

Annual Report 2015

Bouwinvest Dutch Institutional Retail Fund N.V.



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Management company profile

Bouwinvest Real Estate Investment Management

Bouwinvest Real Estate Investment Management B.V. (Bouwinvest) is one of the largest Dutch investment managers specialised in real estate for institutional investors. Bouwinvest's Amsterdam-based team of 131 FTEs manages total assets of € 7.5 billion, in five Dutch property sector funds and international real estate investments.

The Dutch real estate portfolio comprises five sector funds: a Residential Fund, a Retail Fund and an Office Fund – all open to institutional investors – plus a Hotel Fund and a Healthcare Fund managed for anchor investor bpfBOUW. Bouwinvest also provides its anchor investor bpfBOUW with tactical asset allocation advice and investments in listed and unlisted real estate funds in Europe, North America and the Asia-Pacific region.

Bouwinvest is recognised as one of the leading real estate investment managers in the Netherlands. It has a solid track record of high-performance thanks to its in-depth knowledge of the Dutch and international real estate markets and best-in-class valuation and risk management policies.

Bouwinvest's portfolios are constructed to insulate investors against ever rapidly changing market trends and have strong governance structures. The company's Supervisory Board, together with a clearly defined system of checks and balances, provides four levels of governance oversight. Besides dedicated asset management teams Bouwinvest has in-house experts in Compliance, Legal, Risk Management, Research, Marketing and Communications, Finance, CSR and Investor Relations. Bouwinvest has ISAE 3402 type II certification and was one of the first Dutch real estate investment managers to obtain an AIFMD (Alternative Investment Fund Manager Directive) licence by the Dutch Financial Markets Authority (AFM).

In 2015, Bouwinvest's three main Dutch sector funds were awarded a GRESB Green Star sustainability rating for the second successive year.

2015 at a glance

Key financial information in 2015

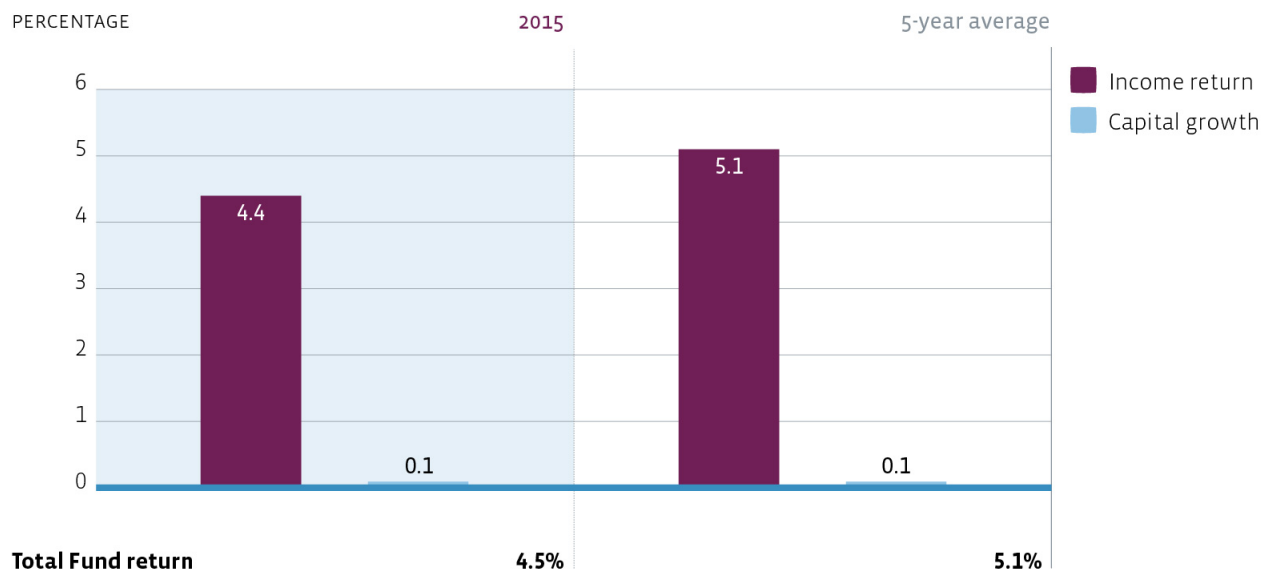
All amounts in € thousands unless otherwise stated

Highlights 2015

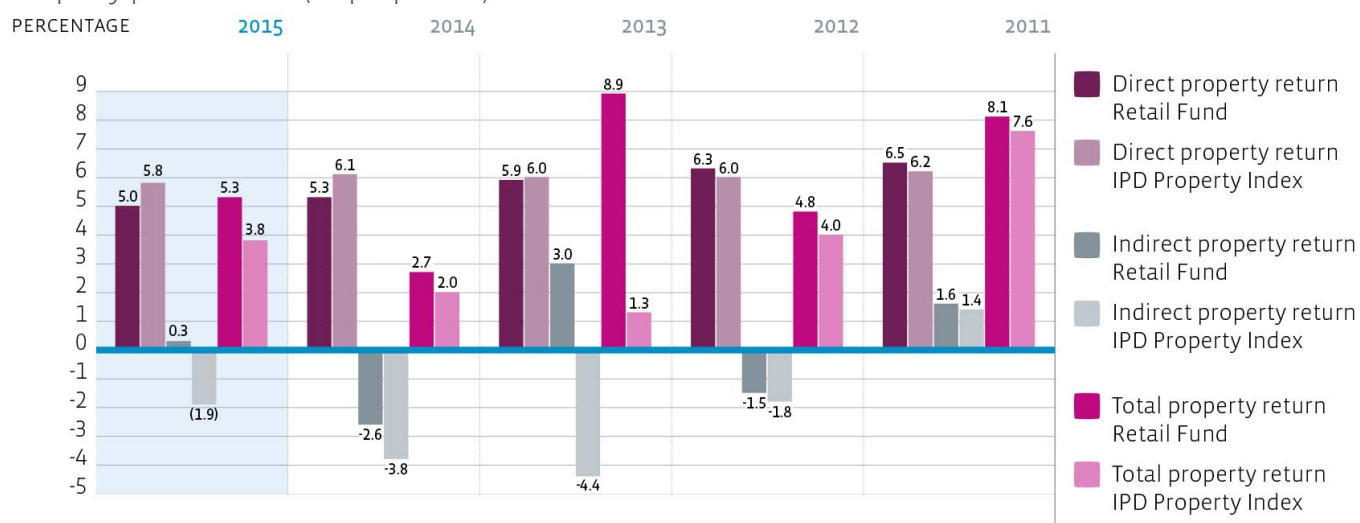
- Dividend return of 4.4%
- Total Fund return of 4.5%
- Outperformance IPD Property Index (1.5%-points) for the fifth year in succession
- Continued high average financial occupancy rate of 94.2%
- Total investments of around € 64 million
- As per 1 January 2016, three new investors committed € 55 million
- One new asset and two completed redevelopments added to the portfolio
- New and extended lease contracts totalling 32,590 m²; rental value € 9.3 million
- New lease contracts redevelopments totalling 27,616 m²; rental value € 10.4 million
- Secured pipeline of € 24 million for 2016
- GRESB Green Star status for second successive year

Performance per share	2015	2014
Dividends (in €)	108.84	115.68
Net earnings (in €)	116.48	46.76
Net asset value IFRS (in €, at year-end)	2,537.12	2,527.09
Net asset value INREV (in €, at year-end)	2,547.83	2,544.13
Statement of financial position	2015	2014
Total assets	747,515	689,847
Total shareholders' equity	738,335	670,322
Total debt from credit institutions	-	-
Result	2015	2014
Net result	32,150	11,185
Total Expense Ratio (TER)	0.53%	0.57%
Real Estate Expense Ratio (REER)	0.91%	0.75%

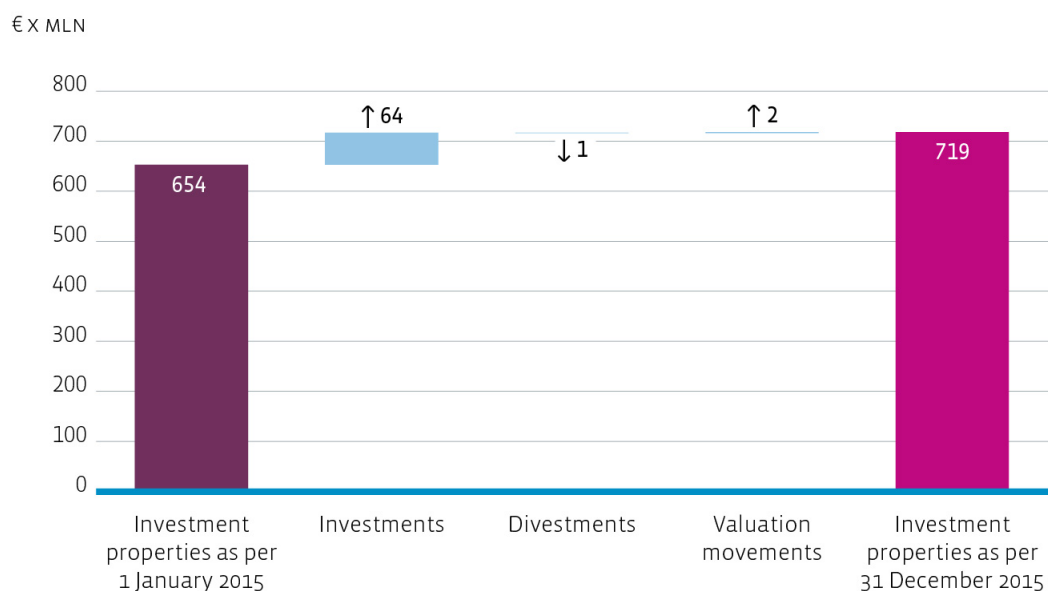
Fund return



Property performance (all properties)

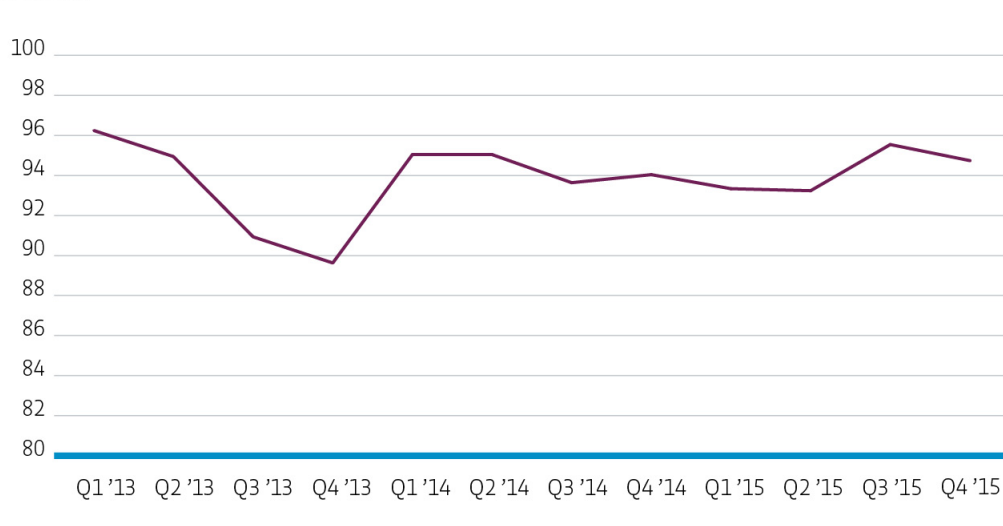


Portfolio movements



Financial occupancy rate

PERCENTAGE



Portfolio figures

	2015	2014
Investment property	526,093	446,309
Investment property under construction	193,051	207,867
Gross initial yield	6.8%	7.0%
Total number of properties	42	41
Average monthly rent per square metre (in €)	225	219
Financial occupancy rate (average)	94.2%	94.4%
Sustainability (A, B or C label)	88.0%	79.1%

CSR key data

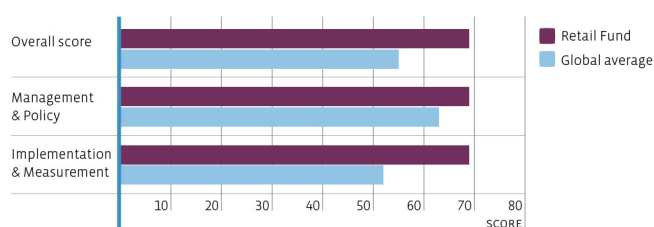
Fund sustainability performance

GRESB Green Star status



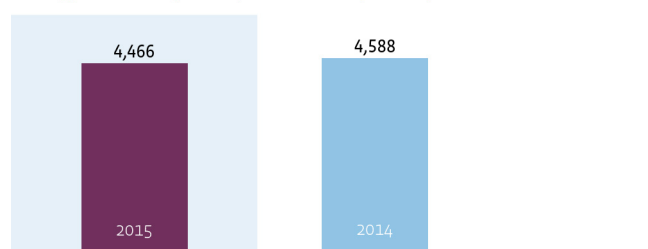
The Fund's performance in the GRESB benchmark

Global Real Estate Sustainability Benchmark 2015

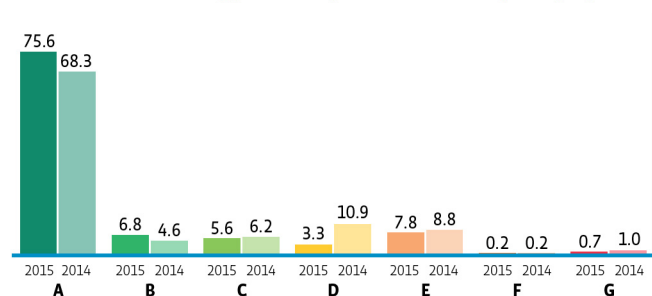


Energy consumption

Energy consumption (like-for-like, MWh)



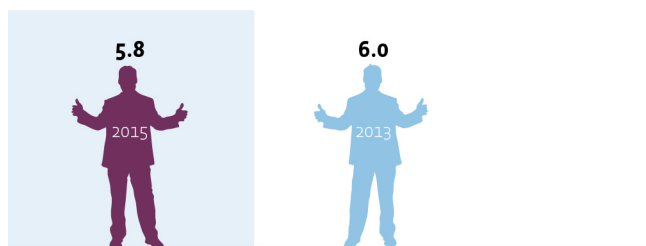
Distribution of energy labels by labelled floor space (m²) in %¹⁾



1) 6.6% not labelled (mainly recent acquisitions and redevelopments)

Tenant engagement

Satisfaction scores tenant engagement survey



Participant rate tenant engagement survey



Sustainability highlights

- GRESB Green Star classification for second successive year
- Fund continued to implement Green Leases
- BREEAM design certificate (very good) for Damrak; the Fund's second green building certificate plus two BREEAM in Use certifications in progress (Goverwelle, Makado)
- Charging station electric vehicles operational at Parkweide (Ede) and Maasplaza (Dordrecht)
- Web-based energy consumption monitoring and management

Key facts

- 88.0% awarded a green energy label (A, B or C label)
- Average energy index improved to 0.98 from 1.03
- Environmental Management System: smart metering systems installed in all common areas
- Energy consumption fell by 2.7%

