Annual Report 2023

ASR Dutch Core Residential Fund

a.s.r. real estate

Cover: **The Minister**, Rijswijk

a.s.r.
de nederlandse verzekerings maatschappij voor alle verzekeringen

The ASR Dutch Core Residential Fund Annual Report 2023 is only available in a soft copy version. The report contains several interactive elements. Pop-ups will guide you to additional information.

ASR Dutch Core Residential Management Company B.V.
Archimedeslaan 10
3584 BA Utrecht
The Netherlands
Chamber of commerce (KvK): 56251882

asrrealestate.nl

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Contents

ASR Dutch Core Residential Fund ('the Fund') provides access to a diversified, mature and sustainable residential real estate portfolio with a value of € 2.0b. The Fund has a core strategy and invests in sustainable, high-quality apartments and single-family houses, particularly in the mid-priced rental segment, in the strongest economic and demographic regions and cities in the Netherlands.

The aim of the Fund is to provide stable, sustainable and attractive returns for investors through investing in, managing and adding value to the portfolio, while keeping risk and leverage at a low level.

Overview

As at 31 December 2023

Portfolio size

€2.0b

2022: **€2.1b**

Annual rent

€71.9m

2022: **€66.6m**

Residential units

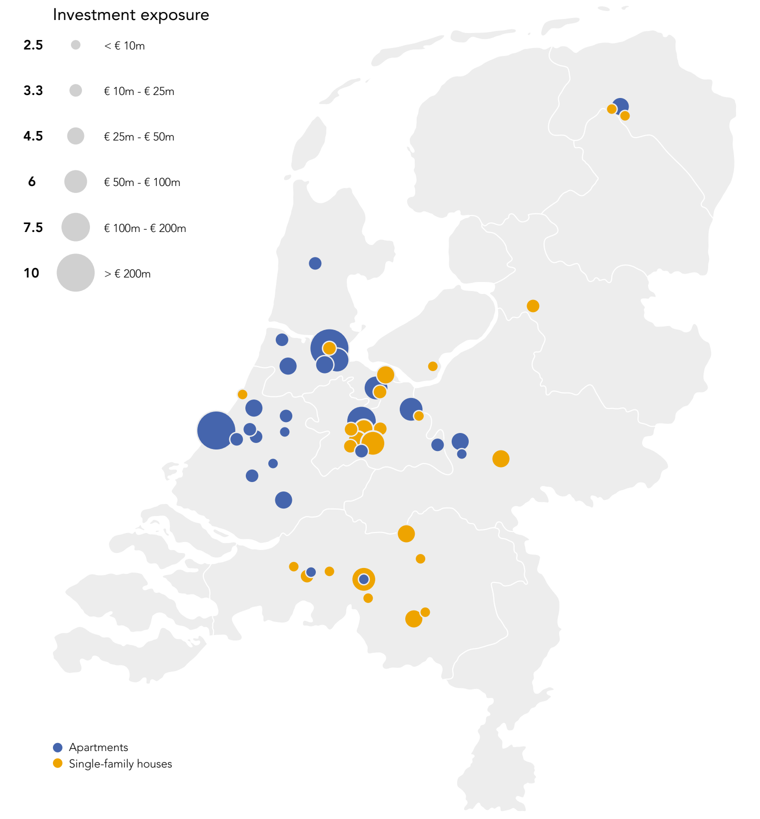
5,781

2022: **5,520**

Pipeline commitments

€123m

2022: **€186m**



Total rent potential

9.2%

2022: **8.1%**

Occupancy rate

98.5%

2022: **98.7%**

Number of PV panels

14,787

2022: **12,484**

Green energy labels

94%

2022: **93%**

GRESB score

92 (5-stars)

2022: **90 (5-stars)**

Performance figures

(amounts in €'000, unless otherwise stated)

Performance

For the year	2023	2022	2021	2020	2019
Total return	(8.0%)	0.7%	12.8%	9.4%	14.7%
- Income return	2.4%	1.9%	2.2%	2.3%	2.7%
- Capital growth	(10.4%)	(1.2%)	10.6%	7.1%	12.0%
Internal rate of return (since first closing at 1 January 2015)	9.2%	11.6%	13.1%	13.2%	13.9%

Performance and NAV per unit

Amounts in €

For the year	2023	2022	2021	2020	2019
Operating result	29	27	27	27	29
Net result	(116)	10	171	118	165
Distributable result	32	29	29	30	31

As at	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019
IFRS Net Asset Value	1,308	1,457	1,475	1,335	1,247
INREV Net Asset Value	1,316	1,465	1,481	1,342	1,255
INREV Net Asset Value (after distributions)	1,308	1,457	1,475	1,335	1,247
Number of Units	1,509,033	1,460,585	1,409,757	1,325,615	1,247,466

Result

Amounts in € million

For the period	2023	2022	2021	2020	2019
Results					
Gross rental income	71.9	66.6	60.7	58.0	56.9
Net rental income	53.7	50.2	45.7	44.7	44.2
Operating result	43.4	39.1	36.2	35.6	35.5
Net result	(172.7)	14.3	233.1	152.6	202.7
Distributable result	48	42	39	38	38
Revaluation of portfolio	(10.1%)	(1.3%)	10.2%	7.0%	11.6%

Financial position

Amounts in € million

As at	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019
Investment properties in operation	1,683	1,756	1,690	1,462	1,367
Investment properties under construction	174	238	254	180	104
Investment properties held-for-sale	1	1	1	3	3
Participations	109	121	110	73	39
Total investments[1]	**1,967**	**2,116**	**2,055**	**1,718**	**1,513**
Total assets (GAV)	1,997	2,151	2,099	1,789	1,576
Capital (NAV)	1,974	2,128	2,080	1,770	1,555
Current development exposure (as % of GAV)	9%	11%	12%	10%	6%
Forward commitments (off-balance sheet)	123	186	332	312	346

Financial ratios

As at	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019
Solvency rate	98.9%	99.0%	99.1%	99.0%	98.7%
Loan-to-value ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Payout ratio of distributable result	100%	100%	100%	100%	100%
NAV Total Global Expense Ratio (TGER)[2]	0.51%	0.51%	0.50%	0.55%	0.59%
GAV Real Estate Expense Ratio (REER)[3]	0.90%	0.75%	0.80%	0.79%	0.86%
Current gross yield[4]	4.4%	3.9%	3.7%	4.0%	4.2%
Current net yield[5]	3.3%	2.9%	2.8%	3.1%	3.3%
Occupancy rate[6]	98.5%	98.7%	98.3%	98.7%	98.6%

Portfolio figures

As at	31 December 2023	31 December 2022	31 December 2021	31 December 2020	31 December 2019
Number of properties	92	90	87	85	101
Number of residential units	5,781	5,520	4,938	4,759	4,794
Number of parking spaces	2,784	2,528	2,179	2,033	1,847
Net lettable area (sq.m.)	541,552	522,244	480,017	467,067	477,001
GRESB score	92 (5-star)	90 (5-star)	88 (5-star)	84 (5-star)	84 (4-star)
Share of green energy labels	94%	93%	94%	91%	56%
Coverage of Green building certificates	100%	100%	100%	27%	22%
Number of PV panels	14,787	12,484	8,176	5,175	3,500

1 Excluding the right-of-use assets.
2 Vehicle fees and costs (including performance fees), expressed as a percentage of time-weighted average INREV NAV. Calculated on a rolling four-quarter basis.
3 Property-specific fees and costs as a proportion of INREV time-weighted average INREV GAV. Calculated on a rolling four-quarter basis.
4 Calculated as current gross rental income as at end of the period divided by the value of investment properties in operation and held-for-sale.
5 Calculated as gross yield multiplied with the net/gross ratio.
6 Occupancy rate as a percentage of market rental value.

'We are confident that the Fund will continue to prove its worth in 2024 through active asset management, focused acquisition management, in-house property management, and a long-term emphasis on sustainability and social impact.'

Robbert W.Y. van Dijk

Foreword

We are pleased to present the ASR Dutch Core Residential Fund 2023 annual report. This report contains the financial statements, and an overview of the Fund's performance and management, as well as a glimpse at the year ahead.

2023 remained a challenging year

The year 2023 remained a challenging year. The war in Ukraine, which started in 2022, still had a large impact on the worldwide economy, with high prices for food and energy. The subsequent decline in global trade, high interest rates and relatively high inflation led to a very low economic growth rate of 0.1% in the Netherlands. For the Dutch residential investment market, government interventions and legal litigation caused additional challenges.

While the Dutch residential market still faces severe scarcity when it comes to available housing, the Dutch government tried to address both the supply-demand imbalance and affordability challenges through government interventions. For institutional investors the most notable changes were the increase of the real estate transfer tax (RETT) to 10.4% in the first quarter of 2023, the (temporary) cap on rent increases of maximum 1% on annual wage levels and the proposed changes of the home valuation system (in Dutch: 'Woningwaarderingsstelsel' or 'WWS'). The RETT increase was noticeable in the first quarter valuations. The cap on rent increases of 1% above wage level or CPI had a limited effect on the Fund as most rent increases were on average already on or below this level. Regarding the proposed changes of the WWS, calculations have shown that its effects are also limited, as the Fund has already been focused on providing affordable and sustainable housing. Furthermore, the Fund still believes that the desired growth of medium-priced residential units can only be achieved if there is a healthy balance between rental prices and the required profitability of institutional investors.

On top of this, the Fund faced challenges relating to the contractual price indexation (CPI) as included in all standard residential contracts, in line with ROZ standards. With two properties of the Fund, this led to litigation in the sub-district court in Amsterdam. The outcome is still unclear at this point and these cases are being heard by the Dutch Supreme Court, although it is very likely that they will ultimately be taken to the European Court of Justice. While the Fund deems it unlikely that the outcome will require that the full historical price increases be repaid to the tenants, it is nevertheless clear that legal proceedings will take a long time, leading to additional market uncertainty in the interim. At this point in time it is uncertain if any losses will be incurred as a result of these legal claims, nor can such losses be assessed accurately.

Negative capital growth but solid income return

The above-mentioned challenges caused a negative capital value growth (-/- 10.4%) for 2023, with capital decreasing from € 2,128m to € 1,974m and assets under management decreasing from € 2,116m to € 1,967m. However, the income return increased from 1.9% in 2022 to 2.4% in 2023. The main drivers for this increase were the lower net asset value (NAV) of the Fund, additional rental income from newly delivered properties

(The Minister, Rijswijk and Haave, Haarlem), and regular rent increases, as well as very solid results on individual unit sales. The Fund further optimised its income growth through active asset management. As a result, the gross rental income grew from € 66.6m to € 71.9m. Occupancy is still an essential driver for the portfolio's returns, and it remained relatively stable at 98.5% by the end of the year.

The total off-balance sheet commitment of the Fund ended up at € 123m. The current pipeline has a 100% exposure to the Fund's focus on agglomerations and cities. At present, four out of five pipeline projects are under construction. In order to meet the Fund's standards of sustainability and expected profitability, the Fund keeps a critical eye on new and existing projects.

During 2023, the Fund had several closings, relating to investors expanding their share in the Fund for a total of € 60m. Other closings concerned (part of) the distributable result being paid out in units, totalling € 6m. Throughout 2023, the Fund maintained its 0% leverage status, which is also expected for 2024.

The ASR Dutch Core Residential Fund achieved a GRESB score of 92 points (compared to 90 points in 2022). With a GRESB rating of five stars, the Fund is in the top 20% of best-performing GRESB funds in the world. In addition, the Fund has worked hard to achieve its ESG targets: the Fund increased the number of solar panels to 14,787 units by the end of 2023. Furthermore, all properties received the BREEAM-NL In-Use certificate, keeping its status as fully certified with BREEAM-NL In-Use. The final figures for energy intensity and GHG intensity will be in the Fund's ESG annual report, which is expected to be published in May of this year.

The Fund continues to make efforts to sustainably enhance existing assets in its portfolio. Over 1,000 dwellings have already seen sustainable improvements, resulting in a more sustainable portfolio. In 2023, the Capex programmes in Huizen and Houten were completed. These properties were enhanced by adding isolation, solar panels, and heat pumps. The energy labels for these dwellings went up to the A+ label.

Fundamentals are still solid

Although the aforementioned government regulations and legal challenges had and will continue to have a negative effect on the residential investment market, the scarcity of affordable residential rental units makes for a favourable long-term outlook.

In 2024, the Fund will continue to focus on further strengthening the portfolio's core profile, with an emphasis on affordable housing, sustainability, and customer focus. With an equity pipeline of € 340m, the Fund will continue to execute its impact investment strategy, concentrating on adding affordable dwellings to the portfolio, while also facilitating its redemption pipeline of € 145m. Sustainability has become an integral part of our strategy, which was formalised in the Fund's annually updated ESG policy. And last but not least, customer focus remains an important part of our strategy.

We are confident that the Fund will continue to prove its worth in 2024 through active asset management, focused acquisition management, in-house property management, and a long-term emphasis on sustainability and social impact. For 2024, although we are still experiencing adverse market conditions, we will once more strive to generate a solid income return and improved capital growth return for our investors, as well as making a social impact with affordable and sustainable dwellings for our tenants.

Fund Management Team, ASR Dutch Core Residential Fund

Robbert W.Y. van Dijk, *fund director*
Marsha Sinninghe, *fund manager*
Ralph Bank, *fund controller*

Fund **profile**

The ASR Dutch Core Residential Fund ('the Fund') was launched on 1 January 2013. On that date, the Anchor Investor transferred its properties to the Fund. The Fund had its initial closing, with the first external investor, on 1 January 2015. The Fund has been growing ever since, currently with twelve investors, as at 31 December 2023. The Anchor Investor is still committed to the Fund, holding a total of 48.5% of the units (as at 31 December 2023), although its control is capped (one vote in the Investment Committee and a maximum of 40% of the votes in the Meeting of Investors).

The Fund is solely open for professional investors ('professionele beleggers') within the meaning of Section 1:1 of the Dutch Financial Markets Supervision Act ('Wet op het financieel toezicht' or 'FMSA') or for a non-professional investor who is designated a professional investor pursuant to Section 4:18c of the FMSA.

ASR Dutch Core Residential Fund is structured as a fund for joint account (fonds voor gemene rekening or 'FGR') under Dutch law. The Fund is not a legal entity (rechtspersoon) but is a contractual arrangement sui generis between the Management Company (ASR Dutch Core Residential Management Company B.V.) and the Legal Owner (ASR Dutch Core Residential Custodian B.V.), subject to the terms and conditions that relate to the Fund and the parties involved (such as the AIF Manager, Management Company, Investors and the Depositary) included in the Fund Agreement. The Fund shall have an indefinite term, subject to early dissolution of the Fund in accordance with Clause 15 of the Fund Agreement.

The Fund is considered transparent for Dutch corporate income tax purposes and Dutch dividend withholding tax purposes.

AIF Manager & Management Company

The AIF Manager (ASR Real Estate B.V. or a.s.r. real estate) is licensed as an alternative investment manager in the Netherlands further to article 2:65 of the FMSA and therefore subject to conduct supervision by the Netherlands' Authority for Financial Markets ('Autoriteit Financiële Markten') and to prudential supervision by the Dutch Central Bank ('De Nederlandse Bank').

The Management Company of the Fund is ASR Dutch Core Residential Management Company B.V., which is a wholly owned subsidiary of the AIF Manager. The Management Company is charged with the management of the Fund. The Management Company shall ensure that the Fund is managed in accordance with the Fund Agreement and therefore in accordance with the Investment Objective & Strategy, Investment Criteria and the Investment Restrictions as set out therein. The Management Company is authorised to represent the Fund.

The Management Company will act in its own name, but will indicate that it is acting on behalf of the Fund. a.s.r. real estate has been appointed as statutory director of the Management Company. The Management Company will rely on the real estate track record and experience of a.s.r. real estate as the AIF Manager of the Fund. The Management Company shall act in the best interest of the investors and shall require the same of the AIF Manager. This is laid down in the Management Agreement concluded between the Management Company and the AIF The AIF Manager will perform the services as referred to in paragraphs 1 (portfolio management and risk management) and 2 (other functions) of Annex 1 of the AIFMD.

Legal Owner

The Legal Owner of the Fund's assets is ASR Dutch Core Residential Custodian B.V. The Legal Owner keeps the legal title of all assets and liabilities directly and indirectly held for the risk and account of the investors. The management board of the Legal Owner consists of the Stak (Stichting Administratiekantoor ASR Dutch Core Residential Custodian). The AIF Manager serves as the director of the Stak.

Depositary

BNP Paribas S.A., a company organised under French law, acting in this respect through its Amsterdam branch, has been engaged as the Fund's Depositary.

Governance

Fund Agreement

The Management Company shall ensure that the Fund is managed in accordance with the Fund Agreement and therefore in accordance with the Investment Objective & Strategy, Investment Criteria and the Investment Restrictions as set out therein.

Three Year Business Plan

The Fund has outlined an investment policy in accordance with Investment Objective & Strategy, Investment Criteria and the Investment Restrictions as set out in the Fund Agreement. Each year, the Management Company presents the investment policy as a Three Year Business Plan. This 'Three Year Business Plan' is presented at the Meeting of Investors, after it has been discussed with and formal advice given by the Investment Committee.

Investor influence

Each investor shall be beneficially entitled to the Fund and any income generated on the portfolio assets pro rata the size of its investments (to the number of Units held by each investor) in the Fund. The investors have a certain control over key decision-making of the Fund through the Meeting of Investors and the Investment Committee.

Meeting of Investors

Meetings of Investors will be held as often as required. However, at least one physical Meeting of Investors will be held each year, within 9 months following the end of the Fiscal Year upon the initiative of the Management Company. At this annual Meeting of Investors, the Management Company or the AIF Manager will present the Three Year Business Plan and the Accounts to be considered and approved by such meeting. The Meeting of Investors shall also vote on the appointment or dismissal of the auditor or valuer(s), removal of the Management Company and material amendments to the Fund Agreement.

Each investor will have a number of votes equal to the number of Units it holds in the Fund; the Anchor Investor will hold a maximum of 40% of the votes. Two Meetings of Investors were held in 2023.

Investment Committee

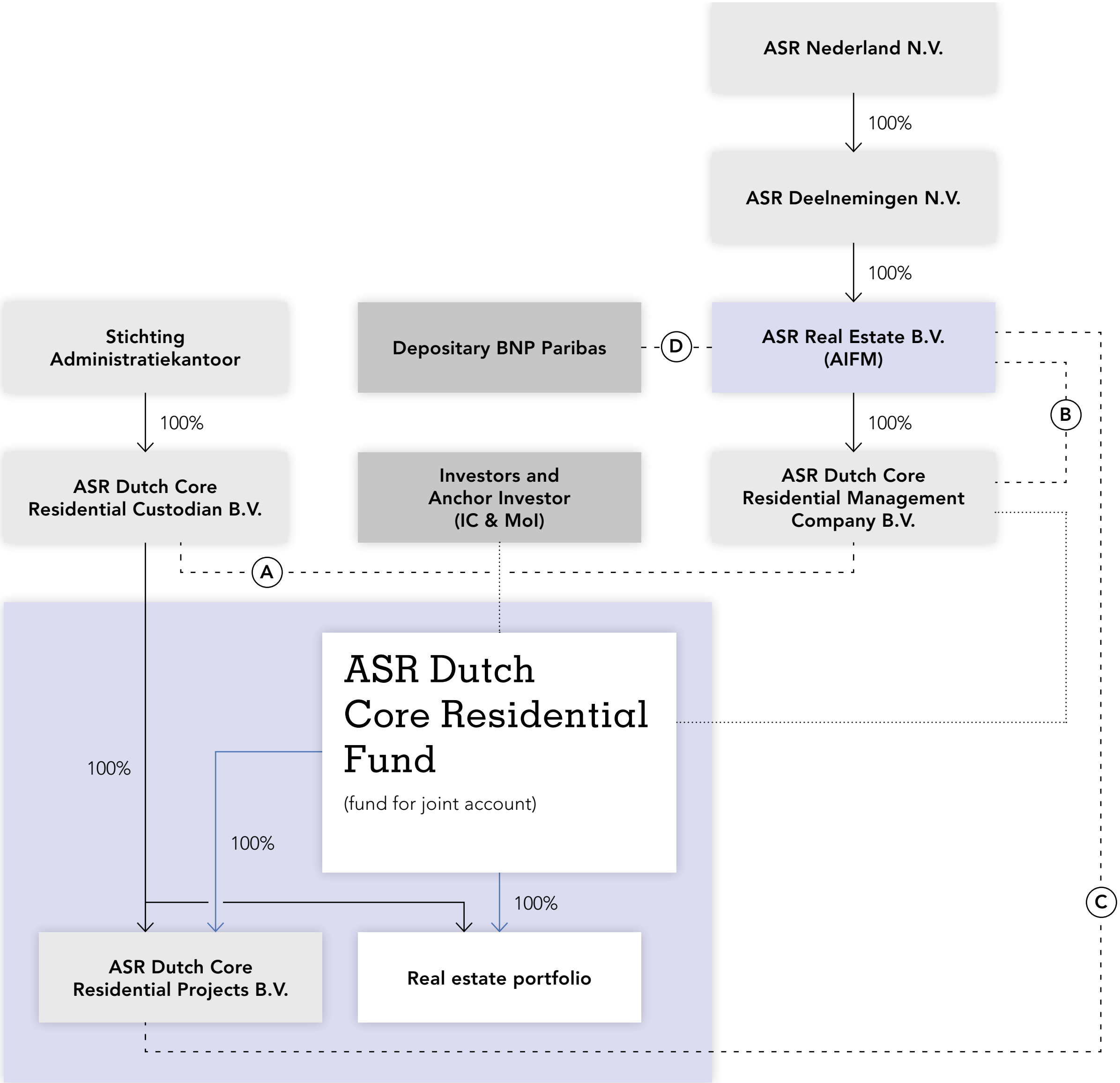
The Investment Committee is responsible for monitoring compliance by the Management Company and the AIF Manager with the Investment Objective & Strategy, the Investment Criteria and the Investment Restrictions. Furthermore, it shall be consulted by and render its advice to the AIF Manager whenever the approval or advice of the Investment Committee is required, pursuant to the Fund Agreement. The Investment Committee meets as often as is required. One Investment Committee meeting was held in 2023.

Conflict of interests

The Management Company acts in the interest of the investors. Conflicts of interest may arise in the structure of the Fund, since the Management Company, the AIF Manager, the Legal Owner, Project B.V. and the Anchor Investor are all (indirect) subsidiaries of a.s.r. These companies will be assisted in the conduct of business by directors, officers and agents, including representation by common legal and tax counsels representing both the Fund and a.s.r.

Because of these relationships, certain directors and officers of the Management Company and the AIF Manager may have obligations to others that conflict with their duties in the Fund. Prior written approval of the Investment Committee will be required in relation to transactions which involve a conflict of interest on the part of either the Management Company, the AIF Manager or an Investor, to the extent such transactions materially affect the Fund, are not expressly contemplated or approved by the terms of the Fund Agreement or Prospectus. The member of the Investment Committee, nominated by the Investor who has the conflict of interest, is not allowed to vote.

Figure 1 ASR Dutch Core Residential Fund - fund structure



A Fund Agreement (Legal Owner – Manco)
B Management Agreement (AIFM – Manco)
C Project Agreement (AIFM – Projects B.V.)
D Depositary Agreement (AIFM – Depositary)

—— legal ownership
—— economic ownership
- - - contractual relationship
······· contract relating to

Remuneration policy of the AIF Manager

The remuneration policy is set at the level of ASR Nederland N.V. and is part of the HR-policy. The remuneration policy is determined by government policies and societal opinion on remuneration in the financial sector.
The remuneration policy supports the strategy and business objectives of ASR Nederland N.V. and must enable ASR Nederland N.V. to attract and retain qualified employees. Since 1 July 2014 remuneration has only included all remuneration groups of fixed salary. The fixed remuneration consists of a fixed gross monthly salary, a holiday allowance of 8% and a thirteenth month. The amount of the fixed remuneration (with the exception of the Executive Board) is determined by the weight of the job and the salary group. The growth of the fixed salary consists of an annual increase of 3% (providing there is room for this in the scale). The fixed salary is indexed according to the collective increase in the insurance business.

The Fund did not employ anyone in 2023. All personnel and directors working for the Fund are employed by ASR Nederland N.V. There is a service agreement ('inleenovereenkomst') in place between a.s.r. real estate and the HR-department of ASR Nederland N.V. Between ASR Nederland N.V. and a.s.r. real estate, there is also a cost-allocation agreement in place. The alllocation of personnel expenses to a.s.r. real estate is based on FTE-driven cost-allocation keys. The total costs of a.s.r. real estate amount to € 36.8m for 2023 and are recognised in the statement of income and comprehensive income in the period in which they are incurred (on an accruals basis). These costs include total personnel expenses of € 27.8m, based on an average of 200 FTE, including two directors. Of the total personnel expenses, € 0.5m can be allocated to the directors of the AIF Manager. The rest of the personnel expenses relate to three identified staff members and other staff. As at 31 December 2023, the total number of FTE in a.s.r. real estate is 205. The other costs – consisting of ICT, business support, advisory, and marketing costs – amount to € 9.0m.

The total remuneration of employees involved in the Fund is included in the management fees, which are charged in favour of a.s.r. real estate. The number of employees that are fully or partly involved in the Fund is estimated at 44. This number is based on an estimate of the work employees performed for the Fund.

The total remuneration for employees of a.s.r. real estate involved in the Fund is € 6.0m. This amount was fully charged by the AIF Manager of the investment entity. The following table shows the composition of the remuneration of the employees involved in the Fund:

Table 1 Remuneration (in € million)

2023	Number of employees	Fixed remuneration	Variable remuneration	Total remuneration	Percentage of remuneration
Executive Board	2	0.1	-	0.1	2%
Identified staff	1	0.3	-	0.3	5%
Other staff	41	5.6	-	5.6	93%
Total	**44**	**6.0**	**-**	**6.0**	**100%**
2022					
Executive Board	2	0.1	-	0.1	2%
Identified staff	1	0.3	-	0.3	6%
Other staff	40	4.9	-	4.9	92%
Total	**43**	**5.3**	**-**	**5.3**	**100%**

The identified staff remuneration for 2023 relates to one identified staff member who can be allocated directly to the Fund. All other employees who perform work for the Fund are classified as 'other staff'. In accordance with Article 1: 120 paragraph 2 sub a of the Wft, we can report that no person has received compensation exceeding € 1.0m.

ISAE

An internal control system in accordance with the International Standard of Assurance Engagements (ISAE) has been in place since the launch of the Fund. As of 2018, an integrated ISAE Type II audit (ISAE 3402 combined with COS 3000) is performed annually. This standard for assurance reporting on service organisations gives the auditor a framework for evaluating the efforts of a service organisation at the time of audit to prevent accounting inconsistencies, errors and misrepresentation. It also requires the management to provide a description of its 'system' and a written statement of assertion. The internal control system relates to the asset and property management activities, as well as to the Finance and Risk department and IT management processes. Compliance to the ISAE framework is audited by an external auditor. In February 2024, a.s.r. real estate received an ISAE 3402 Type II statement without remarks for the year 2023.

Project BV

To maintain the tax status of the Fund and its Investors, no development activities should take place within the Fund. As a consequence, ASR Dutch Core Residential Projects B.V. (Project BV) has been set up as a subsidiary of the Fund. The Fund will engage Project BV for maintenance, renovation and/or extension activities of portfolio assets, as well as for assets to be acquired by the Fund, that qualify as development activities for Dutch tax purposes, on such terms that such refurbishment activities do not jeopardise the tax status of the Fund nor the tax status of the Investors. Project BV will solely engage in any such activities with respect to portfolio assets or assets to be acquired by the Fund and therefore not with respect to assets of parties other than the Fund.

Project BV receives a remuneration at arm's length for the Permitted Project Activities it performs for the Fund. Such arm's length remuneration has to be agreed upon between the Fund and Project BV on a project-by-project basis and covers the activities performed by Project BV. Any remuneration is charged to the Fund. Project BV is subject to corporate income tax, which is charged over the fiscal result.

Project BV is a 100% subsidiary of the Fund. This means that Project BV's shares are owned by the ASR Dutch Core Residential Custodian B.V. in a legal sense, while economically the shares are owned by the Fund's investors. In this report, the Project BV's figures have been consolidated in the figures of the Fund. No standalone ('enkelvoudig') financial statements of the Fund and Project BV are being presented, since they would only differ marginally from the consolidated figures.

Report of the management company

For the period 1 January 2023 to 31 December 2023

The ASR Dutch Core Residential Fund ('the Fund') was launched on 1 January 2013. On that date, the Anchor Investor transferred its properties to the Fund. The Fund had its initial closing on 1 January 2015 and has had thirty-eight closings in total as at 31 December 2023. At this date the Fund had twelve investors and the Anchor Investor held 48.5% of the units in the Fund. This annual report presents the year-to-date figures as at 31 December 2023.

Market **developments**

Dutch economy

Global economic growth higher than initially expected, but Dutch economy stagnated

Even though economic growth was lower than in 2022, the global economy performed better than expected, with a total growth rate projected at 3.1% (IMF, 2024). This was mainly due to the American economy doing better than initially expected, especially in the first three quarters, resulting in 2.5% growth in 2023. In the United States, consumer spending remained high, partially due to the 'COVID saving surge' and historically low unemployment rate. In addition, increased government spending, partially induced by the 'Inflation Reduction Act' from 2022, caused an extra growth spike. By contrast, the Eurozone performed noticeably differently, with a growth of only 0.5%. As a consequence of the poor industrial and global trade climate, as well as the persisting war in Ukraine, the Eurozone spent 2023 on the brink of a recession (a.s.r. vermogensbeheer, 2024). On the other hand, while the Chinese economy remains troubled by its real estate crisis, it performed better than expected with a growth of 5.2% (IMF, 2024).

The most impactful factors of the economic development of 2023 were geopolitical in nature. The impact of the war in Ukraine, which still led to strong growth in food and energy prices in the first half of 2023, was an especially important factor. In addition, the war between Israel and Hamas in the Middle East began in the fourth quarter of 2023, but so far its impact on the global economy seems to be relatively contained. However, it has started to affect import and export routes, as the war indirectly led to attacks on ships in the Red Sea, which is a crucial international trade route between Asia, and Europe and the United States. Nevertheless, 2022's surge in consumer prices mostly subsided in 2023. Whereas the Eurozone year-on-year inflation reached more than 10% in 2022, the increase of consumer prices dropped to 2.9% by December 2023, averaging out in 2023 at 5.4% (Eurostat, 2024). The United States followed a similar (albeit weaker) pattern, as their inflation dropped from 9% in June 2022 to 3.1% in December 2023, for an average in 2023 of 4.1%. China experienced decreasing consumer prices in the second half of 2023, as inflation in November 2023 reached -0.5%, with an annual average of 0.7% (IMF, 2024, a.s.r. vermogensbeheer, 2023).

Due to the decline in global trade, sharply rising interest rates, and high inflation, year-on-year economic growth in the Netherlands for 2023 was 0.1%, after a strong 2022 (4.3%) (Statistics Netherlands, 2024). Since the first quarter of 2023, the Dutch economy contracted the first three quarters, technically signifying a recession. This recession can be largely attributed to the contraction of Dutch exports, as a result of the slowdown in global trade growth, which in turn could be attributed to less consumer demand and business investments due to tightened monetary policies worldwide.

Figure 2 Key economic indicators

GDP growth y-o-y real	**2023** **0.1%**	2022 4.3%	↘
Consumer prices y-o-y inflation (HICP), quarterly average	**2023** **4.1%**	2022 11.6%	↘
Consumer confidence Average balance	**2023** **-29**	2022 -52	↗
Unemployment rate ILO unemployment rate, quarterly average	**2023** **3.6%**	2022 3.5%	↗
Private consumption y-o-y consumer spending	**2023** **0.4%**	2022 6.6%	↘
Producer confidence Average balance	**2023** **-3.4**	2022 3.3	↘

Source: Statistics Netherlands (CBS), Eurostat, 2023. The arrows refer to the experienced change over the comparison period.

Dutch household spending under pressure as consumer confidence is still low

Similar to the Dutch economy in 2023, private consumption contracted for the first three quarters of 2023, but grew by 0.4% for the full year after a very positive fourth quarter (1.8% growth compared to the quarter before) (Statistics Netherlands, 2024). The main reason for this was high inflation, which has had a significant effect on real income. However, in total, real income still saw a slight growth of about 0.3% due to social benefits and income from assets (DNB, 2024). The pressure on real income caused consumer spending patterns from 2022 to be carried over into 2023. As consumers spent more on services, such as insurance, restaurants or events, they remained selective on food and beverages, as this sector contracted the most over 2023. On the other hand, 'other goods', which includes energy, has also seen a small growth in spending volume. Despite this, consumer confidence saw some improvement in 2023. While it reached the lowest level ever recorded in September 2022 (-59), it gradually increased over 2023, ending the year at -29. Consumers are expecting their financial situation and the overall economic situation to improve (Statistics Netherlands, 2024). This, in combination with income growth, still resulted in a minor yearly consumer spending growth of 0.4% (Statistics Netherlands, 2024).

Labour market remains tight

The significant increase in wages in 2023 is not only a result of the inflation peak in 2022, but is also related to the tight labour market. By the end of 2023, the unemployment rate stood at 3.6%, slightly higher than the year before (3.5%) (Statistics Netherlands, 2024). This was caused by a labour force growth of 1.5% and a slightly smaller growth in total employment of 1.4%. As in previous years, the unemployment rate in the Netherlands is well below the Eurozone average of 6.5% (Eurostat, 2024). Despite the slight increase, net labour participation has also grown steadily over 2023, from 72.9% to 73.3% (Statistics Netherlands, 2024). Even so, now that the demand for work is slowing down, employment growth in the form of new jobs is expected to grow at a slower rate than previous years. While the average number of vacancies per year reached an all time high in 2022 it slowed down slightly in 2023. However, 1.7 million unfulfilled vacancies in 2023 is still more than double the all-time average of 783,000 vacancies per year (since 1998) (Statistics Netherlands, 2024).

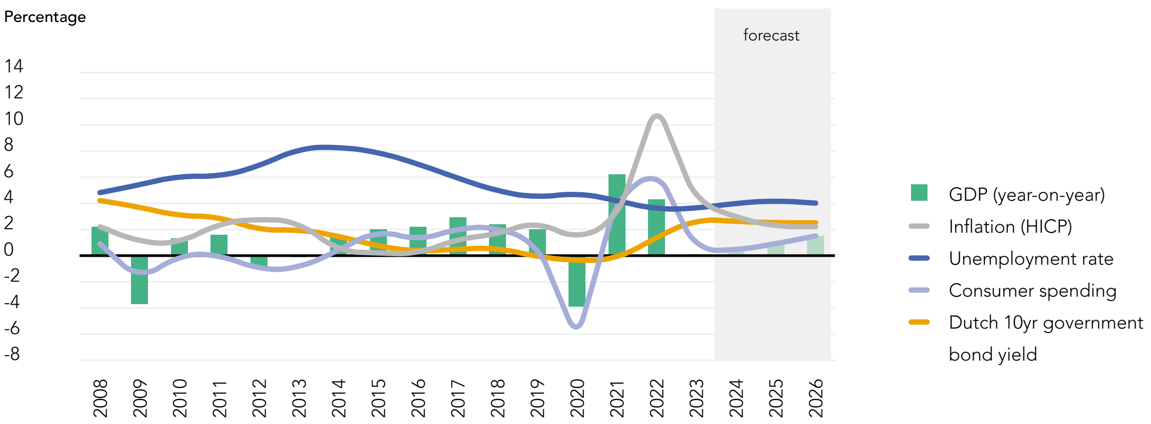
Inflation cooled down, while food prices continued to increase

The historical inflation surge of 2022 has cooled down considerably over 2023. While 2022 still saw an 11.6% increase in consumer prices (HICP), overall inflation in 2023 was 4.1% (Eurostat, 2024). During the fourth quarter, consumer prices were even lower than the year before, having reached a rate of -1.0% in October of 2023. The main factors contributing to the drop in consumer price increases in 2023 were energy and fuel prices, and food prices. The increase in energy prices slowed down considerably after 2022's surge in gas and electricity prices. When excluded from the harmonised index of consumer prices, the overall CPI in 2023 would have increased by 6.5% instead of 4.1% (Statistics Netherlands, 2024). However, the lower energy price increases are also partially due to a new measurement method introduced by Statistics Netherlands in June of 2023. Meanwhile, food prices have continued to increase, its growth at an annual average of 12.1%, peaking in July and decreasing throughout the remainder of the year. Overall, the Dutch annual average inflation ended well below the Eurozone average HICP of 5.4% (Eurostat, 2024).

