinvest Development B.V. outsourced the redevelopment activities to third parties. The Dutch tax authorities have raised questions about the objectivity of the compensation Bouwinvest Development B.V. calculates on its redevelopment activities. This subject is currently discussed with the Dutch tax autorities by Bouwinvest Development B.V. and the Retail Fund, the result is not clear yet.

21 Related parties

The Retail Fund's subsidiairies and members of the Supervisory Board and Board of Directors of (Bouwinvest) and the other entities under management by Bouwinvest, qualify as related parties of the Retail Fund. The Fund paid Bouwinvest a € 4.3 million fee in 2017 (2016: € 3.8 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 Board of Directors of Bouwinvest do not have any material interest in the Fund's voting shares and do not have options on shares. The Fund has not granted any loans to the members of the Bouwinvest Supervisory Board and Board of Directors.

The members of the Bouwinvest Supervisory Board and Board of Directors held no personal interest in the Fund's investments in 2017.

Bouwinvest Development B.V. and Bouwinvest Retail Development B.V. (re)develops part of the investment property for the Fund. In 2017, € 3.0 million (2016: € 17.2 million) was paid to Bouwinvest Development B.V. and Bouwinvest Retail Development B.V. with regard to the projects Nieuwendijk 196 (Amsterdam), Damrak 70 (Amsterdam), Molenhoekpassage (Rosmalen), Westerhaven (Groningen), Goverwelle (Gouda) and Heyhoef (Tilburg).

22 Management fee

Bouwinvest is the manager and the Statutory Director of the Fund. The management fee paid for the year 2017 amounted to € 4.3 million (2016: € 3.8 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.

The remuneration of the members of the Supervisory Board is included in the management fee paid to Bouwinvest.

During the reporting period, the manager, Bouwinvest, is responsible for five funds of which the Residential Fund, Office Fund and Retail Fund are under supervision of the Dutch Financial Markets Authority (AFM). Bouwinvest also has a separate mandate from bpfBOUW for the management of international real estate investments and manages Bouwinvest Development B.V. The remuneration cannot be explicitly allocated per fund and is therefore not available. The remuneration, in line with the AIMFD Article 107, is disclosed in the annual report 2017 of Bouwinvest Real Estate Investment Management B.V., which is filed and public.

23 Audit fees

The table below shows the fees charged over the year 2017 by Deloitte Accountants B.V. and the Deloitte Network in respect of activities for the Retail Fund.

	2017	2016
Audit of the financial statements	26	24
Other audit engagements	-	-
Tax advisory services	-	-
Other non-audit services	-	-
Total fees	**26**	**24**

24 Subsequent events

The Fund has no significant subsequent events that need to be disclosed.

Company balance sheet

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2017	2016
Assets			
Non-current assets			
Investment property		864,868	765,613
Investment property under construction		11,941	12,711
Financial assets	3	1,245	1,006
		878,054	**779,330**
Current assets			
Trade and other current receivables		520	1,285
Cash and cash equivalents		20,587	52,629
		21,107	**53,914**
Total assets		**899,161**	**833,244**
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		327,089	312,172
Share premium		361,679	348,515
Revaluation reserve		200,128	163,514
Retained earnings		(61,059)	(64,250)
Net result for the year		61,059	64,250
Total equity	4	**888,896**	**824,201**
Current liabilities			
Trade and other payables		10,265	9,043
Total liabilities		**10,265**	**9,043**
Total equity and liabilities		**899,161**	**833,244**

Company profit and loss account

All amounts in € thousands, unless otherwise stated

	2017	2016
Profit of participation interests after taxes	239	4
Other income and expenses after taxes	60,820	64,246
Result for the year	**61,059**	**64,250**

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

	2017	2016
As per 1 January	1,006	-
Acquisitions	-	1,002
Net result for the year	239	4
As per 31 December	**1,245**	**1,006**

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 2017, before appropriation of profit