Key information over five years

All amounts in € thousands, unless otherwise stated

	2015	2014	2013	2012	2011
Statement of financial position					
Total assets	747,515	689,847	615,525	593,034	527,071
Total shareholders' equity	738,335	670,322	605,784	586,102	521,508
Total debt from credit institutions	-	-	-	-	-
Performance per share					
Dividends (in €)	108.84	115.68	127.98	140.48	142.50
Net earnings (in €)	116.48	46.76	203.15	98.37	180.75
Net asset value IFRS (in €, at year-end)	2,537.12	2,527.09	2,594.04	2,571.55	2,577.26
Net asset value INREV (in €, at year-end)	2,547.83	2,544.13	2,608.41	2,587.76	2,585.68
Result					
Net result	32,150	11,185	47,149	22,421	36,574
Total Expense Ratio (TER)	0.53%	0.57%	0.57%	0.55%	0.56%
Real Estate Expense Ratio (REER)	0.91%	0.75%	0.78%	0.78%	0.80%
Fund return (% ROE)					
Income return	4.4%	4.5%	5.1%	5.7%	5.6%
Capital growth	0.1%	(2.7)%	3.0%	(1.5)%	1.6%
Total Fund return	4.5%	1.8%	8.1%	4.2%	7.2%
Portfolio figures					
Investment property	526,093	446,309	459,830	474,978	435,571
Investment property under construction	193,051	207,867	146,945	84,477	68,834
Gross initial yield	6.8%	7.0%	6.9%	6.7%	6.6%
Total number of properties	42	41	39	38	22
Average monthly rent per square metre (in €)	225	219	210	207	204
Financial occupancy rate (average)	94.2%	94.4%	92.9%	95.1%	96.8%
Sustainability (A, B or C label)	88.0%	79.1%	60.1%	35.8%	-
Property performance (all properties)					
Direct property return	5.0%	5.3%	5.9%	6.3%	6.5%
Indirect property return	0.3%	(2.6)%	3.0%	(1.5)%	1.6%
Total property return	5.3%	2.7%	8.9%	4.8%	8.1%
IPD Property Index retail real estate (all properties)					
Direct return IPD Property Index	5.8%	6.1%	6.0%	6.0%	6.2%
Indirect return IPD Property Index	(1.9)%	(3.8)%	(4.4)%	(1.8)%	1.4%
Total return IPD Property Index	3.8%	2.0%	1.3%	4.0%	7.6%

The Retail Fund at a glance

The Bouwinvest Dutch Institutional Retail Fund's focus on prime locations and daily shopping needs puts it in an excellent position to provide stable returns in the years ahead.

Fund characteristics

- Core investment style
- No leverage
- 7% long-term average annual Fund return target
- Robust governance structure
- Investment structure for an indefinite period of time
- Reporting 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 on the Dutch retail real estate market

- Increasingly polarised retail market
- Retail 'winners' and 'losers' emerging
- Rapid increase online sales a challenge to traditional retail
- Physical and digital shops converging
- Main city centres in the Randstad outperforming other market segments
- Urbanisation and ageing population key factors in retail landscape
- Redevelopment is the future of retail
- Need for clear focus – Experience and Convenience

Experience & Convenience

Today's (and tomorrow's) consumers have an enormous range of choice in terms of when, how and where they shop (online and offline), but they clearly value the experience or 'fun factor' of shopping in high-quality high street fashion and lifestyle stores. At the same time, they want the convenience of easily accessible shopping centres with a wide range of daily goods right on their doorstep.

We believe that this need for high street retail experience and local daily convenience will govern the retail market in the years ahead. This makes finding and acquiring the finest locations based on these criteria more important than ever.

Optimisation strategy

The Fund aims to optimise its portfolio through:

- Targeted acquisitions taking into account current retail trends
- Redevelopment of core assets and the disposal of non-core retail units
- Specialised, well-positioned and future proof retail assets
- Focus on two decisive elements in the future of retail: Experience and Convenience
- Continuous improvement of the sustainability of the Fund's retail assets

The retail portfolio at a glance

Portfolio characteristics

- 42 Dutch retail properties (€ 719.1 million; 205,513 m²)
- Focus on Experience and Convenience
- Focus on Randstad urban conurbation
- Continuously high occupancy rate
- Continuous outperformance of IPD Property Index
- High percentage of green energy labels (A, B or C label)
- GRESB Green Star status for two years in a row

Focus on Experience and Convenience

High streets: focus on A1 locations in best shopping cities

As consumers now have a much wider choice in terms of how they buy fashion and lifestyle products (online and offline), the differentiating potential of shopping cities and locations is now more important than ever. With this in mind, Bouwinvest and the experts at its research department have determined the Top 10 shopping cities on the basis of criteria such as consumer numbers, rent per m² and the number of inhabitants in the specific catchment area.

For acquisition purposes, the Fund also uses the 'Top shopping streets ranking' drawn up by Bouwinvest's research department. This provides an overview of the most attractive shopping streets in the Netherlands, based on indicators including growth in the number of residents, average incomes, number of annual tourists and the numbers of passers-by. The Fund focuses very strongly on Amsterdam, due to its status as an international shopping city, plus the strong growth forecast for the Dutch capital.

District shopping centres: focus on catchment area

A healthy catchment area is the main factor in the success of any district shopping centre with a focus on daily shopping needs. The health – and size – 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.

In addition, 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 routing of the centre. One essential part of the retail mix is one or two clear supermarket anchors, as these act as a major 'pull' factor for convenience shoppers.

Major segments

Following the disposal of non-core asset in 2015, virtually all of the portfolio's assets are now high-quality retail facilities. In line with our strategic focus, the properties can be divided into two segments:

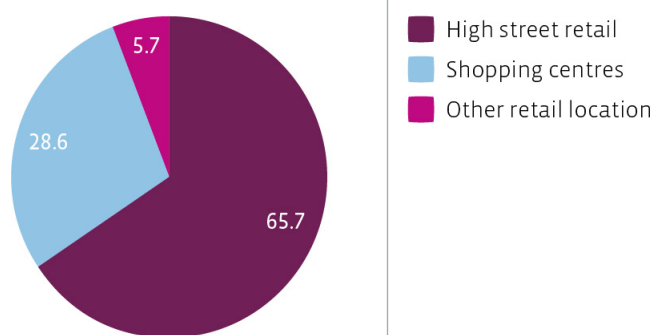
EXPERIENCE - High street retail

The main focus of Fund's high street retail portfolio is individual high street shops or clusters of shops in retail units located 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 historic surroundings, the varied supply of retail formulas, plus restaurants and other leisure facilities, help keep these shopping areas attractive and popular, as they offer today's consumers the experience and 'fun factor' they demand. Very importantly, these shopping areas are widely seen as the most future-proof segment of the retail market, which will continue to drive demand for retail space from a wide range of fashion and lifestyle retail brands, both national and international.

CONVENIENCE - District shopping centres

The Fund's district shopping centres thrive thanks to their excellent catchment areas, which are either stable or growing. These easily accessible retail destinations, offering a wide range of products and goods, cater to consumers looking for convenient daily shopping close to home. Plentiful parking spaces also help to increase the centres' effective catchment area.

Portfolio composition by type of retail location based on book value



Selection of principal properties

Experience



Damrak 70
Amsterdam
(opens in 2016)



Nieuwendijk 196
Amsterdam



P.C. Hooftstraat 125
Amsterdam



WTC retail units
Rotterdam



Demer 38
Eindhoven



Kleiweg 27-31
Gouda

Convenience



Stadionplein
Amsterdam
(opens in 2016)



Prinsenland
Rotterdam



Heyhoef
Tilburg



't Fort
Apeldoorn



Parkweide
Ede



Berkel Centre
Berkel en Rodenrijs

Message from the chairman

Dear stakeholders,

Last year was remarkably dynamic for the retail sector as a whole. We saw new, international retailers, like Primark, opening flagship stores, while existing players on the Dutch market, both national and international, were looking to expand and improve the quality of their existing stores. At the same time, major Dutch chains like V&D and Macintosh struggled to adapt to the new market dynamics. Despite all of this, there are still great opportunities on the retail market, especially now that the economy is picking up and unemployment is falling. Consumer confidence is now at the highest point since the crisis and this renewed optimism is having a visible impact on market sentiment.

We also saw this improved sentiment reflected in our valuations last year. Especially in the segments we believe are the future long-term growth drivers in the retail sector, the Experience and Convenience segments, where we are already heavily invested. Of course, the positive revaluations also reflect the major (re)developments we have carried out in core segments, such as Nieuwendijk in the Experience segment and Parkweide in Ede in the Convenience segment.

In fact, it was in those two segments that we saw the most positive revaluations last year, which is why the Fund performed so well and outperformed the IPD Property Index. And from 1 January 2016, we will have three new investors in the Retail Fund. This renewed interest in retail investments is a clear endorsement of our strategy of focusing on Experience and Convenience.

Of course, online shopping continued to grow last year and the Netherlands does have one of Europe's highest retail space per capita ratios. This is why we believe the focus should be on transformation and redevelopment. The retail market is a consolidation market and that consolidation will focus on the segments that will defy retail trends, like online shopping. You have to build value in the existing stock, as we did for instance with Westerhaven in Groningen. Following the redevelopment, we managed to sign up Primark, which will have a huge positive impact on the local retail landscape. Primark attracts new shoppers and new retailers and boosts values.

We are very good at building value in our retail portfolio, partly because we really believe in sustainable partnerships with all our stakeholders. The successful large-scale developments of Nieuwendijk and Damrak in Amsterdam, or in Westerhaven in Groningen, would not be possible without all our partners: building companies, advisors, local authorities and of course our own people. It is always a major joint effort, taking into account strict deadlines, sustainability measures and the fact that we are always working in a busy retail environment.



‘ The Experience and Convenience segments will drive future value growth ’

Dick van Hal,
Chairman of the Board of Directors

We firmly believe that no matter what happens there will always be a need for retail. You just have to have the expertise to know where the opportunities are and be in a position to take advantage of them. And that goes for new-build projects, too, such as the Stadionplein project and the Mosveld shopping centre, both in Amsterdam. Wherever people live or work, they will need to shop. Bouwinvest's involvement and expertise in the residential and office sectors is a major advantage on this front. For instance, we are involved in some wonderful residential projects in the northern district of Amsterdam, but one of the first questions everybody asks when we present these projects is 'where will people shop?' The answer in this case is Mosveld, which will be a perfect addition to the Convenience segment of our retail portfolio.

So we will continue to focus on our core segments of Experience and Convenience. People will always need places where they can do their daily shopping and they will always want to experience the fun of shopping in our city centres, with their historical buildings, restaurants and the like. In other words, great places to meet friends and combine shopping with other fun activities. These are the future of retail and we want to play a successful role in that future, for all our stakeholders.

I would like to close by thanking everyone who worked on the retail portfolio for their hard work, dedication and their excellent performance last year. It was a real team effort and something we can all be proud of.

Dick van Hal

Chairman of the Board of Directors

Report of the Board of Directors

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 a board member of the Dutch Green Building Council and Vice-chairman of IVBN (Dutch Association of Institutional Investors in Real Estate).



Managing Director Finance

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

Arno van Geet joined Bouwinvest as Managing Director Finance 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. As of 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.



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.



Head of Asset Management Retail

C. (Collin) Boelhouwer (1976, Dutch)

Collin Boelhouwer has been Head of Asset Management Retail since 2008. He is responsible for the performance of the assets of the Bouwinvest Dutch Institutional Retail Fund. Collin has thirteen years' experience in real estate management and gained his retail real estate experience with Fortis Real Estate, where he was the Commercial Real Estate Manager responsible for the asset management of an office and retail portfolio in the Netherlands. Collin studied Real Estate Management & Development at the University of Technology Eindhoven and is a professional member of the RICS since 2010.

Market developments and trends

Economy and demographics

Leading economic indicators have improved

The Dutch economy is projected to grow healthy by around 2.0% in 2015. The healthy economic growth projected for 2015 is partly due to increased household consumption and a rise in business investments. The main negative uncertainties relate to events outside the Netherlands. Geopolitical tensions in various places around the world pose a risk to the global economy. Consumer confidence is higher than a year ago, but sentiment is still cautious.

Urbanisation and aging are key

On a national level, both the total population and the number of households are expected to continue to grow in the coming decades. The population is expected to grow from 16.9 to 17.2 million by 2020 and the number of households is set to rise from the current 7.7 million to 8.0 million by 2020. Demographic growth, however, will be mainly focused on a number of core regions in the Netherlands. The number of people older than 75 years of age is also expected to double in the next 25 years. Both urbanisation and aging will have a major impact on quantitative and qualitative demand in the coming decades.

Economic outlook indicators show improvement

The economic outlook for the Netherlands has improved strongly in recent times. Forecasts show that the Dutch economy is set to book a healthy growth of 1.5% - 2.0% per year. Employment levels are also set to rise by approximately 1% annually, while consumer confidence is higher than a year ago. Persistently low inflation is expected to boost consumer spending more than 1.5% annually. In addition, inflation is expected to remain low in 2016 and beyond, while the Dutch Central Planning Bureau is forecasting a continued rise in median household purchasing power. The improved economic outlook sets a solid foundation for the Dutch real estate market.

Trends and developments in the retail market

Physical and digital shops converge

Online shopping continues to grow and is becoming an increasingly significant factor in the retail market, with the turnover from online sales increasing annually. However, as online shopping is largely focused on certain retail sectors, such as travel, electronics, media and clothes, the overall impact on the retail landscape is limited, as these sectors make up only 5% of the total market. There is also a growing awareness among retailers that online and offline can actually be mutually supportive. For a large proportion of consumers, online research in advance is seen as a very helpful exercise that actually improves their shopping experience. That said, retailers will have to meet the high standards of consumers with respect to both online shopping facilities and the look and feel of the physical shop (brand stores, flagship stores, entertainment).

The retail market is currently changing

The transformation of the retail market was never so clear as in the last months of 2015. Department store V&D, retail chain Macintosh and pharmacist DA all filed for bankruptcy. These are examples of retailers that could not keep up with changing consumer preferences. On the other hand, new leases are predominantly signed by (international) luxury or discount formulas such as Primark and Zara, who have adapted swiftly and now have a solid position on the Dutch retail market. Retail space at prime location left vacant by bankrupt retailers is expected to be taken up quickly by retailers looking for new leases or extension of floor space. Polarisation among retailers and investors is expected to continue in the next few years. New entrants will thereby focus on opportunities in the G4 cities. International retailers show special interest on flagship stores and the city centre of Amsterdam. This focus meets the 'experience' or 'convenience' strategy of Bouwinvest.

Redevelopment is the future

Maintaining a healthy and vibrant retail real estate market will require much greater emphasis on redevelopment, rather than expansion through (even more) new shopping centres. The focus on redevelopment will avoid a worsening supply/demand ratio in the Dutch retail market. Redevelopment opportunities are expected to increase, especially in prime high street areas with strong retailer demand for large(r) floor plans. In addition, there are ample redevelopment opportunities for district shopping centres that are facing a growing need for a qualitative transformation, from one-dimensional shopping centres (or shopping areas) to multi-dimensional experience centres.

Major cities will outperform

Occupancy rates are expected to remain high in large urban shopping areas. The major cities are in the best position to take advantage of technological, demographic and economic prospects. Central shopping areas that offer the 'fun-factor' are expected to continue to deliver strong returns, as are ancillary district shopping centres with a focus on daily shopping needs in strong catchment areas. Central shopping areas in medium-sized and small cities will generate lower returns, as will ancillary shopping areas with few square metres devoted to non-daily shopping and peripheral shopping areas.

