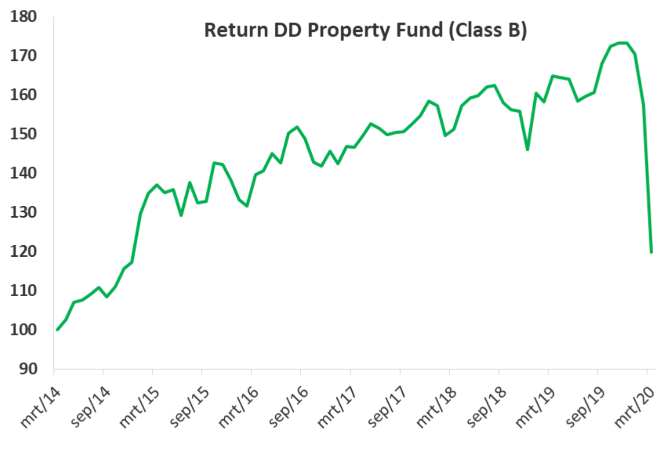
DD Property Fund N.V.
Monthly report March 2020

Profile

DD Property Fund N.V. (DDPF or DD Property Fund) is a sustainable real estate equities fund that mainly invests in real estate companies. In addition, DDPF can invest in infrastructure. The DDPF has a focus on Europe, but also invests outside 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 -23.87% (class B) for the month of March 2020. At the end of March 2020, the net asset value per share B amounted to € 25.65.



* 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	€ 25.6 mln
# shares A	394.838
# shares B	423.769
# shares C	189.809
Net asset value A*	€ 24.98
Net asset value B*	€ 25.65
Net asset value C*	€ 25.67
# positions	30

Costs

Management fee A	1.20%
Management fee B	0.70%
Management fee C	0.50%
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	2.61	0.42	0.02	**18.63**
2020	-1.55	7.63	-23.87										**-30.77**

* 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 real estate stock market experienced the worst month ever due to an increased awareness that the impact of the corona virus on the real estate sector will be significant. The EPRA Global REIT Index declined 24.1% last month and the DD Property Fund also decreased in value by 23.9%. Where the real estate sector normally proves its defensive value during a crisis, the sector is now hit hardest. Shops, restaurants and hotels are closed and offices are empty. Even residential investors are under severe pressure.

The closure of shops, restaurants and hotels, in particular, is causing major concern among investors, tenants and property owners. Almost all shops are closed and only supermarkets and essential shops are still open. Now that the turnover of retailers is under severe pressure, retailers are asking for a rent reduction or to stop paying the rent altogether. The coming period will have to show to what extent the pressure on rental income is temporary and to what extent more permanent.

The good news is that the real estate shares in the portfolio have a strong balance sheet and can therefore take a beating. Most companies can absorb a portfolio depreciation of 30-50% before breaching the covenants. Coordinated actions by central banks and governments will also ease the pain somewhat. However, much will depend on the time it takes to get the virus under control. In the most favourable scenario, the stores will reopen in a few weeks, but in an unfavourable scenario, the stores will remain closed in the coming months. It is clear that the longer this takes, the greater the chance of permanent damage and significant write-downs.

The consequences of the corona virus on the real estate market will not be limited to the hotel and retail sector. The office sector will also have to deal with the economic consequences. It is expected that residential and infrastructure will suffer less. Data centers, healthcare and, to a lesser extent, logistics may even benefit from changing circumstances.

In recent months we have built (modest) positions in data centers (Digital Realty), healthcare real estate (Healthcare Trust of America, Welltower) and infrastructure (Brookfield, Greencoat). The weighting for residential has also increased through the purchase of LEG Immobilien. We have also further expanded some existing positions.

Biggest positive and negative contribution

The biggest positive contribution last month came from Digital Realty (data centres), which grew in value by nearly 17%. In March, the American company successfully completed the acquisition of Dutch-based InterXion. The timing of the purchase could hardly have been better. Data centres are benefiting from the growth of cloud services, especially now that people are forced to work from home. German LEG Immobilien, which was purchased this month, also provided one of the few bright spots in March. LEG Immobilien invests in affordable housing in North Rhine-Westphalia and has been doing this successfully for many years. The stock had been on our buying list for some time, but the valuation was never really attractive.