Worldwide interest rates continued to rise in 2023

In 2022, the European Central Bank increased their key interest rates in an effort to restore normal inflation rates and cool down the economy, following the United States' Federal Bank. In 2023, the ECB continued to steadily increase key interest rates until September and they remained at the same level since then, as it seemed likely that central bank policies are succeeding in combating the elevated consumer price increases. It is therefore expected that policy rates could already decrease by mid-2024, as the increased rates put pressure on economic growth. As a result, long-term government bond rates gained more investor interest, especially compared with short-term rates, which in turn resulted in a decrease in long-term rates. While the yield of 10-year Dutch government bonds moved above the 3% mark before November, it continued to decrease until the end of December, ending the year at approximately 2.3%, which is around the same level as it stood one year prior (ECB, 2024).

Figure 3 Dutch economic indicators



Source: Statistics Netherlands, Eurostat, DNB, Consensus Forecast, ECB, 2024

The Dutch real estate investment market

Real estate investment volume decreased significantly due to rising interest rates

In 2022, stubborn inflation forced the ECB to sharply reduce demand for consumption and capital within the EU. With an unprecedentedly aggressive interest rate policy well into 2023, they increased their base rates significantly, up to 4% in September 2023, after standing at around 0% for multiple years in a row. This steep increase eventually had an impact on price formation and the overall dynamic on the Dutch investment market in 2023 and led to a significantly lower investment volume. In 2023, a total of €8 billion in transaction volume was registered: a decrease of 53% compared to the year before, as shown in figure 4. As in previous years, the largest allocation of investments went to logistics real estate with a share of 30%, followed by residential investments with a share of 24%. The share of office real estate remained historically low at 16%, while the allocation to retail space has remained relatively stable at 12% of the total investment volume (CBRE, 2024).

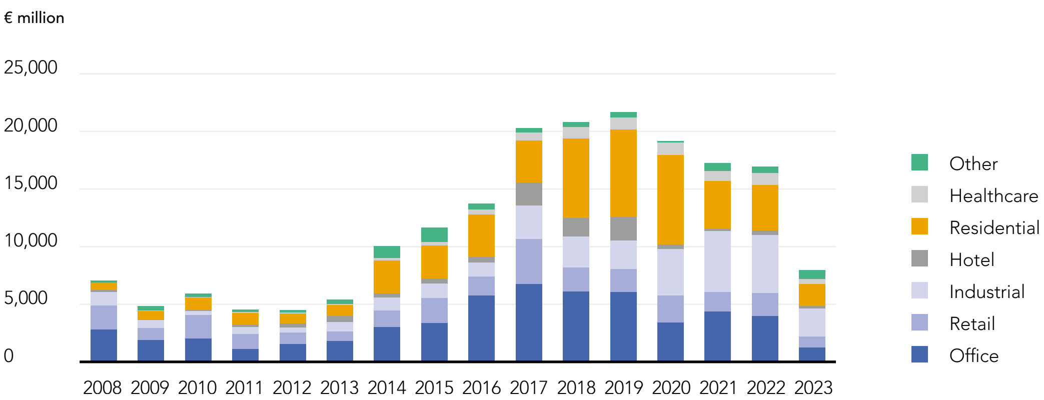
Due to a reluctance on the part of the (mostly) selling parties, there were no larger transactions in 2023, which also led to a sharp decline in the total investment volume. Whether, and to what extent, this low deal flow will continue depends mainly on the development of (policy) interest rates and what will be an acceptable new risk premium for real estate compared to the long-term government bond market. In 2023, the risk premiums of real estate investments by way of the net initial yield fell considerably when compared to the 10-year Dutch government bond rate. In addition to the above, the actual and target strategic allocation to real estate of institutional investors will determine investment volumes.

While CBRE (2024) initially expected increasing dynamics from the autumn of 2023, this virtually did not materialise, especially for larger transactions. Many parties that normally operate in this market are still cautious in their acquisitions or dispositions. However, recently finalised bidding processes show that liquidity has already increased significantly compared to the end of 2022 and the beginning of 2023.

This is especially true for properties below €50 million in value. As a result of decreasing indirect returns and a relatively high real estate allocation, some institutional investors made redemption requests in which part of the capital was withdrawn from real estate funds, which in turn forced some funds to sell properties. So far, the international outflow for this appears to be greatest for office funds, and in the Netherlands also for residential funds (CBRE, 2024). In addition, investors that had to refinance their loan facilities faced difficulties due to increased interest rates, which in some cases forced them to sell their property as well.

Looking forward, we expect that the total investment volume will increase in 2024 compared to 2023 due to a combination of stabilising bid/ask prices, (slightly) declining market interest rates, and a therefore more predictable yield. As mentioned above, the deal flow may also increase due to the larger number of investors who have to sell, possibly pushed by necessary refinancing against higher interest rates.

Figure 4 Dutch real estate investment volumes



Source: CBRE, 2024

Performance of the Dutch residential market

Residential investment returns continue to outperform

Table 2 Dutch residential investment market returns

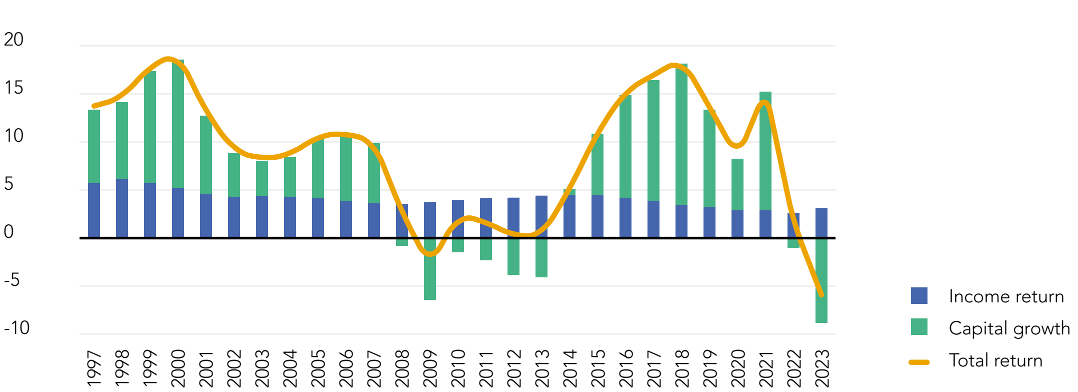
	2023, year-on-year		
	Single-family houses	Apartments	Total
Total return	(6.0%)	(5.9%)	(5.9%)
Capital growth	(8.9%)	(8.7%)	(8.8%)
Income return	3.2%	3.0%	3.1%
Market rental value growth	6.1%	5.4%	5.6%

Source: MSCI, 2024

Rising interest rates and subsequent increases in (risk-free) government bond rates since the start of 2022 have tightened the spread with the net yield of the residential investment market. As a result, investors are becoming more reluctant to buy, thereby widening the bid-ask spread that leads to price decreases. Indirect returns of the residential investment market experienced contraction throughout 2023, ultimately resulting in 8.8% negative capital growth (MSCI, 2024). This was again a steep correction compared to the year before when capital growth was only -1%.

As a result of the denominator effect, income return increased to 3.1% in 2023 (2022: 2.7%). Together, the total return for the full year was -5.9%, the biggest return contraction the residential investment market experienced since the inception of the IPD/MSCI benchmark in 1995 (see figure 5). Single-family houses outperformed multi-family apartments in terms of income return, which is also shown in table 2.

Figure 5 Capital growth and income return Dutch residential investment market

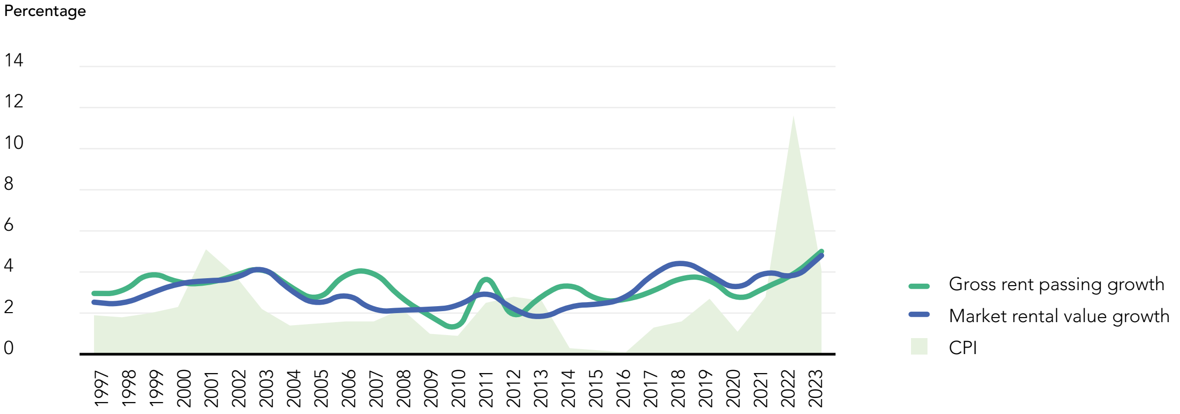


Source: MSCI, 2024

Again, the greatest contributor to negative capital growth has been the upward yield shift: while yields have been decreasing for years between 2014 and 2022, and even going below 4.0% in 2022, 2023 saw a combined, upwards yield shift of 65 basis points, ending the year at 4.95% (2022: 4.32%) (MSCI, 2024). Besides rising interest rates, the increase of real estate transfer tax (RETT) at the start of 2023 also had an impact on the valuation of residential real estate in the first quarter of the year.

Market rental value growth remained relatively stable compared to the last five years, increasing by 5.6% year-on-year. As we saw in prior years (excluding 2022), this is above the annual increase of consumer prices (Eurostat, 2024). Although market rental value growth was not expected to be able to catch up with inflation in 2023 as market regulation would suppress rental growth and inflation would still be high, the pressure on the market proved to be considerable, pushing rental growth to 4.7%, as shown in figure 6 (MSCI, 2024).

Figure 6 Rental growth and Dutch consumer prices (y-o-y % change)



Source: MSCI, Eurostat, 2024

Table 3 Owner-occupied market indicators

	2023	1-year growth	3-year growth	Forecast 2024
House price (average)	€ 416,200	(2.8%)	27.2%	3.0%
Transactions	182,400	(5.5%)	(22.6%)	2.0%

Source: Statistics Netherlands, a.s.r. real estate, 2024

House prices decreased over 2023, but stabilizing mortgage rates and income growth support turnaround

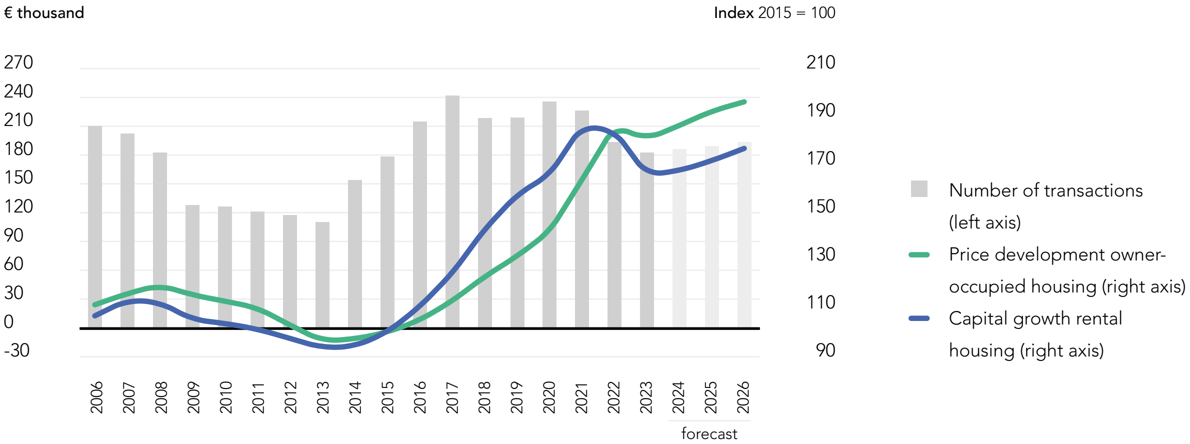
In 2023, for the first time in ten years, house prices have decreased year-on-year. After two years with double digit-price increases, 2023 saw house prices decrease by 2.8% (Statistics Netherlands, 2024). Still, quarter-on-quarter figures showed that house prices were most affected during the fourth quarter of 2022, followed by two more modest decreases in the first half of 2023. In the second half of the year, house prices started to increase again, carried by a tight labour market and positive income growth as the result of considerable wage increases throughout 2023. As a result, households' disposable income was kept afloat during a time of high inflation and households still had the means to buy a new home. Occurring in parallel, the supply of homes-for-sale kept decreasing as consumers on the housing market were cautious due to the steep increase of mortgage rates at the beginning of 2023. By the end of 2023, mortgage rates were again decreasing when the ECB signalled that it would introduce policy rate cuts by as soon as July 2024 (ABN AMRO, 2024). As a result, house prices did not decrease by as much as initially anticipated.

In line with the modest decrease of house prices, the total number of transactions in 2023 came to approximately 182,400, which is a decline of 5.5% compared to the year before (Statistics Netherlands, 2024). As was the case throughout most of the year, the number of transactions increased every quarter. However, the caution of potential buyers to buy a new home while being uncertain of selling their existing home at an acceptable price once again decreased the market dynamic. Indeed, the housing market is still experiencing a major tightening and the number of homes for sale is not expected to see a significant increase.

Like last year, there were regional differences in house price development. The highest price decreases were registered in Utrecht (-4.8%) and Noord-Holland (-4.7%). Together with Flevoland (-3.0%) these were the only Dutch provinces with below-average price decreases. Unsurprisingly these regions experienced the highest price increases as well up until 2022. The regions with the least decreases were Zeeland (-0.9%) and Limburg (-0.8%). Of the four largest cities only Rotterdam performed above the national average with a 2.7% price decrease. The other three cities, Amsterdam, Utrecht and The Hague, registered prices decreases of respectively 5.0%, 6.9% and 3.7% (Statistics Netherlands, 2024). Historically Utrecht has shown the least volatile price development, but this changed in 2019. Between 2019 and 2022 the city experienced the highest cumulative price increase followed by the highest decrease in 2023, in line with other regional price movements (Statistics Netherlands, 2024).

Since house prices decreased most in the more expensive regions and cities, 2023 is the first year since 2015 that did not see an increase in the outflow of residents from cities towards suburban and rural areas. In addition, the number of households moving from one city to the other has been growing since 2015, but in 2023 this trend came to a halt, as both elderly and younger people bought houses more often in their own cities (Rabobank, 2023). However, this development is expected to be short-lived and the trend towards urbanisation is going to resume as the market dynamic once more starts to increase.

Figure 7 Price development residential real estate (index, 2015=100) and number of transactions



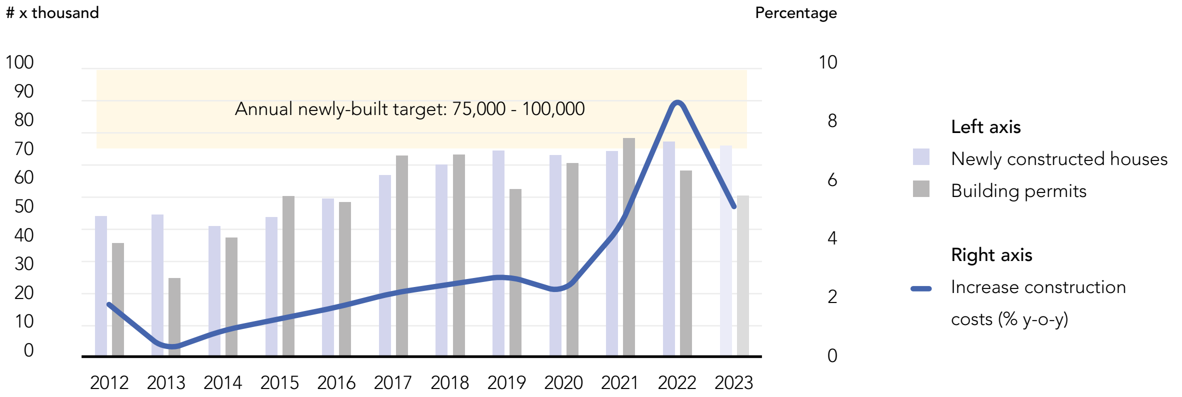
Source: Statistics Netherlands, MSCI, a.s.r. real estate, 2024

Pace of newbuilds does not pick up steam despite political efforts to increase the housing stock

Due to various issues still prevalent when it comes to developing and building new homes, the number of newly built homes in 2023 has dropped by 1.6% to approximately 73,300 homes compared to the year before. This is still well below the government's goal of 100,000 new homes per year. This is partially due to increasing building costs, which were 5.2% higher in 2023 than in 2022. However, it should be noted that the increase in building costs has slowed down throughout 2023, ending with a 3.2% year-on-year growth in December. The main drivers of the lagging number of newly built homes were still problems with long and challenging development phases, regulatory problems, workforce scarcity, and increased building costs. Happening in parallel was that the number of building permits decreased by 15.0% in 2023 compared to 2022 (Statistics Netherlands, 2024). This shows that the construction of new homes will probably not recover over the following years and the government's new construction goal will be hard to achieve.

Last year, there was a noticeable increase in the divergence between the attractiveness and pricing of sustainable, newly built homes and existing homes with a low energy label. This was due to the increased costs of heating and electricity. As a result, the price of newly built homes have been increasing at a higher pace than the existing homes, a trend which already started a couple of years ago. In the second quarter of 2022, the average transaction price of a newly built home even surpassed € 500,000. However, developers are also experiencing a turnaround as prices have hardly increased in the fourth quarter, which can also be attributed to the fact that newly built homes were becoming too expensive for the desired target groups.

Figure 8 Developments in housing stock, building permits and construction costs



Source: Statistics Netherlands, 2024

Multiple government policies aimed at affordability have been introduced or are taking shape

In 2021, the Dutch government introduced new plans to increase affordability in the housing markets and most of these plans were worked out in more detail in 2022. At the beginning of 2023, the government introduced an additional RETT increase of 2.4% points for non-owner-occupiers: i.e. mostly investors. This increase in purchasing costs resulted in a one-off correction of the capital value of rental homes in the first quarter of 2023. In addition, the annual rent increase is temporarily linked to the average increase of wages in the Netherlands, with a small surplus to avoid excessive rent increases when inflation remained at a level that affected the purchasing power of households.

A measure that will have a longer lasting impact on the residential market is the plan to expand the Housing Valuation System (WWS) – something currently only applicable for social housing (< € 880 per month). In the new situation, this model would also be used for mid-priced rental homes of up to € 1,123 per month (Ministry of the Interior and Kingdom Relations, 2022). The impact of this measure is far-reaching and will have an impact on the market rent of approximately 300,000 rental properties.

Although these measures will have an impact on the future cashflows of rental housing, it does offer positive points of departure for institutional investors. First, the expansion of the WWS does limit the open-market concept for many rental homes, but sustainable homes with a high energy label, sufficient outdoor space, and quality sanitation and kitchen space are being rewarded with additional points. Furthermore, until 2026 a rent surplus is introduced for newly built homes in order to encourage core investors willing to keep investing in sustainable new homes. Finally, a cap on rent increases does have a negative impact on future cashflows, but the rent increase policy of many institutional investors was already conservative over the last two years, anticipating the social turbulence that would come with the increased costs of living.

Recently, in February 2024, the demissionary Minister of Housing was given a green light by the new Dutch parliament to continue with his plans. Throughout 2023, the plans were altered multiple times to reach a situation where rents are becoming more affordable, and developers and investors are able to achieve reasonable returns. While it has yet to be seen whether it is the case, the Dutch parliament seems to be in favour of the most recent plans and their introduction is expected in July 2024.

Market **outlook**

Economy

For 2024, global economic growth is expected to be 3.1% followed by 3.2% in 2025. The United States especially is expected to show strong resilience, as well as the larger emerging markets and developing economies. In addition, extensive fiscal support in China also supports global growth (IMF, 2024). However, the forecast is that it will be below the average of the last 20-25 years due to the elevated central bank policy rates designed to fight inflation, a withdrawal of fiscal support by governments, and low underlying productivity growth. Still, in most regions, inflation is falling faster than expected as a result of unwinding supply-side issues and restrictive monetary policy. Global headline inflation is expected to decrease to 5.8% in 2024 and to 4.4% in 2025 (IMF, 2024).

With disinflation and steady growth, the likelihood of a hard landing has receded in most economies worldwide. In addition, faster disinflation could lead to the further easing of monetary tightening and its subsequent financial conditions. On the downside, new commodity price spikes from geopolitical shocks – including the recent turmoil in the Red Sea – and supply disruptions or more persistent underlying inflation could weaken economic growth and prolong tight monetary policies. As a result, the short-term challenge for central banks and policymakers is to successfully manage the recent cooling down of inflation to the projected 2%, calibrating their monetary and interest rate policies in response to underlying inflation dynamics (IMF, 2024).

In the Netherlands, the economic growth for 2024 is nowhere near the global growth projection of 3.1%, but it is still expected to rebound from last year's contraction to a modest 1.1% growth (CPB, 2024). This is slightly higher than the eurozone projection of 0.9% growth (IMF, 2024). Government spending is expected to contribute the most to the 1.1% growth, with higher expenditures in areas such as healthcare, defence, and infrastructure. After 2024, economic growth will remain moderate. Global trade is expected to remain limited, while household spending remains elevated due to increased wages (CPB, 2024). In addition, bond rates will not see a significant decrease, although it should be noted that risk-free rates have been decreasing in November and December 2023, which is also a result of the financial market's positive sentiment in the fourth quarter of last year.

The growth of private consumption continues as inflation cools down and wages are still catching up to the elevated consumer prices. In addition, house prices have been increasing over the second half of 2023, which has a positive effect on household spending. As a result, the estimated consumption growth stands at 2.7% in 2024 and 2.4% in 2025 (CPB, 2024). Purchasing power especially improves in 2024 (2.7%) after the sharp decline in 2022 and 2023 combined, but is likely to remain at the same level in 2025, on average (CPB, 2024). Although gross wage growth remains robust, employment growth is minimal. The Dutch unemployment rate is estimated to increase slightly in 2024 and 2025, to respectively 3.7% and 3.9% (CPB, 2024). As a result, the unemployment rate remains significantly below the long-term average (2003-2022: 6.0%) (Statistics Netherlands, 2024).

In 2024, the projected inflation will decrease to 2.9%, with energy prices remaining almost stable, followed by an average price increase of 2.8% in 2025 as wage growth keeps prices elevated for a longer period, especially prices of services (CPB, 2024). Underlying inflation is also expected to decrease significantly. Core inflation is expected to fall from 6.4% in 2023 to 3.0% in 2024 and will decrease further to 2.7% in 2025 (DNB, 2023). Core inflation figures offer a better picture of price developments compared with headline inflation, as it excludes the volatile prices of energy and food. Within core inflation, the price developments of industrial goods, such as cars, furniture, and clothing, have almost returned to a pre-pandemic pace. However, inflation remains high in the price development of services, which determines the majority of core inflations and is heavily dependent on wage cost developments.

In general, the uncertainties that economies face worldwide also apply to the Dutch economy. Geopolitical tensions remain and give a volatile view on oil prices, the energy market and supply chains.

Residential real estate

After one year of house price contractions, the owner-occupied residential market seemed to be picking up momentum in the second half of 2023. Better than expected growth of wages, a lagging pace of new home construction, the decrease of mortgage rates, and a persistent pressure on the residential market are at the basis of a more positive sentiment going into 2024. While economic and geopolitical uncertainties remain, house prices are expected to grow by 3% in 2024 and an additional 3% in 2025 (a.s.r. real estate, 2024).

Due to the persistent housing shortage and the stability of rental flows, interest in residential investments continues, especially in affordable rental segments. However, this interest will be somewhat suppressed during the first half of this year, due to the difference in price expectations between buyers and sellers. If interest rates and the government bond yield continue to decrease over the course of 2024, the gap between buyers and sellers will narrow, resulting in a new price balance. In addition, there will be an increase in the investors' residential real estate allocation.

On the other hand, the decrease of capital values in 2023 still causes difficulties in the sale of newly built properties to investors. Another factor is that non-core investors have less liquidity available to invest. The dynamics on the residential investment market will therefore largely consist of the sale of existing complexes. In addition, the residential investment market is faced with the impact of the proposed government regulations on rent control and the cap on annual indexation. This dampens the short-term appetite for residential real estate among value-add and opportunistic investors, as well as smaller 'buy-to-let' investors that will have to cope with additional wealth tax regulations aimed specifically at them. That said, long-term core investors are expected to remain active, especially equity-only investors and those willing to invest in newly built homes in order to improve the technical side of their portfolios whilst still aiming for affordable rents. At this moment in time, it has become clear that the current 'caretaker' government will present the proposed measures to the Dutch parliament for approval in the first half of 2024, which could lead to implementation of the measures no later than mid-2024.

Fundamentally, the housing market remains strong. While demographic growth has accelerated in 2022 and 2023 and is likely to remain at a relatively high level, the production of newly built homes is not yet picking up steam. In fact, with tightening environmental regulations, again due to the nitrogen emissions issue and the continuing increase in construction costs, many development projects face difficulties at different stages. Furthermore, development projects for the owner-occupier market are suffering from a lack of interest from potential homebuyers, especially those in the higher price tiers. This has already resulted in financial difficulties for property developers (FD, 2024).

For the residential investment market, we expect capital value to increase by approximately 2.0-3.0% in 2024 (a.s.r. real estate, 2024). This increase will be carried mostly by a positive rental growth outlook, as the residential rental market remains attractive and highly sought after from an occupier perspective. Mid-priced rental properties, in particular, seldom experience any vacancies. As a result, (market) rental growth is likely to persist in the years ahead, even with the proposed market regulations in the liberalised sector.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Fund **objectives** and **strategy**

Investment objectives

The ASR Dutch Core Residential Fund provides access to a mature core diversified residential portfolio in the most attractive locations of the Netherlands, as identified by a.s.r. real estate. The investment objectives of the ASR Dutch Core Residential Fund are to provide stable, sustainable and attractive returns by investing in high-quality residential assets, and by actively managing and adding value to the existing portfolio.

Key objectives

The Fund has a core strategy and focuses on investing in apartments and single family houses in the strongest economic and demographic agglomerations and cities in the Netherlands

Core Residential Investments
High-quality residential assets with long-term stable income and low risk profile

Best-performing agglomerations and cities
Focus on regions with strong economic and demographic fundamentals

Target Groups
Defined sub-segments based on occupier and location characteristics

Impact Investing Affordable Housing
Focus on the affordable rental segment: average monthly rents up to €1,350

Sustainability
Sustainable dwellings & achieving a carbon-neutral portfolio by 2045

Dedicated Organisation – In-house team solely focusing on residential real estate

Investment policy

The Fund´s policy is to invest capital in a profitable way in direct real estate in clearly defined market segments, while focusing on the growth of its net assets over the long term. The investment objectives are to acquire, own and manage a portfolio of real estate with a focus on core, high-quality residential rental assets in the economically and demographically strongest regions of the Netherlands. The AIF Manager will undertake active asset management initiatives to unlock inherent reversionary potential and generate capital appreciation.

Investment strategy

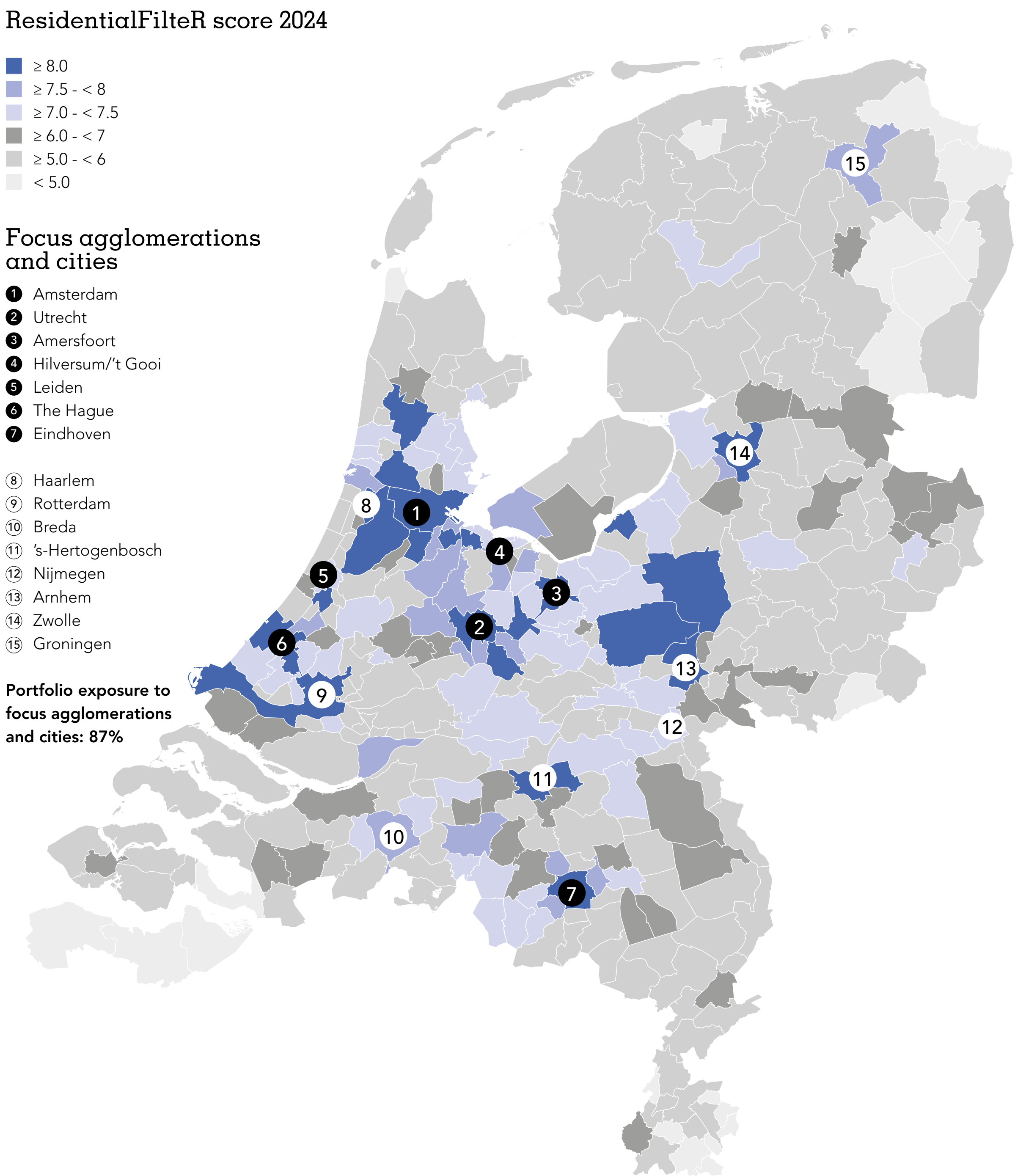
The investment strategy is predominantly to buy, hold and unlock reversionary potential of residential (rental) real estate in the Netherlands. The focus of the portfolio is on investing in apartments and single family houses in the strongest economic and demographic agglomerations and cities in the Netherlands to secure the core character of the portfolio. The investment policy focuses on a diversified portfolio with regards to location, occupier characteristics and residential types. This ensures long-term portfolio quality.

The Management Company executes its strategy by focusing on the following aspects of the Fund:

- **Core residential investments:** the focus of the Fund is on high-quality residential and (limited) other assets with a long-term stable income and low-risk profile. a.s.r. real estate identifies core investments using its internal research tooling (such as ResidentialID and the Asset Analysis Tool).
- **Best performing agglomerations and cities:** based on its long-term background and knowledge of the Dutch residential market and the application of its research tools, a.s.r. real estate has developed a strategy focusing on the best performing agglomerations and cities in the Netherlands. Concentrating on investment opportunities in the identified segments will provide the highest returns due to strong demand and therefore low vacancy levels, inflation hedged returns and stable fair values. a.s.r. real estate's unique ResidentialFilteR identifies the best performing residential areas by tracking the key performance indicators of all municipalities in the Netherlands relating to demographics, economics and the real estate investment market.

Based on this analysis and expert judgement, the Fund focuses on the following fifteen areas (seven focus agglomerations and eight focus cities), as shown on this ResidentialFilteR map of the Netherlands.

Figure 9 ResidentialFilteR



Source: a.s.r. real estate, 2024

- **Target groups:** based on a research-driven approach, a.s.r. real estate has defined three main residential market segments (by location) and three main target groups, resulting in nine product/market sub-segments. Defining separate segments based on location and target groups allows for:
  - A selective investment approach that recognises different tenant preferences.
  - A focus on those areas in which the resulting long-term residential demand is expected to further increase.

  The Fund will focus on five of these sub-segments when investing, as highlighted below.
- **Affordable housing in a non-regulated segment:** the Fund's focus is on investing in the mid-priced rental segment. As of 1 January 2024, this segment is distinguished by rents up to € 1,350 per month. By doing so, the Fund builds a well-lettable portfolio and fulfils its social responsibility. The Fund has developed an impact investing strategy, focused on the addition of affordable dwellings to the portfolio.
- **Sustainability:** sustainability has become an essential precondition of a core portfolio. A sustainable portfolio ensures long-term value for both investors and tenants. Sustainable dwellings are attractive to tenants for many reasons, such as lower energy costs and a healthier indoor climate. They are also attractive to investors, since a sustainable portfolio adds value over time and helps to mitigate risks. The Fund aims to achieve a carbon-neutral portfolio by 2045.
- **Dedicated organisation:** the foundation upon which the strategy is built is as important as the strategy itself. The exclusive residential vehicle of a.s.r. real estate has an in-house team dedicated to focusing only on this asset category.

Segment diversification as at 31 December 2023

	Urban • Large key cities in metropolitan areas • Population > 100,000	**Suburban** • Suburban residential municipalities and medium sized cities • Population 25,000 - 100,000
Young professionals • Age 20 - 40 • Household size 1 - 2	€ 910m Current: 51%	
Families • Age 30 - 55 • Household size 3 - 5	€ 144m Current: 8%	€ 204m Current: 11%
Empty nesters & Seniors • Age 55+ • Household size 1 - 2	€ 141m Current: 8%	€ 227m Current: 13%

Source: a.s.r. real estate, 2024

Financial performance

Result for 2023

The net result was -/- € 172.7m in 2023 (2022: € 14.3m), which corresponds to a net result of -/- € 116 per unit (2021: € 10) and resulted in a distributable result of € 32 per unit (2022: € 29).

The total return for 2023 was -/- 8.0% (2022: 0.7%), which is composed of an income return of 2.4% (2022: 1.9%) and capital growth of -/-10.4% (2022: -/- 1.2%). The decrease of capital growth can be explained by high inflation, high interest rates and the higher spread between real estate and risk-free government bonds, which caused investors to remain reluctant to invest in residential real estate. The income return showed a positive trend compared to the previous year. The main reasons for this are the lower NAV, and the higher rental income (increased due to regular rent increases and the addition of rent from newly delivered properties), as well as high results on individual unit sales.