District shopping centres attractively priced

The strong and stable turnover development in the food segment continues to boost ancillary shopping areas with a focus on daily shopping. Complementary speciality shops, such as bakeries and quality butchers, offer consumers a wider selection, greater service and high quality. New food formulas are responding to consumer themes that are winning them continued repeat business, such as local sourcing and ecological responsibility. These are helping the large district centres and small district and neighbourhood centres to keep both occupancy and lease rates at a healthy level. The district shopping centres are attracting considerable capital with their traditionally high yield gaps. The risk of vacancy is relatively limited and thanks to the ongoing recovery in economic growth there is a chance of value growth in the medium term.

Implications for retail real estate

High streets in big cities embrace online shopping and offer experience

The increase in online sales will have less of an impact on A1 shopping areas in big cities, with Amsterdam the least affected. The larger Dutch cities have the best demographic and economic outlook, thanks to ongoing urbanisation, as well as to the fact that they offer the best 'shopping experience' for consumers. Location is a major factor in adding experience. On top of the continuing demand from traditional high street retailers, new opportunities are emerging from the recent trend of online retailers opening physical shops to bolster their brand.

Large retail units prime shopping streets remain attractive

The recent trend of retailers demanding larger retail units is gaining pace. Major national and international fashion chains in particular are demanding more retail space per outlet, especially in the major urban centres of the Netherlands. Due to the relatively small amount of space currently available, demand will continue to be strong, particularly in cities like Amsterdam, Utrecht and Rotterdam.

Consumer convenience drives focused shopping centres

District shopping centres with a focus on daily groceries are also well positioned to thrive in the online environment. The combination of a local meeting place with a complete offering of daily products makes these centres complementary to online shopping. This type of retail real estate remains an attractive long-term investment. Good accessibility and parking facilities are vital.

Strong demand for Dutch investment market

In addition to the increased activity of Dutch investors, the amount of foreign capital from international investors has grown dramatically in recent years. In fact, the majority of real estate investments in the Netherlands now come from international investors. While real estate prices in other key markets such as London, Paris and Munich have already increased, Dutch markets are still attractively priced. However, the continuing interest of both Dutch and international investors is quickly pushing up prices. This trend is expected to continue in the coming years.

The retail market in particular benefited from increased investors' interest in 2015. Investment volumes reached a record high of € 2.8 billion in 2015, consisting of both single-asset as well as some large portfolio transactions. The amount of capital available to the market led to yield compression for all sub-segments of the retail market. Downward pressure on prime yields is expected to continue.

Implications for the Retail Fund

- Focus on high-quality retail locations that excel in Experience and Convenience
- Active asset management and redevelopment will be required to meet the challenge of strong online sales growth and moderate economic growth
- Best economic outlook for our assets in the most urbanised areas
- Continuous focus on improving the quality of district shopping centres, in terms of catchment area, accessibility and supply
- Optimising the tenant mix in district shopping centres, making them less sensitive to online sales

The Fund's optimisation strategy

To achieve its targets, the Retail Fund aims to optimise its portfolio through targeted acquisitions, the redevelopment of core assets and the disposal of non-core retail units. Taking into account the trends in the retail market and the demographic outlook, we believe that the current competitive market requires specialised, well-positioned retail assets. Our strategy is to focus on what we believe will be the two decisive elements in the future of retail:

- Experience: High street portfolio, focus on A1 locations in major shopping cities
- Convenience: District shopping centres, focus on catchment areas and strong tenant mix

In addition, the key building blocks in the Fund's strategy are:

- Redevelopment: expansion/redevelopment of well-located shopping centres and retail units to meet the quality requirements of modern retail
- Active asset management: maintaining high occupancy levels by developing close relationships with tenants
- Focus on retail tenants less sensitive to economic cycles

Key market developments	Underlying aspects	Implications	Opportunities
Changing demography	· Urbanisation: Urban areas are still growing and continue to attract young people with spending power	· Cities, especially those in the Randstad, 'winner' in changing demographics	Focus on high street retail units in A1 locations (EXPERIENCE)
	· Shrinking and ageing of the population in rural areas	· Worsened perspectives for fashion retailers outside urban areas	
High street embrace online shopping	· Consumer demand for shopping experience when shopping for non-food items	· Physical shops add brand values as service point and experience centre	
	· Large (international) fashion brands focus on exciting flagship stores as an addition to online sales	· Large retail units in best shopping cities remain popular among retailers	
Consumers demand convenience and value	· Persistently low inflation is expected to boost consumer spending, strong turnover development in food sector	· District shopping centres focus on food and daily goods	Focus on local/district shopping centres with strong catchment area and easy access (CONVENIENCE)
	· Accessibility and parking facilities are key in daily shopping	· Opportunities for district shopping centres as pick-up point for online shopping	

Strategic actions in 2015

- Strengthened 'Experience' portfolio, through redevelopments in A1 locations
- Strengthened 'Convenience' portfolio, through addition of new-build project and redevelopment of local shopping centres that meet the needs of today's consumers
- Divested non-core asset Arnhemseweg in Ede
- Continued to optimise the standing portfolio through redevelopments

Portfolio developments 2015 in perspective

Portfolio composition at year-end 2015:

- A total of 42 properties across the Netherlands
- 205,513 m² of lettable floor space
- Total value investment properties € 719.1 million

Diversification guidelines and investment restrictions

As per 1 January 2016, the new diversification guidelines are applicable. Therefore the current portfolio as per 31 December 2015 is compared with the current diversification guidelines and investment restrictions.

Diversification guidelines	Current portfolio	Conclusion
≥ 80% of investments invested in high street or shopping centres	94.3% in high street and shopping centres	Compliant
≥ 90% of investments invested in low or medium risk categories	95.3% 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% (*)	N/A
< 10% invested in non-core (non- retail) properties	All the investments are in retail	Compliant
< 15% (re)development activities and:	Investments under construction are 26.8% (*)	N/A
- only assets that are part of the Fund	The assets are property of the Fund	Compliant
- only assets that are optimising the quality of the portfolio	The investments upgrade the retail assets	Compliant
- no negative impact on the diversification	Increase of 2.2% to a total of 94.3% high street retail and shopping centres	Compliant
- signed intents relating to at least 60% of the rental income	> 80% signed intents	Compliant
No investments that will have a material adverse effect on the Fund's diversification guidelines.	There have been no investments in 2015 that have a material adverse effect on the Fund's diversification guidelines	Compliant

* The total value of investment property in the Fund is € 719.1 million so the restriction is not yet applicable.

Investments, divestments and (re)developments

Due to the various ongoing and completed redevelopments, 2015 was a year of optimisation. The Fund invested a total € 63.9 million in new development and redevelopments, which helped take the total value of the portfolio to € 719.1 million. All the new-delivered and redeveloped assets bolster either the 'Experience' or 'Convenience' portfolios.

New assets in the portfolio

Parkweide, Ede

The Parkweide shopping centre in Ede-Noord opened its doors in June 2015. Parkweide is a retail development, acquired in 2014 as turn-key acquisition, in a green area to the north of Ede, close to several smaller towns and to road and other transport links. The centre offers 5,400 m² of gross lettable area and is anchored by two large supermarkets (Albert Heijn and Aldi). It also offers a range of other retail units providing daily groceries and other necessities. Parkweide has very generous parking facilities, with space for no less than 200 cars, adding another level of 'convenience' to the centre.

Completed redevelopments

Nieuwendijk 196, Amsterdam

Bouwinvest completed the redevelopment of Nieuwendijk 196 after two years of construction work. The complex is a true eye-catcher, with its impressive new glass façade. The 5,200 m² complex has been rented by two high-fashion international retailers. The main tenant is Zara with a 3,000 m² store. In 2014, the Fund already signed a lease contract with JD Sports for the remaining 2,200 m² of retail space. The redevelopment of Nieuwendijk 196 is a major upgrade of a highly popular shopping destination.

Westerhaven, Groningen

This large-scale redevelopment has given new momentum to the Westervhaven shopping centre in Groningen. The current shopping centre includes over 14,000 m² of retail space and a parking garage for 800 cars. Westervhaven comprises a traditional shopping street with tenants such as C&A, Hema and Kruidvat and a two-floor building with large-scale retail spaces. In 2015, the Retail Fund signed a long term lease with international retailer Primark for 7,000 m² of retail space in Westervhaven. The new store will be the only Primark in the northern part of the Netherlands and is expected to act as a major draw for both consumers and other retailers. Also in 2015, the Dutch electronics retailer Media Markt signed a new lease for 5,500 m² store in the Westervhaven shopping centre, relocating this current tenant.

Redevelopment investments

Damrak 70, Amsterdam

In 2015, the Fund invested € 21.3 million in the redevelopment of Damrak 70, located in the heart of Amsterdam. The redevelopment has made substantial progress. C&A has signed a lease for over 8,000 m² of retail space, while Primark has agreed to lease 8,800 m². Starbucks has already opened a store at Damrak 80/81, which is also part of the redevelopment. Building activities started in March 2014 and the renewed Damrak 70 is set to open in Q2 2016.

Goverwelle, 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 a second supermarket, plus additional parking facilities for 235 cars. Bouwinvest expects to complete this redevelopment in 2017.

Molenhoekpassage, Rosmalen

To maintain the high quality of this successful shopping centre for daily goods and reduce the risk of vacancy, the Fund is upgrading and updating the look and feel of this centre and adapting the division of retail spaces to the demands of the current tenants. The Albert Heijn supermarket will be adding over 400 m² to its current retail space and we are improving the routing within the centre. Thanks to these changes, combined with the arrival of a second supermarket (Aldi) nearby, the Fund expects Molenhoekpassage to retain its strong market position in Rosmalen, part of the city of Den Bosch. The Fund expects to complete the current redevelopment at the end of 2016.

Development investments

Stadionplein, Amsterdam

The Fund is developing an eye-catching multi-use complex in the historic district of Amsterdam-Zuid, near the 1928 Olympic Stadium. The new development will include 4,500 m² of retail space and will be a very distinctive addition to the neighbourhood, thanks to its much larger shops, especially the Albert Heijn supermarket, and its superb access by road and public transport. The shopping centre will open in 2016 and will focus primarily on healthy foods, anticipating the growing demand for this type of product in its high-end catchment area.

Mosveld, Amsterdam

The Fund acquired the Mosveld shopping centre in the revitalised and restructured southern neighbourhood of Amsterdam-Noord. This centre has a substantial and growing catchment area, thanks to the ongoing transformation of this former harbour area, including numerous residential and cultural developments. The 7,700 m² Mosveld shopping centre will focus on daily goods. With two modern supermarkets as anchor stores (Albert Heijn and Deen), a central location in the neighbourhood and its own parking area, the centre offers all the convenience the Fund demands. Opening is planned for 2016.

Divestments

Assets that do not fit our strategic requirements regarding experience or convenience because of their location, size or economic outlook will be sold. In line with these divestment criteria, we concluded a partial sale of Achterdoelen in Ede in 2015. This divestment involved a single retail unit of approximately 413 m² of retail space on Arnhemseweg.

Divestment

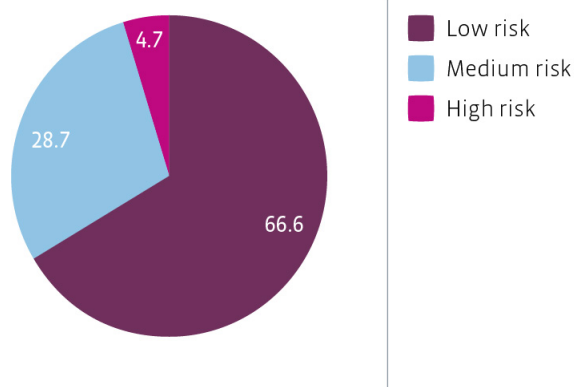
Asset	City	m ²
Arnhemseweg (part of Achterdoelen)	EDE	413

Optimising the risk-return profile

In terms of risk diversification, at least 90% of the investments must be low or medium risk. The actual risk allocation at year-end 2015 is shown in the figure below. In 2015, the proportion of low-risk investments decreased to 66.6% from 76.2% due to market developments.

Portfolio composition by risk category based on book value

PERCENTAGE



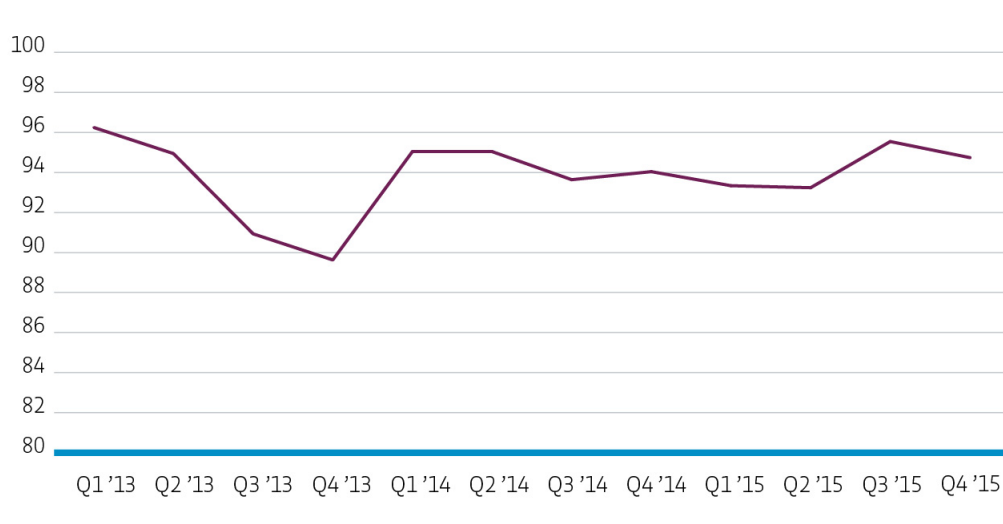
Active asset management

Financial occupancy

The retail market was once again challenging in 2015, with economic recovery still fragile but with a healthy economic growth and a slight recovery in consumer confidence. Thanks to highly active management of the portfolio, the Fund managed to maintain a high occupancy rate in 2015. The average financial occupancy rate for 2015 stood at 94.2% (2014: 94.4%).