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

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

For 2016, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2016	**291,013**	**318,992**	**128,330**	**(32,150)**	**32,150**	**738,335**
Comprehensive income						
Net result	-	-	-	-	64,250	64,250
Total comprehensive income	**-**	**-**	**-**	**-**	**64,250**	**64,250**
Other movements						
Issued shares	21,159	33,841	-	-	-	55,000
Appropriation of result	-	-	-	32,150	(32,150)	-
Dividends paid	-	(4,318)	-	(29,066)	-	(33,384)
Movement revaluation reserve	-	-	35,184	(35,184)	-	-
Total other movements	**21,159**	**29,523**	**35,184**	**(32,100)**	**(32,150)**	**21,616**
Balance at 31 December 2016	**312,172**	**348,515**	**163,514**	**(64,250)**	**64,250**	**824,201**

* 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 2017, in total 327,089 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 2017 was determined at the individual property level.

Appropriation of profit 2016
The Annual General Meeting of shareholders on 12 April 2017 adopted and approved the 2016 financial statements of the Retail Fund. A dividend of € 114.76 (in cash) per share has been paid. Of the profit for 2016 amounting to € 64.3 million, € 64.3 million was incorporated in the retained earnings.

Proposal for profit appropriation 2017
The management of the Fund proposes to the General Meeting of shareholders that a dividend of € 117.77 (in cash) per share be paid. Of the profit for 2017 amounting to € 61.1 million, € 61.1 million will be incorporated in the retained earnings.

5 Employee benefits expense

The Retail Fund has no employees.

6 Remuneration

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

Signing of the Financial Statements
Amsterdam, 19 March 2018

Bouwinvest Real Estate Investment Management B.V.
Dick van Hal, *Chairman of the Board of Directors and Statutory Director*
Arno van Geet, *Managing Director Finance & Risk*
Allard van Spaandonk, *Managing Director Dutch Investments*
Stephen Tross, *Managing Director International Investments*

Other information

Articles of Association related to the appropriation of profit

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

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

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

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

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

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

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

Independent auditor's report

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

Report on the audit of the financial statements 2017 included in the annual report

Our opinion

We have audited the accompanying financial statements 2017 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 2017, and of its result and its cash flows for 2017 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 2017, and of its result for 2017 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 2017.
2. The following statements for 2017: 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 2017.
2. The company profit and loss account for 2017.
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 € 8,8 million. The materiality is based on 1% of total equity. 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	€ 8,8 million
Basis for group materiality level	1% of total equity
Threshold for reporting misstatements	€ 440 thousand

We agreed with the Board of Directors that misstatements in excess of € 440 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

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

Our group audit mainly focused on significant group entities.

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

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

Our key audit matters

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

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

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

Report on the other information included in the annual report

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

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

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

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

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

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

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

Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

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

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

Amsterdam, March 19, 2018

Deloitte Accountants B.V.

Signed on the original: J. Holland

INREV valuation principles and INREV adjustments

INREV valuation principles

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

Note		Total	Per share	Actual impact on 2017 figures	Actual impact on 2016 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 2017	Per share 2017	Total 2016	Per share 2016
	NAV as per the financial statements	**888,896**	**2,717.59**	**824,201**	**2,640.21**
	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	**888,896**	**2,717.59**	**824,201**	**2,640.21**
	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	7,221	22.08	3,098	9.93
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	**896,117**	**2,739.67**	**827,299**	**2,650.14**
	Number of shares issued	327,089		312,172	
	Number of shares issued taking dilution effect into account	327,089		312,172	
	Weighted average INREV NAV	864,226		780,921	
	Weigthed average INREV GAV	874,695		795,146	
	Total Expense Ratio (NAV)	0.53%		0.52%	
	Total Expense Ratio (GAV)	0.52%		0.52%	
	Real Estate Expense Ratio (GAV)	0.79%		0.82%	

Notes to the INREV adjustments

All amounts in € thousands, unless otherwise stated

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

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

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

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

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

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

As per 31 December 2017, no dividends are recorded as a liability, no adjustment is included.

3 Revaluation to fair value of investment property

After initial recognition, investment property is valued at fair value under the fair value option of IAS 40. Therefore no adjustment had to be made as per 31 December 2017.

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 2017.

