

DD Property Fund N.V. Monthly report September 2019

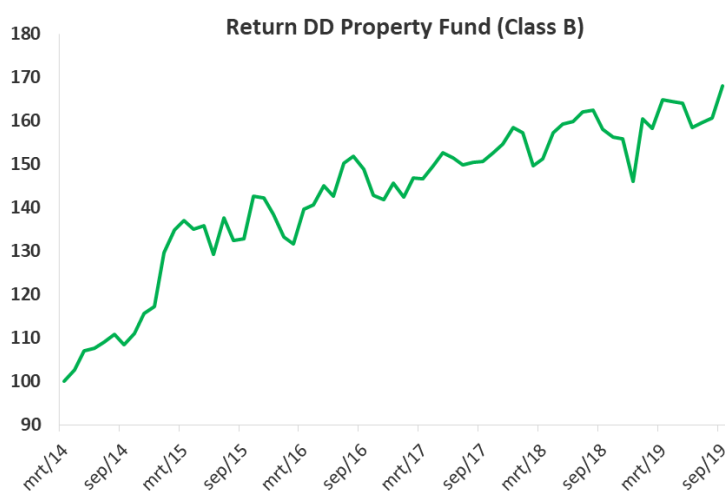


Profile

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 4.62% (class B) for the month of September 2019. At the end of September 2019, the net asset value per share B amounted to € 36.48. This brings the return for the year to 15.11%.



* 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	€ 32.6 m
# shares (A)	399.696
# shares (B)	502.962
Net asset value* (A)	€ 35.65
Net asset value* (B)	€ 36.48
# positions	21

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	May	Jun	Jul	Aug	Sep	Oct	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	-6.35	-7.82
2019	9.85	-1.37	4.20	-0.25	-0.27	-3.32	0.67	0.65	4.62				15.11

* 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

Real estate securities had a very good month mainly as a result of the performance of a number of European retail investors and English large cap names. Both the EPRA Index and the DD Property Fund increased 4.6% in value. This brings the result of DD Property Fund for the year to 15.1%.

However, the news in September was dominated by German home investors. This time no negative reports about the intended rent freeze in Berlin, but a lot of corporate activity. Vonovia bought a stake of 61.2% in the Swedish house investor Hembra for a total amount of € 1.14 billion. The seller is Blackstone, the largest real estate investor in the world. Vonovia has to make a mandatory bid for the remaining Hembra shares.

Berlin residential investor ADO Properties was also in the news. Firstly, it was announced that the ADO Group, 33% owner of ADO Properties and listed in Israel, will be taken over by Adler Real Estate. Adler already has a large portfolio of properties in Germany and gains control over ADO Properties through the acquisition of ADO Group.

ADO Properties, in turn, announced that it had sold a portfolio of approximately 5,800 homes in Berlin for € 920 million to Gewobag Wohnungsbau AG Berlin, a real estate company owned by the municipality. The selling price of the portfolio was approximately 10% above the latest appraisal value. This is important positive news because ADO Properties trades at a substantial discount to its net asset value. The sale shows that the book value of ADO Properties is at least in line with market values. Given the discount to the net asset value ADO Properties is therefore attractively valued. As a result of the sale, the debt ratio of ADO Properties will fall from 38% to 21% and the net asset value per share will increase to € 62.60 (compared to a closing price of € 37.80). Despite the positive news from the sale of the portfolio, the share price of ADO hardly increased. Investors are cautious because of the uncertainty surrounding the rent regulation in Berlin and the exact intentions of the new major shareholder Adler.

Biggest positive and negative contribution

The largest positive contribution to the result came from Unibail-Rodamco-Westfield (Unibail), which closed the month 12.3% higher, contributing 1% to the return. Klépierre and Eurocommercial Properties also had a very strong month. Besides the attractive valuation, there was no specific reason for the broad recovery. At the beginning of the month we expanded the positions in all three retail companies, so we fully benefitted from the price recovery.

The largest negative contribution came from our position in Irish Residential (IRES), which decreased 2.9% in value after several months of good performance. At the beginning of September we had a meeting with Margaret Sweeney, the CEO of IRES. According to Sweeney, market conditions in Ireland are very good and rents are expected to increase by around 4% per annum. The Irish housing market is particularly interesting because the net initial yield of around 5% is substantially higher compared to other European markets. In addition to the rental increases mentioned, we therefore also expect further value increases.

Table: top 3 contribution to result (in €)

Top 3 highest contribution			Top 3 lowest contribution		
	Return	Contribution		Return	Contribution
Unibail (Fra)	12.3%	1.0%	Irish Residential Prop. (IRL)	-2.9%	-0.2%
Klépierre (Fra)	12.3%	0.8%	Hufvudstaden (Swe)	-1.1%	-0.0%
Eurocommercial Prop. (Neth)	9.7%	0.7%	Gecina (Fra)	-0.0%	-0.0%

Source: DoubleDividend/Bloomberg

Portfolio changes

Last month we further expanded our positions in ADO Properties (Germany), Empiric Student Property (UK), Eurocommercial Properties (Netherlands), I-RES (Ireland), Klépierre (France), Merlin Properties (Spain), Simon Property Group (US), Unibail-Rodamco-Westfield (France) and Vonovia (Germany). In addition, we have taken profits on positions in Colonial (Spain), Essex (US) and Kojamo (Finland). The cash position at the end of September was approximately 6%.

Table: top 10 positions in portfolio per ultimo month

Company weights			
Unibail-Rodamco-Westfield (Fra)	9.0%	Vonovia (Ger)	6.3%
Eurocommercial Prop (Neth)	7.5%	ADO Properties (Ger)	6.2%
Klépierre (Fra)	7.4%	Merlin (Spa)	5.0%
Gecina (Fra)	7.1%	I-RES (Ier)	4.8%
SL Green (US)	6.7%	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	5.8%	Debt Ratio	34%
Price / Net Asset Value. current	78%	VAR (Monte Carlo. 95%. 1-year)	14.6%
Dividend yield. current	4.3%	Standard deviation	9.9%

Source: DoubleDividend/Bloomberg

Distribution per country and sector