Financial occupancy rate

PERCENTAGE

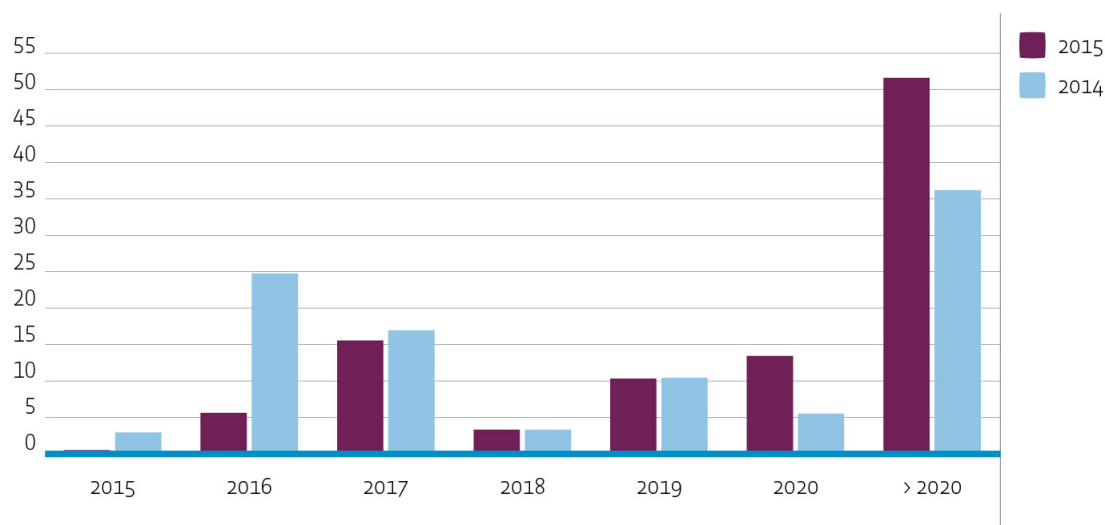


Pro-active leasing

Lease contracts covering a total of 24,606 m² expired in 2015, and the Fund closed and extended leases for a total of 38,987 m² (€ 10.2 million per year). By the end of 2015, more than 47% of the total rental income expires after 2020. This is a significant increase compared to 2014, the latter being due to long-term leases in Amsterdam (Zara and C&A) and Groningen (Primark).

Expiry dates as a percentage of rental income

PERCENTAGE



Sustainable value

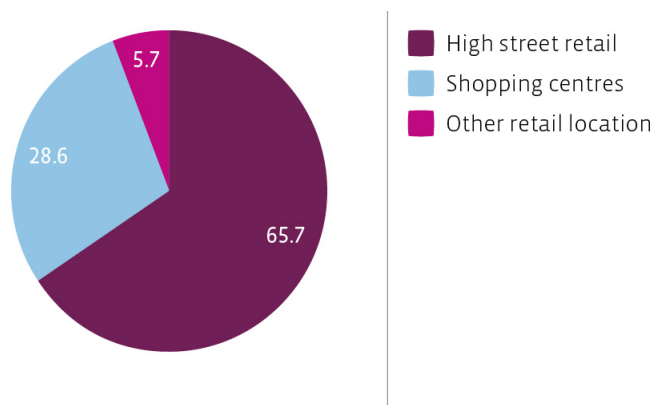
Bouwinvest also continued to improve the sustainability of the Fund, for example through the DUO energy labels for all the assets in the portfolio. These labels provide information and sustainability measures for both tenant and lessor. The Fund also sees redevelopment projects as the perfect opportunity to upgrade and enhance the sustainability of its assets, for instance by fitting solar panels and other measures. Making the Fund's assets more sustainable helps to maintain or increase their value and improves their letting potential. As a result of the improved sustainability, the Fund was awarded GRESB Green Star status for the second successive year in 2015. We aim to retain this Green Star status in the years ahead and we will continue to implement existing initiatives and launch new ones to achieve our CSR ambitions.

Diversification

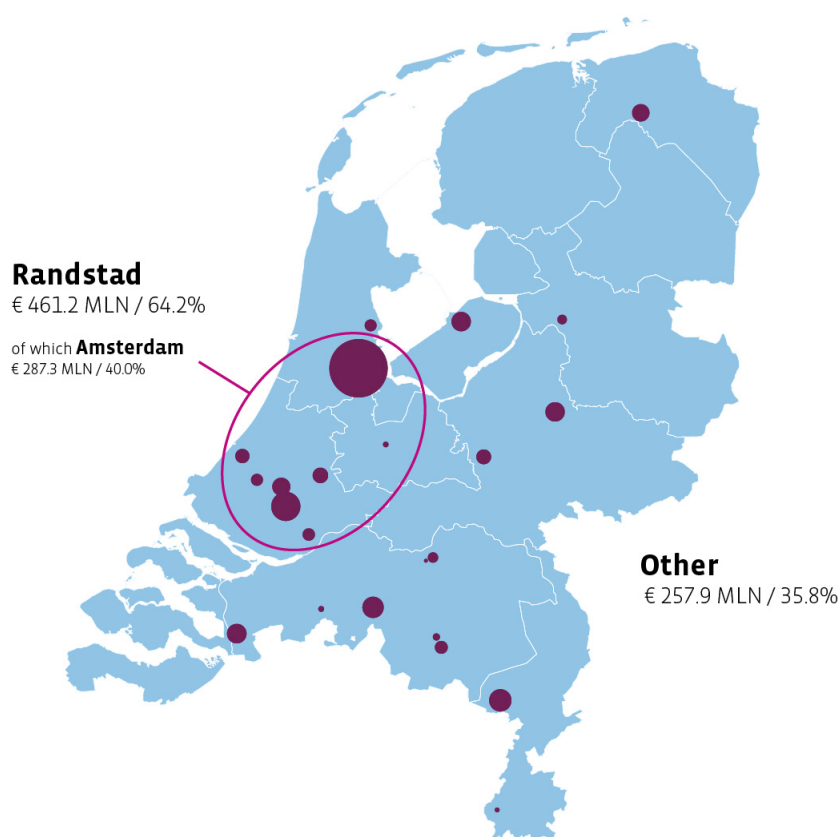
High street retail and District shopping centres

Capitalising on key market developments, the Fund focuses on high street retail units in major shopping cities and district shopping centres with a strong catchment area, easy access and a strong tenant mix. The target portfolio is divided into 70% high street retail and 30% shopping centres. Following investments and divestments during 2015, the share of high street retail decreased slightly to 65.7% in 2015 (2014: 66.2%). Future investments will bring the share of high street retail to 70%.

Portfolio composition by type of retail location based on book value



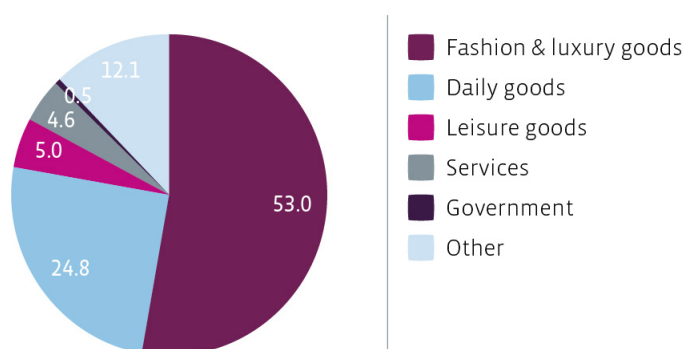
Regional spread of the Retail Fund portfolio based on book value



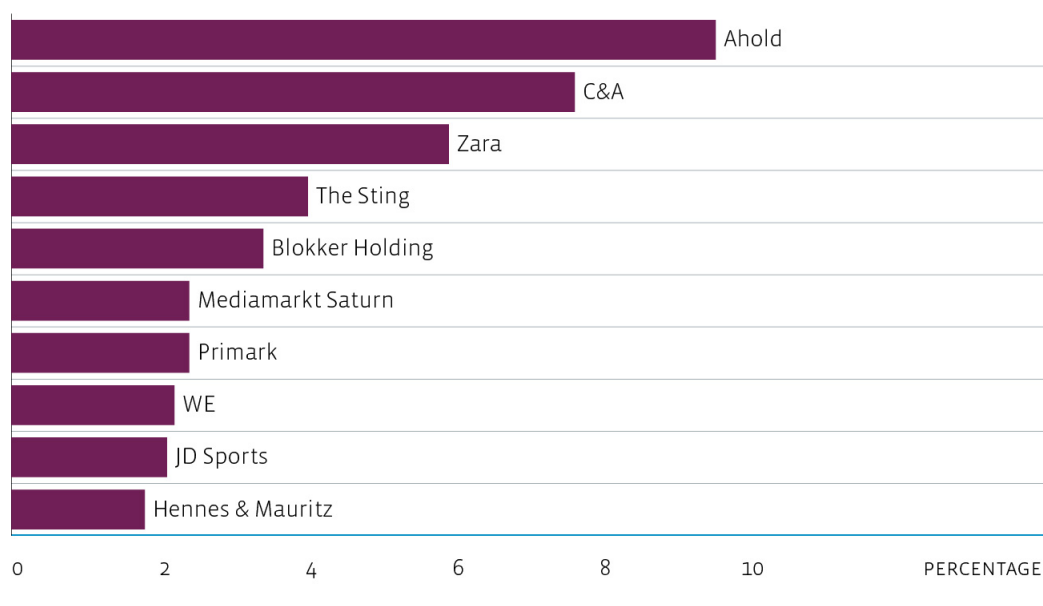
Tenant mix

The Fund's portfolio includes a wide range of tenants by segment type. In 2015, the segments fashion and luxury goods increased to 53.0%, mainly due to investments and completed redevelopments. The segment 'daily goods' is also strongly represented, accounting for 24.8% of the total portfolio, in line with the Fund's strategic focus on 'high street retail' and 'district shopping centres', or Experience and Convenience.

Portfolio composition by tenant sector as a percentage of rental income



Top 10 major tenants based on theoretical rent



The top ten tenants accounted for a total volume of 41.3% of the theoretical rent in 2015 (2014: 38.8%). New Tenant Primark joins the ranking in seventh place after the completion of the redevelopment in Westerhaven in Groningen. The new retail shop will open to the public in 2016. Primark will be the Fund's largest tenant after completion of the redevelopment in Amsterdam.

Financial performance in 2015

Direct return

The Fund's income return (ROE) came in at 4.4%, which was 0.1%-point lower than in 2014, mainly due to the investment properties under construction.

The direct property return of 5.0% was lower than the 5.3% booked in 2014, and lower than the IPD Property Index of 5.8%.

Indirect return

Property values showed an upward trend in 2015 compared to 2014. The indirect return (ROE) for 2015 was 0.1%.

The Fund's indirect property return came in at 0.3%, higher than the (2.6)% in 2014, outperforming the 2015 IPD Property Index of (1.9)%.

Total return

The total Fund return was 4.5%, higher than the 1.8% reported in 2014.

The Fund's total property return came in at 5.3%, which was higher than the IPD Property Index of 3.8%.

Fund return versus property return

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 treated differently by INREV and IPD.

Rent

Secured rent for 2018 (three-year horizon) increased to 98% of the 2015 gross rental income (year-end 2014: 81%). In addition, the like-for-like rent decreased to (3.9)% (2014: (2.5)%). This is mainly caused by the redevelopment of Westerhaven (Groningen).

The average financial occupancy rate remained stable at 94.2% in 2015 compared to 94.4% in 2014.

Rent in arrears was higher at 3.2% of the gross rental income in 2015, compared to 2.2% in 2014.

Acquisitions

The Fund did not acquire any new assets in 2015, but did invest some € 63.9 million in acquisitions of 2014 and redevelopments.

Divestments

The Fund sold a single retail unit on Arnhemseweg (part of Achterdoelen) in Ede for a total of € 0.5 million.

Financing

Treasury management

The Fund had € 14.1 million in freely available cash and € 13.5 million in a 30-day deposit as at 31 December 2015.

Interest rate and currency exposure

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. The Fund has no currency exposure.

Dividend and dividend policy

The Board of Directors of Bouwinvest proposes to pay a dividend of € 108.84 per share for 2015 (2014: € 115.68), 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, 74.8% was paid out in 2015, with the final quarterly instalment paid out in March 2016. The remainder of the distribution over 2015 will be paid out in a final instalment on 26 April 2016, following approval by the Annual General Meeting of Shareholders to be held on 18 April 2016.

Tax

The Fund is structured as a fiscal investment institution (FII) under Dutch law and is therefore not subject to corporate tax. Being an FII, the Fund is obliged by law to maintain a pay-out ratio of 100% of the Fund's distributable profit; as stated above, the Fund proposed to pay out 100% of its distributable profit. The Fund met its obligations related to value added tax, transfer tax and other applicable taxes in their entirety in 2015.

AIFMD

Bouwinvest is the fund manager of the Retail Fund. On 17 February 2014, Bouwinvest was among the first Dutch institutions to obtain the AIFMD licence. Under this licence, Intertrust Depositary Services B.V. acts as independent depositary of the Fund for the benefit of the investors and performs all depositary functions and duties pursuant to AIFMD regulations.

Outlook

We expect a cautiously positive outlook for the Dutch economy, with healthy economic growth, falling unemployment and stable consumer confidence, to have a positive impact on the Dutch retail sector in the year ahead. On top of this, persistently low inflation is set to boost consumer spending by some 2% annually for the foreseeable future. This is likely to increase demand for retail space in the main shopping areas of the larger cities and in district shopping centres with healthy catchment areas.

Urbanisation and demographics key factors

Population growth and urbanisation are set to be key trends in the coming years. Both the total population and the total number of households in the Netherlands will continue to grow in the coming decades. However, demographic growth will be concentrated in the core regions of the country, with the biggest growth forecast for the cities of the Randstad urban conurbation. Due in part to the aging of the population and the movement of younger people to the cities, other parts of the country will see a decline in population, which will affect the qualitative and quantitative demand for retail space in the decades ahead.

Polarisation set to continue

In view of these trends, the value gap between primary and secondary locations is likely to widen in the years ahead. This will affect both high street retail and local shopping centres, and there will be both winners and losers on these fronts. The major cities are still the best positioned to take advantage of demographic, economic and technological developments. Central shopping areas in these cities will continue to outperform and deliver strong returns, as will district shopping centres with healthy catchment areas. The losers are likely to be central shopping areas in medium-sized and smaller cities and ancillary shopping areas without an adequate supply of non-daily shopping retail outlets.

Physical and digital shops converge

Online sales are continuing to increase and will be a key factor in the retail market for many years to come. However, as online sale are largely confined to a small number of retail segments, such as travel, electronics, media and clothes, the impact on the retail market as a whole will be limited. Also, a number of major online retailers have now opened or are planning to open physical stores to boost brand engagement and client loyalty.

Competition for investment-grade retail real estate increasing

The demand for high-quality retail real estate is rising steadily, fueled by increased activity among Dutch investors and an influx of foreign capital from international investors. Dutch retail real estate is still attractively priced when compared with prices in other key European markets, such as London, Paris or Munich. This is pushing up prices for prime properties and will make it more challenging to find and acquire new assets at the right price.

Future-proofing

We believe that prime retail locations that excel in our strategic segments of experience and convenience will be the most future-proof investments in the years ahead. The Fund will therefore continue to optimise its portfolio, by investing in distinctive and high-quality high street retail units in the major shopping cities (A1 locations) and in well-positioned daily shopping centres with a clear focus on convenience.

Targeting growth

Our target is to increase the Fund's capital to around € 873 million by the end of 2018. To achieve our target of 70% high street retail (experience) and 30% local shopping centres (convenience), we have an investment target of € 150 million for the next three years and we plan to divest assets worth some € 50 million in the same period. We also have a sum of approximately € 13 million for the redevelopment of the assets in our standing portfolio.

The retail market as a whole is still facing many challenges. However, we made solid progress in terms of portfolio optimisation and the (re)development of several key assets in 2015, which has helped put the Fund in an even stronger position for the future. We will continue these efforts in 2016, again taking delivery of new assets and reopening major redevelopments for business.

