Annual Report 2019

ASR Dutch Core Residential Fund

a.s.r. real estate

Cover: **The Beacons**, Amsterdam

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verzekeringen

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Annual Report 2019

ASR Dutch Core Residential Fund

Contents

ASR Dutch Core Residential Fund ('the Fund') offers a diversified, mature and sustainable residential real estate portfolio with a value of € 1.5b. The Fund has a core strategy and focuses on investing in high-quality apartments and single-family houses in economically and demographically strong locations in the Netherlands.

The aim of the Fund is to provide a stable distributable return for investors through investment in, management of and adding value to the portfolio, while keeping risk and leverage at a low level.

Overview

As at 31 December 2019

€ 1,515m
portfolio size

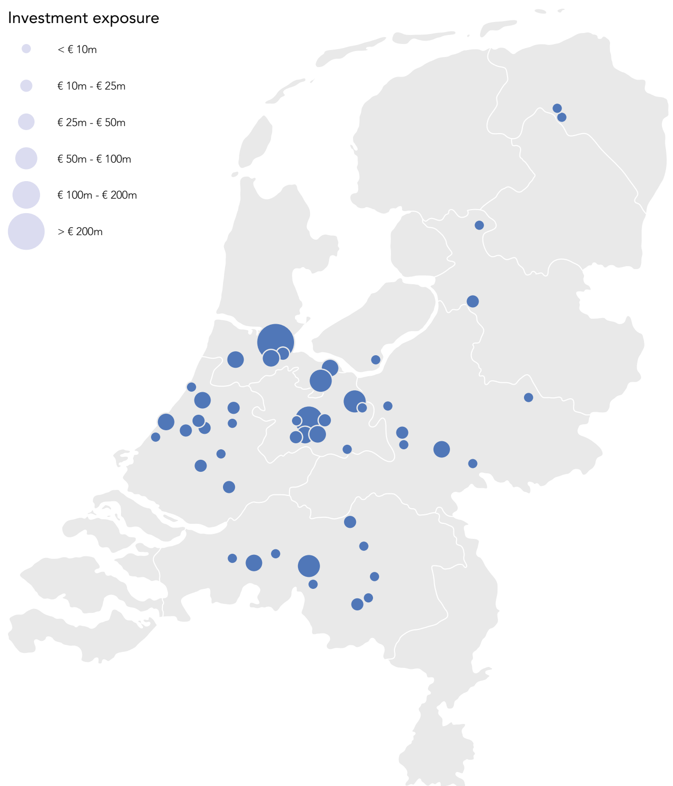
€ 56.9m
annual rent

4,794
residential units

€ 412m
commitments

10.6%
total rent potential

98.6%
occupancy rate



Performance figures

(amounts in €’000, unless otherwise stated)

Performance

For the year	2019	2018	2017	2016	2015
Total return	14.7%	15.3%	14.4%	14.5%	12.7%
- Income return	2.7%	3.2%	3.5%	4.6%	4.4%
- Capital growth	12.0%	12.1%	10.9%	9.9%	8.3%
Internal rate of return (since first closing at 1 January 2015)	13.9%	13.8%	13.6%	13.3%	12.4%

Performance per unit

amounts in €

For the year	2019	2018	2017	2016	2015
Operating result	29	28	27	29	27
Net result	165	153	131	121	95
Distributable result	31	33	32	37	33

amounts in €

As at	31 December 2019	31 December 2018	31 December 2017	31 December 2016	31 December 2015
IFRS Net Asset Value	1,247	1,113	993	893	811
INREV Net Asset Value	1,255	1,122	1,001	903	819
INREV Net Asset Value (after distributions)	1,247	1,113	993	893	811
Number of Units	1,247,466	1,192,701	1,192,701	1,101,823	1,013,126

Financial figures

For the year	2019	2018	2017	2016	2015
Results					
Operating result	35,526	33,961	31,260	30,137	26,999
Net result	202,728	182,404	150,752	127,217	96,697
Distributable result	38,261	38,845	37,068	39,438	33,764

As at	31 December 2019	31 December 2018	31 December 2017	31 December 2016	31 December 2015
Balance					
Investment properties in operation	1,367,346	1,261,773	1,053,950	922,873	804,136
Investment properties under construction	104,387	28,853	88,018	56,239	7,059
Investment properties held-for-sale	3,008	2,673	3,232	1,893	8,541
Participations	38,950	16,628	-	-	-
Total assets	1,575,933	1,345,894	1,200,188	1,003,753	837,953
Capital	1,555,419	1,327,552	1,183,993	984,336	821,665

Financial ratios

As at	31 December 2019	31 December 2018	31 December 2017	31 December 2016	31 December 2015
Solvency	98.7%	98.6%	98.7%	98.1%	98.1%
Loan-to-value ratio	0%	0%	0%	0%	0%
Weighted average cost of debt	n/a	n/a	n/a	n/a	n/a
Payout ratio of distributable result	100%	100%	100%	100%	100%

Portfolio figures

For the year	2019	2018	2017	2016	2015
Results					
Gross rental income	56,909	53,888	49,149	47,508	45,964
Net rental income	44,193	41,596	37,981	35,831	31,952
Revaluation properties	11.6%	12.1%	10.9%	9.9%	8.3%

As at	31 December 2019	31 December 2018	31 December 2017	31 December 2016	31 December 2015
Balance					
Investment properties	1,474,741	1,293,299	1,145,200	981,005	819,736
Participations	38,950	16,628	-	-	-
Forward acquisitions (off-balance sheet commitments)	345,545	303,855	258,300	182,200	131,100
Participations (off-balance sheet commitments)	66,289	81,318	-	-	-
Total number of properties	101	110	106	103	93
Number of dwellings	4,794	4,975	4,805	4,772	4,665
Current gross yield [1]	4.2%	4.4%	4.8%	5.2%	5.7%
Current net yield [2]	3.3%	3.4%	3.7%	4.0%	4.0%
Occupancy rate [3]	98.6%	98.5%	98.1%	97.8%	97.7%

1) 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.
2) Calculated as gross yield multiplied with the four-quarter rolling-average net/gross ratio.
3) Occupancy as a percentage of theoretical rental income.

Investing in the core quality of the portfolio, with a focus on sustainability, remain key elements of the portfolio strategy in 2020


Robbert W.Y. van Dijk

Foreword

Dear investor,

We are pleased to present the ASR Dutch Core Residential Fund 2019 annual report. This report provides the financial statements, an overview of the performance and the management of the Fund, as well as a glimpse of the year ahead.

Recap on the residential market
Dutch economic key figures remained outstanding in 2019. Dutch GDP growth in 2019 outperformed the Eurozone average. The Dutch residential market was showing similar outstanding figures. Capital growth remained strong, as a result of an overall well performing Dutch economy and residential market. House prices kept rising, followed by rising rents in the liberalised rental market. As a result, the affordability of residential rental units is under serious pressure and gaining a lot of attention from both the public and the government.

Residential real estate has been the most popular investment category, for the second year in a row. Total returns for the residential investment market are still on a high level, although growth is slowing down. The demand for Dutch residential investments remains high, while good product is scarce.

Another successful year for the ASR Dutch Core Residential Fund
Throughout 2019, the Fund's portfolio grew from € 1,310m to € 1,515m, mainly caused by the positive capital growth of the portfolio and term payments for the Fund's assets under construction. Capital growth in 2019 remained high at 12.0%. The income return of the portfolio slightly decreased to 2.7%, bringing the total return for 2019 at 14.7%.