Figure 10 Net result as at 31 December 2023

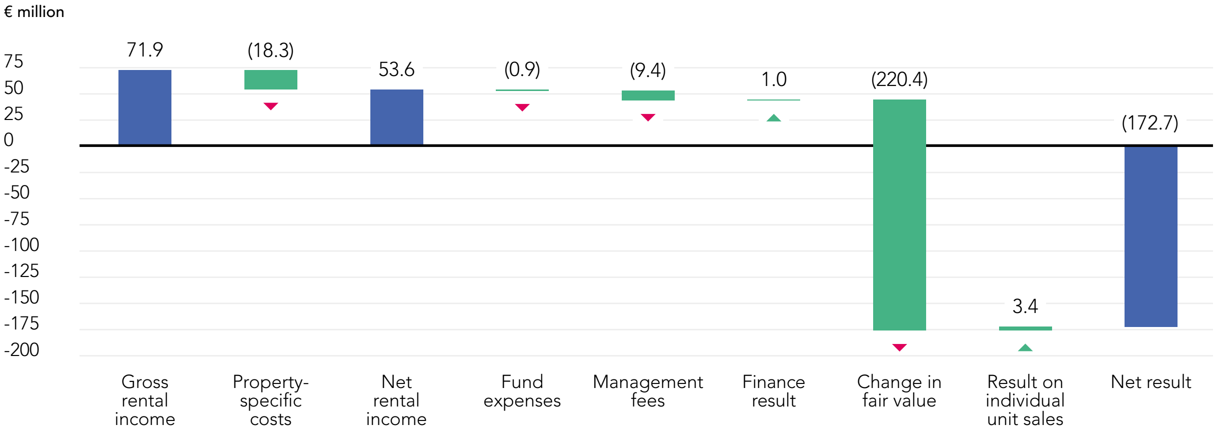


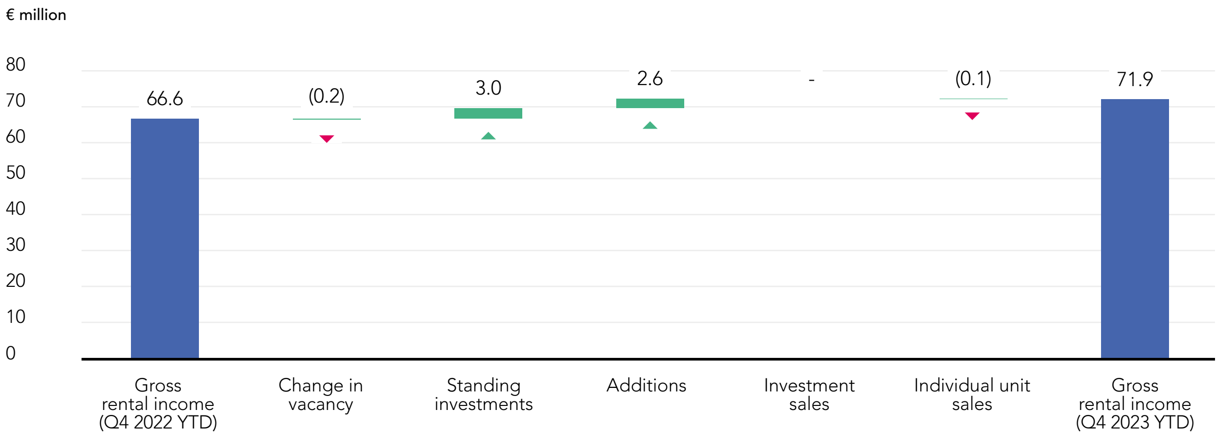
Table 4 Net result per unit (in €)

For the year	2023	2022	2021	2020	2019
Gross rental income	48.30	45.97	44.56	44.77	46.22
Property-specific costs	(12.27)	(11.33)	(11.03)	(10.22)	(10.33)
Fund expenses	(0.59)	(0.49)	(0.50)	(0.65)	(0.54)
Management fees	(6.32)	(7.18)	(6.46)	(6.44)	(6.49)
Operating result per unit	**29.12**	**26.97**	**26.57**	**27.47**	**28.85**
Finance result	0.64	(0.10)	(0.39)	(0.32)	(0.05)
Changes in fair value of investment properties	(140.12)	(17.53)	131.17	82.95	123.52
Changes in fair value of right-of-use contracts	(0.03)	(0.05)	(0.05)	(0.06)	(0.05)
Changes in fair value of participations	(7.89)	(1.40)	11.16	4.21	5.92
Result on sales of investment properties	-	-	-	1.27	4.18
Result on individual unit sales	2.26	1.98	2.66	2.35	2.27
Net result per unit	**(116.02)**	**9.87**	**171.12**	**117.88**	**164.65**

Gross rental income

Gross rental income was € 71.9m year-to-date as at 31 December 2023, which is an 8.0% increase on 2022 (€ 66.6m). This increase was attributable to the completed development of (forward) acquisitions and (annual) rent increases and was partly offset by individual unit sales. Like-for-like theoretical rental growth amounted to 4.0%. Financial vacancy amounted to -/- € 1.3m year-to-date as at 31 December 2023, compared with -/- € 1.1m in 2022.

Figure 11 Changes in gross rental income



Property-specific costs

Property-specific costs amounted to € 18.3m year-to-date as at 31 December 2023, which corresponds to 25.4% of gross rental income (2022: € 16.4m or 24.6% of gross rental income). This increase is mainly the result of higher insurance expenses (increase of premiums), higher marketing expenses (mainly for newly delivered properties), and an increase in other property specific costs. Maintenance expenses make up the largest portion of property-specific expenses and amount to € 9.2m or 12.7% (2022: € 8.8m or 13.2% of gross rental income). Property management fees increased slightly, from € 2.7m in 2022 to € 2.9m in 2023, as a result of an increase in gross rental income. The property management fee, including VAT, is set at 4.0% of gross rental income.

Fund expenses
Fund expenses amounted to € 0.9m as at 31 December 2023 (2022: € 0.7m). The main reason for this increase were the expenses incurred for legal advice on the rent indexation clause, which amounted to € 96k. The other main categories within fund expenses are valuation fees paid to external appraisers (€ 372k), depositary fees (€ 150k), and audit fees (€ 121k). The fund expenses, together with the management fees (see below), were calculated as a percentage of average INREV NAV and resulted in an NAV Total Global Expense Ratio (TGER) of 0.51% (2022: 0.50%).

Management fees
Management fees, which amounted to € 9.4m year-to-date as at 31 December 2023 (2022: € 10.4m), relate to the asset management fee (€ 8.4m) and fund management fee (€ 1.0m), which were calculated as 0.42% and 0.05% of the average NAV for the quarter respectively.

Finance result
The finance result amounted to € 1.0m year-to-date as at 31 December 2023 (2022: € 149k) and mainly concerns the positive balance of interest expense and interest income. This balance was negative in 2022.

Portfolio

Portfolio performance

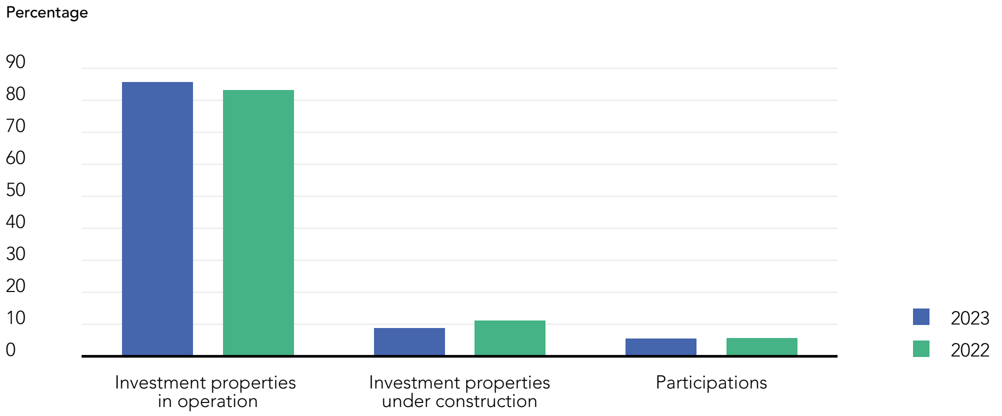
Portfolio overview

The Fund's portfolio consisted of 92 properties (2022: 90), as at 31 December 2023, comprising 5,781 residential units (2022: 5,520) and 2,784 parking spaces (2022: 2,528). The number of properties and residential units showed an increase compared to the previous year, as a result of the completion of forward acquisitions (The Minister, Rijswijk, and Haave, Haarlem) in the course of 2023.

Based on the number of residential units, approximately 70% of the portfolio's residential units consists of apartments (2022: 70%), whereas single family houses make up a smaller portion (30%). The majority (91%) of the portfolio concerns investment properties in operation, of which 6% has been designated for sale. Buildings earmarked for investment sale are also earmarked for individual unit sale, as long as these have not yet been sold. As the portfolio's buildings designated for investment sale were already used for individual unit sales, the units from these assets are also sold to individuals in the owner- occupied market at tenant turnover.

The share of investment properties under construction decreased from 11% in 2023 to 9% in 2022, due to term payments paid with regard to forward acquisitions. Aside from the Fund's investment properties under construction, the Fund has a total off-balance sheet commitment of € 123m, as at 31 December 2023.

Figure 12 Investment status as percentage of fair value as at 31 December 2023



The portfolio's ten largest properties account for 35.9% of the total portfolio's fair value as at 31 December 2023. This is a decrease compared to the previous year (36.7%) and is the result of additions, sales, and revaluations.

Table 5 Overview of the ten largest properties as at 31 December 2023

Property	City	Region	Percentage of total portfolio's fair value
The Roofs	The Hague	The Hague	6.0%
Wicherskwartier	Amsterdam	Amsterdam	3.9%
Wibautstraat	Amsterdam	Amsterdam	3.9%
The Minister	Rijswijk ZH	The Hague	3.7%
Terwijde-centrum	Utrecht	Utrecht	3.7%
Staalmeesterslaan	Amsterdam	Amsterdam	3.6%
Lamérislaan	Utrecht	Utrecht	3.2%
Cruquiuswerf	Amsterdam	Amsterdam	2.7%
Zuidkwartier	Amsterdam	Amsterdam	2.6%
Vathorst 1	Amersfoort	Amersfoort	2.6%
Total			**35.9%**

Occupancy and vacancy

The portfolio's overall occupancy rate amounted to 98.5% of theoretical rental income as at 31 December 2023, which is a slight decrease compared to 31 December 2022 (98.7%). Residential units in the portfolio were characterised by an average occupancy rate of 98.8%, representing 80.9% of the portfolio's total vacancies. The remainder of the total portfolio vacancies were mainly attributable to vacant parking spaces.

Table 6 Overview of the top ten vacancies as at 31 December 2023

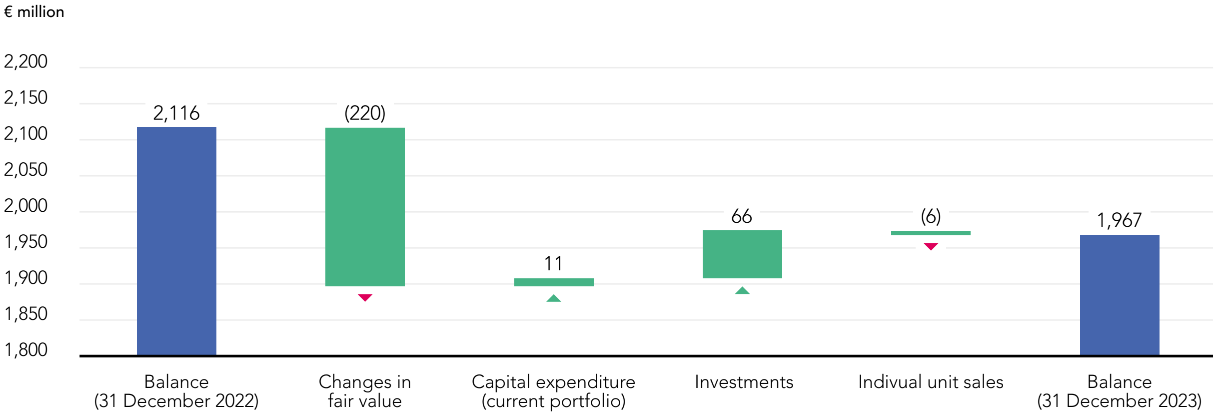
Property	City	Region	Total contract rent (€ '000)	Vacancy (€ '000)	Vacancy rate (%)	Vacancy as percentage of total portfolio vacancy	Property status
Lamérislaan	Utrecht	Utrecht	2,480	176	6.6%	14.9%	Operational
Staalmeesterslaan	Amsterdam	Amsterdam	2,593	114	4.2%	9.6%	Operational
The Roofs	The Hague	The Hague	4,661	79	1.7%	6.7%	Operational
Terwijde-centrum	Utrecht	Utrecht	2,663	68	2.5%	5.7%	Operational
RiMiNi	Amstelveen	Amsterdam	1,702	56	3.2%	4.8%	Operational
Wernaarseind	Houten	Utrecht	768	55	6.7%	4.7%	Operational
The Beacons	Amsterdam	Amsterdam	704	43	5.8%	3.7%	Operational
Nachtwachtlaan	Amsterdam	Amsterdam	1,103	40	3.5%	3.4%	Investment sale
Wibautstraat	Amsterdam	Amsterdam	3,168	39	1.2%	3.3%	Operational
Willem van Oranjelaan II	Breda	Breda	252	37	12.6%	3.1%	Operational
Total			**20,094**	**707**		**59.9%**	

Portfolio additions and sales

Assets under management

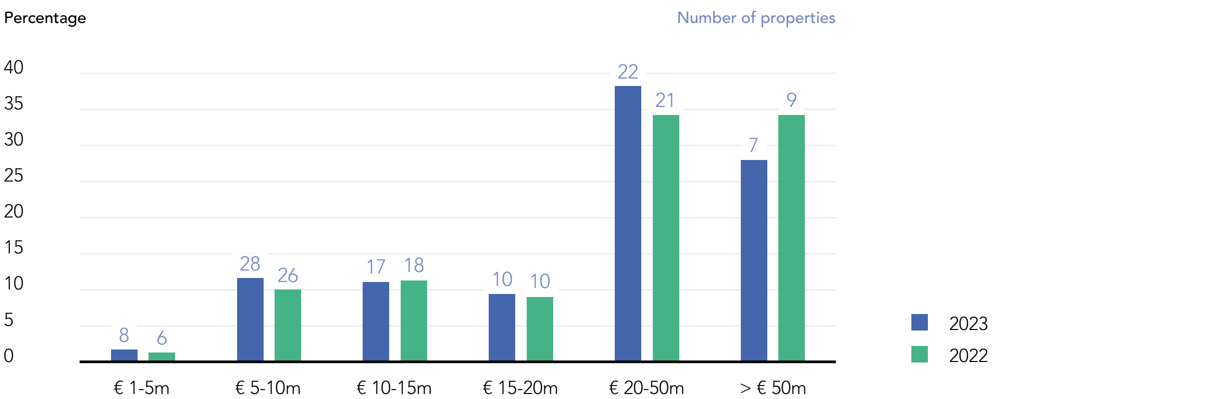
The value of the Fund's assets under management (investment properties and participations) decreased to € 1,967m as at 31 December 2023. This drop was mainly attributable to negative changes in fair value, which were offset by term payments of off-balance sheet commitments and by individual unit sales.

Figure 13 Assets under management as at 31 December 2023



Throughout 2023, the Fund's standing investments portfolio (excluding investment properties under construction) decreased from € 1,879m to € 1,792m. The portfolio is spread across different value classes, as shown in the figure below. Changes in the composition of this overview are mainly the result of additions, sales, and revaluations. The figure below states the percentage per asset value class and the numbers shown represent the number of properties in each asset value class.

Figure 14 Property values as at 31 December 2023



Additions
The construction of two forward acquisitions were completed and transferred to the Fund in 2023. This concerns The Minister in Rijswijk and Haave in Haarlem.

Table 7 Additions in 2023

Property	City	Region	Number of apartments	Number of single-family houses	Number of parking spaces
The Minister	Rijswijk ZH	The Hague	220	-	220
Haave	Haarlem	Haarlem	61	-	47
Total additions			**281**	**0**	**267**

The Minister in Rijswijk
The construction of The Minister was completed in March 2023. The Minister in Rijswijk is located in the southeastern corner of The Hague, near Delft, right by the In de Bogaard shopping centre. This development concerns a former office building, which has been transformed into a high-quality residential property comprising a total of 310 rental and owner-occupied units. The Fund has acquired all 220 rental units in the building, which are one and two-bedroom apartments ranging in size from 67 to 93 sq.m. The Fund also acquired a total of 220 parking spaces. Monthly rents range from € 1,000 to € 1,305, with an average rent of € 1,109 (parking excluded). The building is fully occupied.

Haave in Haarlem
Project Haave in Haarlem concerns 61 apartments, 47 parking spaces and 50 sq.m. of commercial space. The apartments are spread across two buildings near a park and a small canal. There is one commercial space which is designated for small-scale commercial activities (e.g. lunch café) and it includes an open-air patio. Haarlem is an attractive residential city and one of the Fund's focus cities. The development project is located on the north side of the Schalkwijk district in Haarlem. This is mainly a residential district with a large shopping centre. Haarlem city centre can be reached in fifteen minutes by public transport or bicycle. Amsterdam and Schiphol Airport are also within easy reach. The size of the apartments varies from 65 to 90 sq.m. Monthly rents range from € 895 to € 1,500, with an average rent of € 1,210 (parking excluded).

Sales
A total of approximately 5.8% of the Fund's portfolio has been designated for investment sale (in line with the Three Year Business Plan of 2024-2026). However, as part of the Fund's active individual unit sales strategy, units in properties which were designated for individual unit sale in the past can be sold, as long as the property itself has not yet been sold. This means that when tenants vacate a residential unit designated for individual unit sale, this unit will be sold to individuals on the owner-occupied market. As part of the existing individual unit sales strategy, twenty residential units and eight parking spaces were transferred in 2023. The total proceeds from individual unit sales amounted to € 9.6m, which was 54% above the appraisal value. Although the total proceeds from individual unit sales decreased compared to 2022 (€ 12.1m), the average result on sales increased significantly, from 31% above appraisal value in 2022 to 54% above appraisal value. This can be explained mainly by the difference in vacant values (which have been increasing again since the third quarter of 2023) and investment values (which have been decreasing since the third quarter of 2022). The demand for residential units is still well above the residential units being offered in the market (especially for well-priced units in popular urban areas), whereas the market for residential investment portfolios is limited at this time.

Table 8 Sales in 2023

Property	City	Proceeds from sales (€ '000)	Fair value (€ '000)	Result on sales (€ '000)	Investment/ individual unit sale	Number of single-family houses	Number of apartments	Number of parking spaces
Nachtwachtlaan	Amsterdam	4,056	2,506	1,550	Individual	-	8	8
Europapoort	Amsterdam	3,403	2,194	1,209	Individual	-	6	-
Nijenheim	Zeist	418	321	97	Individual	1	-	-
Ambachtenlaan	Breda	683	490	193	Individual	2	-	-
Dotterbloemstraat	Nieuwegein	359	269	90	Individual	1	-	-
Ereprijsweg	Haren	330	230	100	Individual	1	-	-
Frankendaal	Eindhoven	375	248	127	Individual	1	-	-
Total sales 2023		**9,624**	**6,258**	**3,366**		**6**	**14**	**8**

Commitments (off-balance sheet)

The Fund had five forward acquisitions with an original commitment of € 316.1m as at 31 December 2023. Of this total commitment, € 193.5m concerns settled term payments. As a result, the off-balance sheet commitment for forward acquisitions amounts to € 122.5m. The settled term payments and changes in fair value of forward acquisitions added up to a total amount of € 174.1m of assets under construction as at 31 December 2023. No new developments were added to the portfolio in the fourth quarter of 2023. For a detailed description of the existing forward acquisitions, see Table 5 below.

All current commitments are discussed in more detail in the table and text below.

Table 9 Commitments (off-balance sheet) as at 31 December 2023

Property	City	Region	Type	Expected year of completion	Number of apart-ments	Number of parking spaces	Commercial space (sq.m.)	Original commitment (€ '000)	Under construction (€ '000)	Off-balance sheet commitment (€'000)
Wonderwoods	Utrecht	Utrecht	Turnkey	2024	248	-	1,898	93,100	77,305	15,795
Plesman Plaza	Amsterdam	Amsterdam	Turnkey	2024	327	86	850	128,450	87,749	40,701
Ridderhof	Wassenaar	The Hague	Turnkey	2024	44	-	-	18,485	13,992	4,493
Ravelijn	Diemen	Amsterdam	Turnkey	2024	51	20	-	20,850	14,497	6,353
Tree House	Rotterdam	Other	Turnkey	2026	168	-	-	55,200	-	55,200
Change in fair value of forward acquisitions									**-19,488**	
Total forward acquisitions					**838**	**106**	**2,748**	**316,085**	**174,055**	**122,542**
Subject to approval										
Edge	Eindhoven	Eindhoven	Turnkey	2026	**175**	**52**	**378**	**58,614**		

Wonderwoods in Utrecht

Project Wonderwoods in Utrecht is located in the city centre right across from Utrecht central station. There is a strong focus on sustainability, with the main feature of Wonderwoods being an extensive use of plants and trees on the property's roofs and facades. The Fund's commitment is comprised of 248 rental apartments, a gym and a restaurant. The gym and restaurant are inside the actual property and their acquisition means that the Fund will have more control over its commercial tenants. In addition, Wonderwoods will boast a mixture of commercial space, offices and owner-occupied apartments. These will not be acquired by the Fund. Part of the concept of Wonderwoods is a mobility plan, which is why the development offers relatively few parking spaces. The concept is focused on car-sharing and public transport facilities and for this reason, the Fund will not acquire any parking spaces. We will instead get parking rights for some of the tenants. Monthly rents will range from € 850 to € 2,075, with an average rent of € 1,300 (rents upon completion). Completion is scheduled for 2024.

Plesman Plaza in Amsterdam

Project Plesman Plaza in Amsterdam is located in the Nieuw-West residential district, which is just outside the western ring road of Amsterdam. Vondelpark and the Amsterdam city centre are relatively close-by and accessibility by car and public transport is excellent, as the development is situated right by the ring road and a metro station. The development is part of a larger redevelopment project comprised of five apartment buildings, a parking garage and a former telephone exchange building, which will be transformed into commercial space.

The Fund acquired three of the five apartment buildings, comprising a total of 327 apartments and 850 sq.m. of commercial space, as well as the parking garage with a total of 86 parking spaces. The other two apartment buildings will be developed by a social housing association. The former telephone exchange was not acquired by the Fund. The apartments vary in size from studios to three-bedroom apartments, with total sizes ranging from 40 to 80 sq.m.; the average size is 55 sq.m. Monthly rents will range from € 825 to € 1,650, with an average rent of € 1,325 (rents upon completion, parking excluded). About 70% of the apartments will be rented out in the affordable segment, with monthly rents of up to € 1,350. Completion is scheduled for 2024.

Ridderhof in Wassenaar
Project Ridderhof in Wassenaar is located in the south-western part of Wassenaar, a green area close to the centre. Wassenaar is an attractive town due to its central location in the Randstad conurbation (nestled between The Hague and Leiden) and its vicinity to the coast and natural areas. The Ridderhof development concerns four buildings, of which the Fund acquired two comprising a total of 44 rental apartments. The apartments are one- and two-bedroom apartments, with total sizes ranging from 67 to 81 sq.m. and an average size of 76 sq.m. All apartments have a balcony or terrace as well as a separate storage area on the ground floor. Monthly rents will range from € 1,250 to € 1,500, with an average rent of € 1,425 (rents upon completion, parking included). The main target group for these apartments are seniors and empty nesters. This group is expected to grow further over the coming years. Completion is scheduled for 2024.

Kop Watergraafsmeer in Diemen
This development in Diemen consists of 51 apartments and 20 parking spaces. Kop Watergraafsmeer in Diemen is situated adjacent to the Watergraafsmeer district in Amsterdam. Amsterdam city centre is an easy 15-minute public transport or bicycle ride away. Ten apartments in this development are ‘friends apartments’: available for two friends renting together. These apartments have a living room and a kitchen, two bedrooms and two bathrooms. They range in size from 67 sq.m. to 80 sq.m. and rents range from € 1,250 to € 1,320 per month (parking excluded). The other 41 apartments, which are one-, two- and three-bedroom apartments, range in size from 50 to 90 sq.m. and rents range from € 960 to € 1,450 per month (parking excluded). Completion is scheduled for 2024.

Tree House in Rotterdam
Project Tree House is located next to Rotterdam central station, very close to the city centre, with a wide range of public amenities, shops, offices, bars and restaurants. This development project is part of the larger development of a mixed-use tower (offices, residential and commercial). A total of 284 apartments will be built on floors 12 through 36; of these, the Fund acquired a total of 168 apartments. The other 116 apartments will be sold in the owner-occupied market by the developer. However, the Fund agreed a back-up guarantee with the developer, which means that the Fund will acquire any unsold apartments (at a discount).

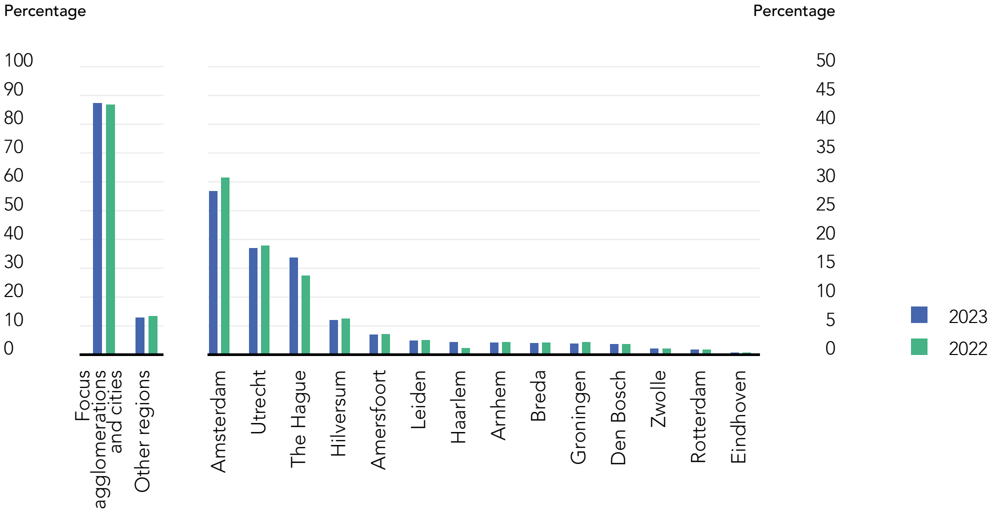
Edge in Eindhoven (subject to approval)
The Edge development in Eindhoven is centrally located between the central train station and city centre. A largescale transformation (Eindhoven Internationale Knoop XL) is planned for this area, which includes an upgrade and the addition of commercial and residential functions. The Fund’s commitment is comprised of 175 rental apartments, 52 parking spaces and 378 sq.m. of commercial space. The majority of the apartments range in size from 48 to 81 sq.m., with an average size of 59 sq.m.

Portfolio analysis

Regional focus
Amsterdam and Utrecht are the dominant agglomerations in the portfolio. These regions account for approximately 46.7% of the portfolio’s total fair value. This is also reflected in the overview of the ten largest assets, with only The Roofs in The Hague, The Minister in Rijswijk, and Vathorst 1 in Amersfoort being located outside the Amsterdam and Utrecht agglomerations. In addition to Amsterdam and Utrecht, the portfolio is well-represented in the Randstad conurbation and other demographically and economically strong cities and agglomerations, such as Hilversum, Amersfoort, and The Hague. The portfolio strategy actively targets these residential markets with an above-average market outlook.

The exposure to Amsterdam showed a significant decline as a result of individual unit sales and revaluations. To a somewhat lesser extent, this is also the case for Utrecht, which is showing a decline mainly due to revaluations. The exposure to The Hague showed an increase in 2023, as a result of the completion of forward acquisition The Minister in Rijswijk. The stake also increased in Haarlem as a result of the completion of forward commitment Haave in Haarlem.

Figure 15 Geographical spread as at 31 December 2023



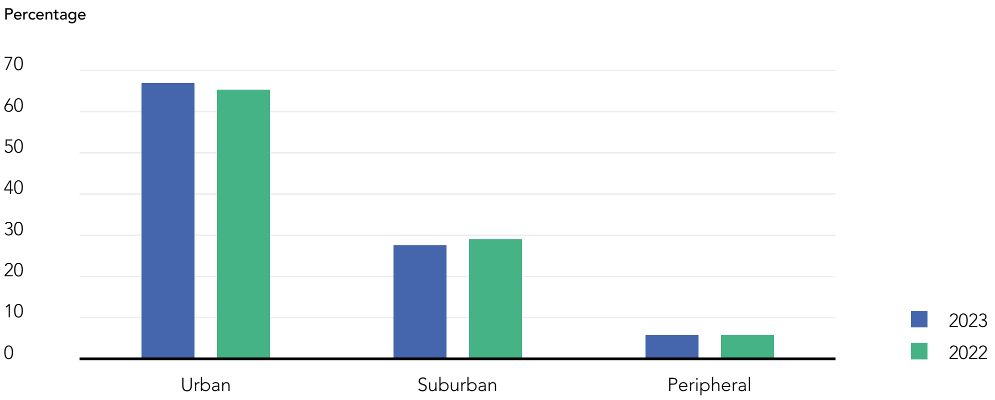
Residential market segmentation

The Fund has identified three housing market segments, based on a combination of target group and location type:

- Urban living: Young professionals, families and empty-nesters who prefer living in large cities and metropolitan areas with a population exceeding 100,000 residents;
- Suburban living: Families who prefer living in suburban residential areas and medium-sized cities with a population of between 25,000 and 100,000 residents; and
- Peripheral living: Families who prefer living in villages and small towns with a population below 50,000 residents.

The emphasis of the portfolio strategy is to invest in residential real estate that meets the criteria of urban living. Investments in suburban living environments are also deemed interesting, but these investments should predominantly aim for families, empty-nesters and seniors as their target group. Investing in peripheral living environments is not a primary focus of the portfolio strategy. The portfolio is currently well-represented in the urban and suburban living segments. As a result of some forward acquisitions being added in 2023, the percentage of urban living units has increased by 1.6%.

Figure 16 Market segmentation as at 31 December 2023

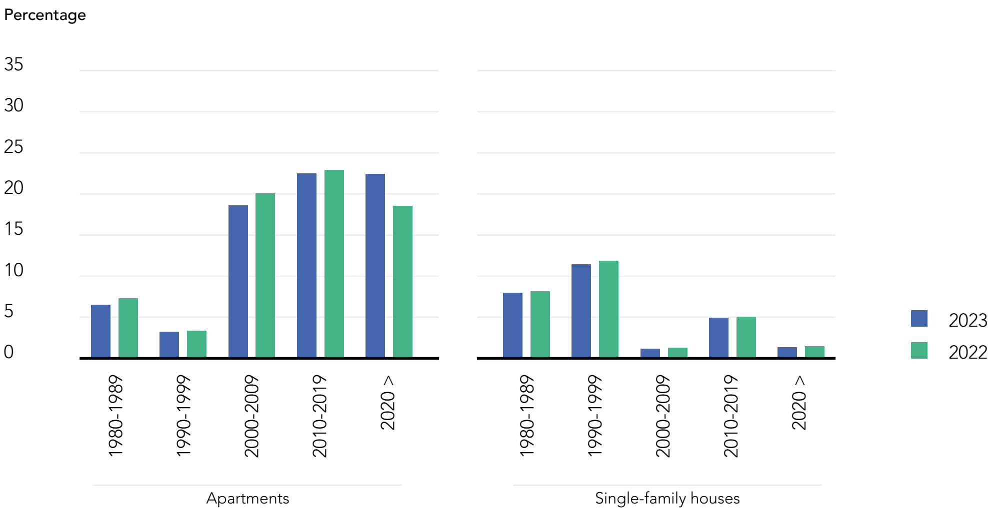


Property age

The Fund continuously invests in the portfolio in order to improve the portfolio's quality and expected long-term returns, while at the same time building a sustainable investment portfolio through renovation strategies and its acquisition and sales policy. The average weighted property age of the portfolio stood at 16.5 years as at 31 December 2023, compared with 16.4 years in the previous year.

Property age is measured as the original construction year, adjusted for renovations and investments. In cooperation with external advisors, the NEN 2767 guidelines are used to rate the property's technical qualities and assess the technical age of the different parts of a property (e.g. the foundation, casco and installations). Technical age is a good indication of the property's lifespan and expected maintenance costs. The average property age of the portfolio, based on original year of construction, was 21.5 years as at 31 December 2023 (2022: 21.9).

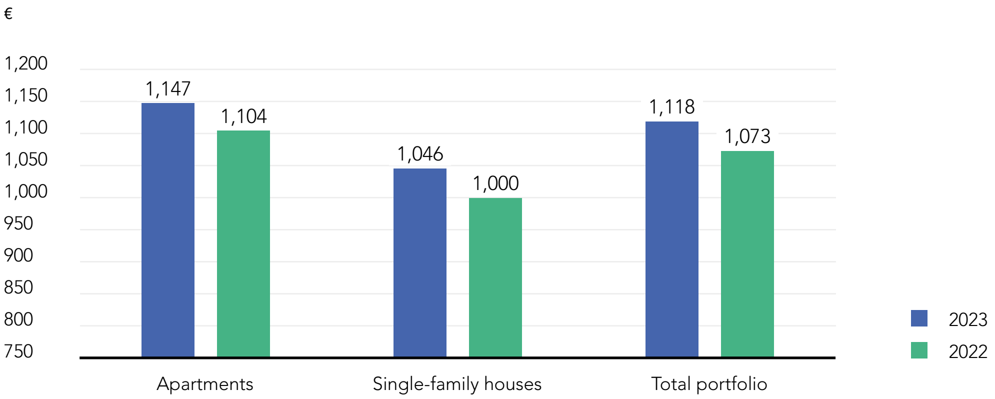
Figure 17 Age classes as at 31 December 2023



Average monthly rent

The portfolio strategy focuses on adding dwellings in the affordable rental segment (rents up to €1,350 a month) and is dominant in the midpriced rental range. Properties with average monthly rents above the social rental threshold (higher than € 808 per month) are favoured by the Fund in the long term. The average monthly rent of a residential unit in the portfolio was € 1,118 as at 31 December 2023. Single-family homes commanded a lower average monthly rent at € 1,046. The portfolio's apartments were also rented at a higher average rent (€ 1,147) as at 31 December 2023. This difference in rental level is attributable not only to the type of property, but also to aspects such as location and property age.

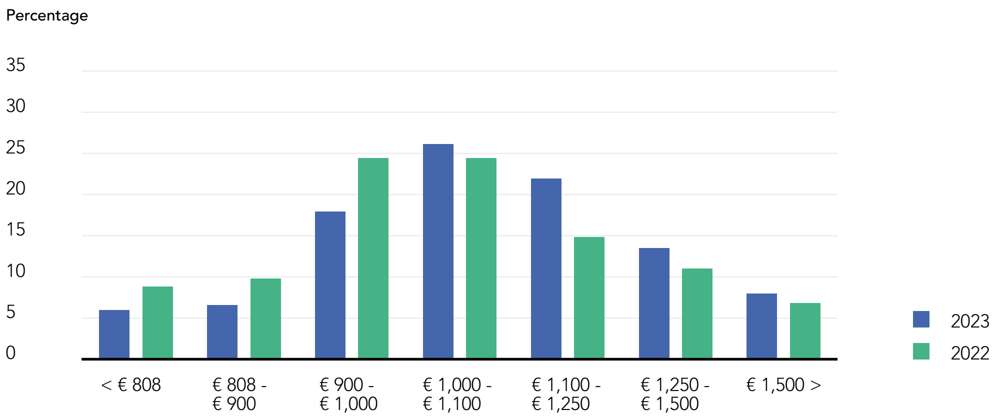
Figure 18 Average monthly rent per market segment as at 31 December 2023



Rental prices showed an overall increase, mainly due to the completion of forward acquisitions and (annual) rent increases for the portfolio in 2023. For most of the portfolio, rents were increased per 1 July 2023. Although rents for regulated rental units were frozen due to governmental rent regulation, rents were increased for approximately 91% of the portfolio's residential units during the year and 76% of rents were increased in July 2023. The average rent increase in July for these units amounted to 3.3% (2022: 2.3%). Like-for-like theoretical rental growth for the entire portfolio amounted to 4.0% in 2023 (2022: 4.3%).