Amsterdam, the Netherlands, 14 March 2016

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*

Allard van Spaandonk, *Managing Director Dutch Investments*

Stephen Tross, *Managing Director International Investments*

Corporate Social Responsibility

CSR strategy

Bouwinvest believes it has a responsibility to make sure that its investments meet sustainability criteria and that we operate in a responsible and ethical manner. We have always taken a long-term view and environmental, social and governance (ESG) criteria play a significant role in our investment strategy. This is because we are convinced that sustainable and socially-responsible investments and business operations play a key role in helping us to book stable returns from our real estate investments.



People

Experience
Convenience
Comfort
Safety



Planet

Energy
Waste and Materials
Water



Profit

Facilities
Flexibility
Accessibility

In 2015, Bouwinvest continued to integrate CSR in its business operations and divided its CSR mission and activities into three pillars:

Our CSR pillars

1. We aim to be a reliable business partner and meet the expectations of our investors through full transparency on our CSR track record and goals.
2. We endeavour to continuously improve the sustainability of our investment portfolio in cooperation with all our stakeholders.
3. We aim to be a flexible, ethical and fair employer to help our people to achieve Bouwinvest's ambitions.

In line with Bouwinvest's CSR pillars, the Retail Fund's sustainability strategy is focused on increasing the sustainability performance and attractiveness of its retail assets. Not only does this boost the long-term performance of the Fund's assets, it also increases the total value of the Fund's property portfolio and creates financial and social value for all stakeholders.

Building value

Bouwinvest considers investments in sustainability from a business perspective. Energy-efficiency measures improve the competitive position of the Fund's retail properties and add value for our stakeholders, both investors and tenants. However, Bouwinvest's sustainability strategy extends beyond energy use to the social aspects of sustainability, such as investments to upgrade local public amenities and facilities, helping to create a pleasant environment where people can shop and meet.

We build value by addressing those issues that are important and relevant to our stakeholders, both investors (such as risk, returns, governance, stability and transparency) and tenants (such as comfort, energy use, materials and indoor climate). We engage them in constructive dialogues.

Focus on material topics

The focus of the Retail Fund's sustainability strategy is on reducing the environmental footprint of the shopping centres or retail assets in its portfolio. It does so 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.

Scope	Tool	Targets
Fund	GRESB	Outperformance of the benchmark and retain Green Star rating
Asset	EPC labels	Generate insight into current performance and reduce operational costs, improve the quality of assets
Tenants	DUO label, Green Leases	Increase sustainability awareness among tenants, with a focus on energy use; cooperation with tenants: education and awareness
Property managers	Contracts and meetings	Active cooperation to achieve CSR targets

Social performance

Stakeholder engagement

Close cooperation with our tenants and other stakeholders is an important element of our sustainability strategy. The Fund is actively looking for ways to cooperate with tenants to reduce environmental impact, improve service levels and optimise the attractiveness of its shopping centres and other retail assets.

Tenant satisfaction

We conduct an bi-annual tenant satisfaction survey to gather the information we need to promote the interests of our tenants. As in previous years, we discussed the results with our property managers and agreed targets, all aimed at further improving tenant satisfaction. The key results of most recent survey (2014) are:

- 180 tenants responded (response rate of 49%)
- Average satisfaction slightly decreased to 5.8 (2013: 6.0)

Tenant satisfaction has dropped slightly as a result of the predominantly negative sentiment among retailers in general.

Tenant engagement

In 2015, Bouwinvest continued to increase assessments in the Retail Fund's portfolio using DUO Labels as part of its tenant engagement programme. As to date around 70% of the portfolio is covered and end of Q3 2016 all remaining and suitable units will be assessed. Cooperation of the tenant still remains a challenge. The DUO Label system assesses the resource efficiency of tenants' retail units and offers practical advice on achieving sustainability goals. An Energy Map provides tenants with a micro-view of their energy consumption. This map outlines the efficiencies and inefficiencies of areas controlled by the lessor – such as roof, flooring and wall insulation – but more importantly, it analyses the areas controlled by the tenant, including the storefront, climate control, ventilation, lighting and escalators.

The map highlights problem spots, compares the store to the centre average and provides advice on how to reduce energy consumption. These maps serve as a starting point for discussion with the shop owners about energy consumption.

We are currently preparing for the second phase in this process, which will involve gathering data from our tenants and setting targets via green leases or sustainable user agreements in lease contracts.

Managing the supply chain

In 2013, we introduced Service Level Agreements. We assess property managers each quarter on topics related to administrative management, technical management (including sustainability), commercial management and tenant satisfaction.

In 2015 we started a project together with IVBN and fellow fundmanagers to engage and assess suppliers of the Fund with a sustainability web tool. Current and future suppliers will be assessed on their sustainable commitments, policies and behavior.

Environmental performance

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 where the Fund is responsible for purchasing and managing consumption. The Fund reports on energy consumption (electricity, heating and gas: the energy components) for shopping centres which translates to greenhouse gas emissions.

In 2015, the Fund focused on continued improvements to energy efficiency. Following technical improvements and joint initiatives with tenants, the average Energy Index improved to 0.98 in 2015 (2014: 1.03). The majority of the portfolio's properties have now been awarded an energy label A, B or C (88.0%), indicating a good overall level of energy efficiency for the portfolio.

Clear targets, practical measures

In 2012, the Fund set a target to reduce energy consumption by at least 10% in 2015 for those assets over which it has 'operational control', mostly shopping centres. In 2015 the Fund managed to cut energy consumption by 2.7% (2014: 13.8%) contributing to a total cut in energy consumption of 16.0% in the period 2012-2015 on a like for like basis and achieved its target. The Fund's first charging stations for electric vehicles are operational in Maasplaza (Dordrecht) and Parkweide (Ede).

In 2015, Bouwinvest set the following targets for the period 2016-2018:

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

The implementation of an Environmental Management System (EMS) will help us to achieve these targets. Furthermore, we aim to increase the use of renewable energy.

The Fund's ambition to increase the coverage and therefore the transparency of its environmental impact according to INREV sustainability guidelines is reflected in the summary of key CSR data. For more detailed information please see the CSR performance indicators in the Annual Report of the management company.

Green building certificates

The design for the redevelopment of the retail complex Damrak 70 and 80 in Amsterdam was awarded the BREEAM NL New Build and Renovation Very Good certificate at year-end 2015. The design team worked with a BREEAM NL expert to incorporate a host of sustainability measures in the design. The roof has been fitted with solar panels and the building has been fitted out with LED lamps. The designers also opted for energy efficient escalators and lifts, while virtually all the existing construction was either reused or incorporated in the design. The redevelopment also complied with the Bewuste Bouwers sustainable construction code, which includes standards for minimising and separating waste, the reduction of energy and water use, safety and the prevention of nuisance in the immediate environment. The plan is to continue this initiative by working with tenants to introduce a broad range of measures for the fit-out and use of the retail premises, with the ultimate aim of a BREEAM NL Very Good certificate once the renovation is complete and the tenants have moved into the complex. This is expected at year-end 2016. In 2015, the Fund also started the process for obtaining the BREEAM-NL In-Use certificate for two shopping centres: Goverwelle (Gouda) and Makado (Purmerend). Both certificates are expected in the first quarter of 2016.

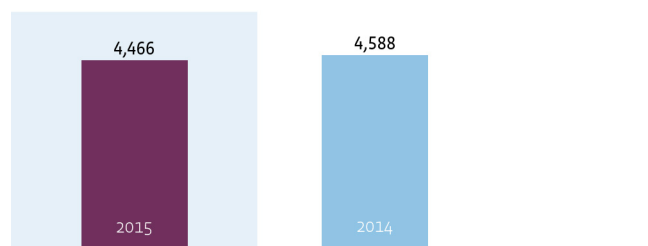
The adjoining project Nieuwendijk 196 in Amsterdam has already received the design certificate BREEAM Very Good and delivery certification Very Good is expected in the first quarter of 2016.

Green lease

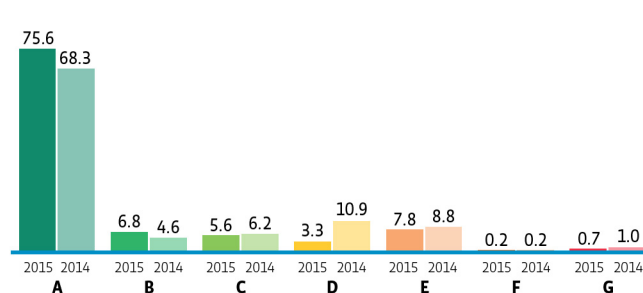
In 2014, the Retail Fund launched its first Green Leases. The Fund continued this initiative in 2015, adding eight Green Leases.

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 installing smart meters at tenant level, the Fund sees this as the first step towards more far-reaching green leases in the future.

Energy consumption (like-for-like, MWH)



Distribution of energy labels by labelled floor space (m²) in %¹⁾



1) 6.6% not labelled (mainly recent acquisitions and redevelopments)

Benchmarking

Benchmarking based on the Global Real Estate Sustainability Benchmark (GRESB) enables the Retail Fund to obtain more insight into the opportunities to improve the sustainability performance measured at fund level. In 2015, the Fund participated for the fourth time in the GRESB assessment and improved its scores, increasing its overall score by over 6% (after a 67% improvement in 2014) and retained its position as second in its peer group.

‘Green star’

Following the successful implementation of the action plan to enhance overall GRESB performance, in 2014 the Retail Fund emerged with a ‘Green Star’ classification, the highest category in the GRESB scoring system, no less than two years ahead of schedule. In 2015, the Fund was awarded Green Star status for the second year in a row.

Smart meters, smart business

To monitor energy consumption closely the Fund continued to expand active monitoring in 2015 by installing smart metering systems. All common areas and connections for which the Fund is responsible for purchasing energy are now covered. It also started a pilot of web-based energy monitoring and management for two assets. In addition, the Fund plans to install smart meters at all new developments, acquisitions and at individual tenant level. Once again, this will require close cooperation with tenants, as they have to agree to install the smart meters.

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. The Fund has a transparent governance structure, which ensures effective and efficient management, combined with proper checks and balances. Until 4 January 2016, the Fund had a Supervisory Board. The Fund's governance structure now 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

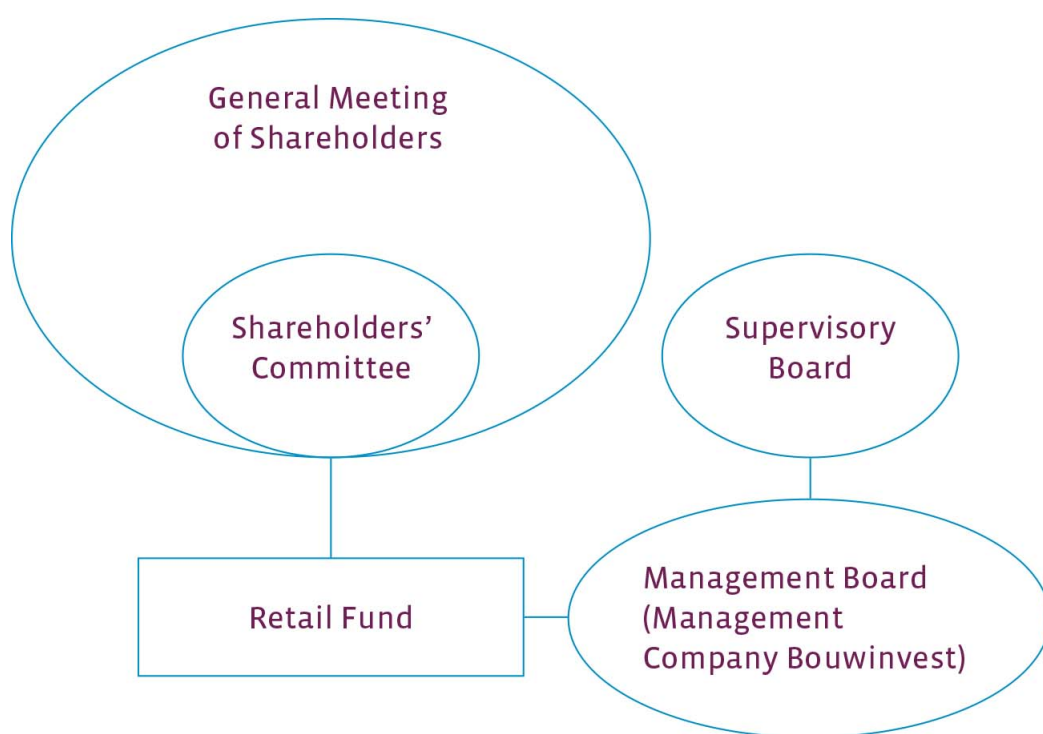
Rules and principles governing day-to-day business

- 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, indirectly, by the Dutch Central Bank (DNB).

Fund governance structure



Shareholders' Committee

The Retail Fund can establish a 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. Members of the Shareholders' Committee will be appointed by the General Meeting of Shareholders for a period of one year. Until March 2016, a Shareholders' Committee was not yet established.

Role of the Shareholders' Committee

The role of the Shareholders' Committee is to approve certain specified resolutions by the management company (see governance matrix) and assist the management company by providing advice if such is requested. The responsibility for proper performance of its duties is vested in the Shareholders' Committee collectively.

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			

Anchor investor

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

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, 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 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 dealing with the reporting and investigation of unethical behaviour. All employees receive code of conduct training.

Compliance

Bouwinvest has an independent compliance function that identifies, assesses, advises on, monitors and reports on the company's compliance risks. These 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. You will find more details on the compliance function in the Risk Management section of this annual report.

Conflicts of Interest policy

Bouwinvest has a Conflicts of Interest policy. The purpose of this policy is to protect the interests of Bouwinvest and the interests of the Fund when Bouwinvest is contemplating entering into a transaction or arrangement that might benefit the private interests of a Bouwinvest employee or might result in a possible excess benefit transaction. 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 2015, 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.

Regulation

Bouwinvest has a licence within the meaning of Article 2:65 of the Dutch Financial Supervision Act (Wet op het financieel toezicht). Bouwinvest is therefore subject to supervision of the Dutch Financial Markets Authority (AFM) and, indirectly, the Dutch Central Bank (DNB).

Dutch Management and Supervision Act

The Dutch Management and Supervision Act (Wet bestuur en toezicht) came into force on 1 January 2013. Bouwinvest has amended its articles of association and internal regulations in line with this legislation, insofar as applicable and relevant. The Management and Supervision Act includes a guideline for a balanced gender ratio within the Board of Directors and Supervisory Board. At least 30% of these positions should be filled by women and at least 30% by men. Bouwinvest's Board of Directors and Supervisory Board do not yet have the above-mentioned gender balance. Based on the profiles of the members of the Board of Directors and of the Supervisory Board, in the event of future resignations Bouwinvest will carry out an evaluation to determine the desired profile of any new members. This evaluation will take into account diversity criteria, including a balance of male and female.