The Fund optimises its income growth through active asset management. As a result, the gross rental income grew to € 56.9m. Occupancy is an essential driver for the return of the portfolio and remained high in 2019, at 98.6%. Besides focusing on rent optimalisation, high occupancy levels and individual unit sales, active asset management involves strict management of operating expenses. The expenses were well within budget for 2019.

The core quality of the portfolio was further enhanced by renovations, new investments and divestments. The Fund continued its effort on actively enhancing the portfolio by renovating two portfolio assets in 2019, which are Ambachtenlaan in Breda and RiMiNi in Amstelveen. Property The Beacons in Amsterdam was completed and added to the Fund in 2019, whereas the Fund executed two investment sales, as well as individual unit sales.

The Fund added two new projects to its pipeline in 2019, which are The Minister in Rijswijk and Edge in Eindhoven. This results in a strong pipeline with a total off-balance sheet commitment of € 412m. Expected completion dates for the pipeline projects range from 2020 to 2023. The pipeline has a 94% exposure to the Fund's focus areas. Currently, seven pipeline projects are under construction.

The Fund welcomed its tenth investor in 2019 and accepted new commitments for a total of € 64m. The Fund maintained its 0% leverage status throughout 2019.

The Fund obtained a GRESB score of 84 point in 2019 and outperformed its Energy Index targets. In 2019, the Fund realised a reduction of its average Energy Index to 1.22 (target 1.25) and decreased its ownership of dwellings with an Energy Index above 2.4 to 1.1% (target 3.0%).

The excellent performance of the portfolio is a result of the execution of the Fund's solid strategy as described in its Three Year Business Plan.

Looking forward
At the beginning of 2020 the global economy was shocked by the COVID-19 (Corona) virus outbreak. The exact impact on the economy and real estate markets is highly uncertain and will be discussed more thoroughly in the market outlook in this annual report.

The outlook for the Dutch residential market remains positive, although the COVID-19 crisis will definitely have an impact. Other challenges that lie ahead, are the scarcity for suitable product, the availability of affordable houses and increased legislation for the mid-priced rental segment. The Fund follows the market developments closely and is well equipped to respond to these trends.

In the Three Year Business Plan the Fund identified two other main trends, besides affordability, affecting the residential market, which are the ageing population and sustainability.

The first trend is expected to bring a shift in tenant preferences, with more focus on adapted dwellings and additional services. The Fund closely monitors these changing preferences, since seniors are one of the Fund's main target groups. The necessity to contribute to the latter trend is evident and fully integrated in the Fund's day-to-day business. The Fund is proactively improving the sustainability of its portfolio since years, which resulted in nearly 900 dwellings being renovated. This is an effort that the Fund will continue to make in the coming years.

Another trend we undeniably recognise is the further digitalisation of the industry. Especially the tenant demand for further digitalised processes, requires to step up our game. The Fund listens carefully to the feedback received from tenants and initiates the implementation of a tenant portal in 2020.

Prospects for investing in residential real estate remain quite positive. Through active asset management, focused acquisition management, in-house property management and a long-term emphasis on sustainability, the Fund remains well positioned for the future. Investing in the core quality of the portfolio, with a focus on sustainability, remain key elements of the portfolio strategy in 2020. We are confident that the portfolio will continue to prove its worth by accommodating 5,000 households and generating solid returns for our investors.

Fund Management Team, ASR Dutch Core Residential Fund

Robbert W.Y. van Dijk, *fund director*
Marsha Sinninghe, *fund manager*
Johan Kamminga, *fund controller*

Ebbingekwartier, Groningen

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 and welcomed its tenth investor in 2019. The Anchor Investor is still committed to the Fund, holding a total of 63.4% of the units (as of 31 December 2019), 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 contractual 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 licenced 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 Manager. 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 Securities Services S.C.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 influence over key decision-making regarding 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 at such a meeting. The Meeting of Investors shall also vote on the appointment or dismissal of the auditor or valuer, removal of the AIF Manager, 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. Three Meetings of Investors were held in 2019.

Investment Committee

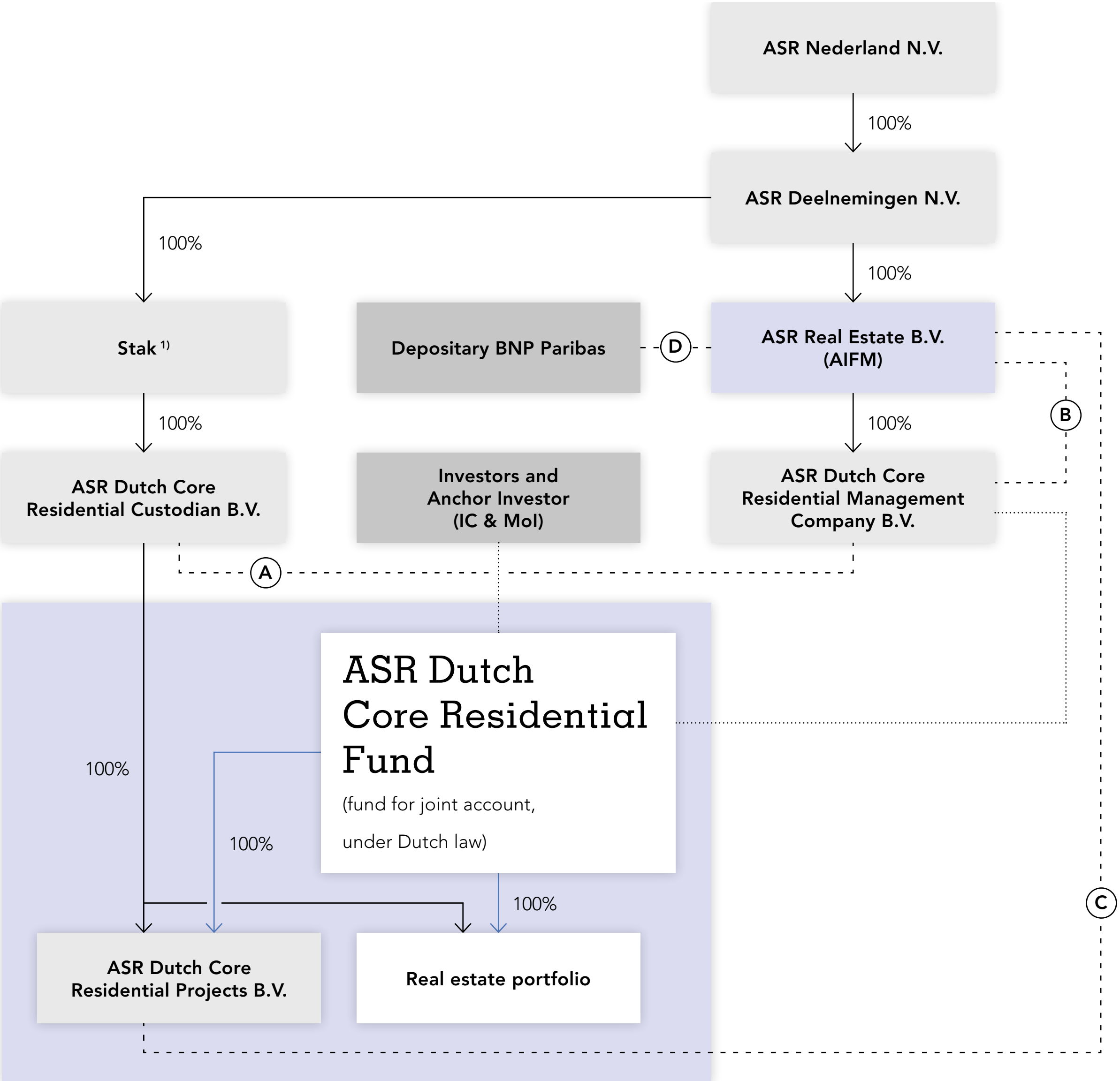
The Investment Committee is responsible for monitoring compliance by the Management Company and the AIF Manager with regard to Investment Objective & Strategy, the Investment Criteria and the Investment Restrictions. Furthermore, it shall be consulted by and render its advice to the AIF Manager whenever the approval or advice of the Investment Committee is required, pursuant to the Fund Agreement. The Investment Committee meets as often as is required. Four Investment Committee meetings were held in 2019.

