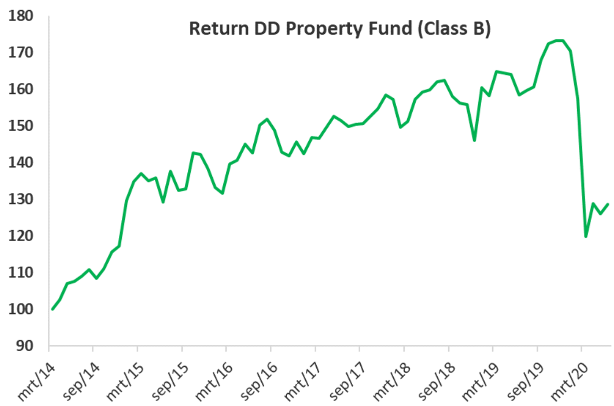
DD Property Fund N.V.
Monthly report June 2020

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 2.09% (class B) for the month of June 2020. At the end of June 2020, the net asset value per share B amounted to € 26.96.



* 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	€ 27.3 mln
# shares A	390,607
# shares B	437,048
# shares C	195,809
Net asset value A*	€ 26.21
Net asset value B*	€ 26.96
Net asset value C*	€ 26.99
# positions	35

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	7.51	-2.27	2.09							**-25.74**

* 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

It was a rollercoaster ride last month. After just a few trading days, the EPRA Index was 10% higher to close the month with a plus of only 1%. Unibail-Rodamco-Westfield was particularly in the spotlight. Many hedge funds have a short position in the troubled retail investor. With this, these investors are betting on a further fall in the price in order to buy the share back later and secure the profit. If the price does rise (strongly), these short positions are hastily covered to limit the loss, with an even greater price increase as a result. For example, the stock was more than 50% higher after five days to close the month again with a meagre 5%. We took advantage of the volatility by selling some URW shares to buy them back later. This resulted in a positive contribution of 0.2%. On balance, the DD Property Fund rose by 2.1% in June.

It seems that we need to be patient for a more robust recovery. We need more clarity about the (permanent) consequences of the corona virus on the real estate market. In any case, the news from the past two months is encouraging. In most countries there is no longer a lockdown and shops, hotels and offices reopen. Consumer confidence is also increasing in most countries. Due to the corona crisis, we have further refined the fund's strategy. We are confident that this will enable us to achieve solid long-term returns.

Update strategy

In recent years, the DD Property Fund's portfolio has consisted of real estate companies focused on residential properties, dominant shopping centers and inner-city real estate. This focus was successful for a long time, but also had limitations in terms of diversification. That is why we added sustainable infrastructure as an investment option at the beginning of this year. At the beginning of March - during the correction - we started by purchasing Brookfield Renewables, China Longyuan, EDP Renovavais, Greencoat Renewables and Red Electrica. Together, these investments now account for approximately 9% of the portfolio.

Due to the coronavirus outbreak, we have further refined the fund's strategy. We looked for alternative real estate investments that are less sensitive to cyclical fluctuations and / or can take advantage of the consequences of the corona virus. For example, we have invested in data centers with the purchase of Digital Realty and Equinix and through Shurgard Self Storage we are investing in mini storage spaces. This month, we took a small interest in American Tower, an investor in telecom towers. Investments in alternative real estate sectors together account for 7% of the total.

Finally, in recent months we have further spread through the purchase of traditional real estate companies such as Colonial (offices in Barcelona, Madrid and Paris), Great Portland (London West-end), Hufvudstaden (inner city Stockholm and Gothenburg) and LEG (houses Germany).

As a result of the above changes, the composition of the portfolio has changed considerably in recent months. For example, the weighting of shops and shopping centers is currently only 20%, compared to 33% at the end of 2019. In the same time, the weighting to infrastructure and alternative real estate sectors such as data centers and mini storage has increased from 0% to 16%. The number of stocks in the portfolio also increased significantly in the past six months, from 23 to 35. The weighting of infrastructure and alternative real estate sectors is expected to increase further in the coming months, depending on market opportunities.