The share of residential units with monthly rents below € 1,000 decreased as a result of regular rent increases, as well as the addition of forward acquisitions of The Minister and Haave, (both having the average rent above this level). The percentage of rents exceeding € 1,250 increased from 17.7% in 2022 to 21.5% in 2023. Approximately 60% of all residential units with monthly rents above € 1,250 are located in the Amsterdam agglomeration, where demand is relatively strong and higher market rents can be achieved. The share of residential units in the regulated segment (for 2023: monthly rents below € 808) decreased to 6.0%, compared to 8.8% in 2022.

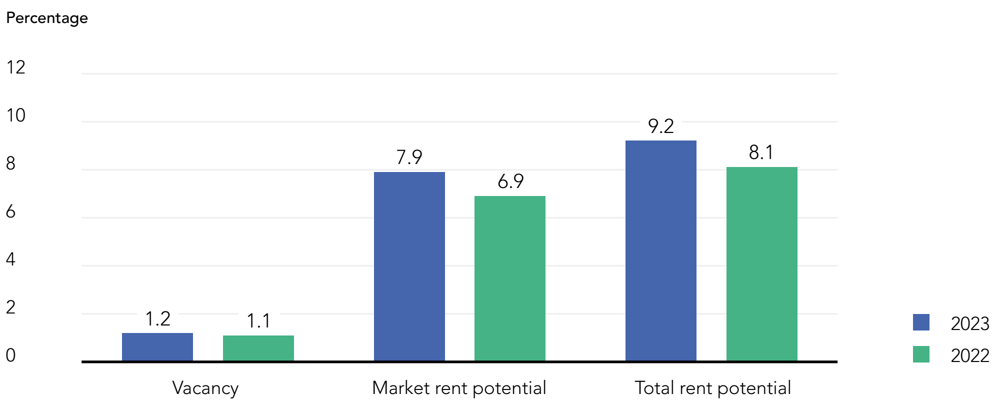
Figure 19 Rental price composition as at 31 December 2023



Rent potential

Rent potential is calculated by deducting the annual rental income from the total annual market rent divided by the total annual rental income. The portfolio's rental income can be increased by reducing vacancy, as well as by bringing current rents up to market rent through annual rent increases and at tenant turnover. Please note: the calculation is done for the residential units only; it does not include parking spaces and retail units. The total market rent potential of the portfolio's residential units is on average 9.2% (2022: 8.1%). The average vacancy rate in the portfolio's residential units increased slightly to 1.2% in 2023 (2022: 1.1%).

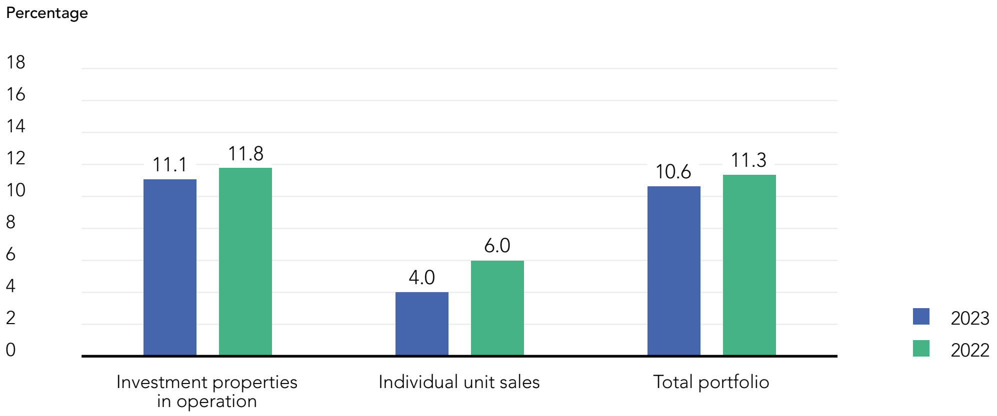
Figure 20 Vacancy and market rent potential as at 31 December 2023



Turnover rate

The portfolio's turnover rate is defined as the number of residential contract terminations within a period, expressed as a percentage of the average number of residential units during the period. Total portfolio turnover rates amounted to 10.6% in 2023, which is slightly lower compared to 2022 (11.3%). Turnover rates for properties that are designated for individual unit sales are significantly below those of investment properties in operation.

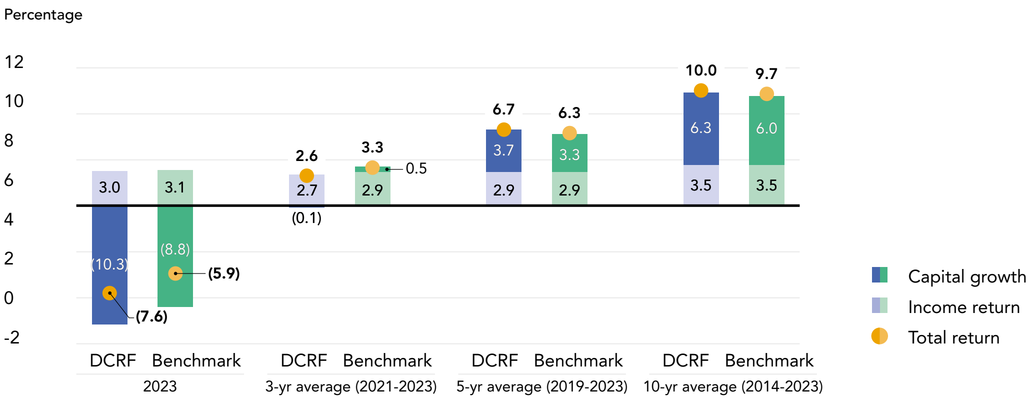
Figure 21 Average turnover rates



Performance of the Fund's portfolio versus MSCI Netherlands Residential Annual Property Index

The total return (at all benchmarked assets level) for the Fund's portfolio in 2023 amounted to -/- 7.6%, which was an underperformance against the benchmark) (-/- 5.9%). This difference in performance can mainly be attributed to capital growth (-/- 10.3% versus -/-8.8%), while the portfolio's income return was only slightly below the benchmark (3.0% versus 3.1%). Comparing the 3-year annualised returns, the Fund's portfolio showed an underperformance compared to its benchmark (2.6% versus 3.3%), while the 5-year and 10-year annualised returns showed an outperformance (6.7% versus 6.3% for 5-years and 10% versus 9.7% for 10-years).

Figure 22 Performance figures ASR DCRF versus MSCI Dutch residential benchmark (all benchmarked assets)



Capital growth can be determined by changes in yield and market rental value growth. The yields used are in line with the benchmark. The underperformance on capital growth in 2023 can mostly be attributed to a lower market rental value growth compared to the benchmark. The average market rental value growth as at year end was 5.4% compared to 5.6% for the benchmark. The average market value per sq.m was € 159 for the Fund compared to € 161 for the benchmark.

The portfolio's income return is slightly lower compared to the benchmark (3.0% versus 3.1%). The slightly lower income return is a result of the portfolio's attributions to several capex and development projects, which will yield returns on a longer term.

Regarding the total returns of the standing investments only, the Fund's portfolio showed an underperformance in 2023 (-/- 6.8% versus -/- 5.6%) as well as on a 3-year average (2.5% versus 3.5%). On a 5-year average the portfolio showed an outperformance compared to the benchmark (6.3% versus 6.1%), while on a 10-year average the portfolio was in line with the benchmark (both at 9.3%). Returns on the standing investments level do not include the effects of acquisitions, investments and sales.

Realised and unrealised gains and losses

All properties were externally valued in the fourth quarter of 2023 by either CBRE, Dynamis, or Capital Value. Every quarter, 25% of the valuations concern full valuations, whereas 75% concern desktop review valuations.

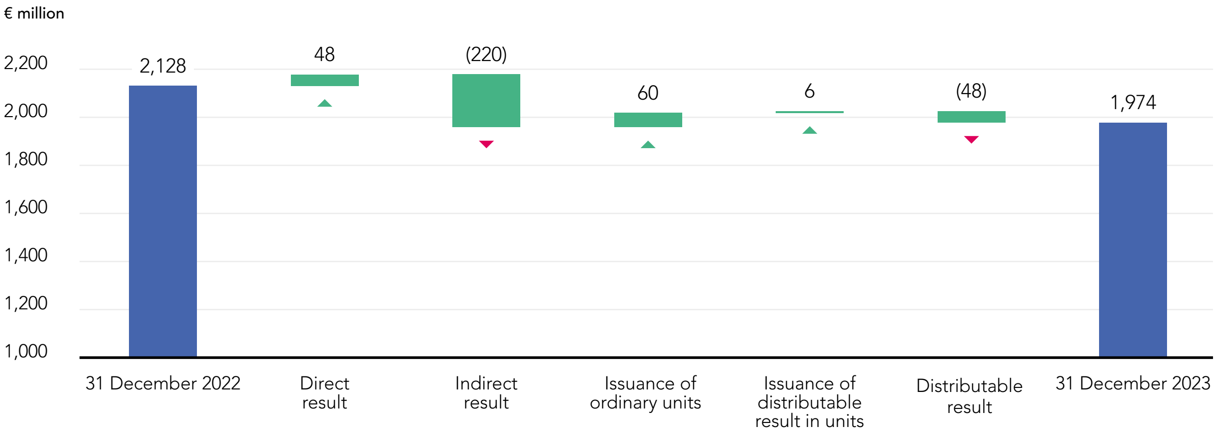
As a result of negative revaluations, the value of the portfolio dropped by € 220m or 10.1% in 2023. This includes the revaluation of the Fund's participation in The Roofs (Grotiusplaats Den Haag C.V.), whose value declined by € 12m or 9.7% in 2023.

Capital

Changes in capital

Total capital amounted to € 1,974.2m as at 31 December 2023, compared to € 2,128.3m as at 31 December 2022. Capital decreased as a result of the negative indirect return (-/- € 220.4m), which was partly offset by the issuance of ordinary units (€ 60m) and the issuance of distributable result in units (€ 6.4m). The 38th closing involved the payment of distributable results in units to two investors. As at 31 December 2023, capital was spread across 1,509,033 units, resulting in an IFRS NAV of € 1,308 per unit.

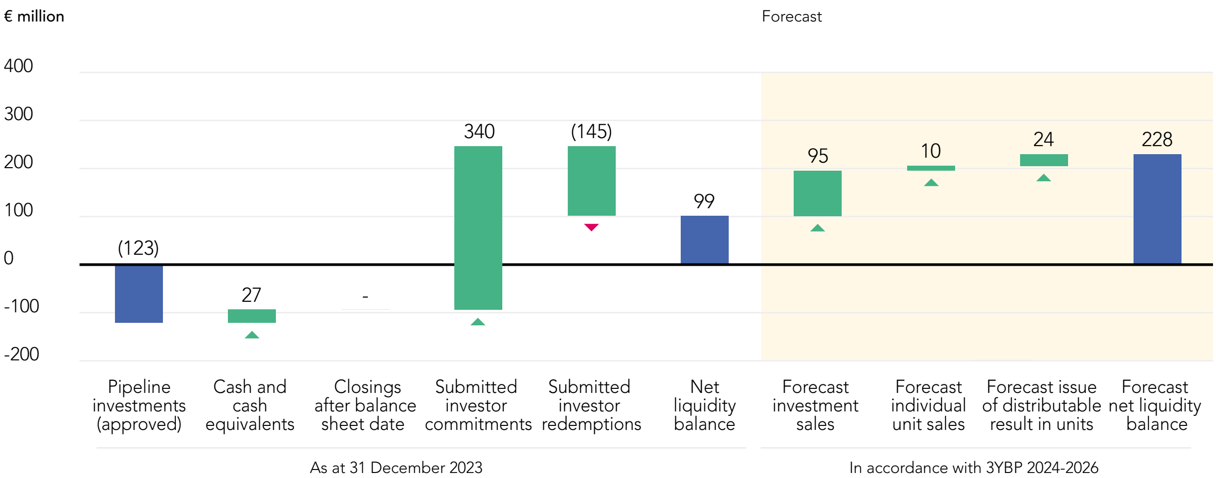
Figure 23 Movements in capital



Liquidity management

The total off-balance sheet commitment relating to (approved) forward acquisitions and participations amounted to € 122.5m as at 31 December 2023. This commitment is well-spread in time up to 2026 and will be funded mainly through the current cash balance and investor commitments. Including the existing submitted investor redemptions up to Q4 2023, this resulted in a current net liquidity surplus of € 100.0m as at 31 December 2023. The liquidity requirement is also forecast (2024-2026) to be covered by investment sales, individual unit sales, and the issuance of distributable result in units. While new investor commitments and/or loans were not included in this overview, they might be used to fund the net liquidity requirement. However, the Fund intends to remain a full-equity fund and does not expect to use any leverage in the short to medium term.

Figure 24 Net liquidity balance, as at 31 December 2023



Environmental, Social and Governance (ESG)

Responsible investment management is the Fund's top priority. We believe that we can guarantee long-term returns only if our properties are sustainable and attractive to users and society. Our focus is therefore on sustainable value development of our investment portfolio. This is how we contribute to a viable society - for now and for future generations. a.s.r. real estate signed the Paris Proof Commitment of the Dutch Green Building Council (DGBC), dedicating itself to achieving a GHG (Greenhouse gas)-neutral portfolio by 2050. In 2021 we raised our ambition and aim to achieve this goal before 2045.

The Fund's Environmental, Social and Governance policy is to accommodate the interests of tenants and investors in the best possible way by creating and maintaining residential properties that have long-term value from both a financial and a social perspective, and to achieve this in a sound and responsible manner with engaged and aware partners and employees. The investment objective of the Fund is to provide stable, sustainable and attractive returns by investing in high-quality assets and by actively managing and adding value to the existing portfolio.

Future-proof dwellings are an essential part of this strategy. Dwellings must be comfortable, sustainable and affordable for different types of households, and must meet the current and future needs and preferences of tenants. Sustainable dwellings are attractive to tenants for many different reasons, such as lower energy costs and a healthier indoor climate. They are also attractive to investors, since a sustainable portfolio adds value over time and helps to mitigate risks.

Strategic objectives 2023-2025

Strategic objectives	Target 2023	Result 2023
Environmental		
Energy intensity (kWh / sq.m. / year)	≤ 125	In progress
GHG intensity (kg CO_2 / sq.m / year)	≤ 26	In progress
Renewable energy (# of PV panels)	≥ 14,000	14,787
Resource efficiency (# of projects / year)	≥ 5	5
Plan for properties with a high climate risk profile (#)	5	Assets and actions identified
Climate adaption and improvement (greening measures / year)	≥ 500 sq.m.	755 sq.m.
Enhance local biodiversity	Design plan	Plan designed
Coverage of Green labels	≥ 96%	94%
Coverage of Green Building Certificates	100%	100%
Social		
Community and tenants		
Tenant satisfaction	≥ 7.0	7.0
Invest in neighbourhood and sustainable mobility (# of projects / year)	≥ 7	7
Tenant engagement (# projects / year)	≥ 8	8
Senior housing (# dwellings)	≥ 400	407
Addition of affordable dwellings (#)	≥ 200	197
AED coverage (% of portfolio)	≥ 93%	98%
Our employees		
Employee satisfaction rating (eMood® score)	≥ 7.5	7.7
Personal development		
- Training (% of annual salaries)	≥ 1.0%	1.3%
- Sustainable employability (% of annual salaries)	≥ 1.0%	1.0%
Health & well being (eMood® vitality score)	≥ 7.5	7.6
Governance		
Alignment with sustainability guidelines	✓	✓
- SDGs	✓	✓
- GRESB (annual survey rating)	★★★★★	★★★★★
Sound business practices	✓	✓

Environment

Energy intensity and GHG intensity

An increased urgency and awareness prompted the Fund to speed up the process of building a more energy-efficient portfolio. In order to achieve this goal, the Fund has drawn up a Paris Proof Roadmap with the aid of the CRREM tool. The CRREM pathways were developed by the EU to help real estate investors measure their exposure to emissions-related risks. The Paris Proof Roadmap addresses the current energy intensity and reduction measures at the individual asset level. In 2022, the Roadmap was upgraded to a highly visual and online platform. This has led to improved insights at both portfolio and individual asset level, allowing the Fund to increase its focus on properties with higher energy intensity levels and leading to a cost-efficient reduction path. In the coming years, the Fund will continue to expand upon the Paris Proof Roadmap, with consumption data, lessons learned and evolving insights.

The 2023 figures for energy intensity and GHG intensity are not yet available. The energy intensity figures will be published in the ESG annual report, which is expected to be published in May 2024.

Renewable energy

The Fund aims to implement the installation of PV panels as this is the most suitable portfolio solution in terms of renewable energy. At the end of 2022, 12,484 PV panels were installed in the ASR DCRF portfolio. In 2023, 2,303 PV panels were added, marking an increase of 18.4%. The expansion was realised through three types of projects:

- Projects in which newly completed apartment blocks were with PV panels: The Minister, Rijswijk and Haave, Haarlem (462 PV panels);
- The further roll-out of the PV panel project in single-family houses, together with Zonneplan: Braamberg, Zeewolde (560 PV panels).
- Renovation projects: Bovenmaat-Huizermaat, Huizen (850 PV panels) and Wernaarseind, Houten (431 PV panels).

Renewable energy
(# of PV-panels)

Objective
≥ 14,000

Realisation
14,787

Resource efficiency

To the Fund, resource efficiency means treating the planet in the most environmentally friendly way possible. In 2023, the Fund realised five projects that were focused on resource efficiency:

- Energy saving tips via narrow casting screens and newsletters
- Education on sustainability
- Sustainable welcome gift for new tenants
- Green welcome voucher for new tenants Haave, Haarlem
- Water-saving taps in kitchens and bathrooms

Resource efficiency
(# projects / year)

Objective
≥ 5

Realisation
5

Plan for properties with a high climate risk profile

The Fund conducted a comprehensive climate risk and vulnerability assessment for all properties in its portfolio, based on the Framework for Climate Adaptive Buildings (FCAB). This assessment process identifies vulnerabilities to climate-related impacts, including the four major climate risks: heat, drought, flooding and extreme weather. The climate risk score is calculated on the basis of the environmental score and the building score:

- The ‘environmental score’ (or ‘gross physical climate risk’) is an estimate of the climate effects for the immediate vicinity of a building.
- The ‘building score’ is an estimate of the vulnerability of a building to the various climate effects by looking at characteristics specific to that building.
- The combined environmental score and building score results in the ‘climate risk score’ (or ‘net physical climate risk’).

The outcome of the assessment is used to identify the assets that are exposed to high physical climate risks. For five of these assets, an assessment is carried out to see what adaptation solutions could reduce the identified physical climate risks. The results of this assessment are then used to draw up a high-level adaptation plan.

Climate adaption and improvement

In 2023, greening was a main objective for the Fund in its ESG strategy. The Fund implemented several projects to improve greenery on and around its assets:

- 100 trees for 'Trees for All' (250 sq.m.)
- Garden project Huizen (312 sq.m.)
- Greening of common courtyard Beijerinck, Amersfoort (65 sq.m.)
- Garden project Houten (128 sq.m.)

Enhance local biodiversity

The Fund has drawn up a Biodiversity Framework in collaboration with an external ecologist to further improve the portfolio's biodiversity. The Framework contains quantitative and qualitative guidelines to increase the natural variation on and around properties, in line with ecological values and based on the Fund's green roofs and facades. The Fund will further implement the Framework in its day-to-day operations. In addition, a.s.r. real estate performed a LEAP assessment in order to contribute to the TNFD reporting requirements. This assessment aims to identify, assess, manage and disclose nature-related issues.

Climate adaption and improvement
(greening measures / year)

Objective
≥ 500 sq.m.

Realisation
755 sq.m.

Enhance local biodiversity

Objective
Design plan

Realisation
Plan designed

Coverage of green labels

The Fund is striving for a portfolio made up entirely of sustainable dwellings. In the long run, the portfolio will no longer include any dwellings with a low energy performance. The final share of green labels in the portfolio in 2023 was 94%, which is higher than the final share in 2022 (93%) but lower than the objective of (at least) 96%.

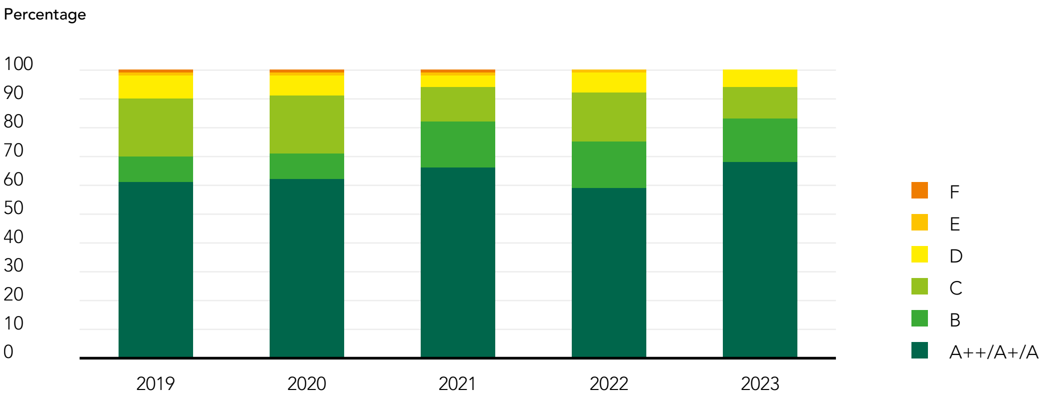
There were two reasons this percentage was lower than targeted: the sustainability projects of Guldenroede, IJsselstein and De Borchen, Houten haven't been carried out yet and the sale of some assets in Amsterdam was expected but fell through in 2023.

Coverage of green labels
(%)

Objective
≥ 96%

Realisation
94%

Figure 25 Energy labels (EPA) for ASR DCRF as at 31 December 2023



Coverage of green building certificates

All buildings in the Fund's standing portfolio are certificated with the BREEAM NL In-Use certificate, which means that the portfolio's coverage is 100%. The buildings completed in 2023 (The Minister, Rijswijk and Haave, Haarlem) are not included in this score because they were not yet eligible to receive a certificate. To achieve a BREEAM NL In-Use certificate, a building must be in use for at least one year. In 2024, these buildings will also be receiving the BREEAM NL In-Use certificate.

Coverage of green building certificates
(%)

Objective
100%

Realisation
100%

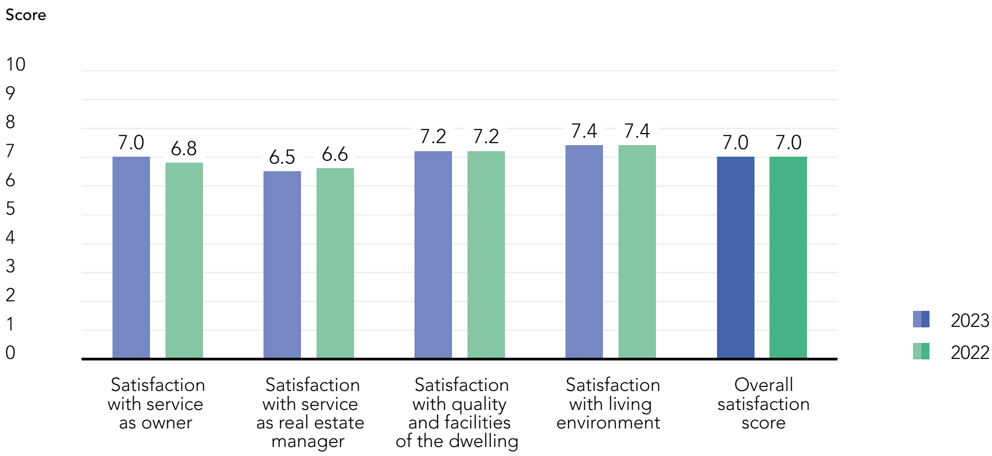
Social

Community & Tenants

Tenant satisfaction

The Fund conducts a tenant satisfaction survey every year. Just as in 2022, the average overall score in this survey in 2023 was 7.0. This score is also equal to the Fund's (minimum) objective and equal to the benchmark score. The average score is composed of four elements:

Figure 26 Tenant satisfaction scores for ASR DCRF as at 31 December 2023



The Fund's service as manager showed a slightly lower tenants' opinion than in 2022, while the score for the annual settlement of service costs was higher than in 2022. About 35% of the Fund's tenants participated in this year's survey.

Tenant satisfaction

Objective
≥ 7.0

Realisation
7.0

Investment in neighbourhoods and sustainable mobility

The Fund invests in attractive neighbourhoods and in stimulating sustainable mobility. In 2023, seven projects were initiated in order to invest in attractive neighbourhoods and sustainable mobility:

- a.s.r. real estate benches in Rijswijk and Nieuwegein
- Birdhouses in Amersfoort, Huizen and Houten
- 100 Trees for Amsterdam
- Green facades in Huizen and Houten
- Green rooftops in Huizen
- 26 facade gardens in Utrecht
- 64 new electric car charging stations in Rijswijk, Haarlem and Leidschendam

Invest in neighbourhoods and sustainable mobility
(# of projects / year)

Objective
≥ 7.0

Realisation
7.0

Tenant engagement

The Fund continuously works on various tenant participation and sustainability awareness projects. The Fund initiated eight tenant participation projects in order to create more engagement and more awareness on sustainability:

- Information and community via narrow casting screens and newsletters
- Neighbours' day in Rijswijk and Utrecht
- Tenant participation in refurbishment common areas in Utrecht and Nieuwegein
- Launch of the tenant portal app
- Participation in renovation projects in Houten, Veldhoven and IJsselstein
- Tenant events in several objects
- New tenant associations in Rijswijk and Amsterdam
- Establishment of a green committee in Utrecht

Tenant engagement
(# of projects / year)

Objective
≥ 8

Realisation
8

Senior housing

Seniors (aged 55 and over) are one of the main target groups served by the Fund. The Fund strives to make its portfolio more attractive for seniors. In 2023, the Fund began assigning several apartment blocks (with a total of 407 dwellings) to be rented out giving priority to senior tenants: Van Reeslaan, Nieuwegein (40 dwellings), Futura, Zoetermeer (69), Mariënpark, Leidschendam (36), Hagendonk, Prinsenbeek (25), Willem van Oranjelaan, Breda (40), Lapis Lazuli, Heerhugowaard (50), The Minister, Rijswijk (70), Haave, Haarlem (47), and Eosstraat, Amsterdam (30). Only in the event there being no interest from seniors would dwellings be rented out to other target groups.

Addition of affordable dwellings

The Fund still acknowledges the urgency of providing affordable housing and its ability to contribute to this issue. It has therefore decided to continue its' impact investing strategy that focuses on affordable housing.

In 2023, the Fund added 281 new dwellings to the portfolio: 220 in The Minister, Rijswijk and 61 in Haave, Haarlem. 197 of them had a rental price under € 1,250 a month: 160 in The Minister (73%) and 37 in Haave (61%). The objective was to add at least 200 affordable houses. In 2023, the rental market performed very well and rents increased faster than in the years before.

According to ASR DCRF, an affordable dwelling is a dwelling with a rent of under € 1,250 a month. This rent level has been at the same level for some years, despite fast rising incomes in 2023, and will therefore be indexed in 2024.

Coverage of AED's

The Fund aims to have automated external defibrillators (AED's) within a six-minute radius for its entire portfolio. AED's need to be accessible within a six-minute zone, the time necessary for a resuscitationto to get started. The Fund works with several partners to achieve this objective, such as municipalities, project developers, owner associations, and the Dutch Heart Foundation.

In 2023, the Dutch Heart Foundation conducted new scans for the coverage of AED's in the Netherlands. The new scans show an increased AED coverage for the Fund's portfolio: 98%. The objective was a coverage of 93% at the end of 2023. Only 131 dwellings (about 2%), spread over 4 objects, are not yet covered within the six-minute radius.

Senior housing
(# dwellings)

Objective
≥ 400

Realisation
407

Addition of affordable dwellings
(# dwellings)

Objective
≥ 200

Realisation
197

Coverage of AED's
(%)

Objective
≥ 93%

Realisation
98

Our employees

Employee satisfaction rating
A weekly survey is conducted among a.s.r.'s employees: the Employee Mood Monitor (eMood®). This tool developed in-house is designed to provide up-to-date information on the wellbeing and connectedness of employees. In 2023, a.s.r. real estate had an overall score of 7.7, which surpasses the target of 7.5.

Personal development of employees
The personal development of employees with regard to their professional expertise, competences and skills remains the main focus of a.s.r. human resource management. In 2023, a.s.r. real estate spent 1.4% of annual salaries on employee learning and development. This largely exceeded the target of 1.0% of annual salaries, which shows that ample attention is paid towards learning and development.

Next to training, there is a yearly target for sustainable employability. A dedicated HR team provides guidance for employees who wish to move to another position. In 2023, a.s.r. real estate made 1.0% of annual salaries available for sustainable employability. a.s.r. offers employees the opportunities to develop themselves in order to increase their chances on the labour market, both inside and outside a.s.r. Actual expenditures are not available to the Fund.

Health and wellbeing
Health and wellbeing and avoiding stress in the workplace are important issues and should be prioritised. The weekly eMood® survey provides specific insight into the vitality of a.s.r. real estate employees. In 2023, the vitality score of a.s.r. real estate was 7.6, which is above the target of 7.5 and an improvement of the vitality score (7.4) in 2022. Based on these outcomes, targeted actions are being taken to improve the vitality of employees. Examples include the provision of fruit at the workplace and work-out challenges in the a.s.r. Vitality app.

Employee satisfaction rating
(eMood® score)

Objective
≥ 7.5

Realisation
7.7

Personal development of employees
(% of annual salaries)

Objective
≥ 1.0%

Realisation
1.4%

Health and well-being
(eMood® vitality score)

Objective
≥ 7.5

Realisation
7.6

Governance

Sound business practices

For a.s.r. real estate, it goes without saying that ESG can only be fully embedded by means of sound, transparent business practices. Important principles of governance include its Integrity & Compliance regulation, Risk Management, Code of Conduct, Privacy Policy, Customer Due Diligence policy, and Whistleblowing procedures. Furthermore, a.s.r. real estate has been licensed under the AIFMD by the Dutch authority AFM since 2015 as a provider of financial services in the field of collective and individual asset management.

Governance

The oversight and responsibility for sustainability performance and compliance ultimately lies with the Fund Director of the Fund. The Sustainability Team has two dedicated Sustainability Managers and an ESG Project Manager that bring expertise to the Fund's sustainability approach. In addition, the Fund has a designated ESG Coordinator who oversees the implementation of the ESG strategy and related actions.

The Sustainability Managers, Fund Director, ESG coordinator and any asset managers involved meet on a regular basis at the Fund's ESG meeting to discuss ESG performance and relevant market trends. Important topics of discussion include the progress made in the performance of our ESG policy, objectives, and asset performance and strengthening the cooperation of our stakeholders. Recommendations from those meetings are discussed during the internal Sustainability Team meetings and are taken into account in the ESG Policy and Strategy.

In addition, at the end of every quarter, the Sustainability Manager reports to the board of directors on the objectives, achievements, challenges, and changes being made. Investors are informed every quarter about relevant ESG topics as an integral part of the quarterly report. ESG is also a fixed topic on the agenda of the Fund Management Team meeting, where participants can ask ESG-related questions and discuss objectives important for the Fund's performance.

SFDR and EU Taxonomy

The Fund adheres to the EU Sustainable Finance Disclosure Regulation (SFDR) and has published the SFDR statement on its website. Under this disclosure regulation, the Fund is classified as a financial product that promotes environmental characteristics within the meaning of Article 8(1) of Regulation (EU) 2019/2088. As of 1 January 2023, the second set of rules is disclosed for the Level 2 SFDR and EU Taxonomy Regulation.

The Fund promotes the climate and environmental objective 'climate change mitigation' as included in article 9 of the EU Taxonomy Regulation. The Fund promotes this objective in its underlying investments by promoting the stabilisation of greenhouse gas concentrations in the atmosphere consistent with the long-term temperature goal of the Paris Agreement.

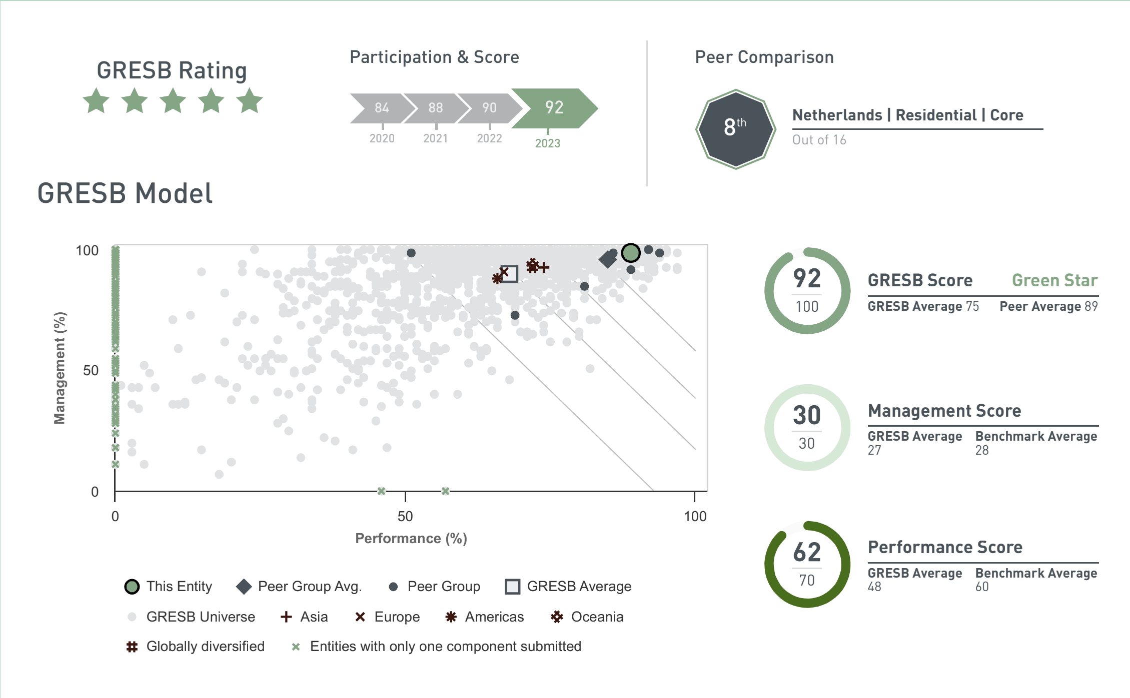
The Fund continues to implement updated Regulatory Technical Standards (RTS) related to the SFDR and related legislation. For more information on the SFDR and EU Taxonomy, please refer to the pre-contractual disclosure in the Prospectus and the periodic disclosure in this Annual Report (Appendix 2: Annex IV, SFDR periodic disclosure).

GRESB rating

GRESB – Five stars for ASR DCRF

The ASR Dutch Core Residential Fund achieved a score of 92 points (compared to 90 points in 2022). With a GRESB rating of five stars, the Fund belongs to top 20% of best performing GRESB funds in the world. The Fund scores well above the GRESB average (75 points) and the peer group average (89 points). The improved score is mainly the result of renovations and efforts to encourage tenants to use less energy, leading to a reduction in energy consumption and GHG emissions.

GRESB Model

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KFC

AIFMD

The Fund is an Alternative Investment Fund (AIF). In accordance with Alternative Investment Fund Managers Directive (AIFMD), the Fund Manager is obliged to apply for an AIFMD licence from the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten, or AFM). The licence was issued in February 2015. The AIFM Directive requires a depositary to be appointed to monitor the Fund. This is to safeguard against fraud, book-keeping errors and conflicts of interest. To this end, a contract was signed with BNP Paribas SA to act as depositary as of 11 June 2015. An information platform was set up to provide the depositary with the appropriate information in an effective way. As the Netherlands Authority for the Financial Markets (AFM) granted a.s.r. real estate the AIFMD licence, the Fund is under an obligation to submit comprehensive reports on risks and restrictions. As of the first quarter of 2015, the Fund Manager reports to the Dutch Central Bank (DNB) on results and risks on a quarterly basis.