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 Custodian and the Anchor Investor are all (indirect) subsidiaries of ASR Nederland N.V. 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 the Manager.

Because of these relationships, certain directors and officers of the management company and the 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 Manager or any of its group companies, or an Investor, to the extent such transactions materially affect the Fund, are not expressly contemplated or approved by the terms of the prospectus or the Fund Agreement. 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

1) Stak (Stichting Administratiekantoor ASR Dutch Core Residential Custodian) is the legal entity for the purpose of to acquire and hold the shares in the Custodian against the granting of certificates to ASR Nederland N.V.

ISAE

An internal control system according to the International Standard of Assurance Engagements (ISAE) is 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 to evaluate the efforts of a service organisation at the time of audit to prevent accounting inconsistencies, errors and misrepresentation. It also requires 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 the IT management processes. In February 2020 the ISAE Type II 3402 report over the year 2019 was received from the auditor without any remarks.

Project BV

To maintain the Fund's tax status, no development activities should take place in 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.

The Project BV is a 100% subsidiary of the Fund. This means that the 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 are consolidated within the figures of the Fund. No standalone ('enkelvoudig') financial statements of the Fund and the Project BV are presented, since they would only differ marginally from the consolidated figures.

Report of the Management Company

For the period 1 January 2019 - 31 December 2019

Introduction

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. In 2015, the Fund had four closings, in which € 150m in equity was raised, while the Anchor Investor redeemed for an amount of € 140m in total. In 2016, the Fund had two closings, in which € 75m in equity was raised. In 2017, the Fund had four closings, in which € 86m in equity was raised. In 2018, the Fund had no closings. In 2019, the Fund had three closings, in which € 128m in equity was raised, while the Anchor Investor redeemed for an amount of € 64m in total. The Fund has ten investors and the Anchor Investor holds 63.4% of the units in the Fund, as at 31 December 2019. This annual report presents the year-to-date figures as at 31 December 2019.

Market developments

Dutch economy

Figure 2 Key economic indicators

GDP growth	y-o-y real GDP growth 2019	↘	1.7%
Consumer prices	y-o-y inflation (CPI) 2019	↗	2.6%
Consumer confidence	Average balance 2019 (y-o-y change)	↘	-1 (-22)
Unemployment	ILO unemployment rate 2019	↘	3.4%
Private consumption	y-o-y consumer spending 2019	↘	1.6%
Producer confidence	Average balance 2019 (y-o-y change)	↘	+4 (-4)

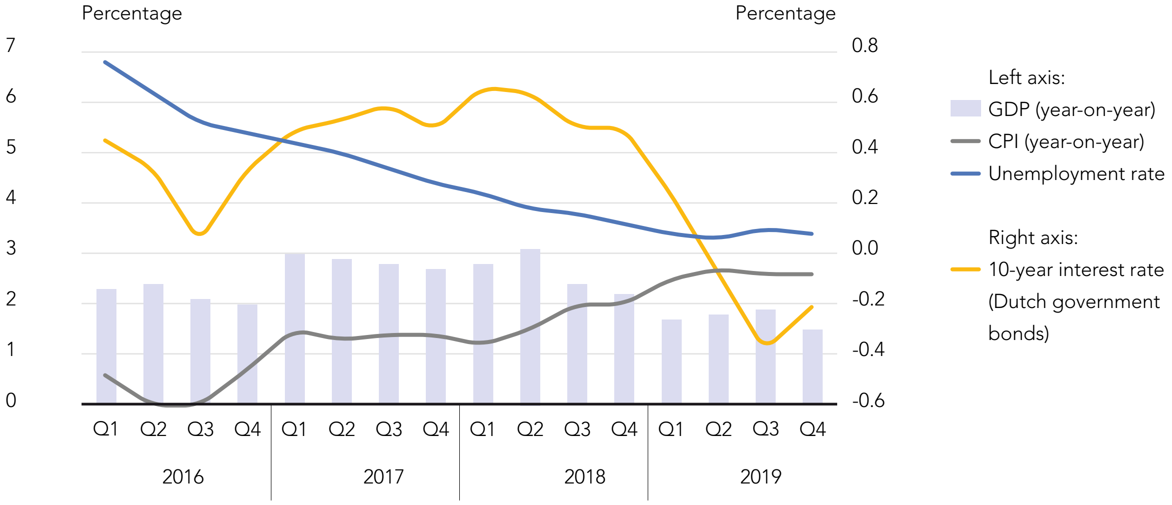
Source: Statistics Netherlands (CBS), 2020

A growing Dutch economy in 2019, but growth became more fragile

In 2019, the Dutch economy performed in line with last year's forecasts and the economy grew for the seventh consecutive year. However, growth has been slowing down since 2017. Last year the economy grew by 1.7% after a 2.6% increase in 2018 and a growth peak of 2.9% in 2017. The main reasons for this growth slowdown were the continuing uncertainties surrounding Brexit and the trade war between the US and China (DNB, 2019).

Last year, economic growth was largely driven by export, domestic household consumption and government expenditure. The impact of the aforementioned (international) uncertainties was mainly experienced by Dutch export (ING, 2019). Nevertheless, the Netherlands is still doing well compared to other Euro countries. In 2019, Eurozone's GDP growth was 1.1%, year-on-year, which is considerably lower than the Netherlands' 1.7% (Eurostat, 2020).

Figure 3 Dutch economic indicators



Source: Statistics Netherlands, Consensus Forecast, 2020

Unemployment remained historically low, while job vacancies still increase

Despite the slowing down of economic growth, unemployment in the Netherlands remained historically low in 2019, with an average rate of 3.4%. In December the unemployment rate even fell to 3.2%. This was considerably lower than in the Eurozone, where the unemployment rate was 7.4% in December 2019. Only Germany (3.2%) and Czechia (2.0%) showed a similar or even lower unemployment rate.

Last year, the number of employed people in the Netherlands was, on average, 170,000 higher than the year before and hit the 9 million mark for the first time in December 2019. The number of unemployed people decreased by approximately 27,000 to 302,000 in December 2019 (Statistics Netherlands, 2020 & Eurostat, 2020).

According to Statistics Netherlands (CBS), the number of job vacancies has increased for the sixth year in a row, but growth slowed down. By the end of 2019, the number of job vacancies was 291,000, which is 10% more than the year before. During 2019, most sectors showed a (strong) upward trend except for the financial services sector (-4.4% y-o-y) and transport & logistics (-8.8% y-o-y). Furthermore, after years of growth, the number of vacancies in the construction industry, heavy industry and energy sector have stagnated. As in the four years before, the largest contributor in 2019 was the commercial services sector, which accounted for approximately 14,000 more vacancies compared to the previous year (Statistics Netherlands, 2019).

The increase in job vacancies has had a decreasing effect on the level of unemployment. This caused a tight market. In six years the number of unemployed per vacancy has dropped from a very high level of 7.2 (2013) to a very low 1.1 (Statistics Netherlands, 2019).