Retail investors were among the largest decliners. Given the strong cash positions of players such as Unibail-Rodamco-Westfield and Klépierre, we do not expect these companies to get into trouble quickly, but as stated, it seems inevitable that rents (and therefore values) will come under pressure in the near future. Incidentally, Unibail-Rodamco-Westfield announced that it would skip the dividend payment in May, stop development projects and cut back costs where possible. The low interest charges in combination with a cash position of approximately € 10 billion will protect the company from payment problems, even if the rental income will disappear completely or partly in the near future. We also expect several real estate companies to reduce the dividend to absorb the blows.

Table: top 3 contribution to result (in €)

Top 3 highest contribution			Top 3 lowest contribution		
	Return	Contribution		Return	Contribution
Digital Realty (VS)	16.8%	0.5%	Unibail-Rodamco-Westf. Fra)	-48.3%	-3.4%
LEG Immobilien (Dui)	32.7%	0.3%	SL Green (VS)	-44.6%	-3.4%
Kojamo (Fin)	4.2%	0.2%	Eurocommercial Prop. (Ned)	-55.7%	-3.4%

Source: DoubleDividend/Bloomberg

Portfolio changes

We made quite a few changes to the portfolio last month. Positions in Douglas Emmett (offices and apartments in LA), Entra (offices in Olso), Essex (apartments), Healthcare Trust of America (healthcare centres in the US), Hibernia (offices in Dublin), Gecina (offices and apartments in Paris), Land Securities (mixed portfolio in London) and Unibail-Rodamco-Westfield (shopping centres in Europe and US), were expanded somewhat. We reduced our positions in Digital Realty (data centres), Foncière Lyonnaise (offices and shops in Paris) and Kojamo (apartments in Finland) as a result of higher valuations.

Colonial (offices in Barcelona, Madrid and Paris), LEG Immobilien (apartments in Germany), Great Portland (mainly offices in London), Hufvudstaden (offices and shops in Stockholm and Gothenburg) and Welltower (senior housing and healthcare centres in the US) are newly added to the portfolio.

In addition, we took the first steps in infrastructure with the purchase of Brookfield Renewable Partners and Greencoat Renewables. Sustainable infrastructure fits well within DDPF's portfolio given the stable cash flows. Players such as Brookfield and Greencoat are expected to take advantage of the investments in renewable energy to meet the climate targets. The greatest risks are amendments to laws and regulations and the discontinuation of (existing) subsidies.

Brookfield Renewable Partners (BEP) is one of the world's largest investors in renewable energy generation with a portfolio of approximately $ 50 billion. BEP invests mainly in North and South America, but is also active in a number of European and Asian countries. The company is managed by Brookfield Asset Management, with 31% also the largest shareholder. BEP invests in hydropower plants (43%), wind and solar parks (38%), storage (15%) and local energy generation (4%). The company has a long and very good track record and expects earnings per share to grow by 10% per year in the coming years. BEP has a strong financial position with a debt of approximately 40% and a BBB + rating from S&P.

Greencoat Renewables is a relatively small player and only invests in onshore wind farms in Ireland. At present, investments are made in 13 wind farms with a capacity of approximately 450 MW. However, the company has ambitious growth plans and expects to expand to other European countries in the coming years. Greencoat benefits from long-term contracts with a guaranteed minimum and annually indexed price. New projects, however, are (largely) free of subsidies due to the use of better windmills. Greencoat has also secured a strong balance sheet and long-term financing.

Table: top 10 positions in portfolio per ultimo month

Company weights			
Vonovia (Dui)	7.6%	Mitsui Fudosan (Jap)	4.3%
ADO Properties (Dui)	6.0%	Douglas Emmett (VS)	4.2%
Klépierre (Dui)	5.3%	Land Securities (VK)	3.9%
I-RES (Ier)	5.2%	Merlin Properties (Spa)	3.6%
Unibail-Rodamco-Westfield (Fra)	5.0%	Foncière Lyonnaise (Fra)	3.5%

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	8.1%	Debt Ratio	32%
Price / Net Asset Value. current	62%	VAR (Monte Carlo. 95%. 1-year)	38.8%
Dividend yield. current	5.3%	Standard deviation	35.9%

Source: DoubleDividend/Bloomberg

Distribution per country and sector