The Fund's strategy as described in the Fund Agreement is subject to strategic risks as well as financial restrictions, subscription and redemption restrictions, and investment restrictions. Operational risks apply directly to operating activities and financial risks apply to developments in the financial and real estate markets. These financial risks are monitored on a continuous basis. The Fund Agreement sets out the Fund's investment objectives and strategy, investment criteria and investment restrictions. These requirements, which are monitored on a quarterly basis and on a case-by-case basis for acquisitions and sales, relate to:

1 Financial restrictions
The financial restrictions relate to the loan-to-value (LTV) position of the Fund and are as follows:
- The LTV is capped at 30%.
- If the LTV exceeds 25%, the Fund Manager is required to prepare plans to lower the LTV.
- No more than 12.5% of the LTV can be used for redemption purposes. If the percentage for redemption purposes exceeds 7.5%, the Fund Manager is required to take action to lower this percentage.

2 Subscription and redemption restrictions
The subscription and redemption restrictions are as follows:
- Subscription threshold of € 10m for new investors.
- Subscription threshold of € 100k for current investors.
- No investor is permitted to exceed a total financial position of 25% of the units, except for the Anchor Investor, unless the Management Company has granted its specific approval. Nevertheless, the financial position is never to exceed one-third of the total units.

3 Investment restrictions
- Focus on core, residential assets in the Netherlands.
- Maximum of 20% of GAV invested in a single asset.
- The Fund needs to be in control of the assets.
- No investment in any other Fund or vehicle that results in investors paying duplicative fees or a greater fee rate.
- The Fund shall avoid development risk and Project BV shall not engage in any development activities with respect to other parties than the Fund.

As at 31 December 2023, the Fund complied with the financial restrictions, the subscription and redemption restrictions, and the investment restrictions.

Depositary statement

Considering that:
- BNP Paribas S.A. is appointed to act as depositary for ASR Dutch Core Residential Fund ('the Fund') in accordance with subsection 21(1) of the Directive 2011/61EU (the 'AIFM Directive');
- Such appointment and the mutual rights and obligations of the Fund Manager, title holder and depositary of the Fund are agreed upon in the depositary agreement dated 11 June 2015, between such parties, including the schedules to that agreement ('the agreement');
- The depositary delivers this statement to the Fund Manager in relation to the activities of the Fund Manager and the title holder and this statement refers to the year ended December 31, 2023 (the relevant year hereafter referred to as 'the period').

Responsibilities of the Depositary
The Depositary acts as a depositary within the meaning of the AIFM Directive (the 'AIFMD') and shall provide the services in accordance with the AIFMD, EU implementing regulation, relevant Dutch laws and the policy rules issued by the European Securities and Markets Authority (ESMA) or the Dutch Authority for Financial Markets (AFM). The responsibilities of the Depositary are described in the agreement and include, in addition to the Safekeeping, Recordkeeping and Ownership Verification (as described in article 21(8) AIFMD), also a number of monitoring and supervisory responsibilities as defined by article 21(7) and 21(9) of the AIFM Directive, namely:
- Cash flow monitoring, including the identification of significant and inconsistent cash flows and the reconciliation of cash flows with the administration of the Fund;
- Ensuring that the sale, issue, re-purchase, redemption, cancellation of units or shares of the Fund and valuation are carried out in accordance with the applicable national law and the Fund rules or instruments of incorporation;
- Ensuring that investment transactions of the Fund are settled in a timely manner;
- Monitoring and checking that the total result of the Fund is allocated in accordance with the applicable national law and the Fund rules or instruments of incorporation;
- Monitoring and checking that the Alternative Investment Manager ('AIFM') performs its investment management duties within the Fund rules or instruments of incorporation;

Statement of the Depositary
We have carried out such activities during the period as we consider necessary to discharge our responsibilities as Depositary of the Fund Based on the information available to us and the explanations provided by the Fund Manager, we did not uncover any information indicating that the Fund Manager has not carried out its activities, in scope of the monitoring and oversight duties of the Depositary, in accordance to the applicable laws, Fund rules and instruments of incorporation.

Miscellaneous
No rights can be derived from this statement, other than the rights resulting from laws and regulation mentioned above. This statement does not create, and does not intend to create, any right for a person or an entity that is not a party to the agreement.

Utrecht, 16 February 2024

BNP Paribas Security Services

Risk management

ASR Dutch Core Residential Management Company B.V. (the Management Company) has an agreement (Management Agreement) with a.s.r. real estate (the AIF Manager). This agreement states that the AIF Manager will provide fund management services, asset management services and property management services to the Management Company.

The following (not limitative) items are included under fund management services: legal & structuring, compliance, business and financial advisory, human resource, risk management, communication and marketing, and finance and tax. The ASR Dutch Core Residential Management Company has outsourced all responsibilities to the AIF Manager. a.s.r. real estate also acts as the AIF Manager of the Fund under AIFMD requirements. Risk management is therefore described from the perspective of the AIF Manager (a.s.r. real estate).

The AIF Manager reviews key processes according to ISAE 3402 Type II. A Type II report not only includes the service organisation's description of controls, but also includes the detailed testing of the service organisation's controls. Every year, compliance to the ISAE framework is audited by an external auditor. In 2024, a.s.r. real estate received an ISAE 3402 Type II statement without remarks for the year 2023.

The AIF Manager makes a distinction between financial, strategic and operational risks: Financial risks apply to developments in the financial and real estate markets. Strategic risks apply to the Fund's strategy as described in the Fund Agreement. Operational risks apply directly to operating activities. A description of the Fund's main risks, the specific measures to manage these risks and, if applicable, their impact on results and equity are discussed below.

Financial risks

Risk	Risk appetite	Risk mitigating aspects	Impact
Rental risk	The Fund strives to obtain stable rental income. Furthermore, a high occupancy rate is a core objective.	The Fund focuses on the best performing agglomerations and cities. There is continuous monitoring of market rents and their movements. Standard lease terms state that rent must be paid in advance.	The occupancy rate is high and stable (98.5% of theoretical rent in 2023).
Market risk	Market risk relates to the impact of overall market changes on the value of assets and rental income. A decrease in market values affect capital growth.	The monitoring of market transactions and developments. The portfolio is valued by independent appraisers.	Although capital growth was negative in 2023, shortages in the housing market remain significant, reducing this risk in the long term.
Interest rate risk	The Fund is predominantly intended to be an equity fund. Therefore, interest rate risk is limited.	The Fund's interest rate risk is continually assessed.	The Fund maintains a low leverage status, with an LTV ratio of 0%.
Credit risk	The Fund's policy is to only deal with creditworthy counterparties and to obtain sufficient collateral. The Fund has opted not to insure against credit risk.	There is a high number of individual tenants. No single tenant or group under common control contributes more than 1% of the Fund's revenues. Standard lease terms are paid in advance. A deposit is required within the standard lease terms.	Bad debt provision increased from € 578k in 2023 to € 531k in 2022. Bad debt provisions as a percentage of gross income remained at 0.80%
Liquidity risk	The Fund strives to obtain an adequate cash position in order to fund future investments. Units in the Fund represent an illiquid investment as the Fund can accept Redemption Requests quarterly. The Fund is a closed-end investment company under AIFMD definitions.	The Fund maintains adequate reserves and obtains loan facilities if applicable, monitoring forecasted and actual cash flows and matching maturity profiles of financial assets and liabilities. The Fund is allowed to issue new units or purchase existing units. A trade on the Secondary Market is possible, whereby an Investor can reach an agreement with one or more (prospective) Investor(s).	In 2023, the investor pipeline of € 340m is sufficient to cover the current development pipeline, leaving room for planned future investments.
Funding risk	The Fund wants to keep its low leverage status in order to support the equity character of the Fund.	The Fund may enter into loan facilities in order to finance committed forward acquisitions, the acquisition of new properties, short-term working capital requirements, or liquidity for redemptions requests. The use of leverage may enhance returns and increase the number of investments that can be made, but it could also increase the risk of loss.	LTV ratio was 0% as at 31 December 2023.

Risk	Risk appetite	Risk mitigating aspects	Impact
Project risk	The Fund may undertake the maintenance, renovation and/or extension of an asset or invest in an asset that requires maintenance, renovation and/or extension prior to acquiring the asset by itself. The Fund may invest in maintenance, renovations and/or extensions which include several risks. Such risks include, without limitation, risks relating to the availability and timely receipt of planning permission and other regulatory approvals.	The ASR Dutch Core Residential Projects B.V. was set up in order to mitigate the risk regarding projects.	The ASR Dutch Core Residential Projects BV did not perform any activities during 2023.
Contract risk	The Fund is exposed to the possibility of loss arising from tenants reneging on their contracts.	The probability of loss arising from failure in contract performance by contractors, vendors or any other third party is mitigated by the AIF Manager's risk management framework, including CDD screening and a broad, diversified tenant portfolio.	No significant events occurred in 2023.
Uninsured risk	The Fund is exposed to certain risks that are uninsurable or not generally insured against because it is not economically feasible to insure against such losses.	Extreme scenarios such as war, terrorism, environment disaster, etc. are uninsurable or economically not feasible. The Fund understands that tail risks may occur.	No significant events occurred in 2023.
General risk for the Fund	The Fund seeks to limit the liability of each Investor to the amount of their investment.	The Fund Agreement expressly states that the Fund does not constitute or qualify as a partnership (maatschap), general partnership (vennootschap onder firma) or limited partnership (commanditaire vennootschap) and is not deemed to constitute a cooperation agreement (samenwerkingsovereenkomst) among the Management Company, the Legal Owner and the Investors, or among the Investors within the meaning of Dutch law. Any obligation of an Investor to make contributions to the Fund only creates an obligation between that individual Investor and the Legal Owner. Consequently, neither the Management Company nor the Investors shall be deemed to be partners (maten/vennoten) in the Fund.	No significant events occurred in 2023.

Strategic risks

Risk	Risk appetite	Risk mitigating aspects	Impact
Strategic risk	Strategic risk relates to the risk that the Fund's objectives are not achieved because of the management's poor decision-making, incorrect implementation and/or insufficient response to changes in the environment. However, the risk appetite for such risks is very low. The Fund's investment restrictions relate to the following criteria: • There is a focus on core, residential assets in the Netherlands; • A maximum of 20% of GAV can be invested in a single asset; • The Fund needs to be in control of the assets; and • The Fund must avoid development risk. The Fund Agreement sets out the Fund's investment objectives & strategy, investment criteria and investment restrictions.	The Management Company mitigates strategic risk by annually drawing up a Three Year Business Plan. In doing so, market opportunities and threats are analysed and any necessary amendments are made to the policy. The investment objectives and strategy, investment criteria and investment restrictions, as set out in the Fund Agreement, are monitored on a quarterly basis and on a case-by-case basis for acquisitions and sales. The Management Company continuously monitors portfolio deviation and the consequences of potential acquisitions and sales on the investment restrictions.	The Fund has fulfilled its strategy and objectives as defined in the Three Year Business Plan 2023-2025.
Sustainability risk	Sustainability risks arise in relation to general market conditions that are changing and could have a negative impact on the future letting potential and marketability of buildings in the portfolio if no action is taken.	The main sustainability risks for the sustainability targets will be mitigated in accordance with the other Fund objectives by an integrated risk management system based on a risk control matrix and enterprise risk management. Furthermore, sustainability targets are incorporated in the Fund's Three Year Business Plan.	In 2023, most of the Fund's climate & adaptation objectives were met. In 2023, all assets have been subject to an investigation on Low, Medium or High climate risk. Asstes and actions have been identified. For more details we refer to pages 50 and 51.
Country risk	The Fund holds investments solely in the Netherlands.	a.s.r. real estate has a research department to closely monitor developments relevant for the property markets in which the Fund operates.	No significant events occurred in 2023.
Dossier, information and consultancy risks	Factors limiting the Fund's ability to assert or enforce statutory or contractual warranty obligations could leave the Fund without recourse to third parties for potentially significant liability for property defects.	The Fund uses an extensive investment process and benefits from the vast expertise within a.s.r. real estate.	No significant events occurred in 2023.

Risk	Risk appetite	Risk mitigating aspects	Impact
Maintaining the Fund's tax status	The risk of losing the status of a tax transparent fund for joint accounts for Dutch corporate income tax purposes and for Dutch dividend withholding tax purposes. The Fund does not accept any risk of losing its tax status.	The Dutch tax authorities have confirmed the transparency of the Fund for corporate income tax and Dutch dividend withholding tax purposes. In order to maintain this tax status, no development activities should take place within the Fund. As a consequence, the Management Company continuously monitors its pipeline projects.	No significant events occurred in 2023.
Relative performance risk	Risk that the performance falls behind the Fund's targets and peers.	Quarterly monitoring	The performance is closely monitored on a quarterly basis. The results for 2023 are described on page 46.
Concentration risk	Investments in Dutch residential properties.	This risk is mitigated by establishing fifteen focus agglomerations and cities. Within this strategy, concentration risk is further mitigated by diversifying asset types, such as apartments, single-family houses, and different types of tenants.	The Fund has acted in line with the terms and restrictions.
Valuation risk	The valuation of the Portfolio Assets depends on the valuation methods used. The Fund will only accept valuations determined in accordance with the generally accepted international valuation standards. The value of the assets in the portfolio is determined by market value, which may fluctuate.	The market value property valuations are prepared in accordance with the generally accepted international valuation standards, currently regarded to be the RICS Valuation Standards, (the 'Red Book'). These standards are in line with IAS and IFRS. Assurance that the proper fair value for the Assets is reflected in the Financial Statements. The Fund relies on independent valuers. In order to further mitigate the valuation risk, the Fund has assigned three independent valuers who will be replaced after a maximum assignment period of three years.	The valuers did not make any claims about material uncertainty during 2023.

Operational risk

Risk	Risk appetite	Risk mitigating aspects	Impact
Operational risk	Operational risk is the risk that errors are not observed in a timely manner or that fraud can take place as a result of the failure or inadequacies of internal processes, human and technical shortcomings, and unexpected external events.	There is the Operational Risk Framework in place. The ORF controls are monitored and reported to the management on a monthly base by business risk management. An annual ISAE 3402 audit is performed and certified by an external auditor.	In 2024, a.s.r. real estate received an ISAE 3402 Type II statement without remarks for the year 2023.
Risk factors on Asset Management and Property Management	The Fund faces the risk that Asset Management and Property Management are not performed properly.	The Fund acts as an active asset manager, closely monitoring the technical quality, readiness and representation level of the properties to assure the value of the real estate assets in the portfolio to its users.	No significant events occurred in 2023.
Continuity risk	Continuity risk is the risk that the management organisation discontinues as a result of, for example, bankruptcy or failing IT systems. In such situations, the agreements made with principals can no longer be carried out.	This risk is mitigated by maintaining service level agreements with subcontracting partners, drawing up and maintaining the business continuity plan, and pursuing a data protection policy.	No significant events occurred during 2023. The AIFM has a Business Continuity Plan in place.

Compliance risks

Risk	Risk appetite	Risk mitigating aspects	Impact
Integrity risk	The unethical behaviour of employees, internal managers and business partners can damage or prevent the realisation of the Fund's objectives and yield. The AIF Manager does not tolerate this kind of behaviour.	A whistleblower policy, CDD, pre-employment screening and COI policy are all in place.	No significant events occurred in 2023.
Financial reporting risk	The Fund faces the risk that erroneous reports present an inaccurate account of the Fund's financial situation.	The quality of the Fund's financial reports is guaranteed by the performance of periodic internal and external audits.	No significant events occurred in 2023.
Safety, Health, Environmental risk issues (SHE risk)	The Fund may face substantial risk of loss from environmental claims based on environmental problems associated with its assets, as well as from occupational safety issues and third-party liability risks.	A Due Diligence is part of the investment process. The identification of potential environmental risks is always part of the independent risk analysis of each investment process.	No significant events occurred in 2023.
Legislation and regulation risk	The Fund cannot influence or change amendments to legislation and regulations. The Fund is fully aware that changes in laws and regulations may influence the results of the Fund.	Legislation and regulation risk can be mitigated by anticipating upcoming (possible) amendments in a timely manner. The Management Company has designated a Legal department and Compliance Officer.	The proposed 'Wet betaalbare huur' and changes for the WWS has a minor impact in the short term, however, it could impact rental income of the Fund in the long run.
Tax and legal risks	The Fund avoids any incorrect legal or fiscal assessments.	This risk is mitigated by a designated tax department and obtaining, when necessary, advice from external tax advisors and lawyers from reputable organisations.	During 2023 the Fund was litigated against for two properties in relation to the indexation clause. The legal department is working together with external legal advisors in order to mitigate this risk. One of the measures taken to mitigate a part of the risk is the limitation of the rent increase with a maximum of 1% above wage level or CPI for new contracts.

Risk	Risk appetite	Risk mitigating aspects	Impact
Depositary Risk	The Fund will only accept a financially solid depositary with an excellent reputation. The Fund's Depositary will be liable to the Fund for losses suffered by the Fund as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations under such agreement and under the relevant rules and regulations of the AIFMD, in accordance with the requirements and limitations of Book 6 of the Dutch Civil Code (Burgerlijk Wetboek).	Besides the depositary's performance regarding the fulfilment of its AIFMD obligations, the financial stability and integrity of the depositary is monitored by the AIF Manager on a quarterly basis.	No significant events occurred in 2023.
Custody Risk	The Legal Owner shall hold the legal title (juridisch eigendom) of the Assets on behalf of the Fund only. The Legal Owner's balance sheet is sound.	This risk is limited and mitigated by the fact that the Legal Owner has no activities other than acting as the legal owner of the assets of the Fund. The Legal Owner's balance sheet strength and liquidity position is constantly monitored by the AIF Manager.	No significant events occurred in 2023.

Fund **outlook**

Although prices for the owner occupied residential market were already increasing since the third quarter of 2023, the sentiment in the residential investor market was by contrast still negative by the end of 2023. As a result of the uncertainty caused by government regulations and legal challenges, as well as rising interest rates and the higher spread between real estate and risk-free government bonds, investors remained reluctant to invest. Nevertheless, the quarterly data are showing signs of stabilisation, as upward yield shifts are decreasing. The increasing yield shift seen over the last year is expected to cool down further in the quarters ahead.

For the first quarter(s) of 2024, we expect to see a slightly positive revaluation, with sentiment turning more positive again over the course of the year and a resulting positive capital growth number for 2024. The long-term outlook for the Dutch residential rental market remains favourable, as the result of very few available moderately priced residential units combined with a high demand for this market segment.

With regard to the Fund's portfolio, the high demand for mid-priced rental housing, high occupancy rates, market rent potential, and sound cost control continue to be the foundation for the portfolio's stable operating result. The Fund will keep its focus on further strengthening the portfolio, either by investing and making existing assets more sustainable or by adding new (sustainable) properties to the portfolio. It will also add more affordable housing to the Dutch residential market and dispose of assets that show less favourable characteristics. Furthermore, the Fund will focus on further improving the portfolio's ESG characteristics and continue working towards a net zero portfolio by 2045.

The price regulation of the mid-priced rental sector as a result of proposed changes to the WWS system, which was announced by the Dutch government in December 2022, still hangs above the market. So far, its calculated impact on the Fund show that its financial and non-financial impact will be limited, as the Fund is already focused on providing affordable and sustainable housing. At the same time, legal claims on the indexation clause are causing uncertainty for the Fund and residential rental sector alike. Although the outcome of the lawsuits is very uncertain and their possible effects on future and past rental income could be severe, the Fund considers an outcome in which the full historical price increases should be repaid to tenants to be unlikely.

a.s.r. real estate continues its commitment to being a full-service fund platform for institutional investors, through its retail, residential, office, farmland, and science park funds. The fund platform is well-equipped to serve its investors to the high standards that are expected of a professional real estate fund platform.

Utrecht, the Netherlands, 8 April 2024

ASR Real Estate B.V.
On behalf of the ASR Dutch Core Residential Management Company B.V.

Dick Gort, *CEO*
Michiel Kroot, *CFRO*

IFRS financial statements

Statement of income and comprehensive income

(amounts in € '000, unless otherwise stated)

Statement of income and comprehensive income

For the year	Notes	2023	2022
Gross rental income	5	71,921	66,565
Service charge income	5	3,479	3,276
Total operating income		**75,400**	**69,841**
Property-specific costs	6	(18,266)	(16,408)
Service charge expenses	5	(3,479)	(3,276)
Fund expenses	7	(888)	(706)
Management fees	8	(9,417)	(10,395)
Total operating expenses		**(32,050)**	**(30,785)**
Operating result		**43,350**	**39,056**
Finance income	9	1,003	135
Finance costs	9	(51)	(284)
Finance result		**952**	**(149)**
Changes in fair value of investment properties	11	(208,622)	(25,384)
Changes in fair value of right-of-use contracts	12	(40)	(73)
Changes in value of participations	13	(11,746)	(2,030)
Result on individual unit sales	10	3,366	2,868
Realised and unrealised gains and losses		**(217,042)**	**(24,619)**
Net result		**(172,740)**	**14,288**
Other comprehensive income		-	-
Total comprehensive income		**(172,740)**	**14,288**
In €			
Direct result per unit (distributable result per unit)		32	29
Indirect result per unit		(148)	(19)
Net result per unit		**(116)**	**10**

Click on a note reference to go to that note. Use the button to return.

Statement of financial position

after appropriation of result (amounts €'000, unless otherwise stated)

Statement of financial position

As at	Notes	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Investment properties in operation	11	1,683,476	1,756,287
Investment properties under construction	11	174,055	237,955
Right-of-use assets	12	927	1,219
		1,858,458	**1,995,461**
Participations			
Grotiusplaats	13	109,000	**120,786**
		109,000	**120,786**
Current assets			
Trade and other receivables	14	1,673	822
Cash and cash equivalents	15	27,224	32,866
		28,897	**33,688**
Other current assets			
Investment properties held-for-sale	11	745	768
		745	**768**
Total assets		**1,997,100**	**2,150,703**
CAPITAL AND LIABILITIES			
Capital			
Issued capital	16	1,510	1,461
Additional paid-in capital		1,416,500	1,350,222
Revaluation reserve		565,628	748,739[1]
Retained earnings		(9,425)	27,872[1]
		1,974,213	**2,128,294**
Non-current liabilities			
Lease liabilities	17	927	1,219
		927	**1,219**
Current liabilities			
Trade and other liabilities	18	21,960	21,190
		21,960	**21,190**
Total capital and liabilities		**1,997,100**	**2,150,703**

1 Restated: the 2022 figures have been restated due to a correction between the revaluation reserve and retained earnings. This restatement has no impact on net result nor the total amount of capital. For details, see Note 2.4.

Statement of changes in capital

(amounts in € '000, unless otherwise stated)

Statement of changes in capital

For the period 1 January 2022 - 31 December 2023	Issued capital	Additional paid-in capital	Retained earnings	Revaluation reserve[1]	Total
Balance as at 1 January 2022	**1,410**	**1,274,023**	**30,857[2]**	**773,241[2]**	**2,079,531**
Transactions of the comprehensive income					
- Profit for the year	-	-	14,288	-	14,288
- Movement arising from market valuations	-	-	17,298[2]	(17,298)[2]	-
- Movement arising from participations	-	-	2,202[2]	(2,202)[2]	-
- Movement arising from divestments	-	-	5,002	(5,002)	-
Total comprehensive income	**-**	**-**	**38,790[2]**	**(24,502)[2]**	**14,288**
Transactions with the owners of the Fund					
Contributions and distributions:					
- Issue and redemption of ordinary units	44	64,910	-	-	64,954
- Issue of distributable result in units	7	11,289	-	-	11,296
- Distributable result	-	-	(41,775)	-	(41,775)
Total transactions with the owners of the Fund	**51**	**76,199**	**(41,775)**	**-**	**34,475**
Balance as at 31 December 2022	**1,461**	**1,350,222**	**27,872[2]**	**748,739[2]**	**2,128,294**
Comprehensive income					
- Profit for the year	-	-	(172,740)	-	(172,740)
- Movement arising from market valuations	-	-	168,670	(168,670)	-
- Movement arising from participations	-	-	11,786	(11,786)	-
- Movement arising from divestments	-	-	2,655	(2,655)	-
Total comprehensive income	**-**	**-**	**10,371**	**(183,111)**	**(172,740)**
Transactions with the owners of the Fund					
Contributions and distributions:					
- Issue and redemption of ordinary units	44	59,906	-	-	59,950
- Issue of distributable result in units	5	6,372	-	-	6,377
- Distributable result	-	-	(47,668)	-	(47,668)
Total transactions with the owners of the Fund	**49**	**66,278**	**(47,668)**	**-**	**18,659**
Balance as at 31 December 2023	**1,510**	**1,416,500**	**(9,425)**	**565,628**	**1,974,213**
In €					
NAV per unit					1,308
Distributable result per unit					32

1 The revaluation reserve concerns the revaluation of the investment properties and participations. The (unrealized) positive difference between the cumulative increase in the fair value of the property as at the end of the year has been included in the revaluation reserve. The revaluation reserve as at year-end has been determined at individual property level.

2 Restated: the 2022 figures have been restated due to a correction between the revaluation reserve and retained earnings. This restatement has no impact on net result nor the total amount of capital. For details, see Note 2.4

Statement of changes in capital (continued)

(amounts in € '000, unless otherwise stated)

Distributable result

For the year	2023	2022
Operating result	43,350	39,057
Finance result	952	(149)
Result on individual unit sales	3,366	2,868
Distributable result	**47,668**	**41,776**

Statement of cash flows

(amounts in € '000, unless otherwise stated)

Statement of cash flows

For the year	Notes	2023	2022
Net result		(172,740)	14,288
Adjustments for:			
Interest result	9	(952)	149
Change in fair value of investment properties	11	208,622	25,384
Change in value of participation	13	11,746	2,030
Result on sales	10	(3,366)	(2,868)
Changes in working capital		(1,475)	509
Cash flows from operating activities		**41,835**	**39,492**
Interest paid	9	(51)	(284)
Interest received	9	1,003	135
Net cash flows from operating activities		**42,787**	**39,343**
Cash flows from or used in investing activities			
Investment properties in operation	11	(10,769)	(25,285)
Investment properties under construction	11	(67,378)	(59,831)
Investment properties participations	13	40	(13,055)
Divestments	10	9,624	12,114
Net cash flows from or used in investing activities		**(68,483)**	**(86,057)**
Cash flows from or used in financing activities			
Issue of ordinary units		59,950	64,954
Distributed result (excluding distribution in units)		(39,896)	(28,701)
Net cash flows from or used in financing activities		**20,054**	**36,253**
Net movement in cash		**(5,642)**	**(10,461)**
Cash and cash equivalents as at the beginning of the period		32,866	43,327
Net increase in cash and cash equivalents		(5,642)	(10,461)
Cash and cash equivalents at end of the period		**27,224**	**32,866**


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Notes to the financial statements

(amounts €'000, unless otherwise stated)

The accounting principles adopted in the preparation of the financial statements of the Fund are set out below.

1 General

The Fund is a fund for joint account (fonds voor gemene rekening) under Dutch law. The Fund is not a legal entity (rechtspersoon), but a contractual arrangement sui generis, subject to the terms hereof, among the Management Company, the Custodian and each Investor individually. The Fund shall have an indefinite term subject to early dissolution of the Fund in accordance with Clause 15 of the Fund Agreement.

The Fund was established on 1 January 2013 and has its legal base in Utrecht, the Netherlands with address at Archimedeslaan 10, 3584 BA.

Its main activities are to invest in, to manage and to add value to a portfolio of core quality residential properties in the Netherlands. The intention is to deliver a stable income return while preserving a balanced risk structure.

The reporting year encompasses the period from 1 January to 31 December.

These financial statements have been prepared by the Management Company and will be adopted for issue by the Meeting of Investors.

2 Summary of significant accounting principles

2.1 Basis for preparation

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS-EU), Standing Interpretation Committee and IFRS Interpretation Committee as adopted by the European Union, Part 9 of Book 2 of the Dutch Civil Code and the Act on Financial Supervision (Wet op het financieel toezicht, Wft).

Income and cash flow statement

The Fund has elected to present a single statement of profit or loss and other comprehensive income and presents its expenses by nature.

The statement of cash flows has been drawn up according to the indirect method, separating the cash flows from operating activities, investment activities and financing activities. The result has been adjusted for accounts in the statement of income and comprehensive income and movements in the statement of financial position which have not resulted in cash income or expenditure in the financial year. The cash and cash equivalents and bank overdraft amounts in the statement of cash flows include those assets that can be converted into cash without any restrictions and with insignificant change in value as a result of the transaction. Distributions are included in the cash flow from financing activities. Investments and divestments are included in the cash flow from investment activities at either the acquisition price or the sale price.

Preparation of the financial statements

The financial statements have been prepared on a going concern basis, applying a historical cost convention, except for the revaluation of investment property that has been measured at fair value. Except for cash flow information, the financial statements are prepared using the accrual basis of accounting.

In preparing these financial statements in conformity with IFRS-EU, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Functional and presentation currency
Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in euros, which is the Fund's functional currency and the Fund's presentation currency.

Subsidiaries
Subsidiaries are those entities over which the Fund has control. Control exists when the Fund is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. This is the case if more than half of the voting rights may be exercised or if the Fund has control in any other manner.

A subsidiary's assets, liabilities and contingent liabilities are measured at fair value on the acquisition date and are subsequently accounted for in accordance with the Fund's accounting policies, which are consistent with IFRS.

The financial statements include the financial statements of the Fund and its subsidiary, ASR Dutch Core Residential Projects B.V. (hereafter Project BV), in which the Fund has an 100% equity interest.

The Fund will engage Project BV for maintenance, renovation and/or extension activities of portfolio assets to be acquired by the Fund, that might qualify as development activities for Dutch tax purposes. The Project BV will solely engage in any such activities with respect to portfolio assets and therefore not with respect to assets of other parties than the Fund.

The financial impact of the Project BV in the Fund's financial statements is not significant and therefore the financial statements of the Fund are an actual reflection of both the consolidated and the separate financial statements.

2.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Fund
In 2023, no changes in EU endorsed published IFRS Standards and Interpretations are relevant to the Fund.

(b) New standards, amendments and interpretations issued, but not yet effective
No new standards, amendments to existing standards and interpretations, published prior to 1 January 2023 and effective for accounting periods beginning on or after 1 January 2023, are relevant to the Fund.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in euros, which is the Fund's functional currency and the Fund's presentation currency.

2.4 Changes in presentation: restatement

The current presentation differs from last year's presentation in some aspects. Where applicable, in accordance with IFRS, comparative figures have been included in the new presentation format, including related disclosures, to ensure comparability. This restatement concerns a movement between the revaluation reserve and retained earnings. As at 31 December 2022, the retained earnings were overstated by € 30.4m and the revaluation reserve was understated by € 30.4m. The 2022 movement arising from market valuations was overstated by € 15.6m. The 2022 movement arising from participations was understated by € 0.2m.The total movement in the revaluation reserve was overstated by € 15.4m. These changes in presentation have no impact on net result nor on the total amount of capital.

Significant accounting policies

2.5 Investment properties
Investment properties are defined as properties held for long-term rental yields or for capital appreciation or a combination of both.

The following are examples of investment properties:
- A building owned and held for generating rental income and/or capital appreciation;
- A building owned by the Fund and leased out under one or more operating leases;
- A building that is vacant but is held to be leased out under one or more operating leases;
- Property that is being constructed or developed for future use as investment property.

An item of investment property that qualifies for recognition as an investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable.

Investment properties under construction for which the fair value cannot be determined reliably, but for which the Management Company expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed - whichever is earlier. Prepayments on turnkey projects, as part of investment properties under construction, are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses, if applicable.

Fair value of investment property is based on independent market valuations, adjusted, if necessary, for any difference in nature, location or condition of the specific asset. These market values are based on valuations by external valuers. Investment properties are valuated in line with valuation schedule. The external valuers will provide independent market valuations of the Fund's underlying assets on a quarterly basis, while being annually surveyed. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

It may sometimes be difficult to reliably determine the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:
- Status of construction permits;
- The provisions of the construction contract;
- The stage of completion;
- If finance arrangements are in place;
- The number of contracts pre-let;
- The development risk specific to the property;
- Past experience with similar constructions.

Market value property valuations will be prepared in accordance with the RICS Valuation Standards (the 'Red Book'). The relevant variables in the valuation methods are net, gross actual rents, theoretical rent, Estimated Rental Value (huurherzieningswaarde), remaining rental period, voids and rental incentives. The net capitalisation factor and the present value of the differences between market rent and contracted rent, of vacancies and maintenance expenditure to be taken into account are calculated for each property separately.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Fund and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Changes in fair values are recognised in the statement of income and other comprehensive income. Investment properties are derecognised from the statement of financial position on disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses on the derecognising of an investment property are recognised in the statement of income and other comprehensive income in the year of derecognising.

See Note 2.7 (b) for details of the treatment of letting fees capitalised within the carrying amount of the related investment property.

2.6 Investment properties held-for-sale

Assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

2.7 Leases

The Fund assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) The Fund is the lessor

Leases in which the Fund does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(b) The Fund is the lessee

The Fund applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Fund recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Fund recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.
The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term.

If ownership of the leased asset transfers to the Fund at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

ii) Lease liabilities

At the commencement date of the lease, the Fund recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Fund and payments of penalties for terminating the lease, if the lease term reflects the Fund exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Fund uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Fund's lease liabilities are included in Interest-bearing loans and borrowings (see note 2.11)

iii) Short-term leases and leases of low-value assets
The Fund applies the short-term lease recognition exemption to its short-term leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.8 Financial instruments

(a) Financial assets
The Fund determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial assets expire or the Fund transfers substantially all risks and rewards of ownership.

The Fund's financial assets consist of cash and cash equivalents, loans and receivables.

Financial assets recognised in the statement of financial position as trade and other receivables are classified as loans and receivables. They are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

Trade receivables are amounts due from tenants under the lease agreements. Standard lease terms require upfront payment of rent and therefor trade receivables are all classified as current. Trade receivables are recognised initially at the amount of consideration that is as current. Trade receivables are recognised initially at the amount of considerations that is unconditionals unless they contain significant financing components, when they are recognised at fair value. The Fund holds trade receivables with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised costs less expected credit losses.

The Fund applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables at each reporting date. The Fund has established a provision matrix that is based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Cash and cash equivalents are subsequently measured at amortised cost. Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Fund will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

If in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in the statement of income and other comprehensive income.

(b) Financial liabilities
Liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or other liabilities at amortised cost, as appropriate. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

All loans are classified as other liabilities. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans are subsequently measured at amortised cost using the effective interest method (see Note 2.11 for the accounting policy on borrowings).

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

2.9 Cash and cash equivalents

Cash includes cash in hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

2.10 Capital

Capital is classified as equity.

When capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in the other reserves in capital. Repurchased units are classified as treasury units and deducted from total capital. Distributable results are recognised as a liability in the period in which they are declared.

Share premium

Amounts contributed by the shareholder(s) of the Company in excess of the nominal share capital are accounted for as share premium. This also includes additional capital contributions by existing shareholders without the issue of shares or issue of rights to acquire or acquire shares of the Company.

2.11 Current assets and liabilities

Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost, less impairment losses, if applicable.

The current assets and liabilities are due within one year. Current assets, for which provisions are necessary, are netted against the provision to reflect the estimated amount that will be settled. Rent receivables from tenants are stated at historical cost and reduced by appropriate allowances for estimated irrecoverable amounts.

2.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised as finance costs (Note 2.15) over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs if it is not probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position. Currently the Fund has no borrowings.

2.13 Provisions

Provisions for legal claims are recognised when:
- The Fund has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.14 Dividend distribution

The distributable result to the investors is recognised as a liability in the Fund's financial statements. The distributable result for the fourth quarter of 2023 has been paid in February 2024.

2.15 Revenue recognition

Revenue includes rental income, and service and management charges from properties. The Fund presents the service charge income and service charge expenses separately in the financial statements because the Fund bears the risk of recovery of these costs from tenants. Revenue on sales of investment properties is separately disclosed in the financial statements. A property is regarded as sold when the significant risks and rewards of ownership of the investment property have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Fund provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Gross rental income

Gross rental income is the actual rents charged to tenants plus turnover rent, mall income and parking revenues, less a possible loss from uncollectible rents, including the net effect of straight-lining of granted rent incentives.