Risk management

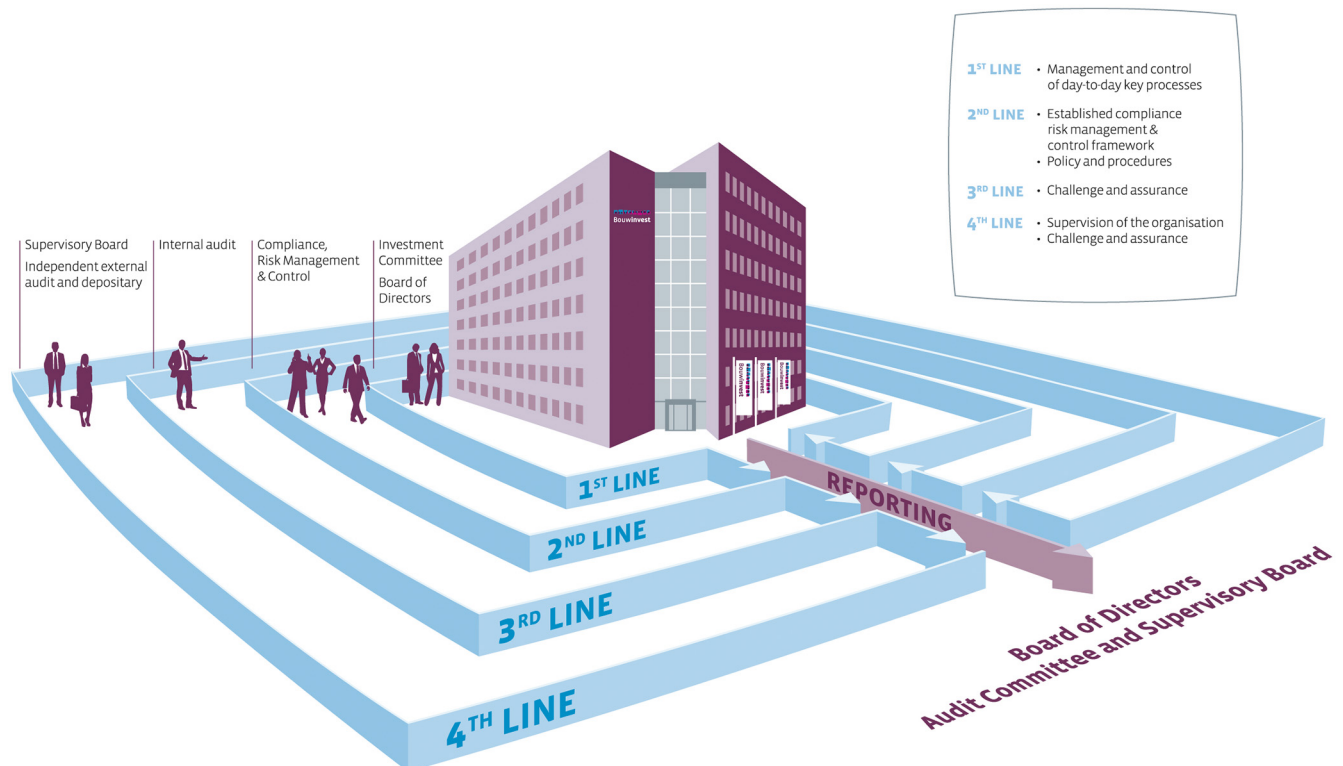
Risk management and compliance

Risk management and compliance are independent functions within Bouwinvest. Their role is to identify, assess, advise on, monitor and report on compliance and other risks faced by the Fund. In 2015, 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 defense



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, is also dependent on its expected expenditure. As mentioned with the occupancy KRI the direct return performance has a considerable effect on the indirect performance as well. The Operational expenditure KRI reflects cost performance compared to planned cost. On top of that the quarterly fund report shows an asset manager outlook for cost performance.

Remaining lease term

In commercial real estate like that of the Retail Fund 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 fulfill 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 disposition

Asset risk mix

Different assets in the Fund's portfolio provide propositions differing in riskiness. Each property is scored in a risk return assessment model and appointed 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 fulfillment

Based on analysis and investment beliefs the Retail Fund has specific strategic goals regarding 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 fulfillment KRI focuses on the ability of the Fund to attain the segment distribution it is aiming for.

Sustainability

To ensure the Fund will be a future proof fund which is able to provide long-term stable returns goals are set for the sustainability of the Fund. This KRI will show whether or not the Fund is currently able to meet its sustainability goals.

Acquisition and disposition

In order to meet investor demand the Fund aims for a portfolio of a certain size. The acquisition and disposition 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

This KRI is meant for fund management to be able to notify investors of any large regulatory or legal circumstances that may affect or are already affecting fund performance. To prevent as much legal or regulatory irregularities as possible Bouwinvest has an experienced legal staff.

Fund manager continuity and reputation

The fund management organisation is a responsibility of Bouwinvest. If Bouwinvest sees any threats to its functioning as a fund manager, for instance in damaged reputation or threatened continuity, this KRI will be used to inform investors. In 2015 the subject of integrity has attracted extra attention within Bouwinvest. This has resulted in a companywide training program and the completion of an elaborate Integrity Risk Analysis. Going forward Bouwinvest as a manager will continue to aim for having the highest possible integrity standard.

To control operational and integrity risks, there is a management agreement in place that determines the responsibilities of Bouwinvest 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 a company's day-to-day operations.

Alternative Investment Fund Managers Directive (AIFMD)

In early 2014, Bouwinvest was one of the first parties in the Netherlands to obtain 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 2015, Bouwinvest continued to optimise its reporting processes and streamlined its cooperation with depositary Intertrust Depositary Services B.V. Bouwinvest foresees no AIFMD-related challenges for 2016.

Monitoring and reporting

The monitoring the 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 2015. These improvements enable management to act in a timely manner to counteract or mitigate risk.

Financial statements

Statement of comprehensive income

All amounts in € thousands, unless otherwise stated

	Note	2015	2014
Gross rental income	6	38,718	35,662
Service charge income	6	1,971	1,930
Other income		215	159
Revenues		40,904	37,751
Service charge expenses		(2,198)	(2,203)
Property operating expenses	7	(5,069)	(4,631)
		(7,267)	(6,834)
Net rental income		33,637	30,917
Profit (loss) on sales of investment property		(183)	(8,356)
Positive fair value adjustment completed investment property		12,141	2,465
Negative fair value adjustment completed investment property		(29,682)	(40,846)
Net valuation gain (loss) on investment property	12	(17,541)	(38,381)
Net valuation gain (loss) on investment property under construction	13	19,831	30,254
Administrative expenses	8	(3,595)	(3,254)
Result before finance result		32,149	11,180
Finance income	9	1	5
Net finance result		1	5
Result before tax		32,150	11,185
Income taxes	10	-	-
Result for the year		32,150	11,185
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		32,150	11,185
Net result attributable to shareholders		32,150	11,185
Total comprehensive income attributable to shareholders		32,150	11,185
Distributable result	19	30,044	27,669
Pay-out ratio	19	100%	100%

Statement of financial position

Before appropriation of result, all amounts in € thousands

As at 31 December	Note	2015	2014
Assets			
Non-current assets			
Investment property	12	526,093	446,309
Investment property under construction	13	193,051	207,867
		719,144	654,176
Current assets			
Trade and other current receivables	14	745	16,669
Cash and cash equivalents	15	27,626	19,002
		28,371	35,671
Total assets		747,515	689,847
Equity and liabilities			
Equity attributable to the owners of the Fund			
Issued capital		291,013	265,254
Share premium		318,992	306,991
Revaluation reserve		128,330	98,077
Retained earnings		(32,150)	(11,185)
Net result for the year		32,150	11,185
Total equity	16	738,335	670,322
Current liabilities			
Trade and other payables	17	9,180	19,525
Total liabilities		9,180	19,525
Total equity and liabilities		747,515	689,847

Statement of changes in equity

For 2015, 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 2015	265,254	306,991	98,077	(11,185)	11,185	670,322
Comprehensive income						
Net result	-	-	-	-	32,150	32,150
Total comprehensive income	-	-	-	-	32,150	32,150
Other movements						
Issued shares	25,759	39,241	-	-	-	65,000
Appropriation of result	-	-	-	11,185	(11,185)	-
Dividends paid	-	(27,240)	-	(1,897)	-	(29,137)
Movement revaluation reserve	-	-	30,253	(30,253)	-	-
Total other movements	25,759	12,001	30,253	(20,965)	(11,185)	35,863
Balance at 31 December 2015	291,013	318,992	128,330	(32,150)	32,150	738,335

* See explanation dividend restrictions [Note 16](#) [on page 58]

For 2014, 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 2014	233,529	301,042	71,213	(47,149)	47,149	605,784
Comprehensive income						
Net result	-	-	-	-	11,185	11,185
Total comprehensive income	-	-	-	-	11,185	11,185
Other movements						
Issued shares	31,725	49,275	-	-	-	81,000
Appropriation of result	-	-	-	47,149	(47,149)	-
Dividends paid	-	(43,326)	-	15,679	-	(27,647)
Movement revaluation reserve	-	-	26,864	(26,864)	-	-
Total other movements	31,725	5,949	26,864	35,964	(47,149)	53,353
Balance at 31 December 2014	265,254	306,991	98,077	(11,185)	11,185	670,322

* See explanation dividend restrictions [Note 16](#) [on page 58]

Statement of cash flows

All amounts in € thousands

	Note	2015	2014
Operating activities			
Rental receipts		38,533	38,134
Service charge receipts		1,809	1,761
Operating payments		(12,909)	(10,582)
Service charge payments		(1,668)	(1,702)
VAT received (paid)		2,995	(2,837)
Interest received		1	5
Cash flows from operating activities		28,761	24,779
Investment activities			
Proceeds from sales of investment property		13,520	-
Payments of investment property		(8,475)	(45,199)
Payments of investment property under construction		(61,045)	(22,214)
Net cash inflow on disposal of participation		-	525
Cash flows from investment activities		(56,000)	(66,888)
Finance activities			
Proceeds from the issue of share capital		65,000	81,000
Dividends paid		(29,137)	(27,647)
Cash flows from finance activities		35,863	53,353
Net increase in cash and cash equivalents		8,624	11,244
Cash and cash equivalents at beginning of year		19,002	7,758
Cash and cash equivalents at end of year	15	27,626	19,002

Notes to the financial statements

All amounts in € thousands, unless otherwise stated

1 General information

The Retail Fund 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 anchor shareholder is Stichting Bedrijfstakpensioenfondsvoor de Bouwnijverheid (99.7%) and Bouwinvest (0.3%), manager of the Fund, is aligned with the main shareholder of the Fund.

The Fund's active portfolio management is supported by the supply of redeveloped properties by Bouwinvest Development B.V. and third parties.

The Statutory Director will present the annual report to the Annual General Meeting of shareholders on 18 April 2016, 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 2015 was a normal calendar year from 1 January to 31 December 2015.

2.1 Basis of preparation

Statement of compliance

In accordance with Part 9, Book 2 of the Dutch Civil Code, Section 362, subsection 8, the financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements of the Fund presented are also in accordance with Part 9, Book 2 of the Dutch Civil Code based on Section 362, subsections 8 and 9.

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 2015, 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 2015.

- Amendments to IAS 19 Defined Benefit Plans: Employee Contribution;
- Amendments to IFRSs Annual Improvements to IFRSs 2010-2012 Cycle; and
- Amendments to IFRSs Annual Improvements to IFRSs 2011-2013 Cycle.

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 2016 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:

- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations, effective 1 January 2016
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants, effective 1 January 2016

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.

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15
- IFRS 16 Leases

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

Preparation of the financial statements

The 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 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.

2.3 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

Starting one year before completion of the project, an external valuation expert values the project twice a year. 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. 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.

2.4 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.

2.5 Prepayments

Prepayments are stated at cost less any accumulated impairment losses.

2.6 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.

2.7 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.

2.8 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.

2.9 Dividend distribution

Dividend distribution to the Fund's shareholders is recognised as a liability in the Fund's financial statements in the period in which the dividends are approved.

2.10 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.

2.11 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.

2.12 Other income

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

2.13 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.

2.14 Cash flow statement

Cash flows are stated according to the direct method. The premise for operating cash flows is rental income, to which adjustments are made to obtain the net operating cash flows.

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.

2.15 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.

2.16 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 its counterparties, 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:

	2015	2014
Trade and other receivables, net of provision for impairment (Note 14)		
Rent receivables from tenants	744	277
Other financial assets	1	16,392
Cash and cash equivalents (Note 15)	27,626	19,002

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:

	2015	2014
Trade and other current receivables		
Neither past due nor impaired	215	2,953
Total neither past due nor impaired	215	2,953
Past due but not impaired		
Less than 30 days overdue	382	13,439
30 to 90 days overdue	-	-
Total past due but not impaired	382	13,439
Individually determined to be impaired (gross)		
30 days to 90 days overdue	44	252
90 to 180 days overdue	485	532
Total individually determined to be impaired (gross)	529	784
Less: impairment provision	(381)	(507)
Total trade and other current receivables, net of provision for impairment	745	16,669

There is no significant concentration of credit risk with respect to cash and cash equivalents, as the Fund holds cash accounts with a number of financial institutions.

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 2015 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	215	530	-	745
Liabilities				
Tenant deposits	-	-	363	363
Trade payables	2,815	-	-	2,815
Other financial liabilities	4,566	43	1,393	6,002

The maturity analysis of financial instruments at 31 December 2014 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	2,953	13,716	-	16,669
Liabilities				
Tenant deposits	-	-	1,079	1,079
Trade payables	11,520	-	-	11,520
Other financial liabilities	4,873	77	1,976	6,926

3.2 Fair value estimation

The Fund has no financial assets that are measured at fair value. The carrying amounts of the financial assets and liabilities and their fair values were as follows:

As at 31 December	Note	2015		2014	
		Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables (level 2)	14	745	745	16,669	16,669
Cash and cash equivalents (level 1)	15	27,626	27,626	19,002	19,002
Financial liabilities measured at amortised cost and other payables (level 2)	17	(9,180)	(9,180)	(19,525)	(19,525)
		19,191	19,191	16,146	16,146

In addition, for financial purposes fair value measurements are categorised into level 1, 2 and 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 53]. 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

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

The Fund's key retail locations are: high street retail, shopping centres, other retail locations.

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

Property valuation as at 31 December	2015	2014
Retail location		
High street retail	338,165	256,100
Shopping centres	146,612	151,736
Other retail location	41,316	38,473
Total	526,093	446,309

6 Gross rental income and service charge income

	2015	2014
Theoretical rent	42,001	38,090
Incentives	(850)	(301)
Vacancies	(2,433)	(2,127)
Total gross rental income	38,718	35,662

The future contractual rent from leases in existence on 31 December 2015, until the end of contract (accounted for on the basis of the minimum rent) can be analysed as follows:

	2015	2014
First year	41,897	40,422
Second to fifth years	147,815	119,019
More than five year	54,627	75,574

Service charge income represents € 2.0 million (2014: € 1.9 million) income receivable from tenants for the services utilities, caretakers, etc. when the Fund acts as a principal.

7 Property operating expenses

	2015	2014
Taxes	1,342	1,162
Insurance	115	80
Maintenance	946	751
Valuation fees	142	166
Property management fees	775	715
Promotion and marketing	212	165
Letting and lease renewal fees	482	296
Other operating expenses	857	949
Addition to provision for bad debts	198	347
Total property operating expenses	5,069	4,631

In 2015, € 0.1 million (2014: € 0.2 million) of the maintenance expenses related to unlet properties.

8 Administrative expenses

	2015	2014
Management fee Bouwinvest	3,451	3,058
Audit fees	24	23
Other administrative expenses	100	142
Legal fees	-	-
Other Fund expenses	20	31
Total administrative expenses	3,595	3,254

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 income

	2015	2014
Finance income	1	5
Total finance income	1	5

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.

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.