Sharp increase in inflation in 2019, but long-term average is to be expected

On average, consumer prices in the Netherlands increased by 2.6% in 2019, the biggest increase since 2002 and one of the highest in the Eurozone last year, according to the European harmonised consumer price index (HCIP). This sharp increase can be attributed to an increase in the low VAT-rate and increased energy taxes. The average price increase in the Eurozone was considerably lower, with a harmonised average of 1.2% in 2019, which is a decrease compared to 2018 (1.6%) (Eurostat, 2019).

Consumer confidence remained low, but stable

Household consumption in the Netherlands grew by an average of 1.6% in 2019. This was almost half the consumption increase in 2018 (2.6%), which was in line with the declining growth of the economy. This was also prompted by consumer confidence: in February 2019, it was negative for the first time in four years (-2) and, during 2019, it moved to around the zero mark, indicating that around half of the country's households were confident about the economy and their spending power, and half were not. Despite the sharp decline in the fourth quarter of 2018, consumer confidence in 2019 remained above the long-term (20-year) average (Statistics Netherlands, 2020).

The Dutch real estate investment market

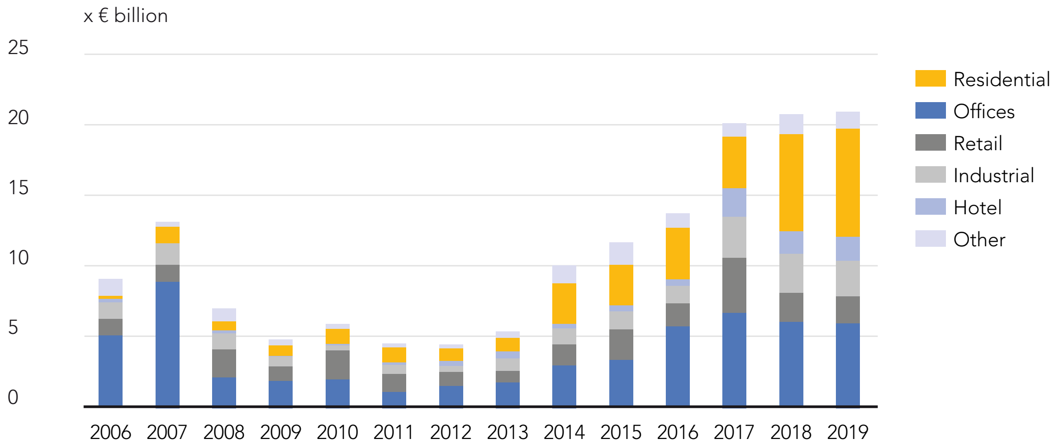
Residential real estate the most popular investament category in 2019

Due to positive economic developments, the Dutch real estate investment market had a very good year. For the third consecutive year, total investment volume amounted to more than € 20 billion. The total investment volume in 2019 rose by € 0.2 billion to € 20.9 billion, which was once more a record high (CBRE, 2020). This growth was caused by strong economic conditions and the widespread availability of capital, which is largely driven by low interest rates.

What stands out is that, for the second time in history and for the second year in a row, of all the real estate categories, the residential sector generated the highest investment volume. Approximately € 7.6 billion was invested in residential real estate last year, which is 11% more than the year before. The housing shortage and lack of investment products increases competition between investors on the Dutch residential market. Moreover, notable foreign investors entered the market, like Heimstaden and M&G real estate.

Investments in the other markets remained stable, except for investments in retail and industrial, where the investment volume decreased by 9.0% and 8.5% respectively (CBRE, 2020). Besides residential, almost € 6.0 billion was invested in offices, € 2.5 billion in industrial / logistics, € 1.9 billion in retail, € 1.7 billion in hotels, and €1.2 billion in other real estate, including healthcare real estate (CBRE, 2020). With those high investment volumes, Dutch real estate is relatively attractive to foreign investors and it has achieved a permanent place in the top 5 countries which attract the most investments in Europe.

Figure 4 Dutch real estate investment market



Source: CBRE, 2020

Investment in Dutch residentials performed outstanding in 2019

Table 1 Investment market performance indicators

			2019 y-o-y
	Single-family houses	Apartments	Total
Total return	13.4	13.7	13.6
Capital growth	9.5	10.5	10.1
Income return	3.5	2.9	3.2
Market rental value growth	3.6	3.9	3.7

Source: MSCI ,2020

Strong performance of the Dutch residential investment market

The total return of the Dutch residential property market in 2019 was no less than 13.6% year-on-year (MSCI, 2020). Capital growth contributed largely to the total return, namely 10.1% (MSCI, 2020). Although returns for the residential investment market are still on a high level, the pace is slowing down. Ongoing yield shift and market rental growth were the main drivers behind the strong capital growth in 2019. The demand for Dutch residential investments was very high and new product were scarce, which ensured that yields were tighten in 2019.

Capital growth for apartments was reasonably higher than for single-family housing (10.5% versus 9.5%). This is in line with previous years. The income return for single-family housing was 3.5% (versus 2.9% for apartments). Due to relatively large capital growth, the total income return has decreased by 0.2% compared to the year before: 3.2% (MSCI, 2020). The open market rental value growth (OMRV) for residential was again quite positive in 2019, with 3.7% year-on-year (MSCI, 2020).

The Dutch residential market

Table 2 Owner-occupied market indicators

	2019	1-year growth	3-years growth (per year)	Forecast 2020
House price (average)	€ 308,000	6.9%	7.8%	3.0 to 4.5%
Transactions	218,595	0.0%	0.6%	-2.0 to -5.0%

Source: Statistics Netherlands (CBS), ABN AMRO, Rabobank, 2020

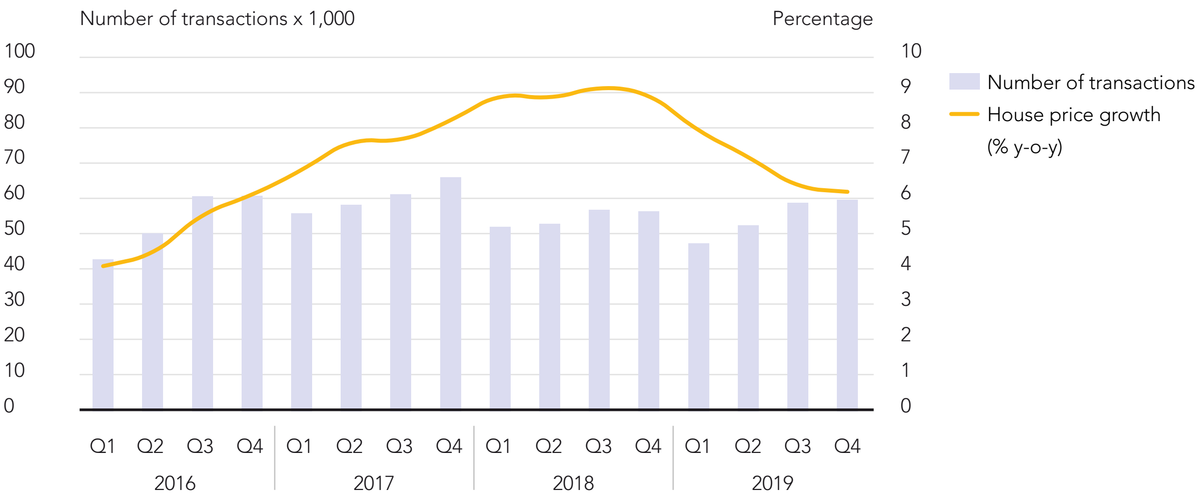
The residential owner-occupier still going strong, affordability under pressure

In 2019, the Dutch owner-occupied residential market again had a very good year, mostly due to a well-functioning economy combined with historically low interest rates. House prices rose by more than 6.9% compared to 2018, when the average increase was even 9% (CBS, 2020). In total, more than 218,000 houses were sold in 2019, which is comparable to the number sold in 2018. The average selling price was approximately € 308,000 (CBS, 2020). However, there are considerable regional differences which shifted during 2019. In previous years, there were hardly any price increases in the demographically shrinking areas and market dynamics lagged behind, but in the fourth quarter of 2019, the highest price increases were actually noticed in East Groningen, Twente, the Achterhoek, and South Limburg. Overall, the owner-occupied housing market in 2019 has become even less accessible than the year before and affordability was put under further national pressure (NVM, 2020).

