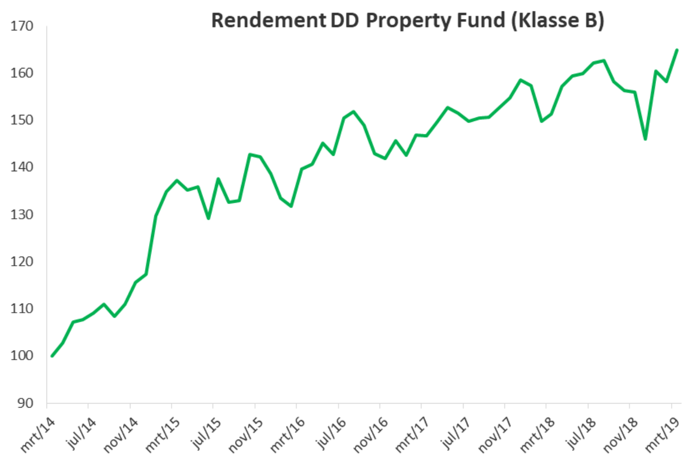
DD Property Fund N.V.
Monthly report March 2019

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 4.2% (class B) for the month of March 2019. At the end of March 2019, the net asset value per share B amounted to € 36.32. This brings the result for the year to 12.9%.



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

In this monthly report extra attention is given to Irish Residential Properties REIT Plc (IRES) that was added to the portfolio in March. IRES has a portfolio of nearly 2,700 apartments in the Irish capital Dublin.

Fund information

Key facts

Fund size	€ 29.5m
# shares (A)	411,822
# shares (B)	409,794
Net asset value* (A)	€ 35.55
Net asset value* (B)	€ 36.32
# positions	20

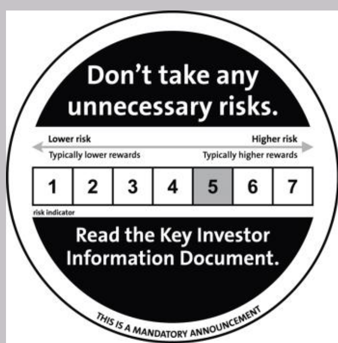
Costs

Management fee	1.20% (A) 0.70% (B)
Other costs**	0.45%
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
2009	-0.93	-4.09	-1.62	6.58	4.56	-4.94	1.52	9.69	1.91	-1.53	-1.03	0.32	**9.87**
2010	1.46	-0.29	4.57	-1.62	-6.72	1.07	5.14	1.00	5.21	2.46	-3.26	4.08	**12.75**
2011	2.08	2.75	-0.17	1.75	3.52	-2.20	-2.90	-8.16	-4.90	3.69	-5.90	1.26	**-9.62**
2012	1.53	2.02	4.59	-3.24	-2.34	1.51	3.09	-0.18	1.49	2.56	0.48	-0.02	**11.81**
2013	0.83	0.72	-1.41	4.38	1.39	-7.59	2.56	-1.31	3.14	2.61	-0.81	-0.67	**3.35**
2014	-0.47	5.76	-1.86	2.69	4.37	0.54	1.24	1.66	-2.20	2.36	4.13	1.48	**21.18**
2015	10.58	3.96	1.72	-1.51	0.52	-4.86	6.54	-3.70	0.32	7.37	-0.40	-2.56	**18.13**
2016	-3.76	-1.28	6.08	0.71	3.13	-1.62	5.37	1.01	-1.97	-4.02	-0.70	2.66	**5.13**
2017	-2.14	3.02	-0.13	2.01	2.08	-0.83	-1.11	0.45	0.11	1.32	1.34	2.44	**8.74**
2018	-0.74	-4.78	1.03	3.91	1.37	0.32	1.40	0.29	-2.75	-1.15	-0.21	-4.81	**-6.30**
2019	9.85	-1.37	4.20										**12.89**

* 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

After a small dip in February, the real estate stock market recovered in March. The EPRA Index rose 4.3% in March, comparable to the DD Property Fund, which achieved a return of 4.2%. The falling interest rate - the German 10-year interest rate fell below zero for the first time since 2016 - caused investors to have even more appetite for risky investments such as equities and real estate.

Unibail-Rodamco-Westfield (Unibail) sold its 34% stake in Jumbo Shopping Center in Helsinki to co-owner Elo Mutual Pension Insurance Company last month. The price of almost € 249 million was fractionally above the book value of last December, which shows that the market for dominant shopping centers is still good. Since the Westfield acquisition, Unibail has already sold € 2.3 billion worth of real estate and in the next two years Unibail wants to sell another € 3.7 billion to reduce the debt ratio to 35%. It is expected that Unibail will soon announce the sale of the Majunga Tower, a new office complex in the business heart of Paris. It is reported that a Korean consortium led by Mirae Asset Daewoo will become the new owner for an estimated € 848 million.