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 2017, 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 2017, 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 2017, 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 2017, 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 2017, 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 2017, no adjustment had been made since the financial assets and liabilities accounted for in the Statement of financial position are not materially different with the fair value of the financial assets and liabilities in accordance with the fair value principles of IFRS 13.

11 Revaluation to fair value of construction contracts for third parties

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

As per 31 December 2017, 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 2017, the set-up costs of the Fund have been amortised, so no adjustment had been made per 31 December 2017.

13 Acquisition expenses

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

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

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

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

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

Capitalised acquisition costs as per 31 December 2016	3,098
Acquisition costs 2017	5,838
Amortisation acquisition costs in 2017	(1,715)
Adjustment NAV (excluding tax)	**7,221**

14 Contractual fees

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

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

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

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

The Fund has no investment property structured in special vehicles. As per 31 December 2017, no adjustment had been made due to the fact that it is impossible to sell investment property via a share deal. Therefore, there is no possibility of an additional reduction of the transfer tax or purchaser's costs that might lead to a higher sales price.

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

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

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

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

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

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

As per 31 December 2017, no adjustment had been made since the Fund has no subsidiaries.

18 Goodwill

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

As per 31 December 2017, 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 2017, 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 2017 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 77 up to and including page 83.

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 77 up to and including page 83.

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 19, 2018

Deloitte Accountants B.V.

Signed on the original: J. Holland

Shareholders' information & Client Management

Legal and capital structure

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

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

Shareholders

Name shareholder	Number of shares at year-end 2017
Shareholder A	290,225
Shareholder B	17,193
Shareholder C	8,256
Shareholder D	6,780
Shareholder E	3,847
Shareholder F	788
Total	**327,089**

Dividend

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

The Board of Directors proposes to pay a dividend of € 117.77 per share for 2017 (2016: € 114.76), 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, 75.0% was paid out in the course of 2017. The fourth instalment was paid on 26 February 2018. The rest of the distribution over 2017 will be paid in one final instalment following the Annual General Meeting of shareholders on 18 April 2018.

Shareholders' calendar

6 March 2018	Payment interim dividend fourth quarter 2017
18 April 2018	Annual General Meeting of Shareholders
26 April 2018	Payment of final dividend 2017
15 May 2018	Payment interim dividend first quarter 2018
13 June 2018	Shareholders Committee
14 August 2018	Payment interim dividend second quarter 2018
6 November 2018	Shareholders Committee
13 November 2018	Payment interim dividend third quarter 2018
5 December 2018	General Meeting of Shareholders
26 February 2019	Payment interim dividend fourth quarter 2018

Investor relations

Client management

Bouwinvest aims for the highest level of transparency in its communications on the financial situation, strategy, plans and other information relevant to its existing and potential investors and other stakeholders. All the information Bouwinvest publishes via various channels is also available on the Bouwinvest Investor Portal.

In addition to the regular information outlined above, Bouwinvest organised a number of investor relations activities in 2017, including road shows, property tours, a seminar and one-on-one meetings with (potential) investors, plus we attended several high-profile real estate conferences to present the management organisation, its strategy and its vision on real estate to (potential) investors.

For further information on Bouwinvest's client management activities, please visit the corporate website at Bouwinvest.nl. You can also contact the Client Management department at ir@bouwinvest.nl or Karen Huizer, Director Client Management: +31 (0)20 677 1598.

Enclosure

Management company profile

Bouwinvest Real Estate Investment Management B.V. (Bouwinvest) is one of the largest Dutch institutional real estate investment managers. Bouwinvest strives to achieve risk-adjusted returns on behalf of its pension fund clients. Bouwinvest manages €9.4 billion in assets within five Dutch property sector funds and international real estate investments in Europe, North America and the Asia-Pacific region.

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

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

Composition of the Board of Directors

Chairman of the Board of Directors and Statutory Director
D.J. (Dick) van Hal (1958, Dutch)

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

Managing Director Finance & Risk
A. (Arno) van Geet (1973, Dutch)

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

Managing Director Dutch Investments
A. (Allard) van Spaandonk (1961, Dutch)

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

Managing Director International Investments
S.A. (Stephen) Tross (1967, Dutch)

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

Director Dutch Retail Investments
C. (Collin) Boelhouwer (1976, Dutch)

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

Contact information

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Real estate notary
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The Netherlands

KroesePaternotte
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The Netherlands

Glossary

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

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

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 (IPD methodology).