The rental prices of liberalised rental houses increased in 2019 by 4.5%, which is lower than the average price increase on the owner-occupied residential market. The average price per square metre rose slightly to € 11.92. Regional differences remained obvious. The square metre rental price in Amsterdam was € 20.73, while in Almere it was € 10.51 (NVM, 2020). Despite the price development being relatively moderate, affordable rental houses were scarce and became even scarcer. Almost 46% of all transactions have a rental price of above € 1,000 per month, while five years ago this was only 22%. As a result, the need for affordable housing in the mid-price segment became and stays increasingly necessary.

Since record high prices in cities such as Amsterdam lead to exceptionally low initial yields, investors have also turned towards non-core areas.

Figure 5 House price growth and transaction volumes



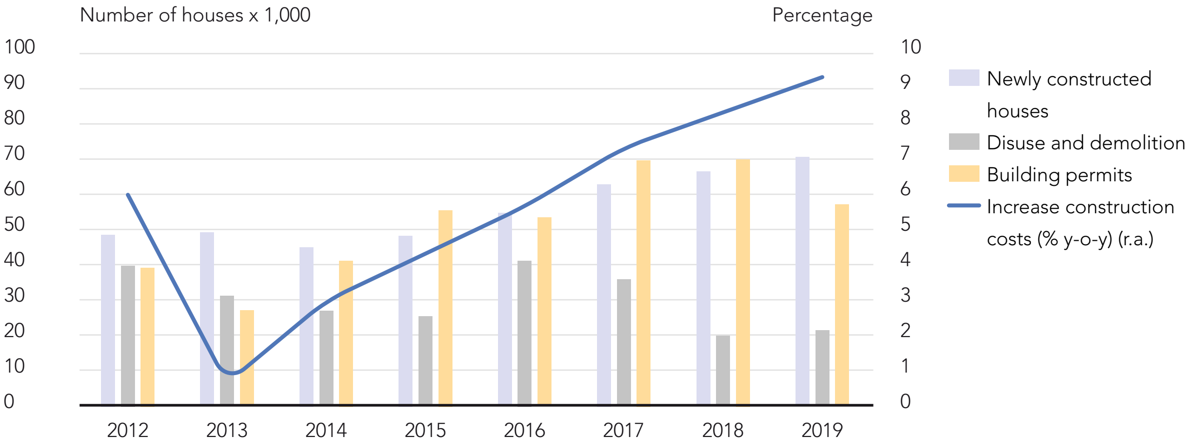
Source: CBS, 2020

Housing shortage is increasing

The increase in house prices is the result of good economic conditions on the one hand and the increasing housing shortage on the other, especially in the Randstad conurbation (ABF Research, 2019). The housing shortage rose to 315,000 in early 2020, due to the limited supply of houses offered for sale and the number of households which rose faster than new construction plans can be developed. Still, in 2019, 71,000 new houses were built, which was more than in past years, and in accordance with the government's objective of 75,000 new houses per year. Unfortunately, this has not yet been sufficient to get the market back into balance.

In addition, in 2019, nitrogen and PFAS problems caused new construction plans to be delayed. The total number of building permits in 2019 declined by 18.4% compared to the year before. This will affect the housing shortage on the short term more and more. For the investment market, this means that newly built projects for acquisition will be even more scarce in an already competitive market.

Figure 6 Housing construction and building costs



Source: CBS, 2020

Government policy is focusing on affordability and housing shortage

Government policy with regard to the residential market is increasingly focusing on improving affordability and reducing the housing shortage. For example, the government made more than € 2 billion available on 'Prinsjesdag' (Prince's Day) to stimulate the Dutch residential market. Half of this amount has been made available for the construction of affordable housing in municipalities in regions with a tight housing market. The remaining part is for infrastructure and for solving the nitrogen issues. In addition to this financial boost, the government has announced that it will improve the housing market position of low-income households.

In order to improve affordability, there is a desire to realise a larger number of mid-priced rental properties (€ 720 to € 1,000 per month) coupled with regulations to prevent major rent increases. A scheme launched on a national scale seems unlikely, now that the government has shown a preference for municipalities to take independent, specific measures to regulate the mid-priced rental segment. Besides stimulants for rental housing, the government is downscaling support for the owner-occupier market. The tax-deduction for mortgage interest rates will be deceased in the coming decade. The maximum loan-to-value (LTV) ratio for mortgages has also been decreased to 100% (government of the Netherlands, 2020).

Outlook

The global economy was shocked by the COVID-19 (Corona) virus outbreak in the first quarter of 2020. At time of writing, the exact impact on the economy and real estate markets is highly uncertain. Because of this uncertainty two economic scenarios have been distinguished, which are a base and a negative scenario.

In the base scenario, Dutch economic growth is expected to decrease significantly ranging from -0.2% (Rabobank, 2020) to -1.2% (CPB, 2020) in 2020. In this scenario it is assumed that the virus is effectively 'under control' in the second quarter of 2020 and the national government's supporting measures are strong enough to absorb the economic shock. The Dutch economy can rebound gradually from the fourth quarter of 2020 onwards.

In the negative scenario the pandemic will become incorporated in the Dutch economic system. The combination of a supply and demand shock (which means stagnating production and stalled consumer behaviour) will drag down the economy in a longer lasting and deeper recession. Companies and banks are in more danger to default and unemployment could increase steeply as a result. In this case the economic impact could be comparable to the global financial crisis in 2008 and 2009.

As expected, the crisis will have an impact on the real estate market as well, in both scenarios. However, it is expected that the residential sector will have the most stable outcome.

Current market fundamentals remain favourable: supply and demand are still not balanced and the housing shortage will remain due to an increasing number of households in the coming years and the limited number of building permits issued in 2019.

In the aforementioned base scenario the crisis will have a moderate, balanced impact on the residential market: development projects might face delays due to a reduced employability rate at construction sites and issues in the availability of certain supplies, but - on the contrary - an expected rise in unemployment and a decreasing consumer confidence will result in more cautious consumers that will also lead to a decrease in the demand for housing. As a result, house prices are expected to grow only by 2%, which is a signifcantly lower growth percentage than in previous years.

On the residential investment market investors will likely be more cautious as well. Due to the historically low yields pricing became an issue more and more in previous years and the uncertainties surrounding the Corona crisis will further impact the appetite for real estate investments in general. Still, investors remain keen on good (residential) products in the core markets which will most likely not impact current yields upwards. Therefore, pressure on yields will remain but will stagnate compared to the years before.

Besides the COVID-19 situation, government policy will leave a stronger mark on the regulation of the mid-priced rental segment and will continue to focus on affordability and the reduction of the housing shortage. Buy-to-let will be further discouraged. In addition, new regulations on nitrogen emissions and 'almost energy neutral buildings' ('Beng' or 'Bijna Energieneutrale Gebouwen') have become a big hurdle, resulting in construction projects being delayed and cancelled. However, the expected local government interventions may result in a slightly decreasing appetite for residential investments at certain locations. It is expected that investments in Dutch residential real estate remain attractive for investors, due to the strong fundamentals. The growth in investment volumes is likely to continue in the coming years, due to the strong inflow of foreign capital and good prospects for the Dutch residential market.

