

# DD Property Fund N.V. Monthly report January 2019

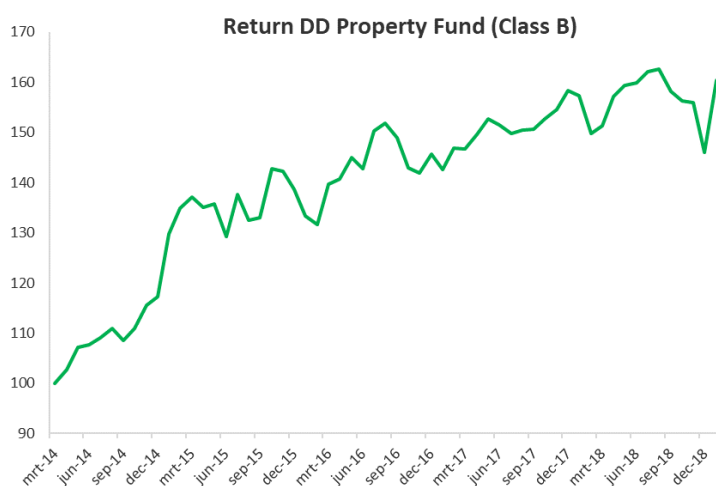


## Profile

DD Property Fund N.V. (DDPF or DD Property Fund) is a sustainable real estate equity fund with a focus on Europe. The fund has a net return target of 7%\* on average per annum and aims for a consistent slightly growing dividend. DDPF has a focus on the long-term and does not use a benchmark. DDPF invests with the conviction that an integrated analysis of financial and sustainability aspects makes a positive contribution to the fund's risk-return profile. This translates into a portfolio of high-quality real estate companies. DDPF sees it as its fiduciary duty to actively represent the interests of its shareholders in its investments. DD Property Fund is listed on Euronext in Amsterdam and can be traded daily.

## Return\*

DD Property Fund achieved a return of 9.85% (class B) for January 2019. At the end of January 2019 the net asset value per B share was € 35.35.



\* The value of your investment may fluctuate. Results achieved in the past do not provide any guarantees for the future.

## Fund information

### Key facts

Fund size	€ 28.7m
# shares (A)	421,250
# shares (B)	400,583
Net asset value* (A)	€ 34.62
Net asset value* (B)	€ 35.35
# positions	19

### Costs

Management fee	1.20% (A) 0.70% (B)
Other costs**	0.50%
Up/down swing factor	0.25%

### Other

Start date	Class A: May 2005 Class B: Jan 2015
Manager	DoubleDividend Management B.V.
Status	Open-end, daily
Exchange	Euronext Amsterdam
ISIN (A)	NL0009445915
ISIN (B)	NL0010949350
Benchmark	None
Currency	Euro

### Risk monitor



\* per share  
\*\* estimated

**Table: monthly total return in % (after costs, dividend included) \***

	Jan	Feb	Mar	Apr	Mei	Jun	Jul	Aug	Sep	Okt	Nov	Dec	Total
<b>2009</b>	-0.93	-4.09	-1.62	6.58	4.56	-4.94	1.52	9.69	1.91	-1.53	-1.03	0.32	<b>9.87</b>
<b>2010</b>	1.46	-0.29	4.57	-1.62	-6.72	1.07	5.14	1.00	5.21	2.46	-3.26	4.08	<b>12.75</b>
<b>2011</b>	2.08	2.75	-0.17	1.75	3.52	-2.20	-2.90	-8.16	-4.90	3.69	-5.90	1.26	<b>-9.62</b>
<b>2012</b>	1.53	2.02	4.59	-3.24	-2.34	1.51	3.09	-0.18	1.49	2.56	0.48	-0.02	<b>11.81</b>
<b>2013</b>	0.83	0.72	-1.41	4.38	1.39	-7.59	2.56	-1.31	3.14	2.61	-0.81	-0.67	<b>3.35</b>
<b>2014</b>	-0.47	5.76	-1.86	2.69	4.37	0.54	1.24	1.66	-2.20	2.36	4.13	1.48	<b>21.18</b>
<b>2015</b>	10.58	3.96	1.72	-1.51	0.52	-4.86	6.54	-3.70	0.32	7.37	-0.40	-2.56	<b>18.13</b>
<b>2016</b>	-3.76	-1.28	6.08	0.71	3.13	-1.62	5.37	1.01	-1.97	-4.02	-0.70	2.66	<b>5.13</b>
<b>2017</b>	-2.14	3.02	-0.13	2.01	2.08	-0.83	-1.11	0.45	0.11	1.32	1.34	2.44	<b>8.74</b>
<b>2018</b>	-0.74	-4.78	1.03	3.91	1.37	0.32	1.40	0.29	-2.75	-1.15	-0.21	-4.81	<b>-6.30</b>
<b>2019</b>	9.85												<b>9.85</b>

\* From 2015 Class B shares returns are used. The value of your investment may fluctuate. Results achieved in the past do not provide any guarantees for the future.