Biggest positive and negative contribution

The biggest positive contribution last month came from SL Green. Management has decided to resume share buybacks as more tenants are catching up with rent arrears. SL Green also sold a small apartment complex for USD 62 million and the New York investor managed to arrange a refinancing of USD 510 million for The New Building, a large office complex on 42nd Street. These transactions show that there is still sufficient liquidity and confidence in the market.

The largest negative contribution came from ADO Properties, which announced the full acquisition of Consus. Consus is a developer of mainly apartments in the major German cities. Through this acquisition, ADO's portfolio grows to € 14 billion. ADO pays the acquisition in shares and also wants to raise € 450 million extra in the third quarter through a rights issue. This puts additional pressure on the share price, but we expect the price to recover once this placement is over.

Table: top 3 contribution to result (in €)

Top 3 highest contribution			Top 3 lowest contribution		
	Return	Contribution		Return	Contribution
SL Green (US)	16.6%	0.7%	ADO Properties (Ger)	-7.1%	-0.5%
Vonovia (Ger)	5.4%	0.5%	Mitsui Fudosan (Jap)	-8.9%	-0.4%
I-RES (Ire)	7.9%	0.4%	Land Securities (UK)	-9.7%	-0.4%

Source: DoubleDividend/Bloomberg

Portfolio changes

Last month, we further expanded positions in Brookfield Renewables, EDP Renovavais, Equinix and Shurgard Self Storage. We have slightly reduced the weightings of Colonial, Entra, Klépierre, Kojamo and Welltower.

Finally, we have added a new position to the portfolio: American Tower (AMT). AMT invests in telecom towers and was founded in 1995 as a subsidiary of American Radio. The IPO followed in 1998 and in 2011 the structure changed into a tax-friendly REIT. It is now a company with a market capitalization of more than USD 110 billion. The company invests not only in the US but also in Argentina, Brazil, Chile, Colombia, Costa Rica, Germany, France, Ghana, India, Kenya, Mexico, Nigeria, Paraguay, Peru, Uganda and South Africa . AMT's business model is relatively simple. The company installs a telecom mast that is then rented to large telecom companies. The telecom companies are responsible for the placement of the telecom equipment. As a result, maintenance costs for AMT are low. Another advantage is that AMT can easily rent to several tenants on one mast, which improves profitability. It is also relatively easy to place a higher mast. The disadvantage is that the majority of the land is not owned, but is leased long-term. Only 10% of the land is owned by AMT and another 20% has a perpetual lease. When the lease expires, it is therefore necessary to renegotiate with the landowner.

This has not yet led to major problems as more than 90% is in private hands. Another drawback is exchange rate fluctuations, especially in emerging countries.

AMT is benefiting from the growth of mobile communications and the rollout of 5G. In the US, data usage is expected to grow by 30% a year through 2024, primarily due to the success of streaming services like Netflix and Disney+. Expected growth is comparable in other countries. However, developing new sites is not easy due to objections from local residents. The growth is therefore mainly due to acquisitions of smaller players and the expansion of existing sites. Leases in the US are indexed at approximately 3% annually. Outside the US, rents are adjusted for inflation. On balance, we expect turnover to grow by an average of 6-7% over the next 10 years. Earnings per share are expected to grow by approximately 10% per year. AMT is not cheap, but it is attractive in relation to the expected growth.

Table: top 10 positions in portfolio per ultimo month

Company weights			
Vonovia (Ger)	8.7%	Mitsui Fudosan (Jap)	4.1%
ADO Properties (Ger)	6.7%	Eurocommercial Prop. (Neth)	4.0%
I-RES (Ire)	5.7%	Klépierre (Fra)	3.9%
SL Green (US)	5.2%	Merlin Properties (Spa)	3.7%
URW (Fra)	4.4%	Land Securities (UK)	3.6%

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	8.9%	VAR (Monte Carlo. 95%. 1-year)	43.4%
Debt Ratio	32%	Standard deviation	36.1%
Dividend yield. current	6.0%		

Source: DoubleDividend/Bloomberg

Distribution per country and sector