Theoretical rental income

The theoretical rental income is based on passing rent of existing contracts for leased units and the estimated market rent (estimated rental value as given in the valuation report) for vacant properties.

Rent incentives and premiums

All (rent) incentives for contracts of a new or renewed operating lease are recognised as an integral part of the net considerations, irrespective of the incentive's nature or form or the timing of the payments. The Fund recognises the aggregate benefit of incentives as a reduction in rental income over the lease term, on a straight-line basis. (Rental) premiums are treated as inverse incentives. Premiums are also recognised as an integral part of the net consideration and added to the rental income over the lease term, on a straight-line basis.

2.16 Finance income and finance costs

Interest income and expense are recognised within 'finance income' and 'finance costs' in the statement of income and other comprehensive income using the effective interest rate, except for amortised costs relating to qualifying assets, which are capitalised as part of the cost of that asset. The Fund has chosen to capitalise amortised costs on all qualifying assets irrespective of whether they are measured at fair value or not. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. In the income statement netted amounts are shown for the balance of interest income and expenses.

2.17 Fund expenses and Management fee expenses

Fund expenses include legal, accounting, auditing and other fees. Management fee expenses include fund, asset and property management fees. Fund expenses and management fees are recognised in the statement of income and other comprehensive income in the period in which they are incurred (on an accruals basis).

2.18 Income tax

The Fund is transparent with respect to corporate income tax, therefore no corporate income tax is applicable for the Fund. The corporate income tax presented in the consolidated statement of income and comprehensive income relates to the Project BV. Corporate income tax in 2023 amounted to nil, as no activities took place in Project BV during 2023.

3 Risk management

Investing in real estate involves an element of financial risk. Potential investors in the ASR Dutch Core Residential Fund (the 'Fund') are requested to read each of the following sections carefully.

3.1 Introduction to investment risks

The value of participations will fluctuate. Likewise, the net asset value of the Fund is subject to price fluctuations. It is possible that the investment will increase in value; however, it is also possible that the investment will generate little to no income and that an unfavourable price movement will result in losing some or all of your capital. Past performance does not guarantee future results. The different risks associated with investing in the Fund, as well as those risks associated with the Fund's management and risk management systems, are defined in more detail below.

3.2 Risk management model

The AIF Manager, a.s.r. real estate, and the Fund's Investment Committee attach great importance to sound risk management. Such an approach helps a.s.r. real estate to pursue strategy and achieve objectives for the real estate funds that it manages in an adequate and controlled manner.

The risk management system of a.s.r. real estate and of the funds it manages follows the principles of The Committee of Sponsoring Organisations of the Treadway Commission II-Enterprise Risk Management (hereafter called COSO II-ERM). These principles provide a standard and common framework that is generally accepted in the market for internal control and audit purposes. The framework comprises the following components:

1. The objectives of the Fund with respect to risk management
2. The tasks and responsibilities of the Risk Manager
3. The planning of the risk management model within the AIF Manager's organisation so that procedures and measures guarantee the functional and hierarchical separation of those tasks concerning risk management and those tasks conducted by the operating units

The Alternative Investment Fund Managers Directive (AIFMD) license was granted to a.s.r. real estate on 9 February 2015. From this date continuous maintenance, if necessary, is carried out to the existing system to improve risk management in the organisation a.s.r. real estate. The AIF Manager sets out the risk policy in a policy document and the organisation employed an independent risk manager as required by the Act on Financial Supervision (Wft) and AIFMD.
The AIF Manager has integrated the risk management system into the organisation's processes and procedures. The aim is to effectively manage the risks of the organisation's operations, the financial position of the portfolio and any subcontracting relationship with regard to the Fund's objectives.

The Fund reports the mandatory AIFMD fund details and results to the Dutch Central Bank (DNB). This is done on a quarterly basis through 'Digitaal Loket Rapportages'.

3.3 Responsibility for risk management within a.s.r. real estate

Ultimate responsibility for risk management tasks within a.s.r. real estate lies with the Chief Finance and Risk Officer (CFRO). Portfolio management tasks fall under the responsibility of the Chief Executive Officer (CEO). This structure ensures that risk management and portfolio management are hierarchically and functionally segregated. The CFRO is supported by four senior members of staff and one team:

1) The Business Risk Manager (BRM);
2) The IT Risk Officer (IRO);
3) The Compliance Officer (CO);
4) The Fund Controller (FC); and
5) The Internal Control Team (Team IC).

Risk management mission

The role of risk management is to control risk and value creation. It is carried out by making risk management an integrated, visible and consistent part of the organisation's decision-making processes.

Risk management entails:

- Delivering and translating policy and frameworks for a.s.r. real estate;
- Identifying and quantifying risks;
- Managing risks; and
- Monitoring the management of risk and issuing reports on the findings.

Risk management is conducted in the interest of several interested parties such as investors, tenants, employees and supervisory bodies.

Risk management objectives
The AIF Manager (a.s.r. real estate) believes that the quality and status of its risk management must be evident internally and externally and that the funds and associated responsibilities that it manages must be accounted for. The objectives of risk management are to:
- Promote a risk management culture that enables a.s.r. real estate to make the correct assessments between risk and return for optimal value creation
- Ensure a risk framework and risk policy are implemented so that risks are managed and reported
- Issue solicited and unsolicited opinions to monitor financial solidity, manage operational processes effectively and protect the reputation of a.s.r. real estate
- Contribute to risk awareness with regard to operational risks, information security and business continuity
- Support those responsible for first line of defence risk management tasks, and in doing so fulfill the role of countervailing power
- Optimise the risk profile of a.s.r. real estate and the Fund, taking into account the objectives of the Fund (effectiveness, efficiency and economy)
- Ensure quality improvements of the management of a.s.r. real estate and the Fund
- Reduce the chance of operational losses and make better use of opportunities
- Demonstrate that the AIF Manager is 'in control'
- Ensure that all relevant risks to which the Fund is exposed can be effectively identified, mitigated, monitored and reported. In addition, support supervisory bodies in their efforts to ensure that legislation, rules and policies are observed
- Show that risk management is a 'license to operate' for the Fund and the mandate

Governance of the Fund
A Risk Committee (RC) and a Beleggingscomité (BC) have been set up within a.s.r. real estate. In addition, the Fund established an Investment Committee (IC) and a Meeting of Investors (MoI). The decisions and actions of these committees are monitored, recorded and reported.

Risk Committee (RC)
The RC assesses among other things management reports within the framework of investment restrictions and various operational risk reports. Reports relate to the progress of Strategic Risk Analysis- assessment action points, compliance issues, data protection and company continuity reviews, operational loss recordings and the Non-Financial Risk report. The RC meets once a quarter.

Beleggingscomité (BC)
The BC discusses investment, divestment and portfolio plans and deals with the frameworks for investment plans and mandates. The BC meets once every two weeks.

Investment Committee (IC)
The IC constitutes of three to five representatives of the investors in the Fund, of which the Anchor Investor is one of the representatives. The meetings are event-driven and assess/approve investment and divestments with a value exceeding € 25m and/or that are outside the mandate of the Management Company and/or that deviate from the Investment Objective & Strategy, Investment Criteria and/or Investment Restrictions. In addition, each year the IC provides a written advice on the Fund's Three Year Business Plan, to be approved in the Fund's Meeting of Investors.

Meeting of Investors (MoI)
The MoI means the Meeting of Investors in which all investors are represented. The MoI will be held as often as required, but at least one physical Meeting of Investors will be held each year. The MoI approves for example the Fund's Three Year Business Plan and the Fund's audited financial statements.

3.4 Risk management system

Strategic Risk Analysis (SRA)
The risk management system is a cyclical process of one year. It starts when the Executive Board of a.s.r. draws up the risk management strategy, which is done on a yearly basis. To help identify opportunities and threats at a strategic level, the BRM conducts an annual SRA. This strategy is then translated by the Executive Board of a.s.r. real estate into objectives for a.s.r. real estate and for the funds that it manages.

The BRM also assists the Executive Board of a.s.r. real estate in conducting an annual SRA, which ascertains the risks of new and existing objectives of the management organisation and of the investment funds.

Any policy amendments based on findings that emerge during the annual SRA are processed into the risk management policy of a.s.r. real estate and submitted to the Executive Board of a.s.r. real estate for approval.

In order to mitigate these risks, actions are identified and documented so that they can be monitored every quarter by the BRM. The BRM reports on these actions every quarter to the Executive Board and to the ERM department of a.s.r. Progress on these actions is also discussed within the RC of a.s.r. real estate.

Non-Financial Risk (NFR) report
The NFR report is monitored and reported by the Business Risk Manager and provides insight into the degree of risk management on the following categories:
- External risk;
- Operational risk;
- IT risk;
- Integrity risk;
- Legal risk; and
- Outsourcing risk.

The NFR report indicates the risk appetite of a.s.r. in relation to each of the above risks. The NFR report is jointly updated each quarter by the Legal Department, the Compliance Officer and the Head of Quality Management & Process Management of a.s.r. real estate. If necessary, the BRM recommends actions to improve risk control. The RC of a.s.r. real estate discusses and comments on the report and any proposed actions.

Properties with an increased risk
Properties with an increased risk are logged and monitored by a.s.r. real estate. The risks that are monitored include:
- Reputation risk;
- Legal risk;
- Debtors risk;
- Operational risk; and
- Tax risk.

The list is discussed each quarter in the RC and mitigating measures are taken if necessary.

Operational losses
Operational losses are analysed monthly so that causes can be investigated and improvements carried out. Operational losses must be reported.

Raising risk awareness
a.s.r. real estate strives to ensure that risk awareness is transparent and measurable throughout the organisation, embedded in procedures, and embraced by employees. This means that decision- making at all levels in the organisation must allow for the right questions to be asked in a clear way. It must also ensure that the answers to these questions lead to adequate action when appropriate. Consequently, managers at all levels are responsible for promoting risk awareness and ensuring that managers and employees know what it is to be risk aware.

Three Lines of Defense model
The Three Lines of Defense model is used within a.s.r. real estate to implement risk management. In other words, different parts and levels of an organisation play different roles in risk management. The organisation's managers are responsible for the effectiveness of standardised internal control procedures.

A number of controls designed as first line of defence are documented within a.s.r. real estate. These controls focus on data quality (master data such as property, contracts, debtors and creditors), suspense accounts and taxation (VAT). They are drawn up by the business and Finance and Risk department within a.s.r. real estate and are monitored as a first line of defence. These controls are essential for producing effective management reports.

In order to guarantee independence, risk managers and compliance officers in the second line of defence are responsible for translating the prevailing laws and rules into an internal standard framework and requirements so that the managers can monitor implementation from a supervisory role. Team IC is responsible as second line of defence for testing the ISAE key controls and report on monthly basis to the management board of a.s.r. real estate.

The third line of defence (internal audit and the depositary) gives an objectified judgement on the operation of the standards system.

The role of the depositary
The AIFMD license requires a.s.r. real estate to appoint a depositary for the funds that it manages. BNP Paribas S.A. (BNP) is the depositary for the ASR Dutch Core Residential Fund. BNP is competent to monitor real estate investment funds on the basis of laws, regulations and administrative provisions.

In the execution of their respective tasks, a.s.r. real estate and the depositary conduct themselves in a reasonable, professional, independent and trustworthy manner and in the interest of the Fund and the investors in the Fund. The role of the Fund's depositary is to:
a) Monitor cash flows, including the identification of significant and inconsistent cash flows and the reconciliation of cash flows with the administration of the Fund;
b) Ensure that the sale, issue, re-purchase, redemption, cancellation of units or shares of the Fund and valuation are carried out in accordance with the applicable national law and the fund rules or instruments of incorporation;
c) Ensure that investment transactions of the Fund are timely settled;
d) Monitor and check that the total result of the Fund is allocated in accordance with the applicable national law and the fund rules or instruments of incorporation;
e) Monitor and check that the Alternative Investment Manager ('AIF Manager') performs its investment management duties within the fund rules or instruments of incorporation.
f) Verifying asset ownership of the Fund's assets.

Supervisory bodies
a.s.r. real estate is supervised by the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). These supervisory bodies, appointed by the government, are independent and impartial institutes that guarantee the compliance of organisations with legislation and regulation.

Legal issues
Legal expertise has been guaranteed in the first and second line of defense. For its first line of defense, a.s.r. real estate has a Legal Department that has specific knowledge of real estate and of setting up and managing funds.

This department also checks the activities of the business as a second line of defense. The objectives of the Legal Department are providing legal advice and managing legal risks.

Compliance
The Compliance Department is a subsection of the Integrity Department within a.s.r. The aim of the Compliance Department is to promote and monitor the proper management of the business and to protect the reputation of a.s.r. and its labels. There is a dedicated Compliance Officer for a.s.r. real estate.

The Compliance Officer of a.s.r. real estate is responsible for:
1. Designating a member of the management team who is responsible for compliance issues on behalf of the AIF Manager and the funds;
2. 'Translating' (written) policy concerning rules at a.s.r. level into a format suitable for a.s.r. real estate and ensuring its implementation;
3. Managing compliance risks at a.s.r. real estate level;
4. Monitoring compliance with all relevant rules;
5. Taking and implementing (new) control measures regarding identified compliance shortcomings within a.s.r. real estate;
6. Producing periodic reports on compliance risks and the compliance with rules in co-operation with the Compliance Department; and
7. Ensuring the adequate provision of information and training to employees concerning the application of relevant rules and procedures.

Compliance report
Every quarter the Compliance Officer of a.s.r. real estate reports to a.s.r. and its subsidiaries on compliance matters and the progress of relevant action points. The quarterly report is submitted to the Executive Board of a.s.r. real estate and discussed separately with members of the Executive Board of a.s.r. The report is then presented to the Audit and Risk Committee. In effect, the Compliance Officer reports directly to the Executive Board and/or the Audit and Risk Committee.

The quarterly report outlines:
1. Pursued compliance policy and the way in which this policy has been conducted;
2. Findings from the monitoring of activities, and the follow up and effectiveness of control measures taken;
3. Any compliance incidents; and
4. Relevant developments concerning rules.

The Compliance Officer also draws up the quarterly business reports and acts as a consultant for the sale and purchases processes of any property selected by a.s.r. real estate.

Guaranteeing the independence of the compliance function
In order to guarantee the independent position of the Compliance Officer and to be able to operate autonomously, the following measures have been taken:

The Compliance Officer of a.s.r. real estate has, in addition to the direct reporting obligation to the Chair of the Executive Board, a formal reporting obligation to the Chair of the Audit & Risk Committee and, if compliance matters need to be escalated, to the CEO of a.s.r. real estate.

Internal audit
Audit a.s.r. is the internal audit department of a.s.r. It acts as a third line of defense by appraising independently the quality of the organisation's management and its processes and by making solicited and unsolicited recommendations for improving the organisation's management and its processes. Audit a.s.r. reports its findings to the CEO of a.s.r. and to the Audit Committee (AC) of the Supervisory Board of a.s.r. It conducts audits on various processes, projects or topics regularly within a.s.r. real estate.

AIF Manager's declaration
At the beginning of 2023, the Executive Board of the Manager issued a management control statement on risks in the financial reports and the risk management model (including compliance risk) at the AIF Manager. The Executive Board is responsible for sound risk management and effective internal control systems.

3.5 Specific financial risks in respect of direct real estate
These risks and the approach that the AIF Manager takes in dealing with these risks are described extensively in the section on accounting principles in the notes to the financial statements.

Financial risks can be divided into several risks:
- Real estate risk;
- Rental risk;
- Market risk;
- Interest rate risk;
- Credit risk;
- Liquidity risk;
- Funding risk;
- Project risk;
- Contract risk;
- Uninsured risk; and
- General risks for the Fund.

The following describes the involved risks and applied risk management.

Real estate risk
The returns available from investments in real estate depend primarily on the amount of income earned and capital appreciation generated by the relevant properties, as well as expenses incurred. If investment properties do not generate sufficient revenues to meet expenses, including debt service if applicable and capital expenditures, the Fund's income will be adversely affected. Income from investments properties may be adversely affected by the general economic climate, local conditions such as oversupply of properties or a reduction in demand for properties in the market in which the Fund operates, the attractiveness of the properties to tenants, the quality of the management, competition from other available properties, and increased operating costs (including real-estate taxes). In addition, income from investment properties and real estate values may also be affected by factors such as the cost of regulatory compliance, interest rate levels and the availability of financing.

Investments made by the Fund are generally illiquid. The eventual liquidity of all investments of the Fund will be dependent upon the success of the realisation strategy proposed for each investment which could be adversely affected by a variety of risk factors. Realisation of the Fund's assets, for instance in connection with full redemption requests, on termination or otherwise could be a process of uncertain duration.

In addition, the Fund's income would be adversely affected if a significant number of tenants were unable to pay rent or its properties could not be rented on favourable terms. Certain significant expenditure associated with each equity investment in real estate (such as external financing costs, real-estate taxes and maintenance costs) generally are not reduced when circumstances cause a reduction in income from properties. Due to the high number of residential units which are leased to mainly individual tenants, the portfolio risk is diversified.

The report from the Management Company describes the portfolio strategy. By implementing the described strategy, the Management Company expects to mitigate the above real estate risks to an acceptable level. The Fund has a core strategy and focuses to invest in apartments and single-family houses situated in stronger economic regions and cities in the Netherlands. By diversifying both in terms of risk spread (primarily low and medium risk) and location of its assets, the Management Company expects to lower the risk profile of the portfolio.

The properties are valued by independent valuers. In 2023, the independent valuers were Dynamis, CBRE, and Capital Value. The whole portfolio is valued each quarter. Every property is valued by a full valuation once a year, and three times a year by a desktop review. The market value (fair value) of the Fund's portfolio as determined by the valuers is reflected in the financial statements, while a complete overview of all properties in the Fund's portfolio is provided in Appendix 3 of this annual report.

Real estate risks that investors are exposed to can be divided in to multiple risk factors. Real estate risk can be disposed in multiple risk factors, such as rental risk, market risk and interest rate/yield risk.

Rental risk
Investors in the Fund are exposed to rental risk. Rental risk involves the risk of lettability and movements in market rents. As market rents can differ from contract rents, adjustments in rental income may occur when lease contracts terminate and new tenants take up residence in the Fund's dwellings. When properties are over-rented a risk of lower future rental income occurs. The AIF Manager continuously monitors market rents and their movements. The occupancy rate of the portfolio is considered to be high and stable. Asset managers and our property managers are in constant contact with tenants and their developments. Furthermore, the AIF Manager's organisation has a research department that analyses and reports on developments in this area. The standard lease terms state that rent must be paid in advance. In some cases a bank guarantee is required for new tenants.

Impact on change in rent (sensitivity analysis)

	Change in rental income		
	(5.0%)	0.0%	5.0%
Impact on direct return Fund	(0.2%)	0.0%	0.2%

Market Risk
Market risk relates to the impact of overall market changes on the value of assets and rental income. A decrease in market values affect capital growth. Investors need to realise that the Fund cannot protect itself fully against macro economical events.

Value development of the portfolio

The portfolio's fair values are affected by market rents and general economic developments. Lower market values affect capital growth returns. The AIF Manager carefully monitors transactions in the market and the development of the occupancy rate. The portfolio's fair value development is also monitored closely. Every quarter, the entire portfolio is valued by independent external appraisers. Properties are valued at market value and according to International Valuation Standards, recommendations of the Platform Valuers and Accountants (PTA), AIFMD and RICS standards. By diversifying both in terms of risk spread (primarily low and medium risk) and location of its assets, the Management Company expects to lower the risk profile of the portfolio.

Interest rate risk and yield risk

The Fund may use leverage in its capital structure. Therefore investors need to realise that the Fund is exposed to interest rate risk which principally arises from long-term borrowings. Borrowings issued at floating rates expose the Fund to cash flow interest rate risk. The Fund has borrowings at variable rates. With regards to leverage, interest rate risk is low as the Fund has a LTV target of 0%. Interest rate risk with regard to leverage is not hedged.

The Fund's interest rate risk is assessed continually. As at 31 December 2023 the Fund's interest rate risk is not significant.

Impact of interest rate change (sensitivity analysis)

	Change in interest rate		
	+100bps	0bps	-100bps
Impact on direct return Fund	0.0%	0.0%	0.0%

Trade and other receivables and trade and other liabilities are interest free and with a term of less than one year, so it is assumed that there is no interest rate risk associated with these financial assets and liabilities.

As the risk free interest rate and the risk premium are components of the Fund's discount rate, a change in either one of the components can have an effect on the value of assets as they are considered to be yield risk.

Furthermore, the impact of inflation rate risk and interest rate risk on valuations is measured, mitigated and monitored as part of the valuation methods.

Impact of yield change (sensitivity analysis)

	Change in yield		
	+50bps	0bps	-50bps
Impact on indirect return Fund	(12.0%)	0.0%	15.8%
Impact on direct return Fund	0.3%	0.0%	(0.3%)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. An increase of the credit risk can impact an investment in the Fund negatively. The Fund has opted not to insure against this credit risk. The Fund has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Fund's exposure of its counterparties is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Revenues are derived from a large number of tenants, spread across geographical areas and no single tenant or group under common control contributes more than 10% of the Fund's revenues. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, a bank guarantee from tenants is obtained. Debtor's positions are monitored on a monthly basis. The standard lease terms state that rent is paid in advance. Furthermore, either a guarantee deposit or a bank or concern guarantee is required within the standard lease terms. The Fund's credit risk is primarily attributed to its rental receivable and lease receivable. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Fund's management based on prior experience and their assessment of the current economic environment.

At the reporting date there are no significant concentrations of credit risk. The carrying amount reflected in the financial statements represents the Fund's maximum exposure to credit risk for tenants. As at 31 December 2023 the debtor's position amounts to € 1.2m, 1.7% of gross rental income. The outstanding amount can be divided into the following aging categories.

Rent receivables from tenants

	December 2023 (in €'000)	December 2022 (in €'000)
< 30 days	332	265
31-60 days	84	62
61-180 days	237	110
180-365 days	191	234
> 365 days	396	354
Total rent receivables from tenants	**1240**	**1,025**
% of gross rental income	1.7%	1.5%
Total > 30 days	908	760
Provision for doubtful debt	578	531

Liquidity risk
Investors may only dispose of their Units by offering them to the Fund for redemption. Consequently Investors cannot sell and transfer their Units to a Subscriber or a third party. Disposal of Units may take place through the following methods:
(a) an Investor may request the Management Company for redemption of (part of) its Units
(b) a trade on the Secondary Market is possible whereby an Investor can reach agreement with one or more (prospective) Investor(s) on the redemption of all or part of its Units and transfer of all or part of its Undrawn Investor Commitment (if any), provided the acquiring (prospective) Investor(s) will subscribe for an equal number of Units and will assume an equal amount of the Undrawn Investor Commitment. If the Management Company accepts the Secondary Subscription Form together with a Secondary Redemption Request in respect of such trade, the Management Company will facilitate the implementation of such agreement.

The issuance and redemption of Units in respect of a trade on the Secondary Market shall not be valid or effective - and accordingly the same shall not be recognised by the Management Company - unless the prior written consent of the Management Company for such trade has been obtained.
The Fund is exposed to liquidity risk due to the illiquid nature of the portfolio assets. Liquidity risk implies that the Fund may not be able to sell a portfolio asset, for instance in connection with full redemption requests, on favorable terms.

Ultimate responsibility for liquidity risk management rests with the Management Company, which has made a liquidity risk management framework for the management of the Fund's liquidity management requirements. The Fund manages liquidity risk by maintaining adequate reserves, obtaining loan facilities if applicable by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Fund faces very low solvency risk, since 0.0% of the Fund's GAV is financed with borrowings, as at 31 December 2023.

The exposure to risk mainly relate to the obligation to finance forward acquisitions. All direct result is paid out to the investors on a quarterly basis, therefore the loan facility can be used to finance forward acquisitions. Afterwards such loan facility will be converted into new equity, to keep the equity character of the Fund. No significant events occurred in 2023.

Funding risk
The Fund may enter into loan facilities in order to finance either; the committed forward acquisitions, acquisition of new properties, short term working capital requirements or liquidity for redemptions requests. Although the use of leverage may enhance returns and increase the number of investments that can be made, it also may increase the risk of loss. This includes the risk that available funds will be insufficient to meet required payments and the risk that possible future indebtedness will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of possible future indebtedness. No significant events occurred in 2023.

Subject to the expected future trends of the interest rates and the nature of real estate, the policy of the Fund is to make use of a certain level of debt financing. The loan facility as per 31 December 2023 results in a loan-to-value ratio of 0%). The Fund wants to keep its low leverage status to support the equity character of the Fund.

Closed-end structure under AIFMD definitions
The Fund is a closed-end investment company under AIFMD definitions. This means that the Fund's capital is fixed at the initial offer. Afterwards the Fund may issue new units, or purchase existing units, but this is neither an obligation of the Fund nor a right of the unit holders. No significant events occurred in 2023.

Project risk
Since some may qualify planned activities of the Fund as 'activities that exceed normal asset', a separate ASR Dutch Core Residential Projects B.V. was set up. Corporate income tax is paid to the tax authorities. The Project BV carries out tasks exclusively for the Fund. To this end, an agreement (Real Estate Project Agreement, dated 6 September 2016, amended and restated 16 June 2020) was arranged between a.s.r. real estate and the Fund in which a.s.r. real estate appoints ASR Dutch Core Residential Projects B.V. to perform certain projects.

The Fund may undertake maintenance, renovation and/or extension of an asset or invest in an asset that requires maintenance, renovation and/or extension prior to acquiring the asset either by itself or through ASR Dutch Core Residential Projects B.V. The Fund may invest in maintenance, renovation and/or extension which include several risks. Such risks include, without limitation, risks relating to the availability and timely receipt of planning and other regulatory approvals. Before such work needs to be performed, there are procedures to overcome the risks associated with these projects. After a significant analysis for each investment project, it is decided whether such activity should be performed by either the Fund directly or ASR Dutch Core Residential Projects B.V., to mitigate the risk of losing the tax status of the Fund. In case ASR Dutch Core Residential Projects B.V. should perform the project, the Fund gives a formal appointment to ASR Dutch Core Residential Projects B.V. to carry out the requested work. If ASR Dutch Core Residential Projects B.V. performs the work, an arm's length remuneration is paid by the Fund for the applicable project.

As the Fund may invest in maintenance, renovation and/or extension, it will be subject to the risks normally associated with such activities. Such risks include, without limitation, (i) risks relating to the availability and timely receipt of planning and other regulatory approvals, (ii) the cost, quality and timely completion of construction (including risks beyond the control of the Fund, such as weather or labor conditions or material shortages, or discovery and legally required preservation work of archaeological or historic sites), (iii) general market and lease- up risk such as inability to rent or inability to rent at a rental level sufficient to generate profits, (iv) cost overruns and (v) the availability of both construction and permanent financing on favorable terms. A license is usually required to commence construction of a project. There can be no guarantee when and if such licenses will be obtained. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of refurbishment activities once undertaken, any of which could have an adverse effect on the financial condition and results of operations of the Fund and on the amount of funds available for distribution or redemption. No significant events occurred in 2023.

Contract risk
Contract risk is defined as the Fund's exposure to the probability of loss arising from the tenants reneging on the contract. The probability of loss arising from failure in contract performance by contractors, vendors or any other third party is mitigated by the AIF Manager's risk management framework on outsourcing risk. In summary a.s.r. real estate only deals with competent parties that understand our business needs and regulatory requirements and we remove poor or perverse incentives from our contracts as integrity is a key asset to our reputation. Any outsourcing partner is contractually obliged to verifiably provide the level of operational excellence serving time to market flexibility and quality consistency, (data) integrity, and business continuity at a cost that is a benefit to our clients. No significant events occurred in 2023.

Uninsured risk
Although it is intended that the investments (to be) made by the Fund will have the benefit of insurance cover against risks such as fire and/or accident and liabilities to third parties, there are certain types of losses that are uninsurable or not generally insured against because it is not economically feasible to insure against such losses. Examples of losses that are generally not insured against include war or acts of terrorism and certain natural phenomena such as tornados, earthquakes, flooding and any other natural disasters. Any such event will adversely impact the value of the property. No significant events occurred in 2023.

General risks for the Fund
Certain fund characteristics entail risks for the Fund and subsequently for its investors. The Fund is a fund for joint account (fonds voor gemene rekening) under Dutch law. This means that for the purposes of Dutch law the Fund is not a legal entity (rechtspersoon), but is a contractual arrangement sui generis between the Management Company and the Legal Owner, subject to the terms and conditions that relate to the Fund and the parties involved (such as the Management Company, Investors and the Depositary) included in the Fund Agreement (reference is also made to the Governance chapter of this Prospectus). The Fund Agreement expressly states that the Fund does not constitute or qualify as a partnership (maatschap), general partnership (vennootschap onder firma) or limited partnership (commanditaire vennootschap) and is not deemed to constitute a cooperation agreement (samenwerkingsovereenkomst) among the Management Company, the Legal Owner and the Investors, or among the Investors within the meaning of Dutch law. Any obligation of an Investor to make contributions to the Fund only creates an obligation between that individual Investor and the Legal Owner. Consequently, neither the Management Company nor the Investors shall be deemed to be partners (maten/vennoten) in the Fund. On that basis, the Fund seeks to limit the liability of each Investor to the amount of their investment. It should be noted that the Dutch Supreme Court (Hoge Raad) ruled that in certain circumstances a fund for joint account (fonds voor gemene rekening) may be considered to be a partnership (maatschap) with the effect of imposing joint or several liability on each of the partners (depending on the type of partnership), which includes the Investors. This could be the case when the FGR is structured or behaves in such a way that, from a material point of view, the Fund should be qualified as a partnership (maatschap). The AIF Manager and the Management Company have taken all actions to prevent the Fund from qualifying as a partnership but cannot rule out any risks in this respect. No significant events occurred in 2023.

3.6 Other risks
The most significant risks that remain are explained below.

Strategic risk
The risk that the Fund's objectives are not achieved because of the management's poor decision- making, incorrect implementation and/or insufficient response to changes in the environment. Strategic risk can arise, for example, when a strategy does not anticipate all threats and opportunities in the market or when insufficient resources are made available to pursue the strategy effectively.

The AIF Manager mitigates strategic risk by drawing up a Three Year Business Plan every year. By doing so, market opportunities and threats are analysed and amendments are made to the policy, if necessary. This business plan is to be approved each year by the Fund's Meeting of Investors.

Sustainability risk
Sustainability risks in real estate investments arise when market conditions change and have a negative impact on the future letting potential and marketability if no action is taken. Risk factors can be deemed to include climate change, demographic change, technological and scientific change but also a change of values, lifestyles and resulting tenant needs, as well as an increasing sense of responsibility towards the environment and health/wellbeing. The Fund has also defined four climate risk factors – heat, flooding, drought and extreme weather – which could increasingly affect the portfolio if resilience to climate change is not sufficiently taken into account.

The main sustainability risks for the sustainability targets will be mitigated in accordance with the other fund objectives by an integrated risk management system based on a risk control matrix and enterprise risk management. The Fund has incorporated sustainability targets in its ESG policy. In 2023 most ESG KPIs were met.

Maintaining the Fund's tax status
The risk of losing the status as a tax transparent fund for joint accounts for Dutch corporate income tax purposes and for dividend withholding tax purposes. The Dutch tax authorities have confirmed the transparency of the Fund for corporate income tax and Dutch dividend withholding tax purposes. In order to maintain its tax status, no development activities should take place in the Fund. The AIF Manager continuously monitors its forward acquisitions. No significant events occurred in 2023.

Country risk
The Fund solely holds investments in the Netherlands. Returns achieved on these investments are likely to be materially affected by the general economic, political and social conditions in the Netherlands or by particular conditions within the Dutch real estate market or fund industry. In particular, changes in landlord/tenant and planning law could materially affect the investment returns. Market institutions and regulation are important for

the residential market. Different types of government intervention, such as supply regulation and the protection of tenants may have an adverse effect on the profitability of the Fund. Taxes, subsidies and legislation on the residential market affect the performance of residential property investments as well. A.s.r. real estate has a Research department to closely monitor the developments that are relevant for the property markets in which the Fund operates. No significant events occurred in 2023.

Risk of acquisition failing to meet expectation
In accordance with the investment strategy of the Fund, the Fund intents to acquire properties to the extent that they can be acquired on advantageous terms and meet certain investment criteria. Acquisitions of such properties entail general investment risk associated with any real estate investment, including the risk that investments will fail to perform in accordance with expectations or that estimates of the costs of refurbishments to bring acquired Portfolio Assets up to the Fund's standards may prove inaccurate. To mitigate this risk the Fund relies on the professional judgment of the members of the Investment Committee and of the Risk Committee. No significant events occurred in 2023.

Dossier, information and consultancy risks
Reports upon which the Fund may rely whilst carrying out due diligence regarding (new) investments may contain inaccuracies or deficiencies due to limitations on the scope of inspections or technologies used in producing such reports. Moreover, statutory or negotiated representations and warranties made by the sellers of properties that the Fund acquires may not protect against liabilities arising from property defects. The seller may make contractual representations and warranties however the Fund may not be able to negotiate for such representations or warranties, and accordingly the Fund may be unable or limited in an ability to bring a claim against the initial seller under any such representations or warranties. The Fund's ability to enforce claims under representations and warranties may also be subject to contractual and statutory limitations, including with respect to properties purchased from an insolvent owner. The initial owner's financial condition and the fact that the Fund may only be able to assert a claim against a limited liability special purpose entity with immaterial assets in the case where the seller of a property is a special purpose entity, may also limit the Fund's protection under statutory and contractual warranty obligations. These factors limiting the Fund's ability to assert or enforce statutory or contractual warranty obligations could leave the Fund without recourse to third parties for potentially significant liability for property defects. No significant events occurred in 2023.

Concentration Risk
The Fund solely invests in residential properties in the Netherlands. The geographic investment focus increases the risk exposure to any factors having an impact on the residential sector in these areas. This risk factor is mitigated by establishing fifteen focus areas. Within the strategy concentration risk is further mitigated by diversifying asset types such as apartments, single family houses and different types of tenants. The Fund acted in line with the terms and restrictions in 2023.

Relative performance risk
Relative performance risk is the risk that the Fund's results fall behind its targets and, as a result, investors decide to sell the Fund's certificates and/or new investors do not want to join the Fund. This risk is mitigated by comparing the Fund's performance to its targets on a quarterly basis and by holding asset managers accountable and directing them if necessary.

Valuation Risk
The value of the Portfolio Assets is inherently subjective due to the individual nature of each Asset. The value depends on various circumstances, which may change over time and that may not be in the Fund's control. As a result, valuations are subject to uncertainty. The valuation of the Portfolio Assets depends on the valuation methods used. The value of the assets in the portfolio is determined by market value. The market value property valuations will be prepared in accordance with the generally accepted international valuation standards, currently regarded to be the RICS Valuation Standards, (the 'Red Book'). These standards are in line with IAS and IFRS. There can be no assurance that valuations of Portfolio Assets will be reflected in actual sale prices even where any such sales occur shortly after the relevant valuation date. Furthermore, if a revaluation of Portfolio Assets at any time shows decreases in the value of the Portfolio Assets compared to previous valuations, the Fund will incur revaluation losses with respect to these Portfolio Assets. To assure the proper fair value for the Assets is reflected in the Financial Statements the Fund relies on independent valuers. In order to further mitigate the valuation risk the Fund has assigned three independent valuers who will be replaced after a maximum assignment period of three years. Over a three years period (twelve quarters) every property will have one full valuation, two reappraisals and nine desktop updates. The valuers did not make any claims about material uncertainty in 2023.

Operational risk
Operational risk is the risk that errors are not observed in a timely manner or that fraud can take place as a result of the failure or inadequacies of internal processes, human and technical shortcomings, and unexpected external events. The AIF Manager has, as described above, an extensive risk management framework to mitigate operational risk. For quantitative analysis (if relevant), we refer to the risk management paragraph in Note 3 of the annual report. No significant events occurred in 2023.