### Market developments

The listed real estate market had a strong start to the New Year. As a result the losses of 2018 were completely eliminated. The EPRA Index ended the month with a plus of 10.4%. The DD Property Fund also had a good start and stood 9.9% higher at the end of the month. The strong gain does not come as complete surprise. As we wrote in our latest 2018 monthly report, the risk-return characteristics of real estate stocks were (and still are) attractive. The real estate shares in the portfolio traded at the beginning of the year at an average discount of 20% to the Net Asset Value. We stated that this discount is expected to be made up sooner or later by a price increase, but we were less certain about the timing of this.

The erratic price trend of the past months once again shows that markets are difficult to predict in the short term. Our focus is on the long term in which we stick to our investment process. The fundamental prospects for real estate are pretty good. Although we expect initial yields for, for example, shopping centers to rise over time, we also see that rents are still rising. We therefore do not expect a major fall in property values. The real estate shares in the portfolio are still attractively valued (even after the recent price increase) and the real estate companies have a strong balance sheet.

The residential portfolio of Berlin based ADO Properties again showed a strong rise in value. Broker CBRE valued the portfolio at € 4.1 billion at the end of last year, representing an increase of around 5% over the second half of 2018. Despite the sharp increases in the value of homes in recent years, prices are still below replacement cost. Moreover, the affordability of owner-occupied housing in Berlin has declined sharply in recent years, making renting a home an attractive alternative for many. ADO Properties expects an annual rent increase of 4-5% over the next five to ten years. We expanded our position in ADO Properties at attractive levels in early January, resulting in a weighting of just over 7%.

Unibail-Rodamco-Westfield (Unibail) received the highest sustainability score from the Carbon Disclosure Project (CDP). In 2016 Unibail launched an ambitious plan called "Better Places 2030", in which the company goes a step further than the climate goals of Paris. Unibail was the first listed real estate fund with such a broad strategy on climate change, which not only looks at its own direct emissions, but at the entire value chain, including indirect CO2 emissions as a result of construction work, the transport of visitors and

employees and the energy consumption of tenants. Unibail has the ambition to reduce its CO2 footprint by 50% by 2030 (versus 2015).

### Biggest positive and negative contribution

The biggest positive contribution last month came from the troubled Unibail-Rodamco-Westfield (Unibail). The price of the largest investor in shopping centres increased 16.1% in January, which contributed to the result with 1.7%. Despite the price increase, the share is still attractively valued. The discount compared to the intrinsic value is 28% and the dividend yield is 7.3%. Office investor SL Green also had a good start to the year with a return of 16.5%. All positions made a positive contribution in January.

**Table: top 3 contribution to result (in €)**

Top 3 highest contribution			Top 3 lowest contribution		
	Return	Contribution		Return	Contribution
Unibail-Rodamco-West (Fra)	16.1%	1.7%	Foncière Lyonnaise (Fra)	2.0%	0.1%
SL Green (VS)	16.5%	1.0%	Merlin Properties (Spa)	7.1%	0.2%
Vonovia (Dui)	10.7%	1.0%	Essex (VS)	10.2%	0.3%

Source: DoubleDividend/Bloomberg

### Portfolio changes

In the course of January we have increased our positions in ADO Properties, Merlin Properties, Eurocommercial Properties, Gecina, Kojamo and SL Green. We have sold part of our holdings in Essex Property Trust, Hufvudstaden and Vonovia. These companies have performed well the last couple of years, as a result of which the valuation has become less attractive.

**Table: top 10 positions in portfolio per ultimo month**

Company weights			
Unibail-Rodamco-Westfield (Fra)	9.8%	Vonovia (Ger)	6.9%
Klépierre (Fra)	8.1%	SL Green (US)	5.9%
Eurocommercial Prop (Neth)	7.4%	Entra (Noo)	4.8%
Gecina (Fra)	7.4%	Colonial (Spa)	4.7%
ADO Properties (Ger)	7.3%	Foncière Lyonnaise (Fra)	4.1%

Source: DoubleDividend

### Team DoubleDividend

### Annex: portfolio characteristics

The table below shows the main characteristics of the portfolio. The cash flow yield shows the direct return (the rental income less costs) compared to the current price. Revaluations of the real estate are therefore not included. The price to net asset value indicates whether the portfolio is trading at a premium or a discount in relation to the value of the underlying real estate. If this value is lower than 100%, then there is a discount to net asset value and vice versa. The dividend yield is the dividend yield of the current year divided by the current price (closing price of the month).

The debt ratio is the net debt to the market value of the property. The VAR (Value At Risk) shows the maximum loss of the portfolio on an annual basis with 95% certainty based on Monte Carlo simulation. The standard deviation is a statistical measure for the distribution of the returns around the mean.

**Table: Characteristics DDPF per month end**

Valuation		Risk	
Cashflow yield. current	5.1%	Debt Ratio	33%
Price / Net Asset Value. current	88%	VAR (Monte Carlo. 95%. 1-jaars)	17.0%
Dividend yield. current	4.1%	Standard deviation	11.4%

Source: DoubleDividend/Bloomberg

### Distribution per country and sector