Distributable result
Distributable result is the 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.

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.

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

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

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

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

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

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

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

Investment property
Property that is fully operational on the reporting date

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

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

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

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.

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

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

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

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

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

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

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

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

Responsible investing performance indicators

Fund and asset sustainability performance

Impact area	Indicator	Measure	Units of measure	2017	2016	% change
Benchmark, certificates and labels	GRESB	Star rating	stars	4	4	0%
	GRESB	Overall score (GRI-CRESS: CRE8)	#	74	74	0%
	EPC	Labelled floor space (GRI-CRESS: CRE8)	%	100%	87%	15%
		Green labelled floor space (A, B or C label)	%	98.8%	85.2%	16%
		Average energy index	#	0.87	0.91	-5%
		Number of DUO Labels	#	536	454	18%
	BREEAM	Green Building Certificates floor space (BREEAM or GPR) (GRI-CRESS: CRE8)	%	30%	19%	58%

Stakeholder engagement performance

Impact area	Indicator	Measure	Units of measure	2017	2016	% change
Tenant engagement	Leases	Number of new leases	#	49	87	-44%
		Number of green leases	#	42 of 530	23 of 474	83%
	Tentant satisfaction	Response rate (GRI: PR5)	%	54%	49%	10%
		Average total score (GRI: PR5)	#	6.5	5.8	12%

Environmental impact performance

Impact area	Indicator	Measure	Units of measure	2017 (Abs)	2016 (abs)	% change (LfL)
Energy	Electricity	Total landlord-obtained electricity (GRI: EN4)	MWh	3,156	3,072	-1.1%
	Gas	Total gas consumption (GRI: EN3)		2,366	2,549	-15.1%
	District heating and cooling	Total district heating and cooling (GRI: EN4)		0	0	0.0%
	Total	Total energy consumption from all sources (GRI: EN4)		5,522	5,621	-7.2%
	Energy intensity	Building energy intensity (GRI-CRESS: CRE1)	kWh/m²/ year	28	34	-7.2%
		Energy and associated GHG disclosure coverage		48 of 49	46 of 47	
GHG emissions	Direct	Scope 1 (GRI: EN15)	tonnes CO2e	458	493	-15.1%
	Indirect	Scope 2 (GRI: EN16)		1660	1616	-1.1%
	Total	Total GHG emissions (GRI: EN16) Scope 1 and 2		2118	2109	-4.2%
		Total GHG emissions after compensation		458	493	-15.1%
	GHG emissions intensity	GHG intensity from building energy (GRI-CRESS: CRE3)	kg CO2e/m²/ year	11	13	-4.2%
Water	Total	Total water consumption (GRI:EN8)	m³	2650	116	0
	Water intensity	Building water intensity (GRI-CRESS: CRE2)	m³/m²/year	0.11	0.01	0.0%
Waste	Total	Total waste collected (GRI: EN22)	tonnes	162	95	2.0%
		Recycling rate	%	8%	12%	-4.5%