The Retail Fund met the requirements of an FII in 2015. The effective tax rate was 0.0% (2014: 0.0%).

11 Employee benefits expense

The Retail Fund has no employees.

12 Investment property

	2015	2014
At the beginning of the year	445,936	459,494
Transfers from investment property under construction	85,239	9,511
Investments	8,475	45,947
Total investments	93,714	55,458
Transfers to investment property under construction	-	(9,279)
Disposals	(520)	(21,356)
Net gain (loss) from fair value adjustments on investment property (like for like)	(23,864)	(33,841)
Net gain (loss) from fair value adjustments on investment property	6,323	(4,540)
In profit or loss	(17,541)	(38,381)
In other comprehensive income	-	-
Transfers out of level 3	-	-
Total investment property (level 3)	521,589	445,936
Lease incentives	4,504	373
At the end of the year	526,093	446,309

The Fund's investment properties are valued by an external valuation expert on a quarterly basis. The external valuation expert is changed every three years. On 31 December 2015, 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 2015, and 1 January 2015, are in line with the valuations reported by the external valuation experts.

Since the accounting effect of lease incentives granted is included under non-current assets the recognised amount € 4,504,000 (2014: € 373,000) is deducted from the total fair value of investment properties.

Investments and investment property under construction	2015	2014
High street retail	85,238	54,765
Shopping centres	77	86
Other retail location	8,399	607
Total Investments and investment property under construction	93,714	55,458
Disposals	2015	2014
High street retail	-	-
Shopping centres	-	-
Other retail location	(520)	(21,356)
Total disposals	(520)	(21,356)

The significant assumptions made relating to the valuations are set out below.

2015	High street retail	Shopping centres	Other retail location	Total
Current average rent (€/m ²)	273	205	139	225
Estimated rental value (€/m ²)	253	192	141	211
Gross initial yield	6.2%	7.7%	8.0%	6.8%
Net initial yield	5.5%	7.0%	4.6%	5.9%
Current vacancy rate (LFA m ²)	4.0%	3.6%	12.2%	5.2%
Current financial vacancy rate	4.3%	2.8%	16.4%	5.8%
Long-term vacancy rate	2.7%	4.1%	11.8%	4.2%
Long-term growth rental rate	1.5%	1.8%	0.7%	1.6%
Average 10-year inflation rate (IPD Nederland)				1.5%

2014	High street retail	Shopping centres	Other retail location	Total
Current average rent (€/m ²)	254	209	149	219
Estimated rental value (€/m ²)	242	192	145	206
Gross initial yield	6.9%	7.6%	5.9%	7.0%
Net initial yield	5.2%	6.5%	7.2%	5.9%
Current vacancy rate (LFA m ²)	4.5%	3.9%	26.0%	7.8%
Current financial vacancy rate	4.3%	3.1%	16.4%	5.9%
Long-term vacancy rate	3.0%	3.7%	N/A	3.3%
Long-term growth rental rate	2.0%	2.1%	1.6%	2.0%
Average 10-year inflation rate (IPD Nederland)				1.9%

The vacancy rate showed an upward trend due to some bankruptcies.

The total gain (loss) for the year included an unrealised gain of € 12,141 (2014: € 2,465) relating to investment properties that are measured at fair value at the end of the reporting period.

The valuation of the investment properties takes into account a rent-free period/rent incentives ranging from 1 to 3 months after occupation.

As at 31 December 2015, the Fund had unprovisioned contractual obligations for future repairs and maintenance of € 0.3 million (2014: € 0.1 million).

Direct operating expenses recognised in profit or loss include € 0.2 million (2014: € 0.1 million) relating to vacant investment property. Investment property includes buildings held under finance leases. The carrying amount is € nil (2014: € nil).

Sensitivity analysis

The appraisal of the portfolio implies a net initial yield of 5.9% (2014: 5.9%). If the yields used for the appraisals of investment properties on 31 December 2015 had been 100 basis points higher (2014: 100 basis points higher) than was the case at that time, the value of the investments would have been 13.5 % lower (2014: 14.7% lower). In this situation, the Fund's shareholders' equity would have been € 76 million lower (2014: € 92 million lower).

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

	2015		2014	
Change rental rates	-5%	5%	-5%	5%
Value of the investment property change	(26,305)	26,305	(24,396)	25,872
	2015		2014	
Change net initial yield	- 25 bps	+ 25 bps	- 25 bps	+ 25 bps
Value of the investment property change	23,147	(21,275)	23,145	(19,835)

13 Investment property under construction

	2015	2014
At the beginning of the year	207,867	146,945
Investments	52,723	30,900
Transfer to investment property	(85,239)	(9,511)
Transfer from investment property	-	9,279
Net gain (loss) from fair value adjustments on investment property under construction	19,831	30,254
In profit or loss	19,831	30,254
In other comprehensive income	-	-
Transfers out of level 3	-	-
Total investment property under construction (level 3)	195,182	207,867
Lease incentives	(2,131)	-
At the end of the year	193,051	207,867
	2015	2014
Investment property under construction at fair value	193,051	207,867
Investment property under construction at amortised cost	-	-
As at 31 December	193,051	207,867

Investment property is not developed within the Retail Fund but via external parties or within Bouwinvest Development B.V. Investment property under construction relates to Damrak, Mosveld, Stadionplein (Amsterdam), Goverwelle (Gouda) and Molenhoekpassage (Rosmalen).

Investments and investment property under construction	2015	2014
High street retail	21,629	30,900
Shopping centres	31,094	-
Other retail location	-	-
Total investments and investment property under construction	52,723	30,900

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

The significant assumptions made relating to the valuations are set out below.

	2015	2014
Gross initial yield	4.75% - 7.5%	4.3% - 8.2%
Net initial yield	4.5% - 6.8%	4.0% - 6.9%
Long-term vacancy rate	0.0%	0.0%
Average 10 – year inflation rate (IPD Nederland)	1.5%	1.9%
Estimated average percentage of completion	72.0%	49.1%
Current average rent (€/m ²)	319	360
Construction costs (€/m ²)	2,218	2,325

14 Trade and other current receivables

	2015	2014
Trade receivables	744	277
Group companies Bouwinvest	1	1
Tax	-	2,952
Other receivables	-	13,439
Balance as at 31 December	745	16,669

15 Cash and cash equivalents

	2015	2014
Bank deposits	13,500	-
Bank balances	14,126	19,002
Balance as at 31 December	27,626	19,002

The bank balances of € 14.1 million are freely available to the Fund as at 31 December 2015 and the bank deposits of € 13.5 million have a 30 days' notice period.

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

For 2015, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2015	265,254	306,991	98,077	(11,185)	11,185	670,322
Comprehensive income						
Net result	-	-	-	-	32,150	32,150
Total comprehensive income	-	-	-	-	32,150	32,150
Other movements						
Issued shares	25,759	39,241	-	-	-	65,000
Appropriation of result	-	-	-	11,185	(11,185)	-
Dividends paid	-	(27,240)	-	(1,897)	-	(29,137)
Movement revaluation reserve	-	-	30,253	(30,253)	-	-
Total other movements	25,759	12,001	30,253	(20,965)	(11,185)	35,863
Balance at 31 December 2015	291,013	318,992	128,330	(32,150)	32,150	738,335

* See explanation dividend restrictions in this Note.

For 2014, before appropriation of profit

	Issued capital	Share premium	Revaluation reserve*	Retained earnings	Net result for the year	Total equity
Balance at 1 January 2014	233,529	301,042	71,213	(47,149)	47,149	605,784
Comprehensive income						
Net result	-	-	-	-	11,185	11,185
Total comprehensive income	-	-	-	-	11,185	11,185
Other movements						
Issued shares	31,725	49,275	-	-	-	81,000
Appropriation of result	-	-	-	47,149	(47,149)	-
Dividends paid	-	(43,326)	-	15,679	-	(27,647)
Movement revaluation reserve	-	-	26,864	(26,864)	-	-
Total other movements	31,725	5,949	26,864	35,964	(47,149)	53,353
Balance at 31 December 2014	265,254	306,991	98,077	(11,185)	11,185	670,322

* 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 2015	265,254	265,254	306,991	572,245
New shares issued	25,759	25,759	39,241	65,000
Dividend paid	-	-	(27,240)	(27,240)
Balance at 31 December 2015	291,013	291,013	318,992	610,005
Opening balance at 1 January 2014	233,529	233,529	301,042	534,571
New shares issued	31,725	31,725	49,275	81,000
Dividend paid	-	-	(43,326)	(43,326)
Balance at 31 December 2014	265,254	265,254	306,991	572,245

Issued capital

The authorised capital comprises 1 million shares each with a nominal value of € 1,000. As at 31 December 2015, in total 291,013 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 2015 was determined at the individual property level.

17 Trade and other payables

	2015	2014
Trade payables	2,814	948
Group companies Bouwinvest	1	10,572
Rent invoiced in advance	4,566	4,873
Tenant deposits	363	1,079
Service charge payments	1,141	774
Promotion costs	34	117
Tax	43	77
Other payables	218	1,085
Balance as at 31 December	9,180	19,525

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.

	2015	2014
Net result attributable to shareholders	32,150	11,185
Weighted average number of ordinary shares	276,024	242,239
Basic earnings per share (€ per share)	116.48	46.76

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 2015, € 29.1 million (2014: € 27.6 million) was paid as dividend. The payment of a dividend over 2015 of € 108.84 per share as at year-end 2015 (2014: € 115.68), amounting to a total dividend of € 30.0 million (2014: € 27.7 million), is to be proposed at the Annual General Meeting of shareholders on 18 April 2016. These financial statements do not reflect this dividend payable.

The dividend proposal for 2015 has not been accounted for in the financial statements. The dividend for 2015 will be paid in cash.

20 Contingent liabilities and assets

As at 31 December 2015, the Fund's total future commitments amounted to € 24 million (2014: € 76 million).

These commitments are made up as follows:

Investment commitments	2016
Damrak 70, Amsterdam	7
Mosveld, Amsterdam	4
Stadionplein, Amsterdam	13
	24

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 authorities by Bouwinvest Development B.V. and the Retail Fund, the result is not clear yet.

21 Related parties

The Retail Fund's subsidiaries and members of the Supervisory Board and Board of Directors of Bouwinvest Real Estate Investment Management B.V. (Bouwinvest) and the other entities under management by Bouwinvest, qualify as related parties of the Retail Fund. The Fund paid Bouwinvest a € 3.5 million fee in 2015 (2014: € 3.1 million). bpfBOUW and the subsidiaries and investments held by bpfBOUW are also deemed related parties.

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 2015.

Bouwinvest Development B.V. (re)develops part of the investment property for the Fund. In 2015, € 66.8 million (2014: € 49 million) was paid to Bouwinvest Development B.V. with regard to the projects Nieuwendijk 196 (Amsterdam), Damrak 70 (Amsterdam) and Westerhaven (Groningen).

22 Management fee

Bouwinvest is the manager and the Statutory Director of the Fund. The management fee paid for the year 2015 amounted to € 3.5 million (2014: € 3.1 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 2015 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 2015 by Deloitte Accountants B.V. and the Deloitte Network in respect of activities for the Retail Fund.

	2015	2014
Audit of the financial statements	24	23
Other audit engagements	-	-
Tax advisory services	-	-
Other non-audit services	-	-
Total fees	24	23

24 Subsequent events

As of January 2016, the Retail Fund has three new investors. The three new investors committed for a total of € 55 million.

Signing of the Financial Statements

Amsterdam, the Netherlands, 14 March 2016

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*

Allard van Spaandonk, *Managing Director Dutch Investments*

Stephen Tross, *Managing Director International Investments*

Other information

Articles of Association related to the appropriation of profit

As of 4 January 2016, the Articles of Association of the Retail Fund were amended. Appropriation of profit is provided for in Article 20 of the new 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.

Appropriation of profit 2014

The Annual General Meeting of shareholders on 25 April 2015 adopted and approved the 2014 financial statements of the Retail Fund. A dividend of € 115.68 (in cash) per share has been paid. Of the profit for 2014 amounting to € 11.2 million, € 11.2 million was incorporated in the retained earnings.

Proposal for profit appropriation 2015

The management of the Fund proposes to the General Meeting of shareholders that a dividend of € 108.84 (in cash) per share be paid. Of the profit for 2015 amounting to € 32.2 million, € 32.2 million will be incorporated in the retained earnings.

Subsequent events

As of January 2016, the Retail Fund has three new investors. The three new investors committed in total € 55 million.

Independent auditor's report

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

Report on the audit of the financial statements 2015

Our opinion

We have audited the financial statements 2015 of Bouwinvest Dutch Institutional Retail Fund N.V., based in Amsterdam.

In our opinion the financial statements give a true and fair view of the financial position of Bouwinvest Dutch Institutional Retail Fund N.V. as at 31 December 2015, and of its result for 2015 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 financial statements comprise:

- The statement of financial position as at 31 December 2015
- The following statements for 2015:
 - The statements of comprehensive income, changes in equity and cash flows.
- The notes comprising a summary of the significant 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 Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

Materiality

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.

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 6.9 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	€ 6.9 million
Basis for group materiality level	1% of total equity
Threshold for reporting misstatements	€ 345 thousand

We agreed with the board of directors that misstatements in excess of € 345 thousand as indicated above, 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.

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 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).	<p>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.</p> <p>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.</p> <p>We have additionally engaged internal property experts to review a selection of the property.</p> <p>We have performed an additional test on the reliability of the estimation by comparing the valuation with the revenues effectively realized upon sale.</p>
Acquisition of investment property Considering acquisition of investment property is a significant part of Bouwinvest Dutch Institutional Retail Fund N.V.'s operations, we have performed specific audit procedures on accounting for acquisitions (see also notes 12 and 13 of the notes to the financial statements).	<p>We have audited, by test of details, the accounting for acquisitions of property on the basis of the related acquisition contracts, deeds of transfer, and the proposals for investments.</p> <p>We have also established the correctness of the authorization for each transaction.</p>

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, and for the preparation of the Report of the Board of Directors in accordance with 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 framework 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.

The board of directors is responsible for overseeing the company's financial reporting process.

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 have detected all errors and fraud.

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 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; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors 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 identify during our audit.

We provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. 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.

Report on other legal and regulatory requirements

Report on the Report of the Board of Directors and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Report of the Board of Directors and other information):

- We have no deficiencies to report as a result of our examination whether the Report of the Board of Directors, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the Report of the Board of Directors, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the shareholders as auditor of Bouwinvest Dutch Institutional Retail Fund N.V., as of the audit for year 2012 and have operated as statutory auditor ever since that date.

Amsterdam, March 14, 2016

Deloitte Accountants B.V.

Signed on the original: J. Holland

Financial overviews in accordance with 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 also publishes the accounts 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. The adjusted INREV NAV is based on the IFRS valuation principles plus the deviations, as described below.