Risk factors on asset management and property management
Sustainability is an absolute prerequisite. The Fund therefore acts as an active asset manager and property manager, closely monitoring the technical quality, readiness and representation level of the properties to assure the value of the real estate assets in the portfolio to its users. As properties age they require greater maintenance and refurbishment costs. Numerous factors, including the age of the relevant building, the materials and techniques used at the time of construction or currently unknown building code violations, could result in substantial unbudgeted costs for refurbishment, modernisation and decontamination required to remove and dispose of any hazardous materials (e.g. asbestos). If the Fund does not carry out maintenance and refurbishment activities with respect to its properties, these properties may become less attractive to tenants and the Fund's rental income may decrease, affecting the results and financial condition of the Fund. Assets in which the Fund invests may have (hidden) design construction or other defects or problems which may require additional significant expenditure despite due diligence investigations prior to acquisition by the Fund. No significant events occurred in 2023.

Continuity risk
Continuity risk is the risk that the management organisation discontinues as a result of, for example, bankruptcy or failing IT systems. In such situations the agreements with principals can no longer be carried out. The Fund believes that its success will depend partly upon the skill and expertise of the Fund's management team and there can be no assurance that such individuals will continue to be employed by or represent such entities or to provide services to the Fund. Changes in the staffing of the Fund's management team (such as the leave of a Key Man or another important individual connected to the management of the Fund) may therefore have an adverse effect on the profitability of the Fund. This risk is mitigated by maintaining service level agreements with subcontracting partners, drawing up and maintaining the business continuity plan, and pursuing a data protection policy.
No significant events occurred in 2023.

Financial reporting risk
Financial reporting risk is the risk that erroneous reports present an inaccurate representation of the Fund's financial situation. The quality of the Fund's financial reports is guaranteed by the performance of periodic internal and external audits. The procedures for financial reporting have been documented, and internal audits take place on the basis of samples and ad hoc inspections. No significant events occurred in 2023.

Safety, Health, Environmental risk issues (SHE risk)
As is the case with any holder of property investments, the Fund would assume all ownership rights and liabilities relating to its acquired Portfolio Assets and could face substantial risk of loss from environmental claims based on environmental problems associated with such Asset, as well as from occupational safety issues and third party liability risks. Despite due diligence, environmental liabilities in relation to the asset in which it intends to invest may not be ascertainable or fully ascertained prior to acquisition and the Fund may therefore be exposed to clean-up and other remedial costs with respect to Assets it currently owns or owned in the past. The cost of any remedy and the owner's liability for such remediation work in relation to any affected Portfolio Asset may not be limited under the applicable environmental laws and could exceed the value of the Portfolio Assets. Further, the presence of hazardous substances or the failure to properly remedy contamination from such substances may adversely affect the Fund's ability to sell the relevant Portfolio Asset and may also affect their ability to borrow using the affected Portfolio Asset as collateral. Furthermore contaminated Portfolio Assets may experience decreases in value. No significant events occurred in 2023.

Legislation and regulation risk
Legislation and regulation risk is the risk that changes to laws and regulations will influence the results of the Fund. The AIF Manager cannot influence or change amendments to legislation and regulation. However, such risk can be mitigated by anticipating upcoming (possible) amendments in a timely manner. The AIF Manager has designated a Compliance Officer who is charged with supervising the Fund's compliance with legislation and regulation.

A wide variety of laws and regulations apply to the Dutch (residential) real estate market. The Fund continuously monitors regulatory developments, in order to ensure compliance with the latest standards and regulations. Failing to do so could have the following implications:
- The Fund might suffer reputational damage if it is unable to implement new requirements promptly.
- Fines and legal action may be imposed on the Fund if it is unable to implement new requirements promptly.

Regulation risk also concerns the risk that the AIF Manager does not retain its AIFMD license, in the case of its not complying with license obligations. The AIF Manager strictly adheres to license obligations and actively monitors changes in AIFMD regulation and guidelines in order to mitigate this risk.

The proposed 'Wet betaalbare huur' and changes for the WWS has a minor impact in the short term, however, it could impact rental income of the Fund in the long run.

Tax and legal risk
Any changes to (the interpretation of) fiscal or other legislation and regulations may have a positive or negative effect on the tax position of the unitholder. Yields can be influenced by an incorrect legal or fiscal assessment. This risk is mitigated by obtaining, when necessary, advice from external tax advisors and lawyers of reputable organisations. During 2023 the Fund was litigated against for two properties in relation to the indexation clause. The legal department is working together with external legal advisors in order to mitigate this risk. One of the measures taken to mitigate a part of the risk is the limitation of the rent increase with a maximum of 1% above wage level or CPI for new contracts.

Integrity risk
Integrity risk is the risk that the unethical behaviour of employees, internal managers and business partners can damage or prevent the realisation of the Fund's objectives and yield. These risks are monitored by the Compliance Department by ensuring adherence to the following policies:
- Whistleblower policy: The Whistleblower policy of a.s.r. real estate conforms to the objective of guaranteeing the confidence in and the reputation of a large organisation in sound corporate governance.
- Incident management: The management of a.s.r. real estate is responsible for the sound internal management of the company's procedures. The Operational Incidents policy is a component of the Integrated Risk Management framework.
- Customer Due Diligence policy (CDD): The aim of the CDD policy of a.s.r. real estate is to create an internal control environment that gathers sufficient knowledge of the customer in order to mitigate the risk of reputational and financial damage. Part of the CDD policy is the annual Systemic Risk Analysis (SIRA). The SIRA is performed in accordance with the Dutch Central Bank's SIRA policy in order to identify potential integrity risks.
- Pre-employment screening (PES): a.s.r. real estate screens all new employees. The screening comprises an internal and external test. Employees applying for an integrity-sensitive position are subject to additional screening. Employees are recruited only if they pass the screening. No significant events occurred in 2023.

Depositary risk
The Fund's Depositary will be liable to the Fund for losses suffered by the Fund as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations under such agreement and under the relevant rules and regulations under and further to the AIFMD, in accordance with the requirements and limitations of Book 6 of the Dutch Civil Code (Burgerlijk Wetboek). Consequently, there are risks as a result of insolvency, negligence or fraudulent actions of the Depositary. This risk is mitigated by the risk appetite of the Fund. The Fund will only accept a financially solid depositary that is of excellent reputation. Next to the performance with regard to the depositary's AIFMD obligations, the financial stability and integrity of the depositary is monitored by the AIF Manager on a quarterly basis. The Depositary will not be liable for losses which are the result of circumstances or events for which the Depositary is not liable within the meaning of Article 6:75 of the Dutch Civil Code (Burgerlijk Wetboek). This risk is mitigated by the internal control system of the AIF Manager. No significant events occurred in 2023.

Custody risk
The Legal Owner shall hold legal title (juridisch eigendom) of the Assets on behalf of the Fund. Consequently, there are risks as a result of insolvency, negligence or fraudulent actions of the Legal Owner. These risks are limited and mitigated by the fact that the Legal Owner has no activities other than acting as the legal owner of the assets of the Fund. Furthermore, the Legal Owner's balance sheet strength and liquidity position is constantly monitored by the AIF Manager. No significant events occurred in 2023.

4 Critical judgements and estimates in applying the Fund's accounting policies

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

4.1 Judgements

In the process of applying the Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Leases

The Fund applied the following judgements that significantly affect the determination of the amount and timing of income from lease contracts:

Determination of the lease term

The Fund determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

As a lessor, the Fund enters into lease agreements that contain options to terminate or to extend the lease. These options are generally exercisable after an initial period of 1 year. At commencement date, the Fund determines whether the lessee is reasonably certain to extend the lease term, or not to terminate the lease. To make this analysis, the Fund takes into account any difference between the contract terms and the market terms, any significant investments made by the lessee in the property, costs relating to the termination of the lease and the importance of the underlying asset to the lessee's operations. In many cases, the Fund does not identify sufficient evidence to meet the required level of certainty.

As a lessee, the Fund has a limited number of lease contracts, that are classified as right of use assets. See Note 2.6 (b) for the accounting policy on the lease contracts that are classified as right of use assets.

Property lease classification – the Fund as lessor

The Fund assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases in which the Fund does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. See Note 2.6 (a) for the accounting policy on the lease contracts that are classified as operating leases.

Consolidation and joint arrangements

The Fund has determined that it controls and consolidates the subsidiaries in which it owns a majority of the shares.

Grotiusplaats Den Haag C.V.

The Fund is a part owner of Grotiusplaats Den Haag C.V., in which the Fund has a 50% ownership interest. The Fund has determined that it has joint control over the investee and the ownership is shared with the other 50% owner. The joint arrangement is separately incorporated. The Fund has, after considering the structure and form of the arrangement, the terms agreed by the parties in the contractual arrangement and the Fund's rights and obligations arising from the arrangement, classified its interests as joint ventures under IFRS 11 Joint Arrangements. As a consequence, it accounts for the investment using the equity method. Summarised financial information of the joint venture, based on their IFRS reporting, and reconciliation with the carrying amount of the investment in financial statements are set out in Note 13.

ASR Dutch Core Residential Projects B.V.

The financial statements include the financial statements of the Fund and its subsidiary Project BV, in which the Fund has an 100% equity interest. The financial impact of the Project BV in the Fund's financial statements is not significant and therefore the financial statements of the Fund are an actual reflection of both the consolidated and the separate financial statements.

4.2 Estimates and assumptions

The assets of the Fund mainly consist of the investment portfolio. The market value of these assets cannot be assessed using quotations or listings. A valuation based on fair value is a time- and place-based estimate. The fair value is based on a price level on which two well informed parties under normal market conditions would make a transaction for that specific property on that date of valuation. The fair value of a property in the market can only be determined with certainty at the moment of the actual sale of the property.

An external valuer bases his fair value valuations on his own market knowledge and information. The valuation made by the valuer is verified by the asset managers of a.s.r. real estate. The fair value is based on net yield calculation, where market rents are capitalised and normative property expenses (such as maintenance costs, insurance and expenses) are deducted. The yields are specific for the location, asset type of the property, the level of maintenance and the general lettability of every single property.

Apart from assumptions regarding to yields and market rents, several other assumptions are taken into account in the valuations. Assumptions for the costs of vacancy, incentives and the differences between market rent and contract rents are included in the valuations. Finally, sales costs at the expense of the buyer, including transfer tax, are deducted from the market value.

For an overview of the of the impact of a yield shift, we refer to Note 11.

5 Gross rental income

Gross rental income

For the year	2023	2022
Theoretical rental income	73,260	67,647
Vacancy	(1,304)	(1,050)
Straight lined rent incentives	(35)	(32)
	71,921	**66,565**

Net rental income

For the year	2023	2022
Gross rental income	71,921	66,565
Service charge income	3,479	3,276
Service charge expenses	(3,479)	(3,276)
Property-specific costs	(18,266)	(16,408)
	53,655	**50,157**

For quantitative analysis on gross rental income we refer to page 33.

6 Property-specific costs

Property-specific costs

For the year	Notes	2023	2022
Maintenance		9,160	8,762
Marketing costs		1,366	979
Non recoverable service costs		68	33
Property insurance		804	653
Property management fee		2,872	2,658
Provision for doubtful debt		166	137
Taxes		2,527	2,458
Other property specific costs		1,303	728
		18,266	**16,408**

For quantitative analysis on property specific costs we refer to page 33. All direct operating expenses (including repair and maintenance) relate to investment properties that generated rental income during the period.

7 Fund expenses

Fund expenses

For the year	2023	2022
Administration and secretarial fees	186	73
Audit fees	121	118
Bank charges	11	26
Depositary fees	150	146
Publication fees	48	43
Valuation fees	372	300
	888	**706**

8 Management fees

Management fees

For the year	2023	2022
Asset management fee	8,411	9,290
Management Fee Grotiusplaats	80	80
Management Fee Compensation Grotiusplaats	(80)	(80)
Asset management fee	**8,411**	**9,290**
Fund management fee	1,006	1,105
Fund management fee	**1,006**	**1,105**
	9,417	**10,395**

For quantitative analysis on management fees we refer to page 34.

9 Finance result

Finance result

For the year	2023	2022
Interest income	1,003	135
Finance income	**1,003**	**135**
Interest costs	(51)	(284)
Finance costs	**(51)**	**(284)**
	952	**(149)**

10 Result on sales

Result on sales

For the year	2023	2022
Net proceeds of sales	9,624	12,114
Minus historical costs of properties sold	3,603	4,244
Realised gains on historical costs	**6,021**	**7,870**
Minus cumulative changes in fair value of properties sold	2,655	5,002
	3,366	**2,868**

11 Investment properties in operation, under construction and held-for-sale

The following table analyses the Fund's investment properties for the year ended at 31 December 2023:

Investment properties for the year ended at 31 December 2023

Segment	Multi Family			Single-family			Other			Total
Class	In operation	Under con-struction	Held-for-sale	In operation	Under con-struction	Held-for-sale	In operation	Under con-struction	Held-for-sale	
Fair value hierarchy	3	3	3	3	3	3	3	3	3	
2022										
Balance as at the beginning of the period	**1,257,244**	**237,955**	**-**	**486,390**	**-**	**768**	**12,653**	**-**	**-**	**1,995,010**
Movements										
- Transfer from Investment properties under construction	91,852	(91,852)	-	-	-	-	-	-	-	-
- Transfer to Investment properties held-for-sale	-	-	-	(745)	-	745	-	-	-	-
- Investments	1280	67,378	-	8,670	-	-	819	-	-	78,147
- Positive changes in fair value	2,729	2,471	-	2,292	-	-	994	-	-	8,486
- Negative changes in fair value	(125,499)	(41,897)	-	(48,091)	-	-	(1,621)	-	-	(217,108)
- Divestments	(4,702)	-	-	(789)	-	(768)	-	-	-	(6,259)
Balance as at the end of the period	**1,222,904**	**174,055**	**-**	**447,727**	**-**	**745**	**12,845**	**-**	**-**	**1,858,276**
- Historical costs	906,713	193,543	-	278,168	-	745	11,948	-	-	1,391,117
- Cumulated changes in fair value	316,191	(19,488)	-	169,559	-	-	(897)	-	-	467,159
Balance as at the end of the period	**1,222,904**	**174,055**	**-**	**447,727**	**-**	**745**	**12,845**	**-**	**-**	**1,858,276**

The following table analyses the Fund's investment properties for the year ended at 31 December 2022:

Investment properties for the year ended at 31 December 2022

Segment	Multi Family			Single-family			Other			Total
Class	In operation	Under con-struction	Held-for-sale	In operation	Under con-struction	Held-for-sale	In operation	Under con-struction	Held-for-sale	
Fair value hierarchy	3	3	3	3	3	3	3	3	3	
2022										
Balance as at the beginning of the period	**1,184,511**	**253,590**	**973**	**494,754**	**-**	**349**	**10,346**	**-**	**-**	**1,944,523**
Movements										
- Transfer from Investment properties under construction	81,094	(83,499)	-	-	-	-	2,405	-	-	-
- Transfer to Investment properties held-for-sale	-	-	-	(768)	-	768	-	-	-	-
- Investments	20,160	59,832	-	3,892	-	-	1,233	-	-	85,117
- Positive changes in fair value	27,616	10,951	-	4,269	-	-	356	-	-	43,192
- Negative changes in fair value	(50,920)	(2,919)	-	(13,479)	-	-	(1,258)	-	-	(68,576)
- Divestments	(5,217)	-	(973)	(2,278)	-	(349)	(429)	-	-	(9,246)
Balance as at the end of the period	**1,257,244**	**237,955**	**-**	**486,390**	**-**	**768**	**12,653**	**-**	**-**	**1,995,010**
- Historical costs	817,702	210,424	-	270,267	-	768	11,129	-	-	1,310,290
- Cumulated changes in fair value	439,542	27,531	-	216,123	-	-	1,524	-	-	684,720
Balance as at the end of the period	**1,257,244**	**237,955**	**-**	**486,390**	**-**	**768**	**12,653**	**-**	**-**	**1,995,010**

All the investment properties are valued as at 31 December 2023 by independent professional valuers. Valuations are based on current prices on an active market for all properties.

The carrying values of investment property at 31 December 2023 and 31 December 2022 agree to the valuations reported by the external valuers. The investment properties under construction are recognised at their initial cost. If a market value is not available, the investment properties under construction is stated at cost. This includes cost of construction, equipment, non-refundable purchase taxes, development fee and any attributable costs of bringing the asset to its working condition and location for its intended use.

The assets are presented as held-for-sale following the decision of the Fund's management. The remaining assets have been delivered in January and February 2024. The disposal assets were valued at their sales price less selling expenses.

The following table analyses investment properties carried at fair value, by valuation method. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3). Significant increases (decreases) in any of those inputs in isolation would result in a significantly lower (higher) fair value measurement.

Changes in Level 2 and 3 fair values are analysed at each reporting date. There were no transfers between levels 1 and 2 during the year.

The Fund's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. All the investment properties of the Fund are classified as Level 3. For Residential and Other valuations, the significant inputs are the discount rate and market rental value. These inputs are verified with the following market observable data:

- Market rent per sq.m. for renewals and their respective re-letting rates;
- Reviewed rent per sq.m.;
- Investment transactions of comparable objects.

Sensitivities in yield and rental value

2023	Unobservable inputs used in determination of fair value				Sensitivities in yield and rental value (in € '000)			
						Change in rental value		
Investment properties in operation	Fair value 31 Dec 2023	Valuation technique	Gross rental value (in € '000)	Gross initial yield (in %)	Change in yield	(5%)	0%	5%
Netherlands -			3,042 max	4.9% max	-5%	-	69,014	138,029
Apartments -	1,311,273	DCF	530 mean	3.9% mean	0%	(65,564)	-	65,564
Level 3			- min	0.0% min	5%	(124,883)	(62,442)	0
Netherlands -			1,342 max	4.8% max	-5%	-	22,435	44,869
Single-family houses -	426,258	DCF	454 mean	4.4% mean	0%	(21,313)	-	21,313
Level 3			128 min	3.6% min	5%	(40,596)	(20,298)	-
Netherlands -			212 max	9.3% max	-5%	-	4,802	9,605
Other -	91,246	DCF	54 mean	1.2% mean	0%	(4,562)	-	4,562
Level 3			- min	0.0% min	5%	(8,690)	(4,345)	-
	1,828,777							

2022	Unobservable inputs used in determination of fair value				Sensitivities in yield and rental value (in € '000)			
						Change in rental value		
Investment properties in operation	Fair value 31 Dec 2022	Valuation technique	Gross rental value (in € '000)	Gross initial yield (in %)	Change in yield	(5%)	0%	5%
Netherlands -			2,963 max	6.1% max	(5%)	-	64,819	129,638
Apartments -	1,231,564	DCF	457 mean	3.7% mean	0%	(61,578)	-	61,578
Level 3			10 min	2.1% min	5%	(117,292)	(58,646)	-
Netherlands -			1,285 max	4.5% max	(5%)	-	27,561	55,122
Single-family houses -	523,655	DCF	440 mean	3.9% mean	0%	(26,183)	-	26,183
Level 3			24 min	3.1% min	5%	(49,872)	(24,936)	-
Netherlands -			90 max	9.7% max	(5%)	-	97	193
Other -	1,835	DCF	55 mean	9.0% mean	0%	(92)	-	92
Level 3			18 min	6.9% min	5%	(175)	(87)	-
	1,757,054							

Valuation processes

In order to determine the fair value of the Fund's investment properties, all investment properties are valued on a quarterly basis by independent and qualified/certified valuers. The valuers are selected based on their experience and knowledge of the residential property market. Every three years a rotation or change in valuers takes place.

The fair value is determined in accordance with the following standards:

- RICS Valuation Standards, (the 'Red Book');
- The Alternative Investment Fund Managers Directive (AIFMD), in accordance with Directive 2011/61/EU dated 8 June 2011 and a supplement dated 19 December 2012; and
- The 28 recommendations of the Platform Taxateurs en Accountants as stated in the publication 'Goed gewaardeerd Vastgoed' dated 27 May 2013.

The Management Company provides the professional valuers with the required and necessary information, in order to conduct a comprehensive valuation. At least once a year a full valuation is carried out and three times a year a market update. For all investment properties, the current use equates to the highest and best use.

The finance and risk department of the AIF Manager (a.s.r. real estate) coordinates the valuation process and analyses the quarterly movements in valuations together with the asset managers. All movements higher than 5% or lower than -5% are discussed and fully explained by the valuer. Every quarter the valuers, along with the asset managers and the fund director, come together and discuss the outcome of the valuations. It is the asset managers' responsibility to sign off for approval on every valuation.

There are inter-relationships between unobservable inputs. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields. For investment property under construction, increases in construction costs that enhance the property's features may result in an increase in future rental values. An increase in the future rental income may be linked with higher costs.

Valuation techniques underlying management's estimation of fair value

For investment properties the following method is in place to determine the fair value by the valuers for disclosure purposes:

DCF method

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, a market-derived discount rate is applied to establish the present value of the cash flows associated with the asset. The exit yield is normally separately determined and differs from the discount rate. The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

12 Right-of-use assets

The Fund has a limited number of lease contracts, that are classified as right of use assets. As the Fund applies the fair value model for investment property, the fair value model is also applied for the right-of-use assets classified as investment property. Therefore, the lease of the land is valued at fair value through profit or loss.

Right-of-use assets

As at	31 December 2023	31 December 2022
Balance as at the beginning of the period	**1,219**	**1,202**
Movements		
- Negative changes in fair value	(40)	(73)
- Remeasurement	(252)	90
Balance as at the end of the period	**927**	**1,219**

13 Participations

In 2018, the Fund acquired a 50% interest in Grotiusplaats Den Haag C.V. ('Grotiusplaats'), a joint venture through which two residential towers ("The Roofs") in The Hague, the Netherlands, are developed and exploited. The Fund's interest in joint ventures is accounted for using the equity method in the financial statements. This joint venture does not have a quoted market price. Summarised financial information of the joint venture, based on their IFRS reporting, and reconciliation with the carrying amount of the investment in financial statements are set out below:

Fund's share of profit for the period

As at	31 December 2023	31 December 2022
Current assets, including cash & cash equivalents of Grotiusplaats	8,951	3,196
Non-current assets –investment property	214,760	245,440
	223,711	**248,636**
Current liabilities including tax payable of Grotiusplaats	5,098	6,358
Non-current liabilities including long term borrowings of Grotiusplaats	613	706
	5,711	**7,064**
Equity	218,000	241,572
Proportion of the Fund's interest	50%	50%
Fund's carrying amount of the investment	**109,000**	**120,786**

Fund's share of profit for the period	2023	2022
Rental income	9,844	4,660
Property expenses	(1,966)	(1,328)
Other expenses	(80)	(167)
Profit on valuation of investment property	(31,290)	(7,225)
Profit for the year	**(23,492)**	**(4,060)**
Proportion of the Fund's interest	50%	50%
Fund's share of profit for the period	**(11,746)**	**(2,030)**

The Fund has no capital commitment towards Grotiusplaats as at 31 December 2023, however Grotiusplaats still needs to fulfill the final term payments (€ 4.3 million) toward the construction development company. These term payments have been and will be deducted from the operational result until these have been fully paid. As such the Fund has not received any (dividend) income from the participation yet.

14 Trade and other receivables

Trade and other receivables

As at	31 December 2023	31 December 2022
Trade receivables		
- Rent receivables from tenants	1,240	1,025
- Service receivables	327	-
- Other receivables	684	329
Less: provision for doubtful debt	(578)	(532)
	1,673	**822**

The fair value of receivables concerns the sum of future cash flows that are estimated to be received.

Provision for doubtful debt

Bad debt write-off relates to debtors, from which no payment is expected to be received anymore. In addition, a provision for doubtful debt is in place for receivables for which it is unclear whether they will be (fully) received.

Provision for doubtful debt

As at	Notes	31 December 2023	31 December 2022
Balance as at the beginning of the period		531	478
Movements			
- Bad debt write-off		(119)	(84)
- Movement of provision for doubtful debt		166	137
Balance as at the end of the period		**578**	**531**

15 Cash and cash equivalents

Cash and cash equivalents

As at	31 December 2023	31 December 2022
Cash	27,224	32,866
	27,224	**32,866**

The cash and cash equivalents are not restricted in its use.

16 Issued capital

The capital called per unit amounts to € 1 per participation. All issued units are fully paid.
A further breakdown is shown in the statement of changes in capital. Movements in the units issued are as follows:

Changes in the units issued

As at	31 December 2023	31 December 2022
Number of units as at the beginning of the period	1,460,585	1,409,757
Movements in number of units		
- Issued units closings	43,876	43,440
- Issue of distributable result in units	4,572	7,388
Number of units as at the end of the period	**1,509,033**	**1,460,585**

Ownership in number of units

As at	31 December 2023	31 December 2022
Units - Entitled for distributable result		
ASR Levensverzekering N.V.	607,224	616,248
ASR Schadeverzekering N.V.	124,152	115,128
Other investors	777,657	729,209
	1,509,033	**1,460,585**

All resolutions of the Meeting of Investors shall be adopted by a simple majority of all outstanding units. The Anchor Investor will hold a maximum of forty per cent (40%) of the votes.
Notwithstanding the previous sentence:

- The Anchor Investor will hold a maximum of fifty per cent (50%) of the votes if there are only one or two other investors and;
- In case the Anchor Investor holds more than forty per cent (40%) of the outstanding units in the Fund but only holds forty per cent (40%) of the votes, any other Investor will also hold a maximum of forty per cent (40%) of the votes.

Net asset value per unit is calculated based on equity as presented in the statement of financial position as at balance date and the number of units on that date.

Key figures concerning capital

As at	31 December 2023	31 December 2022
Equity attributable unit holders (in € '000)	1,974,213	2,128,294
Number of units as per reporting date	1,509,033	1,460,585
Net asset value per unit (in €)	1,308	1,457

17 Lease liabilities

Lease liabilities

As at	31 December 2023	31 December 2022
Balance as at the beginning of the period	**1,219**	**1,202**
Movements		
- Amortised interest	26	13
- Remeasurement	(273)	72
- Lease payment	(45)	(68)
Balance as at the end of the period	**927**	**1,219**

18 Trade and other liabilities

Trade and other liabilities

As at	31 December 2023	31 December 2022
Accrued expenses	1,846	2,107
Distributable result to be paid	12,140	10,745
Management fees	2,336	2,577
Prepaid rent	764	758
Property management fees	746	682
Rent deposits	4,112	3,938
Service payables	-	349
Tax payables	16	19
Trade payables	-	15
	21,960	**21,190**

The fair value of trade and other liabilities concerns the sum of future cash flows that are estimated to be received.

19 Earnings per unit

Results per unit are calculated by dividing the net result attributable to participants by the weighted average number of units outstanding during the year, 1,488,919 average units over 2023 (1,447,974 average units over 2022).

Earnings per unit

For the year	2023	2022
Direct result	32	29
Indirect result	(148)	(19)
Net result per unit	**(116)**	**10**

The Fund has no dilutive potential units; the diluted earnings per unit are the same as the basic earnings per unit.

20 Contingencies and commitments

The capital commitments of the Fund exists of 7 turnkey projects for a total original amount of € 316.1m as at 31 December 2023. Of this total commitment, € 193.6m concerns settled term payments. Cumulative changes in fair value of forward acquisitions amount to € 122.5m, resulting in € 174.1 of assets under construction, as presented under investment properties under construction in the statement of financial position as at 31 December 2023.

21 Related-party transactions

The Anchor Investor, ASR Levensverzekering N.V. and ASR Schadeverzekering N.V., owns 48.5% of the Fund's units. The remaining units are widely held. The Fund has the following relationships with companies related to ASR Nederland N.V.:

- ASR Dutch Core Residential Management Company B.V. is the manager of the Fund (The ASR Dutch Core Residential Management Company B.V. has outsourced all its responsibilities to a.s.r. real estate, the Manager. Also under the AIFMD requirements a.s.r. real estate acts as the Manager of the Fund) and charges management fees to the Fund. These management fees are at arm's length;
- ASR Dutch Core Residential Custodian B.V. is the legal owner of the investment properties.

The financial statements of the Fund include the financial statements of the parent and the subsidiaries and joint ventures. The Fund's investment in subsidiaries and joint ventures are listed in the following table:

Subsidiaries and joint ventures

	Country of incorporation	2023	2022
Subsidiary			
ASR Dutch Core Residential Projects B.V.	The Netherlands	100%	100%
Joint venture			
Grotiusplaats Den Haag C.V.	The Netherlands	50%	50%
Grotiusplaats Den Haag B.V.	The Netherlands	50%	50%

See Note 13 for more information on the financial status of Grotiusplaats Den Haag C.V.

There were no other transactions carried out or balances outstanding with related parties except for distributable result (€ 10.7m) to be paid (Note 16) and the following:

Related-party transactions

For the year	Notes	2023	2022
Asset management fee		8,411	9,290
Fund management fee		1,006	1,105
Property management fee		2,872	2,658
		12,289	**13,053**

22 Audit fees

The following table shows the fees charged by the auditor in respect of activities for the Fund.

Audit fees

For the year	Notes	2023	2022
Audit of the financial statements	7	121	118
		121	**118**

Fees for audit of the financial statements 2023 and 2022 include fees paid for the audit of the IFRS financial statements and the IFRS NAV statement.

23 Appropriation of result

Distributable result attributable to the divestment of a portfolio asset can be allocated to reinvestments, redemption of units, or paid out to all investors. The distributable result to the investors is calculated in relation to their number of units in the Fund as per the applicable reporting date. The fourth quarter distributable result of € 12.1m is recognised as a liability as at 31 December 2023 and paid to the investors in February 2024.

24 Subsequent events

- On 31 January 2024, the Fund had its 39th closing, relating to the distributable result paid-out in units for the fourth quarter of 2023 (€1.3m).
- On 26 February 2024, two new building projects were approved by the Investment Committee. Construction for projects Hero Breda and Edge Eindhoven will commence in the 2nd quarter of 2024.
- On 27 March 2024, the Fund sold two of its properties in Amsterdam: Nachtwachtlaan and Europapoort.
- On 2 April 2024, the Fund had its 40th closing. Three existing investors made a contribution to the Fund for a total amount of €90.0m. For three investors a redemption was facilitated for a total amount of €90.0m. The Anchor Investor reallocated € 51.0m worth of its shares between its two entities and another investor reallocated 200 units between its two entities. The Anchor Investor holds 47.0% of the units since this date.

Utrecht, the Netherlands, 8 April 2024

ASR Real Estate B.V.
On behalf of the ASR Dutch Core Residential Management Company B.V.

Dick Gort, *CEO*
Michiel Kroot, *CFRO*

Other Information

Appropriation of result

As described in clause 13 in the Fund Agreement, the distributable result which is not attributable to the divestment of portfolio assets is payable on a quarterly basis. Distributions will be made in cash, provided that:

- Investors may inform the Management Company at least one month before the end of the fiscal year that they wish to receive the distributable cash during the next fiscal year in the form of units. In which case it is at the Management Company's discretion to decide whether or not the request will be satisfied; and
- After dissolution of the Fund, any and all of the assets may be distributed to the investors.

Independent **auditor's report**

To: the meeting of investors and the manager of ASR Dutch Core Residential Fund

Report on the audit of the accompanying financial statements

Our opinion

We have audited the financial statements 2023 of ASR Dutch Core Residential Fund (hereafter the 'Fund'), based in Utrecht.

In our opinion the accompanying financial statements give a true and fair view of the financial position of ASR Dutch Core Residential Fund as at 31 December 2023 and of its result and its cash flows for the year 2023 in accordance with IFRS Accounting Standards as endorsed by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:
1 the statement of income and comprehensive income for the year 2023;
2 the statement of financial position as at 31 December 2023;
3 the statement of changes in capital and the statement of cash flows; and
4 the notes to the financial statements comprising material accounting policy information and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of ASR Dutch Core Residential Fund in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of fraud and non-compliance with laws and regulations and going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

Audit response to the risk of fraud and non-compliance with laws and regulations

In the paragraph 'Risk management' of the annual report, the manager describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the Fund and its business environment, and assessed the design and implementation of the Fund's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Fund's code of conduct, whistleblowing procedures, the SIRA and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with the manager and other relevant functions, such as the Legal Counsel and Business Risk Management & Compliance. As part of our audit procedures, we:

- assessed other positions held by management of the manager and paid special attention to procedures and governance in view of possible conflicts of interest;
- inspected internal policies of the manager regarding fraud risk control (prevention, detection and response), including the design of ethical standards to create an open and honest culture;
- evaluated correspondence with supervisory authorities and regulators; and
- evaluated investigation reports on indications of possible fraud and non-compliance.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the partnership and identified the following areas as those most likely to have a material effect on the financial statements:

- the requirements by or pursuant to the Act on Financial Supervision (Wet op het financieel toezicht, Wft); and
- the law on the prevention of money laundering and terrorist financing (Wwft);

We evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements. Further, we assessed the presumed fraud risk on revenue recognition as irrelevant, because the Fund's main form of revenue relates to rental income which involves limited judgement as the revenue related to rental income is contractually agreed and with various individual tenants. In addition, revenue is derived from fair value movements of investment property and the capital gains/losses from sale of investment property where the sale consideration is agreed with the market participant in a legally binding agreement including third parties (like notary) and the investment property is frequently valuated by external appraisers.

Based on the above and on the auditing standards, we identified the following fraud risk that is relevant to our audit, and responded as follows:

Management override of controls (a presumed risk)

Risk:

The manager is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively, such as estimates relating to the fair value of investments.

Responses:

- We evaluated the design, the implementation and tested the operating effectiveness of internal controls, as stated in the ISAE 3402 type II report of ASR Real Estate B.V., that mitigate fraud and non-compliance risks, such as processes related to journal entries.
- We performed data analysis of high-risk journal entries and post-closing adjustments. Where we identified instances of unexpected journal entries or other risks through our analysis, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.
- We incorporated elements of unpredictability in our audit, including attending valuation meetings with external appraisals.

We communicated our risk assessment, audit responses and results to the management. Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

The manager has performed its going concern assessment and has not identified any going concern risks. To assess the manager's assessment, we have performed the following procedures:

- we considered whether the manager's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we questioned the manager regarding any indicators of a going concern risk;
- we considered whether the developments effecting and within the real estate sector indicate a going concern risk;
- our analysis of the Fund's financial position, financing and operating results and cashflow as well as the Fund's environment has not identified any going concern risks. We note that the nature of the Fund's results are borne by the participants in the Fund and the extent of any present and future obligations to third parties is such that these do not affect the Fund's going concern.

The outcome of our risk assessment procedures did not give any reasons to perform additional audit procedures on the Fund's going concern assessment.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code regarding the management report and the other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The manager is responsible for the preparation of the other information, including the management report, in accordance with Part 9 of Book 2 of the Dutch Civil Code, and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of the responsibilities for the financial statements

Responsibilities of the manager for the financial statements

The manager is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the manager is responsible for such internal control as the manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, the manager is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the manager should prepare the financial statements using the going concern basis of accounting unless the manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so. The manager should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the manager;
- concluding on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures;
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Utrecht, 8 April 2024

KPMG Accountants N.V.

M.H.T. Hamers-Bodifee RA

Appendices

1. INREV financial statements (unaudited)
2. Annex IV: SFDR Disclosure
3. Portfolio overview

Appendix 1:

INREV financial statements (unaudited)

The INREV guidelines have been used and material changes have been considered if applicable. The accounting principles in general, which are the basis for this annual report, are described and explained in detail in the notes on the financial statements (note 2). A detailed discription about the principal risks and exposures incurred by the Fund is included in note 3. According to the Fund Agreement issue and redemption requests will be calculated by usage of the INREV NAV.

In order to give Investors information on the transition from the NAV based on IFRS to the INREV NAV, also the accounts according to the INREV principles are published. The INREV NAV reflects adjustments to IFRS.

The following items are adjusted for the INREV accounts:

Item	IFRS	INREV
Acquisition expenses	Directly into profit & loss account	On balance sheet and depreciated in five years
Effect of not yet distributable result recorded as a liability (not included in equity)	Recognised as a liability on balance sheet	Recognised in equity

INREV Guidelines Compliance Statement (unaudited)

The European Association for Investors in Non-Listed Real Estate Vehicles (INREV) published the revised INREV Guidelines in 2014 incorporating industry standards in the fields of Corporate Governance, Reporting, Property Valuation, INREV NAV, Fee and Expense Metrics, Liquidity and Sustainability Reporting. The Assessments follow these revised guidelines.