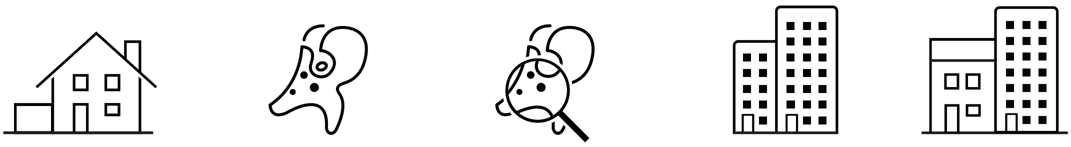
Laan van Van Floris De Vijfde, Nootdorp

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 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



1 Core residential investments	2 Best performing cities and agglomerations	3 Defined segments	4 Affordable housing in non-regulated segment	5 Apartments and single-family houses
High-quality residential assets with long-term stable income and low risk profile	Focus on regions with strong economic and demographic fundamentals	Defined sub-segments based on occupier and location characteristics	Focus on the mid-priced rental segment: average monthly rents between €720 and €1,000 (up to €1,500 in specific locations, like Amsterdam)	Diversified and balanced portfolio meeting long-term consumer demands

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 in 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 strongest regions of the Netherlands. The AIF Manager will undertake active asset management initiatives to unlock inherent reversionary potential and generate capital appreciation.

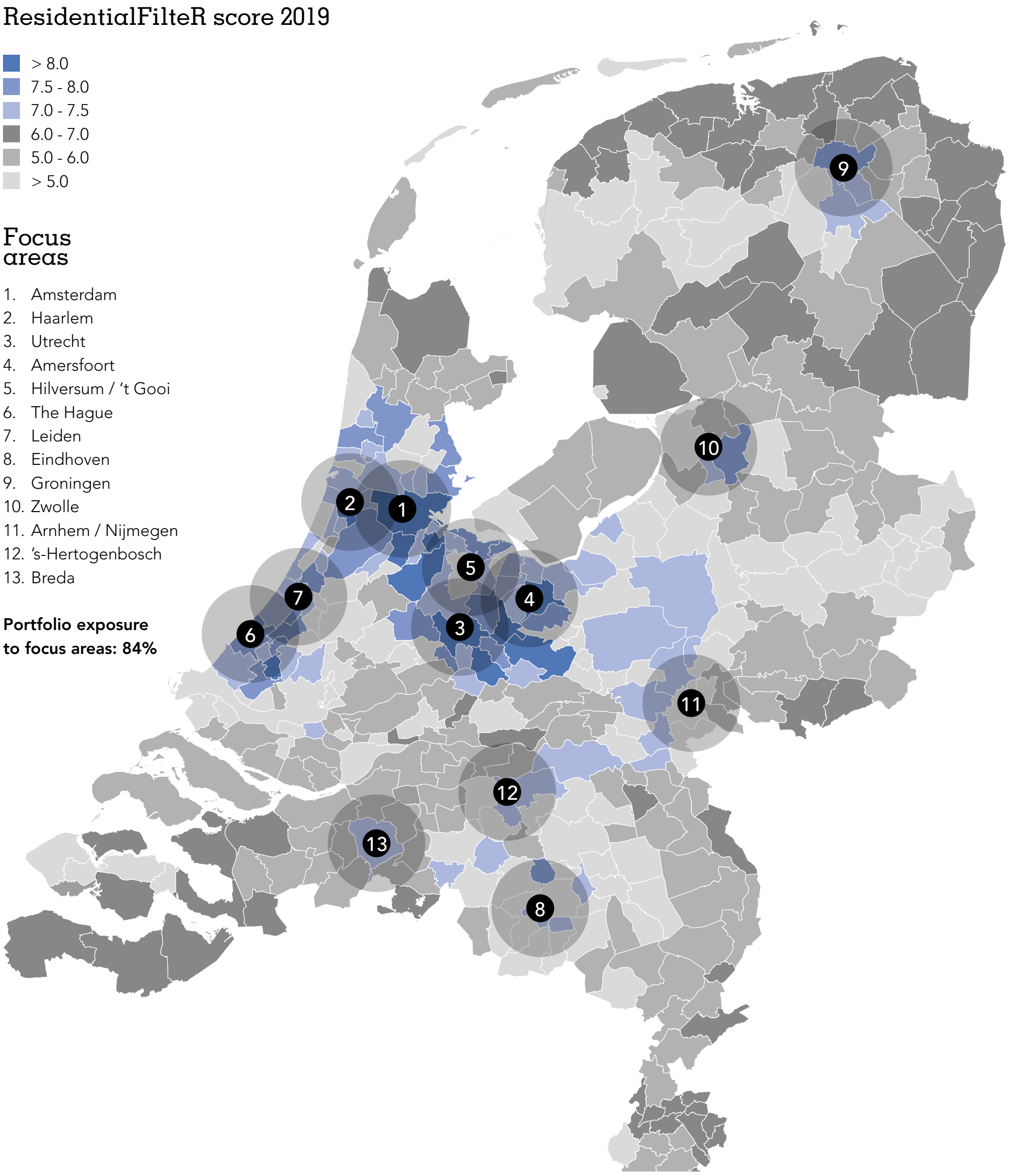
Investment strategy

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 defined by sub-segments (based on location and occupier types) in the residential market 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 cities and agglomerations: 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 identified a strategy focusing on the best performing cities and agglomerations 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 and agglomerations by tracking key performance indicators of all municipalities in the Netherlands related to demographics, economics and the real estate investment market.
- Based on this analysis and expert judgment, the Fund focuses on the following thirteen areas, as shown on this ResidentialFilteR map of the Netherlands.

Figure 7 ResidentialFilteR 2019



Source: a.s.r. real estate, 2020

- Defined segments: based on a research-driven approach, a.s.r. real estate has distinguished three main different residential market segments (by location) and three main occupier groups, resulting in nine product/market sub-segments. Distinguishing separate segments based on location and occupiers allow for:
  - A selective investment approach that recognises different occupier preferences;
  - Focus on those areas in which the resulting long-term residential demand is expected to further increase;
  - Benefiting from the urbanisation development, while maintaining a certain level of diversification.

  The Fund focuses on five of these identified sub-segments when investing, as highlighted below.
- Affordable housing in a non-regulated segment: the focus of the Fund is on affordable housing in the non-regulated rental sector, which means a focus on the mid-price rental segment. This segment is distinguished by rents between € 720 and € 1,000 per month. In specific locations, such as Amsterdam, rents up to € 1,500 are also considered affordable.

Segment diversification as at 31 December 2019

	Urban • Large key cities in metropolitan areas • Population > 100,000	**Suburban** • Suburban residential municipalities and medium sized cities • Population 25,000 - 100,000	**Peripheral** • Villages and small towns • Population < 50,000
Young professionals • Age 20 - 40 • Household size 1 - 2	€ 629m Current: 46%	€ 56m Current: 4%	
Families • Age 30 - 55 • Household size 3 - 5	€ 140m Current: 10%	€ 185m Current: 14%	€ 103m Current: 7%
Empty nesters & Seniors • Age 55+ • Household size 1 - 2	€ 75m Current: 5%	€ 158m Current: 12%	€ 23m Current: 2%

Source: a.s.r. real estate, 2019

Financial Performance

Result for 2019

The net result of the Fund in 2019 amounted to € 202.7m (2018: € 182.4m), which corresponds to a net result of € 165 per unit (2018: € 153) and resulted in a distributable result of € 31 per unit (2018: € 33). The total return for 2019 was 14.7% (2018: 15.3%), which is composed of an income return of 2.7% (2018: 3.2%) and capital growth of 12.0% (2018: 12.1%). The decrease of income return for 2019, compared to 2018, is explained by strong capital growth figures, an increased share of investment properties under construction and a decrease in the result on (individual unit) sales.