Note	Total	Per share	Actual impact on 2015 figures	Actual impact on 2014 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
Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders long term interests				
1 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
Revaluation to fair value of self-constructed or developed investment				
4 property	X	X	N/A	N/A
5 Revaluation to fair value of investment property held for sale	X	X	N/A	N/A
Revaluation to fair value of property that is leased to tenants under a finance				
6 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	Yes
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
Revaluation to fair value of deferred taxes and tax effect of INREV NAV				
16 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

Statement of financial position in accordance with INREV valuation principles

Before appropriation of result, all amounts in € thousands

As at 31 December	2015			2014		
	IFRS	Adjustment	INREV	IFRS	Adjustment	INREV
Assets						
Non-current assets						
Investment property	526,093	-	526,093	446,309	-	446,309
Investment property under construction	193,051	-	193,051	207,867	-	207,867
	719,144	-	719,144	654,176	-	654,176
Current assets						
Trade and other current receivables*	745	3,118	3,863	16,669	4,518	21,187
Cash and cash equivalents	27,626	-	27,626	19,002	-	19,002
	28,371	3,118	31,489	35,671	4,518	40,189
Total assets	747,515	3,118	750,633	689,847	4,518	694,365
Equity						
Equity attributable to the owners of the Fund						
Total equity	738,335	3,118	741,453	670,322	4,518	674,840
Current liabilities						
Trade and other payables	4,251	-	4,251	13,573	-	13,573
Rent invoiced in advance	4,566	-	4,566	4,873	-	4,873
Tenant deposits	363	-	363	1,079	-	1,079
Total liabilities	9,180	-	9,180	19,525	-	19,525
Total equity and liabilities	747,515	3,118	750,633	689,847	4,518	694,365

* The INREV adjustment in the trade and other current receivables is netted.

Statement of comprehensive income in accordance with INREV valuation principles

All amounts in € thousands, unless otherwise stated

As at 31 December	2015			2014		
	IFRS	Adjustment	INREV	IFRS	Adjustment	INREV
Gross rental income	38,718	-	38,718	35,662	-	35,662
Service charge income	1,971	-	1,971	1,930	-	1,930
Other income	215	-	215	159	-	159
Revenues	40,904	-	40,904	37,751	-	37,751
Service charge expenses	(2,198)	-	(2,198)	(2,203)	-	(2,203)
Property operating expenses	(5,069)	-	(5,069)	(4,631)	-	(4,631)
	(7,267)	-	(7,267)	(6,834)	-	(6,834)
Net rental income	33,637	-	33,637	30,917	-	30,917
Profit (loss) on sales of investment property	(183)	-	(183)	(8,356)	-	(8,356)
Positive fair value adjustment	31,972	-	31,972	32,719	-	32,719
Negative fair value adjustment	(29,682)	(1,400)	(31,082)	(40,846)	1,263	(39,583)
Net valuation gain (loss) on investment property	2,290	(1,400)	890	(8,127)	1,263	(6,864)
Administrative expenses	(3,595)	-	(3,595)	(3,254)	(100)	(3,354)
Result before finance expense	32,149	(1,400)	30,749	11,180	1,163	12,343
Finance income	1	-	1	5	-	5
Net finance expense	1	-	1	5	-	5
Result before tax	32,150	(1,400)	30,750	11,185	1,163	12,348
Income taxes	-	-	-	-	-	-
Net result	32,150	(1,400)	30,750	11,185	1,163	12,348
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	32,150	(1,400)	30,750	11,185	1,163	12,348
Net result attributable to shareholders	32,150	(1,400)	30,750	11,185	1,163	12,348
Total comprehensive income attributable to shareholders	32,150	(1,400)	30,750	11,185	1,163	12,348

Statement of changes in equity in accordance with INREV valuation principles

All amounts in € thousands

For 2015, before appropriation of result

	Issued capital	Share premium	Revaluation reserve	Retained earnings	Net result for the year	Total equity
Balance according to IFRS at 1 January 2015	265,254	306,991	98,077	(11,185)	11,185	670,322
Changes according to INREV at 1 January 2015	-	-	-	3,355	1,163	4,518
Balance at 1 January 2015	265,254	306,991	98,077	(7,830)	12,348	674,840
Comprehensive income						
Net result	-	-	-	-	32,150	32,150
Total comprehensive income	-	-	-	-	32,150	32,150
Other movements						
Issued shares	25,759	39,241	-	-	-	65,000
Appropriation of result	-	-	-	12,348	(12,348)	-
Dividends paid	-	(27,240)	-	(1,897)	-	(29,137)
Movement revaluation reserve	-	-	30,253	(30,253)	-	-
Changes according to INREV	-	-	-	-	(1,400)	(1,400)
Total other movements	25,759	12,001	30,253	(19,802)	(13,748)	34,463
Balance at 31 December 2015	291,013	318,992	128,330	(27,632)	30,750	741,453

For 2014, before appropriation of result

	Issued capital	Share premium	Revaluation reserve	Retained earnings	Net result for the year	Total equity
Balance according to IFRS at 1 January 2014	233,529	301,042	71,213	(47,149)	47,149	605,784
Changes according to INREV at 1 January 2014	-	-	-	3,696	(341)	3,355
Balance at 1 January 2014	233,529	301,042	71,213	(43,453)	46,808	609,139
Comprehensive income						
Net result	-	-	-	-	11,185	11,185
Total comprehensive income	-	-	-	-	11,185	11,185
Other movements						
Issued shares	31,725	49,275	-	-	-	81,000
Appropriation of result	-	-	-	46,808	(46,808)	-
Dividends paid	-	(43,326)	-	15,679	-	(27,647)
Movement revaluation reserve	-	-	26,864	(26,864)	-	-
Changes according to INREV	-	-	-	-	1,163	1,163
Total other movements	31,725	5,949	26,864	35,623	(45,645)	54,516
Balance at 31 December 2014	265,254	306,991	98,077	(7,830)	12,348	674,840

Notes to the INREV financial statements

All amounts in € thousands, unless otherwise stated

Note	Total 2015	Per share 2015	Total 2014	Per share 2014
NAV as per the financial statements	738,335	2,537.12	670,322	2,527.09
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	738,335	2,537.12	670,322	2,527.09
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	3,118	10.71	4,518	17.03
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	741,453	2,547.83	674,840	2,544.13
Number of shares issued	291,013		265,254	
Number of shares issued taking dilution effect into account	291,013		265,254	
Weighted average INREV NAV	708,147		641,989	
Weighted average INREV GAV	722,499		656,622	
Total Expense Ratio (NAV)	0.53%		0.57%	
Total Expense Ratio (GAV)	0.52%		0.56%	
Real Estate Expense Ratio (GAV)	0.91%		0.75%	

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 2015, 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 2015.

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 2015.

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 2015, 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 2015, 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 2015, 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 2015, 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 2015, 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 2015, 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 2015, 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 2015, the set-up costs of the Fund have been amortised, so no adjustment had been made per 31 December 2015.

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.

Capitalised acquisition costs as per 31 December 2014	4,518
Acquisition costs 2015	-
Amortisation acquisition costs in 2015	(1,400)
Adjustment NAV (excluding tax)	3,118

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 2015, 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 2015, 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 2015, 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 2015, 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.

We have audited the accompanying financial overviews 2015 of Bouwinvest Dutch Institutional Retail Fund N.V., Amsterdam, in accordance with INREV Valuation Principles as set out on page 66 up to and including page 74, which comprise the statement of financial position as per December 31, 2015, the statements of comprehensive income and changes in equity for the year then ended and notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation of the financial overviews in accordance with the INREV Valuation Principles, which are selected and disclosed by the Fund, as set out in the notes on page 66 up to and including page 74 of the financial overviews in accordance with INREV Valuation Principles. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial overviews that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial overviews based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial overviews are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial overviews. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial overviews, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial overviews 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial overviews.

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

Opinion

In our opinion, the financial overviews are prepared, in all material respects in accordance with the accounting policies selected and disclosed by the Fund, as set out in the notes on page 66 up to and including page 74 of the financial overviews in accordance with INREV Valuation Principles.

Basis of accounting

We draw attention to notes on page 66 up to and including page 74 of the financial overviews in accordance with INREV Valuation Principles, which describes the basis of accounting. The accounting policies used are selected and disclosed by the entity. Our opinion is not qualified in this respect.

Amsterdam, March 14, 2016

Deloitte Accountants B.V.

Signed on the original: J. Holland

Shareholders' information & Investor Relations

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

The Retail Fund has two shareholders at year-end 2015. As of January 2016, three new investors committed for a total of € 55 million.

Name shareholder	Number of shares at year-end 2015
Shareholder A	290,225
Shareholder B	788
Total	291,013

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 € 108.84 per share for 2015 (2014: € 115.68), 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, 75.9 % was paid out in the course of 2015. The fourth instalment was paid on 2 March 2016. The rest of the distribution over 2015 will be paid in one final instalment following the Annual General Meeting of shareholders on 18 April 2016.

Financial calendar

2 June 2015	Payment interim dividend first quarter 2015, € 26.61 per share
1 September 2015	Payment interim dividend second quarter 2015, € 27.13 per share
1 December 2015	Payment interim dividend third quarter 2015, € 27.51 per share
2 March 2016	Payment interim dividend fourth quarter 2015, € 19.93 per share
18 April 2016	Annual General Meeting of Shareholders
26 April 2016	Payment of final dividend 2015, € 4.98 per share
31 May 2016	Payment interim dividend first quarter 2016
30 August 2016	Payment interim dividend second quarter 2016
29 November 2016	General Meeting of Shareholders
8 December 2016	Payment interim dividend third quarter 2016
7 March 2017	Payment interim dividend fourth quarter 2016

Investor relations

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 Web.

In addition to the regular information outlined above, Bouwinvest organised a number of investor relations activities in 2015, including our traditional investor relations seminar in May, road shows, property (sailing) tours and one-on-one meetings with (potential) investors, plus we attended several high-profile real estate conferences to present the management organisation, its strategy and its vision on real estate to (potential) investors.

For further information on Bouwinvest's investor relations activities, please visit our corporate website at Bouwinvest.nl/en. You can also contact our Investor Relations department at ir@bouwinvest.nl or Karen Huizer, Investor Relations manager: +31 (0)20 677 1598.

Contact information

Bouwinvest

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Glossary

Assets under management

Assets under management is defined as the net asset value of the funds as per the chosen valuation principles that the manager manages for itself and its clients.

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.

Properties overview

Municipality	Street name/property name	Floor space (in m ²)	No. of parking units	Year of construction /renovation	Land ownership	Location type	Theoretical gross annual rent as per 31 December 2015	Occupancy rate (financial)
AMSTERDAM	Damrak 70	24,810	-	2014	Freehold	Highstreet Retail	3,306	100.0%
AMSTERDAM	Nieuwendijk 196	5,167	-	2014	Freehold	Highstreet Retail	3,249	98.1%
AMSTERDAM	Nieuwendijk 92	123	-	1900	Freehold	Highstreet Retail	122	100.0%
AMSTERDAM	Nieuwendijk 94	206	-	1900	Freehold	Highstreet Retail	124	100.0%
AMSTERDAM	Nieuwendijk 107	102	-	1900	Freehold	Highstreet Retail	91	100.0%
AMSTERDAM	Ferdinand Bolstraat 105	138	-	1900	Leasehold	Highstreet Retail	60	100.0%
AMSTERDAM	Beethovenstraat 67	104	-	1900	Leasehold	Highstreet Retail	59	100.0%
AMSTERDAM	PC Hooftstraat 125	218	-	1900	Freehold	Highstreet Retail	186	100.0%
AMSTERDAM	Wolvenstraat 10	180	-	1900	Freehold	Highstreet Retail	120	100.0%
AMSTERDAM	Shopping Centre Dukaat	5,658	-	1999	Freehold	Shopping Centres	1,076	91.6%
APELDOORN	Hoofdstraat 107-115	4,625	-	2012	Freehold	Highstreet Retail	1,019	100.0%
APELDOORN	t Fort	6,550	-	2001	Freehold	Shopping Centres	1,292	98.1%
BERGEN OP ZOOM	Shopping Centre De Parade	15,220	-	2009	Freehold	Highstreet Retail	3,123	93.4%
BERKEL EN RODENRIJS	Shopping Centre Berkel Center	10,496	-	1997	Freehold	Shopping Centres	2,281	97.3%
BEST	Shopping Centre Boterhoek	1,617	-	1984	Freehold	Shopping Centres	317	100.0%
BREDA	Ginnekenstraat 131	415	-	1900	Freehold	Highstreet Retail	22	34.9%
BREDA	Ridderstraat 10	197	-	1900	Freehold	Highstreet Retail	125	96.0%
DELFT	Sprengmolen	6,153	-	2012	Freehold	Highstreet Retail	964	100.0%
DORDRECHT	Maasplaza	9,038	192	1994	Freehold	Shopping Centres	1,340	94.7%
EDE	Shopping Centre Achterdoelen	4,318	-	2001	Freehold	Other Retail	873	66.4%
EDE	Parkweide	5,409	200	2015	Freehold	Shopping Centres	931	84.3%
EINDHOVEN	Demer 38	694	-	2012	Freehold	Highstreet Retail	406	100.0%

Municipality	Street name/property name	Floor space (in m ²)	No. of parking units	Year of construction /renovation	Land ownership	Location type	Theoretical gross annual rent as per 31 December 2015	Occupancy rate (financial)
EINDHOVEN	Demer 48	869	-	1950	Freehold	Highstreet Retail	238	98.6%
GOUDA	Kleiweg 27-31	1,508	-	2012	Freehold	Highstreet Retail	488	100.0%
GOUDA	Shopping Centre Goverwelle	5,789	-	1993	Freehold	Shopping Centres	1,200	91.6%
GRONINGEN	Westerhaven	14,410	-	2001	Freehold	Other Retail	2,190	85.3%
LELYSTAD	Shopping Centre De Promesse	15,361	-	2009	Freehold	Highstreet Retail	3,223	91.5%
MAASTRICHT	Muntstraat 19	261	-	1900	Freehold	Highstreet Retail	90	100.0%
PURMEREND	Shopping Centre Makado	6,251	-	1971	Freehold	Shopping Centres	1,096	91.2%
ROTTERDAM	Shopping Centre Prinsenland	4,551	-	2007	Leasehold	Shopping Centres	1,096	100.0%
ROTTERDAM	Beijerlandse laan	3,093	95	2014	Freehold	Shopping Centres	711	100.0%
ROTTERDAM	Kop van Zuid	2,120	-	1995	Freehold	Other Retail	246	99.0%
ROTTERDAM	WTC	8,665	-	1987	Freehold	Highstreet Retail	3,085	99.4%
ROSMALEN	Molenhoekpassage	3,919	-	1992	Freehold	Shopping Centres	807	90.5%
s-HERTOGENBOSCH	Vughterstraat 2	57	-	1900	Freehold	Highstreet Retail	48	100.0%
s-HERTOGENBOSCH	Vughterstraat 4	58	-	1900	Freehold	Highstreet Retail	39	100.0%
THE HAGUE	Spui - Grote Marktstraat	3,256	-	1997	Freehold	Highstreet Retail	902	100.0%
THE HAGUE	Spuistraat 70	131	-	1900	Freehold	Highstreet Retail	70	25.1%
TILBURG	Shopping Centre Heyhoef	10,359	-	1997	Freehold	Shopping Centres	2,768	100.0%
UTRECHT	Steenweg 43	275	-	1900	Freehold	Highstreet Retail	146	100.0%
WEERT	Shopping Centre Muntpassage	16,209	154	1996	Freehold	Highstreet Retail	3,945	94.4%
ZWOLLE	Shopping Centre Het Eiland	6,933	-	2001	Freehold	Other Retail	734	60.0%
Total		205,513	641				44,208	94.2%