INREV provides an Assessment Tool to determine a vehicles compliance rate with the INREV Guidelines as a whole and its modules in particular. The overall INREV Guidelines Compliance Rate of the ASR Dutch Core Residential Fund is 98%, based on 9 out of 9 assessments. The compliance rate for each completed module is:

Compliance rate per module

	Percentage
Code of Tax Conduct Guideline	97
Corporate Governance	100
Fee and Expense Metrics	100
INREV NAV	100
Liquidity	96
Performance Measurement	98
Property Valuation	100
Reporting	95
Sustainability Reporting	100

1 The asset management fee concerns a fixed quarterly fee of € 1.9 million, or 0.42% of the average NAV for the quarter, whichever amount may be the largest.

INREV fee metrics (unaudited)

Fees and expenses as a percentage of Gross Asset Value (GAV) and Net Asset Value (NAV)

For the year		2023	2022
Fund management fee (% of NAV)		0.05%	0.05%
Asset management fee (% of NAV)[1)]		0.42%	0.42%
Management fees	a	9,417	10,395
Fund expenses (incl. amortisation)	b	888	705
Vehicle fees and costs before performance fees	c	**10,305**	**11,101**
Performance fees	d	-	-
Vehicle fees and costs after performance fees	e	**10,305**	**11,101**
Property fees and costs	f	18,350	16,408
Average INREV NAV	g	2,022,413	2,190,434
Average INREV GAV	h	2,033,911	2,201,781
NAV Total Global Expense Ratio (before performance fees)	c/g	0.51%	0.51%
GAV Total Global Expense Ratio (before performance fees)	c/h	0.51%	0.50%
NAV Total Global Expense Ratio (after performance fees)	e/g	0.51%	0.51%
GAV Total Global Expense Ratio (after performance fees)	e/h	0.51%	0.50%
NAV Real Estate Expense Ratio	f/g	0.91%	0.75%
GAV Real Estate Expense Ratio	f/h	0.90%	0.75%

INREV NAV calculation (unaudited)

INREV NAV calculation

		Total (in €'000)	Per share (in €)
	NAV as per the financial statements	1,974,213	1,308.26
	Reclassification of certain IFRS liabilities as components of equity		
A	Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders long term interests in a vehicle	-	-
B	Effect of dividends recorded as a liability which have not been distributed (not included in equity)	12,140	8.04
	NAV after reclassification of equity-like interests and dividends not yet distributed	**1,986,353**	**1,316.30**
	Fair value of assets and liabilities		
C	Revaluation to fair value of investment properties	-	-
D	Revaluation to fair value of self-constructed or developed investment property	-	-
E	Revaluation to fair value of property held-for-sale	-	-
F	Revaluation to fair value of property that is leased to tenants under a finance lease	-	-
G	Revaluation to fair value of real estate held as inventory	-	-
H	Revaluation to fair value of other investments in real assets	-	-
I	Recognition to fair value of indirect investments not consolidated	-	-
J	Revaluation to fair value of financial assets and financial liabilities	-	-
K	Revaluation to fair value of construction contracts for third parties	-	-
L	Set-up costs	-	-
M	Acquisition expenses	167	0.11
N	Contractual fees	-	-
	Effects of the expected manner of settlement of sales/vehicle unwinding		
O	Revaluation to fair value of savings of purchaser's costs such as transfer taxes	-	-
P	Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments	-	-
Q	Effect of subsidiaries having a negative equity (non-recourse)	-	-
	Other adjustments		
R	Goodwill	-	-
S	Non-controlling interest effects of INREV adjustments	-	-
	INREV NAV	**1,986,520**	**1,316.41**
	Distributable result (current quarter)	(12,140)	(8.04)
	INREV NAV (after distributions)	**1,974,380**	**1,308.37**
	Number of shares / units issued	1,509,033	

The adjustments from the IFRS NAV calculation to the INREV NAV calculation relate to:

B The fourth quarter 2023 distributable result.

M Acquisition expenses of acquisitions performed in the prior five years. The adjustment decreased compared to Q3 2023, due to regular depreciation.

INREV Statement of income and comprehensive income (unaudited)

(amounts in €'000, unless otherwise stated)

Statement of income and comprehensive income in accordance with INREV principles

			2023			2022
For the year	IFRS	Adjustments	INREV	IFRS	Adjustments	INREV
Gross rental income	71,921	-	71,921	66,565	-	66,565
Service charge income	3,479	-	3,479	3,276	-	3,276
Total operating income	**75,400**	**-**	**75,400**	**69,841**	**-**	**69,841**
Property-specific costs	(18,266)	(84)	(18,350)	(16,408)	(84)	(16,492)
Service charge expenses	(3,479)	-	(3,479)	(3,276)	-	(3,276)
Fund expenses	(888)	-	(888)	(706)	-	(706)
Management fees	(9,417)	-	(9,417)	(10,395)	-	(10,395)
Total operating expenses	**(32,050)**	**(84)**	**(32,134)**	**(30,785)**	**(84)**	**(30,869)**
Operating result	**43,350**	**(84)**	**43,266**	**39,056**	**(84)**	**38,972**
Finance income	1,003	-	1,003	135	-	135
Finance costs	(51)	-	(51)	(284)	-	(284)
Finance result	**952**	**-**	**952**	**(149)**	**-**	**(149)**
Changes in fair value of investment properties	(208,622)	-	(208,622)	(25,384)	-	(25,384)
Changes in fair value of right-of-use contracts	(40)	-	(40)	(73)	-	(73)
Changes in value of participations	(11,746)	-	(11,746)	(2,030)	-	(2,030)
Result on individual unit sales	3,366	-	3,366	2,868	-	2,868
Realised and unrealised gains and losses	**(217,042)**	**-**	**(217,042)**	**(24,619)**	**-**	**(24,619)**
Net result	**(172,740)**	**(84)**	**(172,824)**	**14,288**	**(84)**	**14,204**
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**(172,740)**	**(84)**	**(172,824)**	**14,288**	**(84)**	**14,204**

INREV Statement of financial position (unaudited)

(amounts in €'000, unless otherwise stated)

Statement of financial position in accordance with INREV principles

	31 December 2023			31 December 2022		
As at	IFRS	Adjustments	INREV	IFRS	Adjustments	INREV
ASSETS						
Non-current assets						
Investment properties in operation	1,683,476	167	1,683,643	1,756,287	251	1,756,538
Investment properties under construction	174,055	-	174,055	237,955	-	237,955
Right-of-use asset	927	-	927	1,219	-	1,219
	1,858,458	**167**	**1,858,625**	**1,995,461**	**251**	**1,995,712**
Participations	**109,000**	**-**	**109,000**	**120,786**	**-**	**120,786**
Current assets						
Trade receivables	1,673	-	1,673	822	-	822
Cash and cash equivalents	27,224	-	27,224	32,866	-	32,866
	28,897	**-**	**28,897**	**33,688**	**-**	**33,688**
Investment properties held-for-sale	**745**	**-**	**745**	**768**	**-**	**768**
Total assets	**1,997,100**	**167**	**1,997,267**	**2,150,703**	**251**	**2,150,954**
CAPITAL AND LIABILITIES						
Capital						
Issued capital	1,510	-	1,510	1,461	-	1,461
Additional paid-in capital	1,416,500	-	1,416,500	1,350,222	-	1,350,222
Revaluation reserve	565,628	-	565,628	748,739	-	748,739
Retained earnings	(9,425)	12,307	2,882	27,872	10,996	38,868
	1,974,213	**12,307**	**1,986,520**	**2,128,294**	**10,996**	**2,139,290**
Non-current liabilities						
Lease liabilities	927	-	927	1,219	-	1,219
	927	**-**	**927**	**1,219**	**-**	**1,219**
Current liabilities						
Trade and other liabilities	21,960	(12,140)	9,820	21,190	(10,745)	10,445
Total capital and liabilities	**1,997,100**	**167**	**1,997,267**	**2,150,703**	**251**	**2,150,954**

INREV Statement of changes in capital (unaudited)

(amounts in €'000, unless otherwise stated)

Statement of financial position in accordance with INREV principles

For the period 1 January 2022 - 31 December 2023	Issued capital	Additional paid-in capital	Retained earnings	Revaluation reserve	Total
Balance as at 1 January 2022	**1,410**	**1,274,023**	**40,158**	**773,241**	**2,088,832**
Comprehensive income					
- Profit for the year	-	-	14,204	-	14,204
- Movement arising from market valuations	-	-	17,298	(17,298)	-
- Movement arising from participations	-	-	2,202	(2,202)	-
- Movement arising from divestments	-	-	5,002	(5,002)	-
Total comprehensive income	**-**	**-**	**38,706**	**(24,502)**	**14,204**
Transactions with the owners of the Fund					
Contributions and distributions:					
- Issue of ordinary units	44	64,910	-	-	64,954
- Issue of distributable result in units	7	11,289	-	-	11,296
- Distributable result	-	-	(39,996)	-	(39,996)
Total transactions with owners of the Fund	**51**	**76,199**	**(39,996)**	**-**	**36,254**
Balance as at 31 December 2022	**1,461**	**1,350,222**	**38,868**	**748,739**	**2,139,290**
Comprehensive income					
- Profit for the year	-	-	(172,824)	-	(172,824)
- Movement arising from market valuations	-	-	168,670	(168,670)	-
- Movement arising from participations	-	-	11,786	(11,786)	-
- Movement arising from divestments	-	-	2,655	(2,655)	-
Total comprehensive income	**-**	**-**	**10,287**	**(183,111)**	**(172,824)**
Transactions with the owners of the Fund					
Contributions and distributions:					
- Issue of ordinary units	44	59,906	-	-	59,950
- Issue of distributable result in units	5	6,372	-	-	6,377
- Distributed result	-	-	(46,273)	-	(46,273)
Total transactions with owners of the Fund	**49**	**66,278**	**(46,273)**	**-**	**20,054**
Balance as at 31 December 2023	**1,510**	**1,416,500**	**2,882**	**565,628**	**1,986,520**
In €					
NAV per unit					1,316

Appendix 2: Annex IV, **SFDR** periodic disclosure

Template for periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name:
ASR Dutch Core Residential Fund

Legal entity identifier:
724500APOJJCX4UBTO37

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

[ ] Yes	[x] No
[ ] It made **sustainable investments with an environmental objective: __%** [ ] in economic activities that qualify as environmentally sustainable under the EU Taxonomy [ ] in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	[x] It **promoted Environmental/ Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 80.2% of sustainable investments [x] with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy [x] with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy [x] with a social objective
[ ] It made **sustainable investments with a social objective: __%**	[ ] It promoted E/S characteristics, but **did not make any sustainable investments**

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

To what extent were the environmental and/or social characteristics promoted by this financial product met?

The Fund promotes various environmental and social characteristics which are set out in its ESG policy. The Fund's vision on Environmental, Social and Governance (ESG) is to accommodate the interests of tenants and investors in the best possible way by creating and maintaining assets that have long-term value from both a financial and a social perspective, and to achieve this in a sound and responsible manner with engaged and aware partners and employees. To work towards these goals, the Fund has developed an

Environmental, Social and Governance (ESG) strategy around three themes:
1. Environmental: Dedicated to decarbonisation
2. Social: Making a positive impact on society
3. Governance: Compliant with sustainability regulations

The Fund does not use a formal benchmark to compare its results with those of its peers. However, the Fund does take part in the yearly GRESB survey, through which its ESG performance is measured and reported on.

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

How did the sustainability indicators perform?

Strategic objectives 2023-2025

Strategic objectives	Target 2023	Result Q4 2023
Environmental		
Energy intensity (kWh / sq.m. / year)	≤ 125	In progress
GHG Intensity (kg CO_2 / sq.m / year)	≤ 26	In progress
Renewable energy (# of PV panels)	≥ 14,000	14,787
Resource efficiency (# of projects / year)	≥ 5	5
Plan for properties with a high climate risk profile (#)	5	Assets and actions identified
Climate adaption and improvement (greening measures / year)	≥ 500 sq.m.	755 sq.m.
Enhance local biodiversity	Design plan	Plan designed
Coverage of Green labels	≥ 96%	94%
Coverage of Green Building Certificates	100%	100%
Social		
Community and tenants		
Tenant satisfaction	≥ 7.0	7.0
Invest in neighbourhood and sustainable mobility (# of projects / year)	≥ 7	7
Tenant engagement (# projects / year)	≥ 8	8
Senior housing (# dwellings)	≥ 400	407
Addition of affordable dwellings (#)	≥ 200	197
AED coverage (% of portfolio)	≥ 93%	98%
Our employees		
Employee satisfaction rating (eMood® score)	≥ 7.5	7.7
Personal development		
- Training (% of annual salaries)	≥ 1.0%	1.3%
- Sustainable employability (% of annual salaries)	≥ 1.0%	1.0%
Health & well being (eMood® vitality score)	≥ 7.5	7.6
Governance		
Alignment with sustainability guidelines	✓	✓
- SDGs	✓	✓
- GRESB (annual survey rating)	★★★★★	★★★★★
Sound business practices	✓	✓

...and compared to previous periods?

During 2023, the Fund changed the structure in its sustainability indicators from 4P's (Planet, Property, Partners and People) to ESG (Environmental, Social and Governance). However, the sustainability indicators itself have not been changed. The performance of some of the key sustainability indicators compared to the previous period (2022) are listed below.

The number of PV panels installed improved (14,787 in 2023 vs. 12,484 in 2022), well above the target of ≥14,000. Coverage of Green labels also improved (94% in 2023 vs. 93% in 2022), but remains below target (≥ 96%). The Fund improved its performance on the objective 'climate adaption and improvement', by greening 755 sq.m. (vs. 584 sq.m. in 2022), well above its target of ≥500 sq.m. On most of the social sustainability indicators, the Fund has met its targets, such as tenant satisfaction (7.0), investing in neigborhood and sustainable mobility (7), and tenant engagement (8), just as in the previous year.

The additional indicator for affordable dwellings performed with an addition of 197 dwellings, a little below its target of ≥200. In 2022, both the target (≥400) and the realisation were higher (455 dwellings added). This can be explained by the fact that, in general, less dwellings were added to the portfolio in the year 2023.

Strategic objectives 2022

		Objective 2022	Actuals 2022
1	**Planet**		
	Energy intensity (kWh per sq.m / year)	≤ 100	105
	GHG Intensity (kg CO_2 per sq.m/ year)	≤ 20	22
	Renewable energy (# of PV panels)	≥ 13,000	12,484
	Resource efficiency (# of projects / year)	≥ 5	6
	Invest in neighbourhood and sustainable mobility (# of projects / year)	≥ 6	6
	Climate adaption and improvement (greening measures / year)	≥ 500 sq.m.	584 sq.m.
2	**Property**		
	Green labels	≥ 95%	93%
	Energy-saving measures (excl. projects, yearly)	≥ € 250k	€ 462k
	Coverage of Green Building Certificates	100%	100%
3	**Partners**		
	Tenant satisfaction	≥ 7.0 / ≥ benchmark	7.0
	Active tenant participation programme (# of projects / year)	≥ 7	8
	Addition of affordable dwellings (#)	≥ 400	455
4	**People**		
	Employee satisfaction rating	≥ 94/100	91
	Personal development		
	- Training (% annual salaries)	≥ 1%	2.1%
	- Sustainable employability (% annual salaries)	≥ 1%	1.0%
	Health & Well being	Improvement of vitality score	7.4
	Diversity & Inclusion	Execute diversity, equity and inclusion policy	Improved Score in Denison Organizational Success Survey: 66
	Sound business practises: implementation sustainability in risk control framework	Further implementation of SFDR	Compliant with SFDR and EU taxonomy

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?
The Fund promotes one of the climate and environmental objectives as included in article 9 of the Taxonomy Regulation: the objective 'climate mitigation'. The Fund promotes this objective in its underlying investments by promoting the stabilisation of greenhouse gas concentrations in the atmosphere consistent with the long-term temperature goal of the Paris Agreement. The energy intensity and GHG intensity figures of 2023 are published in the Fund's ESG annual report 2023.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?
The Fund can state that it did no significant harm to any other of the environmental objectives (i.e. climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems) for the

following reasons:
To ensure that a sustainable investment in which the Fund invests does no significant harm to any environmental or social objective, we monitored various environmental or social sustainability related subjects. To be more specific, we monitored the indicators for adverse impacts on sustainability factors applicable to real estate assets.

The ‘do no significant harm’ principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

How were the indicators for adverse impacts on sustainability factors taken into account?
The Fund considered principal adverse impacts on sustainability factors in accordance with its ESG Policy by measuring and monitoring the negative impact on sustainability factors. The adverse impact indicators on sustainability factors that the Fund takes into consideration are aligned with the ESG Policy and strategic areas of interest. The indicators chosen take into account materiality, data quality and availability. The principal adverse impact indicators that are taken into consideration in this statement for investments in real estate assets are as follows:

(i) **Exposure to fossil fuels through real estate assets**
Exposure to fossil fuels through real estate assets is measured in terms of the share of real estate investments involved in the extraction, storage, transportation or manufacture of fossil fuels. The Fund has no exposure to fossil fuels.

(ii) **Exposure to energy-inefficient real estate assets**
Exposure to energy-inefficient real estate assets is measured as real estate assets with an energy C-label or lower. As at 31 December 2023, 18.6% of the Fund’s assets are classified as inefficient real estate assets.

(iii) **Greenhouse gas emissions**
To coincide with its net zero target, the Fund has set the objective to reduce its GHG emissions, measured in kg of CO_2 equivalents per sq. m., achieving GHG neutrality ahead of its 2045 Paris Proof target. The GHG intensity of the Fund over 2022 was 22 kg of CO_2 per sq.m. / year. The figures for 2023 will be published in the Fund’s ESG annual report.

(iv) **Energy consumption intensity**
To coincide with its net zero target, the Fund has set the objective of reducing its energy intensity, measured in kWh per sq. m., achieving GHG neutrality ahead of its 2045 net zero target. The energy intensity of the Fund over 2022 was 105 kWh per sq.m./ year. The figures for 2023 will be published in the Fund’s ESG annual report.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:
The Fund is committed to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights. Due to the complexity of implementing the minimum safeguards, with the OECD guidelines being revised in mid-2023, we have found that not all obligations of the minimum safeguards are demonstrably met. Although there is no reason to assume that human rights are (even partially) being violated due to the actions of a.s.r. real estate, it is presently unclear as to whether the measures a.s.r. real estate has taken to manage human rights risks are in line with the OECD guidelines and UNGPs.

How did this financial product consider principal adverse impacts on sustainability factors?

The Fund considers principal adverse impacts on sustainability factors by drawing up its own annual ESG policy which sets out specific sustainability objectives, which include the Fund's own considerations on adverse impacts on sustainability factors. The Fund's principal adverse impacts on sustainability are disclosed on page 125 in the annual report.

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is:

What were the top investments of this financial product?

Top investments of this financial product

Largest investments[1]	Sector	% Assets	Country
Real estate	Residential	100	The Netherlands

The EU Taxonomy sets out a 'do no significant harm' principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific European Union criteria.

The 'do no significant harm' principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

1 Please see the Fund's annual report on page 36 for the top 10 Assets.

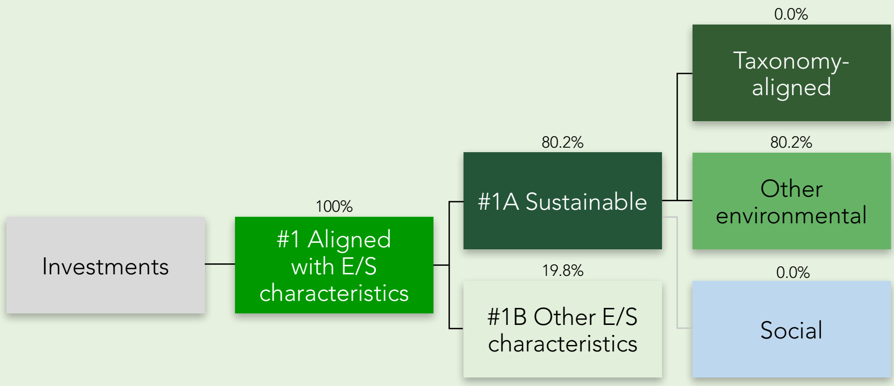
What was the proportion of sustainability-related investments?
All investments are aligned with the E/S characteristics of the Fund.

Asset allocation describes the share of investments in specific assets.

What was the asset allocation?
The asset allocation of the Fund is 100% towards direct real estate assets. All assets of the Fund align with the E/S characteristics, since the Fund's objectives apply to the entire portfolio. As at 31 December 2023, 80.2% of the Fund's investments qualify as sustainable investments under the SFDR (#1A), based on fair value. As at 31 December 2023, 0% of the Fund's investments qualify as Taxonomy-aligned. SFDR and EU Taxonomy legislation regarding the required minimum safeguards on human rights that was interpreted differently than before, resulted in 0% of the Fund's investments to qualify as Taxonomy-aligned.

Due to the complexity of implementing the minimum safeguards, with the OECD guidelines being revised in mid-2023, we have found that not all obligations of the minimum safeguards are demonstrable met. Although there is no reason to assume that human rights are (partly) being violated due to the actions of a.s.r. real estate, it is currently insufficiently clear whether the measures a.s.r. real estate has taken to manage human rights risks are in line with the OECD guidelines and UNGPs.

In 2024, the AIF Manager's policy and control framework will be refined to again be compliant with the required minimum safeguards on human rights. If these requirements were in place, 62.1% of the Fund's investments would qualify as Taxonomy-aligned as at 31 December 2023. The Fund's asset allocation towards the different boxes below is calculated as a percentage of the Fund's assets under management.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** for environmentally and socially sustainable investments.
- The sub-category **#1B Other E/S characteristics** for investments aligned with environmental or social characteristics that do not qualify as sustainable investments.

In which economic sectors were the investments made?
All of the Fund's investments are in direct real estate.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflects the 'greenness' of investee companies today.
- **capital expenditure** (CapEx) shows the green investments made by investee companies, relevant for a transition to a green economy.
- **operational expenditure** (OpEx) reflects the green operational activities of investee companies.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

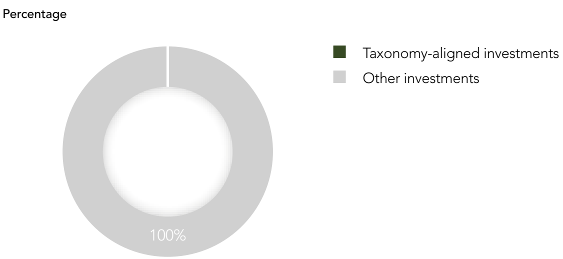
To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?
As at 31 December 2023, 0% of the Fund's investments are aligned with the EU Taxonomy. SFDR and EU Taxonomy legislation regarding the required minimum safeguards on human rights was interpreted differently than before, which meant that 0% of the Fund's investments now qualify as Taxonomy-aligned.

Due to the complexity of implementing the minimum safeguards, and with the OECD guidelines being revised in mid-2023, we have found that not all obligations of the minimum safeguards are demonstrably met. Although there is no reason to assume that human rights are (even partially) being violated due to the actions of a.s.r. real estate, it is presently unclear as to whether the measures a.s.r. real estate has taken to manage human rights risks are in line with the OECD guidelines and UNGPs.

In 2024, the AIF Manager's policy and control framework will be refined to once more comply with the required minimum safeguards on human rights. If these requirements were in place, 58.2% of the Fund's investments would qualify as Taxonomy-aligned as at 31 December 2023.

The Fund calculated the percentage based on turnover, which represents the percentage of gross rental income coming from taxonomy-aligned assets. As ESG is an integral part of the Fund's maintenance and capital expenditure plan, no distinction is made between the costs borne in light of taxonomy-alignment and other investments.

1. Taxonomy-alignment of investments including sovereign bonds[2]



Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[3]?

☐ Yes	☒ No
☐ In fossil gas ☐ In nuclear energy	

What was the share of investments made in transitional and enabling activities?
These are not applicable for the real estate investments of the Fund, as low-carbon alternatives are readily available for (transitional) activities and there are no relevant argeted enabling activities.

2 No breakdown including and excluding sovereign bond exposure is included in this diagram, as the Fund does not invest in sovereign bonds.
3 Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do not significantly harm any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?
As at 31 December 2023, 0% of the Fund's investments are aligned with the EU Taxonomy. SFDR and EU Taxonomy legislation regarding the required minimum safeguards on human rights was interpreted differently than before, which meant that 0% of the Fund's investments now qualify as Taxonomy-aligned.

Due to the complexity of implementing the minimum safeguards, and with the OECD guidelines being revised in mid-2023, we have found that not all obligations of the minimum safeguards are demonstrably met. Although there is no reason to assume that human rights are (even partially) being violated due to the actions of a.s.r. real estate, it is presently unclear as to whether the measures a.s.r. real estate has taken to manage human rights risks are in line with the OECD guidelines and UNGPs.

As at 31 December 2022, 41.4% of the Fund's investments were aligned with the EU Taxonomy calculated over the Fund's turnover. In 2024, the AIF Manager's policy and control framework will be refined to once more comply with the required minimum safeguards on human rights. If these requirements were in place, 58.2% of the Fund's investments would qualify as Taxonomy-aligned as at 31 December 2023. The percentage would have increased due to the inclusion of several investment projects under construction.

are sustainable investments with an environmental objective that do not take into account the criteria for environmentally sustainable economic activities under Regulation (EU) 2020/852.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?
As at 31 December 2023, 78.7% of the Fund's investment are sustainable investments with an environmental objective that are not aligned with the EU Taxonomy. If these requirements were in place, 20.5% of the Fund's investments would be sustainable investments with an environmental objective not aligned with the EU Taxonomy.

What was the share of socially sustainable investments?
The Fund has various social objectives for its portfolio. These objectives include the increase of tenant satisfaction and engagement, the addition of affordable dwellings, dwellings rented out with priority to seniors, and AED coverage. There are also objectives for employee satisfaction, wellbeing, health, and personal development. As at 31 December 2023, 98% of the portfolio had AED coverage, which means that this percentage is growing and almost reaching 100% coverage, which the Fund aims to achieve by 2026.

What investments were included under "other", what was their purpose and were there any minimum environmental or social safeguards?
None, as all the investments of the Fund are classified as investments that align with E/S characteristics.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?
Please see the table under the question 'How did the sustainability indicators perform?'

Reference benchmarks are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

How did this financial product perform compared to the reference benchmark?
This question is not applicable as no specific index has been designated as a reference benchmark.

Appendix 3:

Portfolio overview

Portfolio overview

City	Property	Address	Number of apartments	Number of single-family houses	Number of parking spaces	Commercial space (sq.m.)
Alphen aan den Rijn	Kerkstraat	Julianastraat, Kerkstraat, Paradijslaan	40	-	-	-
Alphen aan den Rijn	Provinciepassage	Provinciepassage	44	-	-	-
Amersfoort	Vathorst 1	Beijerinck, Cruquius, Leemans, Vissering, Wouda	166	-	118	-
Amersfoort	Vathorst 2A	Leeghwater, Vrouwenpolder	23	-	-	-
Amersfoort	Vathorst Centrum (blok 12)	Leeghwater, Vrouwenpolder	21	-	-	-
Amstelveen	RiMiNi	Missouri, Niagara, Rio Grande	126	-	66	-
Amsterdam	Cruquiuswerf	Amsterdam Rijnkanaalkade, Brandslangstraat, Cruquiusweg, Vluchtladderstraat	122	-	79	1
Amsterdam	Europapoort	Mensinge, Weerdestein	83	-	13	-
Amsterdam	Mondriaan	Hart Nibbrigstraat, Piet Mondriaanplein, Henk Henriëtstraat	-	24	24	-
Amsterdam	Nachtwachtlaan	Nachtwachtlaan	94	-	94	-
Amsterdam	Staalmeesterslaan	Staalmeesterslaan	180	-	180	-
Amsterdam	The Beacons	Mary van der Sluisstraat	41	-	40	-
Amsterdam	Wibautstraat	Wibautstraat	162	-	68	-
Amsterdam	Wicherskwartier	Donker Curtiusstraat, Wichersstraat.,Visseringstraat, Buyskade	135	-	125	4
Amsterdam	Zuidkwartier	Eosstraat	82	-	82	-
Arnhem	Jonkerwaard	Jonkerwaard, Pachterwaard	-	51	-	-
Arnhem	Malburgen	Van Berkumstraat	-	36	-	-
Arnhem	Schuytgraaf	Daphnestraat, Dianaplantsoen	-	42	-	-
Bennekom	De Barones	Oost-Breukelderweg	24	-	-	-
Boskoop	Burg. Colijnstraat	Burg. Colijnstraat, Torenpad	30	-	-	-
Breda	Ambachtenlaan	Ambachtenlaan, Hovenierstraat, Kolenbranderstraat	-	70	1	-
Breda	Willem van Oranjelaan I	Willem van Oranjelaan	16	-	-	-
Breda	Willem van Oranjelaan II	Willem van Oranjelaan	24	-	-	-
De Meern	Bakerlaan	Bakerlaan, Kameniersterlaan	-	36	-	-
Diemen	De Brede HOED	D.J. den Hartoglaan	35	-	37	-
Diemen	Sniepkwartier	Het Betonijzer, Het Pontveer	102	-	90	-
Ede (Gld.)	De Halte	De Halte	47	-	50	-
Ede (Gld.)	Marie Louise	Topaasstraat	32	-	34	-
Eindhoven	Frankendaal	Frankendaal, Groeneveld	-	14	-	-
Groningen	Ebbingekwartier	Grutmolen, Haverkampsdrift, Langestraat	-	21	-	-
Groningen	Energiek	Boumaboulevard	78	-	60	-

City	Property	Address	Number of apartments	Number of single-family houses	Number of parking spaces	Commercial space (sq.m.)
Haarlem	Haave	Hans Henneveldpad, Louis Pasteurstraat	61	-	47	-
Haren (Gr.)	Ereprijsweg	Ereprijsweg, Rozengaard, Sterremuurweg	-	18	-	-
Heerhugowaard	Lapis Lazuli	Lapis Lazuli	50	-	30	-
Hendrik-Ido-Ambacht	Perengaarde	Perengaarde, Sophiapromenade	90	-	90	-
Hilvarenbeek	Cantorijstraat	Cantorijstraat	-	19	-	-
Hilversum	Bonifaciuslaan 1	Bonifaciuslaan	150	-	-	-
Hilversum	Bonifaciuslaan 2	Bonifaciuslaan	100	-	29	-
Hilversum	HilversumHuis	Verschurestraat, Letteriestraat, Kremerpad	-	27	-	-
Hoofddorp	Floriande	Aalburgplein, Almkerkplein, Drongelenplein, Meeuwenstraat	120	-	93	-
Houten	De Borchen	Riddersborch, Minstreelborch, Vedelaarsborch	-	45	-	-
Houten	Ploegveld	Ploegveld, Rijfveld, Sikkelveld	-	37	-	-
Houten	Riddersborch	Riddersborch	-	19	-	-
Houten	Wernaarseind	Wernaarseind, Achterom, Rosmolen, Smidsgilde	-	69	-	-
Huizen	Delta	Delta, Eem, Grift, Kuinder, Wedekuil	-	31	-	-
Huizen	Enhuizerzand	Enkhuizenzand, Friesewal, Gooisekust, Hofstede	-	87	-	-
Huizen	Kooizand	Kooizand, Middelgronden, Noordwal	-	26	-	-
Huizen	Middelgronden	Middelgronden, Noordwal	-	25	-	-
IJmuiden	Parkzicht	Radarstraat	63	-	63	-
IJsselstein (Ut.)	Guldenroede	Guldenroede, Morgenster, Valerieaan, Ratelaar	-	82	-	-
Katwijk	Duizendblad	Duizendblad, Slangekruid	-	21	-	-
Leiden	5 Meilaan	5 Meilaan	16	-	-	-
Leiden	Van Randwijkstraat	Van Randwijkstraat	92	-	163	1
Leidschendam	Nieuw Mariënpark	Marienpark	36	-	36	-
Leusden	Claverenbladstraat	Claverenbladstraat, Van Eydenhof	-	12	-	-
Nieuwegein	Dotterbloemstraat	Dotterbloemstraat, Ereprijs, Guldenroede	-	149	9	-
Nieuwegein	Van Reeshof	Van Reeslaan	40	-	-	-
Nootdorp	Laan van Floris de Vijfde	Laan van Floris de Vijfde	38	-	-	-
Prinsenbeek	Hagendonk	Herman Dirvenpark	-	25	30	-
Rijen	Wouwerbroek	Wouwerbroek	-	16	-	-
Rijswijk	The Minister	C.T. Storklaan, P.A. van der Steurlaan	220	-	220	-
Rosmalen	Eikakkershoeven	Eikakkershoeven, Tielekenshoeven	-	63	-	-
Rosmalen	Gruttoborch	Gruttoborch, Reigerborch, Kievitborch, Zwaluwborch	-	39	-	-
Rotterdam	Karel Doormanstraat	Karel Doormanstraat	35	-	35	-

City	Property	Address	Number of apartments	Number of single-family houses	Number of parking spaces	Commercial space (sq.m.)
Schijndel	Van Beethovenstraat	Van Beethovenstraat, Chopinstraat	-	27	-	-
The Hague	Amadeus	Kalvermarkt	40	-	40	-
The Hague	De Hoge Regentesse	Loosduinsekade	128	-	102	3
The Hague	Laan van Wateringse Veld-app	Laan van Wateringse Veld	27	-	-	-
The Hague	Laan van Wateringse Veld-toren	Laan van Wateringse Veld	16	-	-	-
The Hague	Middenweg-app	Middenweg	17	-	-	-
The Hague	Middenweg-toren	Middenweg	27	-	-	-
The Hague	The Roofs	Maria Stuartplein	327	-	123	2
Tilburg	Bijsterveldenlaan	Bijsterveldenlaan, Hoge Witsie	-	38	-	-
Tilburg	Garderenstraat	Garderenstraat, Groedehof, Geesterenstraat	-	40	-	-
Tilburg	Hattemplein	Hattemplein, Hillegomlaan	-	30	-	-
Tilburg	Karrestraat	Karrestraat	19	-	-	-
Tilburg	Menterwoldestraat	Menterwoldestraat, Mariekerkestraat	-	38	-	-
Tilburg	Ravensteinerf	Ravensteinerf	-	64	-	-
Tilburg	Ruinerwoldstraat	Ruinerwoldstraat	-	57	-	-
Utrecht	Lamérislaan	Lamérislaan	216	-	33	-
Utrecht	Laurierkwartier	Laurierweg, Kattenkruidweg	50	47	97	-
Utrecht	Milestones	Jazzsingel, Fletcher Hendersonstraat, Svend Asmussenpad, John Coltranestraat	49	21	66	-
Utrecht	Terwijde-centrum	E. Fitzgeraldplein, Jazzboulevard, B. Holidaystraat, Musicallaan, Nat KingColestraat, L. Amstrongboulevard	199	-	209	-
Veenendaal	Brouwerspoort	Wolweg	43	-	38	-
Veldhoven	Buikhei	Bovenhei, Brouwershei, Buikhei, Schepelhei	-	91	-	-
Waddinxveen	Gouwe Zicht	Binnendoor	25	-	-	-
Zeewolde	Bergkwartier	Braamberg	-	22	-	-
Zeist	Couwenhoven	Couwenhoven	-	46	-	-
Zeist	Nijenheim	Nijenheim	-	26	-	-
Zoetermeer	Futura	Dublinstraat, Van Leeuwenhoeklaan	69	-	70	-
Zwolle	Elftkolk	Elftkolk	-	30	-	-
Zwolle	Stadshagen	Bastionstraat, Broderiestraat	-	30	-	-
Total			**4,070**	**1,711**	**2,784**	**11**

Colophon

Text
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Photography
Corné Bastiaansen, Hilversum
Joni Israeli, Utrecht
LifeView, Houten
John Verbruggen, IJsselstein

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TD Cascade, Amsterdam

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