Reporting of performance indicators

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

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

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

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

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

Properties overview

Municipality	Street name/property name	Floor space (in m²)	Year of construction/ renovation	Type by strategy	Theoretical gross annual rent as per 31 December 2017	Financial occupancy rate (average)
AMSTERDAM	Damrak 70	23,051	2016	Experience	7,503	100.0%
AMSTERDAM	Nieuwendijk 196	5,171	2015	Experience	3,287	100.0%
AMSTERDAM	Nieuwendijk 92	123	1900	Experience	124	100.0%
AMSTERDAM	Nieuwendijk 94	206	1900	Experience	130	96.6%
AMSTERDAM	Nieuwendijk 107	102	1900	Experience	92	100.0%
AMSTERDAM	Ferdinand Bolstraat 105	138	1900	Experience	61	100.0%
AMSTERDAM	Beethovenstraat 67	104	1900	Experience	59	100.0%
AMSTERDAM	PC Hooftstraat 125	218	1900	Experience	218	100.0%
AMSTERDAM	Wolvenstraat 10	180	1900	Experience	121	100.0%
AMSTERDAM	Shopping Centre Dukaat	5,438	1999	Convenience	1,067	94.3%
AMSTERDAM	Stadionplein	4,453	2015	Convenience	1,346	88.8%
AMSTERDAM	Mosveld	7,635	2015	Convenience	1,791	85.4%
APELDOORN	Hoofdstraat 107-115	4,625	2012	Experience	997	97.8%
APELDOORN	t Fort	6,550	2001	Convenience	1,277	92.2%
BERGEN OP ZOOM	Shopping Centre De Parade	15,220	2009	Other	2,508	94.2%
BERKEL EN RODENRIJS	Shopping Centre Berkel Center	10,496	1997	Other	2,277	97.2%
BEST	Shopping Centre Boterhoek	1,617	1984	Other	320	100.0%
BREDA	Ridderstraat 10	197	1900	Experience	131	89.0%
BREDA	Ginnekenstraat 42	166	1900	Experience	70	100.0%
BREDA	Ginnekenstraat 57	207	1900	Experience	130	100.0%
BREDA	Ridderstraat 17	466	1900	Experience	226	100.0%
DELFT	Sprengmolen	6,153	2012	Other	920	93.5%
DORDRECHT	Maasplaza	9,038	1994	Convenience	1,284	84.9%
EDE	Shopping Centre Achterdoelen	4,323	2001	Other	673	70.9%
EDE	Parkweide	5,409	2015	Convenience	928	91.3%
EINDHOVEN	Demer 38	694	2012	Experience	415	100.0%
EINDHOVEN	Demer 48	869	1950	Experience	244	93.7%
EINDHOVEN	Rechtestraat 35	432	1900	Experience	161	100.0%
GOUDA	Kleiweg 27-31	1,508	2012	Experience	493	100.0%
GOUDA	Shopping Centre Goverwelle	5,780	1993	Other	1,113	95.8%
GRONINGEN	Westerhaven	15,631	2001	Other	2,237	100.4%
HENGELO	Slangenbeek	3,876	2001	Convenience	696	100.0%
LELYSTAD	Shopping Centre De Promesse	15,361	2009	Other	3,208	93.9%
MAASTRICHT	Muntstraat 19	261	1900	Experience	92	100.0%
NIJMEGEN	Broerstraat 52 en 52A	1,088	1990	Experience	458	100.0%
PURMEREND	Shopping Centre Makado	6,253	1971	Other	1,059	90.7%
ROSMALEN	Shopping Centre Molenhoekpassage	4,658	1992	Convenience	1,027	98.1%
ROTTERDAM	Shopping Centre Prinsenland	4,551	2007	Convenience	1,083	95.0%
ROTTERDAM	Beijerlandselaan	3,093	2014	Other	723	100.0%
ROTTERDAM	WTC	8,094	1987	Experience	3,106	99.3%
THE HAGUE	Spui - Grote Marktstraat	3,256	1997	Experience	1,004	96.2%

Municipality	Street name/property name	Floor space (in m²)	Year of construction/ renovation	Type by strategy	Theoretical gross annual rent as per 31 December 2017	Financial occupancy rate (average)
THE HAGUE	Spuistraat 70	131	1900	Experience	59	85.8%
s-HERTOGENBOSCH	Vughterstraat 2	57	1900	Other	48	100.0%
s-HERTOGENBOSCH	Vughterstraat 4	58	1900	Other	36	100.0%
TILBURG	Shopping Centre Heyhoef	10,800	1997	Convenience	2,886	99.5%
UTRECHT	Steenweg 43	275	1900	Experience	120	77.8%
WEERT	Shopping Centre Muntpassage	16,209	1996	Other	3,280	90.5%
ZWOLLE	Shopping Centre Het Eiland	6,853	2001	Other	799	90.4%
ZOETERMEER	Oosterheem	13,021	2012	Convenience	2,916	98.8%
		234,095			**54,803**	**95.6%**

Bouwinvest
Dutch Institutional
Retail Fund N.V.