Figure 8 Net result as at 31 December 2019

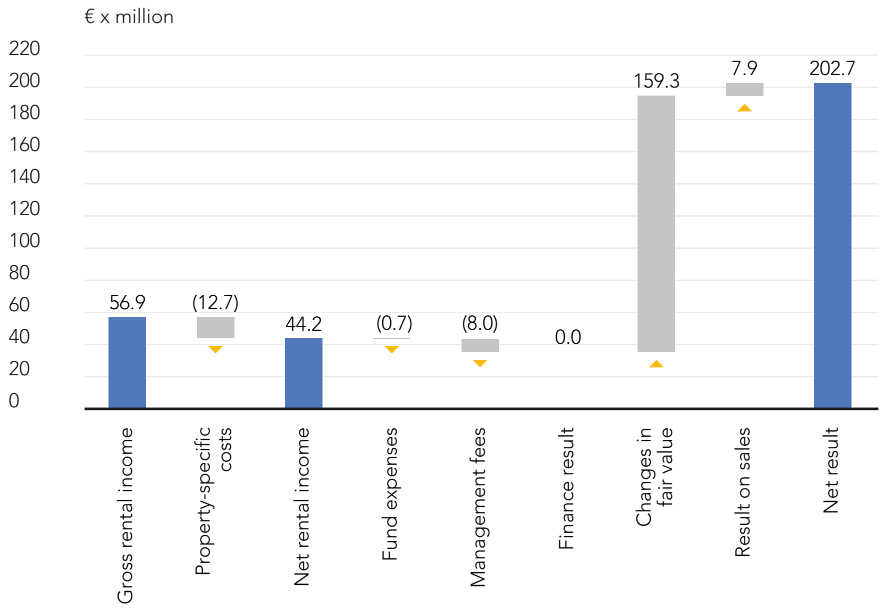


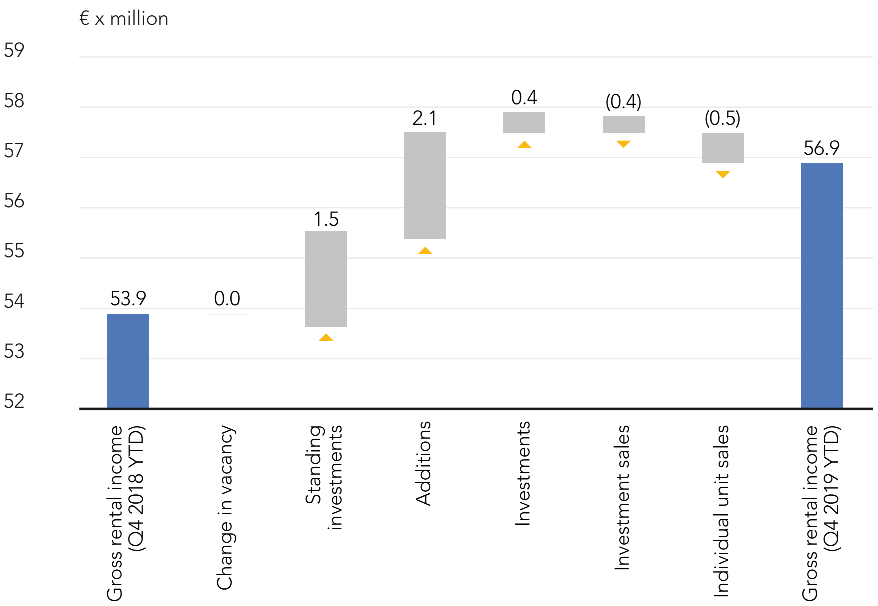
Table 3 Net result per unit (in €)

For the year	2019	2018	2017	2016	2015	2014
Gross rental income	46.22	45.18	42.81	45.11	45.37	42.17
Property-specific costs	(10.33)	(10.31)	(9.73)	(11.09)	(13.83)	(12.07)
Fund expenses	(0.54)	(0.59)	(0.64)	(0.67)	(0.61)	(0.76)
Management fees	(6.49)	(5.81)	(5.21)	(4.73)	(4.28)	(4.13)
Operating result per unit	**28.85**	**28.47**	**27.23**	**28.62**	**26.65**	**25.21**
Finance result	(0.05)	(0.15)	0.30	(0.12)	(0.05)	(0.09)
Changes in fair value of investment properties	123.52	114.57	97.64	83.84	62.15	1.37
Changes in fair value of right-of-use contracts	(0.05)	-	-	-	-	-
Changes in fair value of participations	5.92	4.82	-	-	-	-
Result on sales of investment properties	4.18	0.97	0.94	-	-	(0.10)
Result on individual unit sales	2.27	4.24	5.21	8.46	6.69	4.28
Net result	**164.65**	**152.93**	**131.32**	**120.80**	**95.44**	**30.67**

Gross rental income

Gross rental income amounted to € 56.9m in 2019, which is an increase of 5.6% compared to 2018 (€ 53.9m). This increase is the result of the completed development of (forward) acquisitions, investments, lower vacancy and (annual) rent increases. Like-for-like gross rental growth amounted to 4.0%. The gross rental income growth was mitigated by individual unit sales and investment sales. Financial vacancy amounted to -/- € 0.8m in 2019 (2018: -/- € 1.1m).

Figure 9 Changes in gross rental income



Property-specific costs

Property-specific costs amounted to € 12.7m in 2019, which corresponds to 22.3% of gross rental income. This is a relative decrease compared to the same period in 2018 (€ 12.3m or 22.8%).

Maintenance costs took up the largest share of property-specific costs (€ 6.2m or 11.0% of gross rental income), which is in line with 2018 (€ 5.8m or 10.7%). The decrease in property-specific costs can be attributed to lower marketing costs, including letting fees, as a result of a limited number of completed forward acquisitions in 2019.

Property management fees increased slightly to € 2.3m in 2019 (2018: € 2.2m), as a result of the increase in gross rental income in 2019. The property management fee, including VAT, is set at 4.0% of gross rental income.

Fund expenses

Fund expenses amounted to € 671k or 1.2% of gross rental income in 2019 (2018: € 703k or 1.3%) and are in line with expectations. The major categories within fund expenses concern valuation fees paid to external appraisers (€ 371k), depositary fees (€ 106k) and audit fees (€ 98k).

Management fees

Management fees, which amounted to € 8.0m in 2019 (2018: € 6.9m), relate to the asset (€ 7.3m) and fund management fee (€ 0.7m).

The Fund Agreement was amended in the second quarter of 2019 in order to incorporate a change in the calculation of the asset management fee. Instead of a fixed asset management fee of 0.50% of the average IFRS net asset value (average NAV), the asset management fee is calculated according to the following criteria:

- if average NAV is below € 1.5 billion: 0.50% of average NAV;
- if average NAV exceeds € 1.5 billion: 0.50% of € 1.5 billion or 0.42% of the average NAV, whichever amount may be the largest.