The German housing specialists ADO Properties and Vonovia were the last to announce their annual figures in March. As expected, both companies showed substantial revaluations due to the very favorable market conditions. The net asset value per share of Vonovia increased by 17% and ADO Properties reported an increase of 22%. After years of very strong value increases (mainly due to falling initial yields) growth prospects are somewhat normalized, but still attractive. Both companies will continue to invest heavily in the modernization and energy efficiency of the existing housing portfolio in the coming years. As a result we expect rents will rise by an estimated 4% to 5% annually.

New York office specialist SL Green announced the sale of 521 Fifth Avenue for $ 381 million. The sale is in line with the strategy of SL Green to take profit on properties with little growth potential and to use the proceeds for the reduction of debt and the purchase of own shares. By doing this, SL Green wants to reduce the discount to net asset value the company is trading at.

Biggest positive and negative contribution

The largest positive contribution in the past month came from the Finnish housing specialist Kojamo. After a return of 16% in March, the total return for 2019 rose to 34% for Kojamo. Despite the sharp rise in the share price, we believe that the company is still attractively valued.

Heavy weights Unibail-Rodamco-Westfield and Vonovia also made a major positive contribution to the result last month. Foncière Lyonnaise was the only share that did not benefit from the positive sentiment, but the price drop was very small with 0.6%.

Table: top 3 contribution to result (in €)

Top 3 highest contribution			Top 3 lowest contribution		
	Return	Contribution		Return	Contribution
Kojamo (Fin)	16.7%	0.6%	Foncière Lyonnaise (Fra)	-0.6%	-0.0%
Unibail-Rod.-Westfield (Fra)	6.5%	0.6%	IRES (Ire)	0.0%	0.0%
Vonovia (Ger)	8.4%	0.6%	Eurocommercial Prop. (Neth)	0.2%	0.0%

Source: DoubleDividend/Bloomberg

Portfolio changes

We recently added Irish Residential Properties REIT Plc (IRES) to the portfolio. IRES owns a portfolio of relatively new high-quality apartments in the Irish capital Dublin.

Dublin is an attractive housing market. The city of Dublin accounts for half of Ireland's economy. In recent years many international companies have settled in Dublin, mainly from the technology, financial and pharmaceutical sectors. Dublin is attractive for companies because of its language, legal protection, highly educated population and low taxes. As a result of this, the population of Dublin is expected to grow by 25% in the coming 10 years. Construction companies cannot cope with the strong demand for housing, resulting in a growing shortage. To ensure that rents do not rise too fast, rent restrictions apply. The rent of homes from before 2016 for example may increase by a maximum of 4% per year.

The IRES portfolio consists of almost 2,700 relatively new apartments with a value of € 921 million. The houses offer a net initial yield of 5%, which is high in a European perspective. Given the low interest rates and the enormous demand for housing, prices are expected to rise further in the coming years. The IRES strategy focuses on the purchase of apartments in areas with good public transport connections, many schools, both for families and single people and close to local employment. For the expansion of its portfolio, IRES often works with local developers and construction companies, as the competition for large projects is fierce. An average building has between 50 and 100 apartments. Part of the apartments are social housing, these are managed by a housing association. The portfolio has a vacancy rate of only 0.2%, due to the very tight market conditions.

The advantage of the relatively young age of the portfolio is that the apartments are already very energy efficient and the maintenance costs are low. In order to make the buildings even more sustainable, management has recently started replacing all lighting in public spaces and parking garages with LED lighting. Tenants also have the option of purchasing LED lighting at a substantial discount. IRES also pays a lot of attention to well-being. For example, there are public spaces for yoga and neighborhood parties and there is a lot of greenery in the area.

Most Irish listed real estate companies are managed externally, just like IRES. Although we would prefer an internal management at IRES, this disadvantage does not outweigh the attractive investment proposition. The manager of IRES, IRES Fund Management, is a daughter of the Canadian CAPREIT, Canada's largest home investor. CAPREIT not only has a good reputation but also an interest of more than 15% in IRES. The costs for management are in line with the market and no performance fees are charged.

IRES has a strong balance sheet, the debt ratio was 33.6% at the end of last year. The balance sheet risk is relatively low and the financing of the development pipeline is assured. IRES is also attractively valued with a dividend yield of around 4% and the company expects to benefit in the coming years from a further increase in the value of the property and the dividend.

Table: top 10 positions in portfolio per ultimo month

Company weights			
Unibail-Rodamco-Westfield (Fra)	9.0%	Eurocommercial Prop (Neth)	6.6%
Klépierre (Fra)	8.3%	SL Green (US)	5.7%
Gecina (Fra)	7.4%	Entra (Nor)	5.0%
Vonovia (Ger)	7.1%	Colonial (Spa)	4.7%
ADO Properties (Ger)	6.9%	Mitsui Fudosan (Jap)	4.2%

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	5.5%	Debt Ratio	30%
Price / Net Asset Value. current	87%	VAR (Monte Carlo. 95%. 1-jaars)	15.1%
Dividend yield. current	4.1%	Standard deviation	10.2%

Source: DoubleDividend/Bloomberg

Distribution per country and sector