

DD Property Fund N.V.

Monthly report July 2020

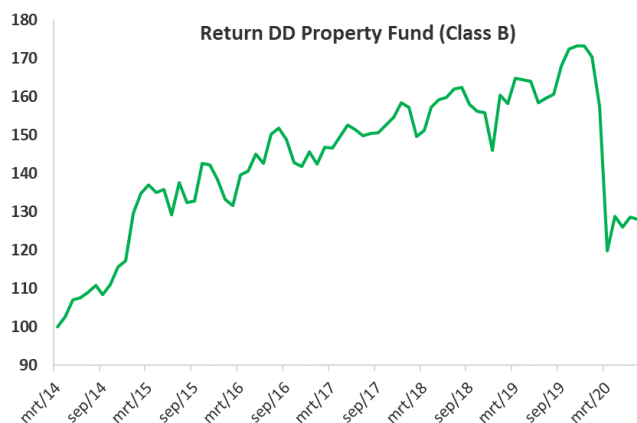


Profile

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 -0.42% (class B) for the month of July 2020. At the end of July 2020, the net asset value per share B amounted to € 26.84.



* 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	€ 27.4 mln
# shares A	389,410
# shares B	447,161
# shares C	195,809
Net asset value A*	€ 26.09
Net asset value B*	€ 26.84
Net asset value C*	€ 26.89
# 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	-0.42						-26.05

* 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 equity market continued to ripple in July. The European EPRA Index showed a small increase, but the global EPRA Index decreased by 2.3%. The DD Property Fund also hardly moved with a minus of 0.4%.

A large number of real estate companies presented figures for the second quarter. In general, there were no big surprises. It was striking that office player Gecina still had little trouble with the economic consequences of the corona virus. Both rents and property values showed a slightly upward trend. Although many offices are still partly empty due to working from home, there is hardly any rent arrears. The impact on profit will therefore be minimal this year.

The question is, however, what we can expect for offices in the longer term. Almost everyone is convinced that offices are essential for good cooperation and the corporate culture. So they will not disappear so quickly. On the other hand, working from home shows that productivity is maintained and in some cases even increases. In addition, working from home ensures fewer traffic jams (lower CO2) and a greater sense of well-being. Various studies have shown that many people also want to continue working at home 1 or 2 days a week after the crisis. According to JLL, one of the largest real estate advisers in the world, two thirds of the employer's plan to cooperate. According to JLL, companies will want even more flexibility in the future in terms of office design, service and contract duration. JLL also expects greater demand for smaller offices close to residential areas. It is clear to all players that the office market will change in the coming years, but this change will not be the same in every city. The office players in our portfolio are aware of this culture change and can respond well to it because of their strong balance sheets.

Biggest positive and negative contribution

The stock price of ADO Properties climbed 13% last month after a successful share placement. Sector colleague Vonovia also maintained this year's positive line and closed the month with a plus of 4.1%. Vonovia also placed two loans of € 750 million each with a coupon of 0.625% for a 6-year loan and 1% for a 10-year loan. The placement, which was oversubscribed over four times, shows that the financing costs for solid companies are still very low. The price of Empiric Student Properties rose sharply after the appointment of a new CEO. Analysts also think that the negative sentiment surrounding student housing is not justified. The bookings for the new school year are going well and are only slightly below last year's level.

The biggest negative contribution came from the Japanese Mitsui Fudosan. Especially retail and hotels (which account for approximately 20% of turnover) and the sale of apartments (approximately 16% of turnover) have to cope with the consequences of the corona virus. Now that the number of infections in Tokyo is rising again, investors are afraid of new measures. The company itself expects a gradual recovery during the year.

Table: top 3 contribution to result (in €)

Top 3 highest contribution			Top 3 lowest contribution		
	Return	Contribution		Return	Contribution
ADO Properties (Ger)	13.0%	0.7%	Mitsui Fudosan (Jap)	-16.4%	-0.7%
Vonovia (Ger)	4.1%	0.3%	SL Green (US)	-9.9%	-0.5%
Empiric Student Prop. (UK)	12.3%	0.3%	URW (Fra)	-11.2%	-0.5%

Source: DoubleDividend/Bloomberg

Portfolio changes

In the past month, we only expanded the position in ADO Properties. The German housing specialist issued € 450 million via a claim issue to finance the acquisition of housing developer Consus. As a shareholder, we had the right to buy 5 new shares for every 12 existing shares at a substantial discount. Virtually every shareholder has exercised this right, which shows that investors still have great confidence in the German housing market. After the placement, we took partial profit on the new shares. On balance, the weight of ADO increased from 6.7% to 8.4%. Partly as a result of this, the weight of residential in the portfolio rose to 33%.

Table: top 10 positions in portfolio per ultimo month

Company weights			
Vonovia (Ger)	8.8%	Land Securities (UK)	3.8%
ADO Properties (Ger)	8.4%	Eurocommercial Prop. (Neth)	3.6%
I-RES (Ire)	5.9%	Merlin Properties (Spa)	3.5%
SL Green (US)	4.6%	Mitsui Fudosan (Jap)	3.4%
URW (Fra)	3.9%	Hibernia REIT (Ire)	3.3%

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)	42.6%
Debt Ratio	32%	Standard deviation	33.0%
Dividend yield. current	6.0%		

Source: DoubleDividend/Bloomberg

Distribution per country and sector