As the average net asset value in the fourth quarter of 2019 exceeded € 1.5 billion, the asset management fee, as a percentage of the average quarterly NAV, started to decrease. The asset management fee amounted to 0.49% in the fourth quarter of 2019. The calculation of the fund management fee is unchanged and amounts to 0.05% of the average NAV for the quarter

Finance income and costs

Finance result amounted to -/- € 58k in 2019 (2018: -/- € 174k). This increase was caused by higher interest income of € 349k, compared to 2018 (€ 235k). Interest income relates to interest received on term payments of forward acquisitions. The increase in interest income is the result of a larger share of average assets being under construction in 2019, compared to 2018. Interest costs relate to the commitment fee for the credit facility, interest on the drawn amount of this facility and negative interest paid on cash held in the bank account. Interest costs remained stable at -/- € 407k compared to 2018 (-/- € 409k).

Portfolio Performance

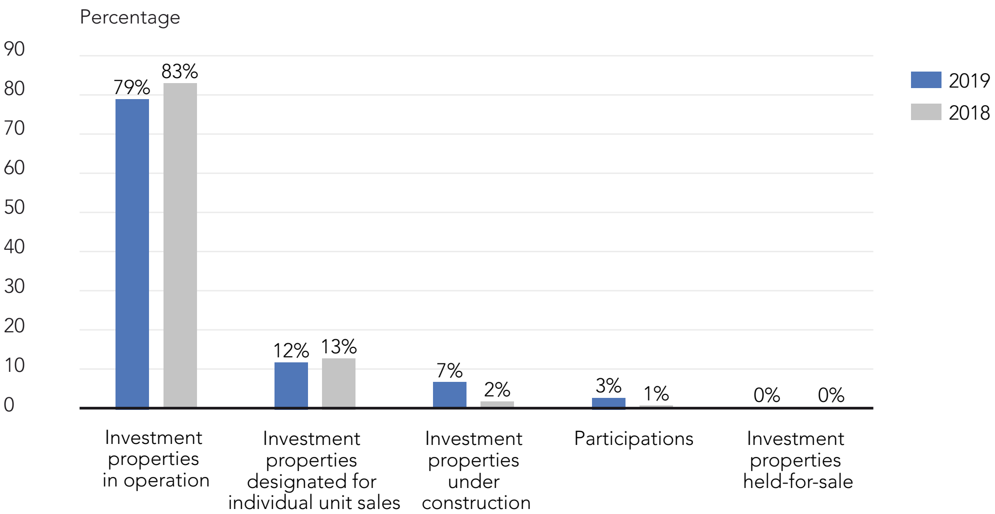
Portfolio overview

The Fund's portfolio consisted of 101 properties (2018: 110), as at 31 December 2019, comprising 4,794 residential units (2018: 4,975) and 1,847 parking spaces (2018: 1,836). The number of residential units showed a decrease in 2019 compared to the previous year, as a result of the investment sale of a portfolio of 9 small-sized properties in the second quarter, the investment sale of property Kramsvogel-Spreeuwlaan in Bilthoven in the fourth quarter, as well as individual units sales throughout 2019. Approximately 61% of the portfolio's residential units concerns apartments (2018: 61%).

The majority of the portfolio concerns investment properties in operation (79%) and properties designated for individual unit sales (12%). The share of investment properties under construction increased in 2019, due to term payments on forward acquisitions, while forward acquisition The Beacons in Amsterdam was completed and added to the Fund's investment properties in operation in 2019.

Held-for-sale investment properties, which concern individual units and properties that were sold in 2019, but will be transferred from the Fund in 2020, are limited in number. Aside from the Fund's investment properties, the Fund has a total off-balance sheet commitment of € 411.8m, as at 31 December 2019.

Figure 10 Investment status as percentage of fair value as at 31 December 2019



The portfolio's ten largest properties account for 41.2% of the total portfolio's fair value, as at 31 December 2019. This is an increase compared to the previous year (40.7%), as a result of additions, sales and revaluations. The composition of this overview is largely unchanged, compared to 2018.

Table 4 Overview of the ten largest properties as at 31 December 2019

Property	City	Region	Percentage of total portfolio's fair value
Wibautstraat	Amsterdam	Amsterdam	5.7%
Wicherskwartier	Amsterdam	Amsterdam	5.6%
Staalmeesterslaan	Amsterdam	Amsterdam	4.6%
Zuidkwartier	Amsterdam	Amsterdam	4.2%
Terwijde-centrum	Utrecht	Utrecht	4.2%
Europapoort	Amsterdam	Amsterdam	3.9%
Lamérislaan	Utrecht	Utrecht	3.6%
Nachtwachtlaan	Amsterdam	Amsterdam	3.4%
Vathorst 1	Amersfoort	Amersfoort	3.1%
Dotterbloemstraat	Nieuwegein	Utrecht	2.9%
Total			**41.2%**

Throughout 2019, the Fund's portfolio (excluding investment properties under construction) grew from € 1,264m to € 1,370m. The portfolio is spread across different value classes as shown in the table below. Changes in the composition of this overview are mainly the result of addition, sales and revaluations. The number of properties with a fair value below € 1 million and between € 1 to € 5 million decreased strongly, as a result of the investment sale of 9 small-sized properties in the second quarter of 2019. The number of properties with a value exceeding € 50 million increased from 5 to 6, as a result of the revaluation of property Terwijde-centrum in Utrecht.

Table 5 Average property value as at 31 December 2019

	2019		2018	
Fair value	Properties	% of fair value	Properties	% of fair value
< € 1m	5	0.3%	10	0.5%
€ 1m - € 5m	27	6.1%	36	8.6%
€ 5m - € 10m	31	16.4%	28	16.0%
€ 10m - € 15m	12	10.7%	12	11.4%
€ 15m - € 20m	9	11.8%	9	12.6%
€ 20m - € 50m	11	26.6%	10	27.5%
> € 50m	6	28.1%	5	23.4%

Occupancy

The overall portfolio occupancy rate amounted to 98.6% of theoretical rental income as at 31 December 2019, which is a slight improvement, compared to 31 December 2018 (98.5%).

Residential units in the portfolio were characterised by an average vacancy rate of 1.3% and represent 86% of the portfolio's total vacancies, as at 31 December 2019. The remaining total portfolio vacancies are mainly attributed to parking. Two of the properties within the overview of the top ten vacancies are intently left partially vacant because these units are offered for sale in the owner-occupied market, as part of the portfolio's active individual unit sales strategy. Properties designated for individual unit sales, have an average vacancy rate of 4.4%, compared to 0.9% for the portfolio's standing investments.

Table 6 Overview of the top ten vacancies as at 31 December 2019

Property	City	Region	Investment type	Vacancy (€ '000)	Vacancy rate (%)	Vacancy as percentage of total portfolio vacancy	Vacancy type
Europapoort	Amsterdam	Amsterdam	Residential	150	9.1%	18.1%	Individual unit sales
Van Randwijkstraat	Leiden	Leiden	Parking	74	5.5%	8.9%	Operational
Nachtwachtlaan	Amsterdam	Amsterdam	Residential	50	3.4%	6.1%	Individual unit sales
Ambachtenlaan	Breda	Breda	Residential	44	4.9%	5.3%	Operational
Lamérislaan	Utrecht	Utrecht	Residential	40	1.7%	4.8%	Operational
Karel Doormanstraat	Rotterdam	Other	Residential	35	6.3%	4.2%	Operational
Vathorst 1	Amersfoort	Amersfoort	Residential	34	1.7%	4.1%	Operational
Couwenhoven	Zeist	Utrecht	Residential	28	4.9%	3.4%	Operational
Bonifaciuslaan 1	Hilversum	Hilversum	Residential	27	2.2%	3.3%	Operational
Ravensteinerf	Tilburg	Other	Residential	22	3.4%	2.7%	Operational
Total				**504**		**60.9%**	

Nieuw-Mariënpark, Leidschendam

Portfolio additions and sales

Additions

Forward acquisition The Beacons in Amsterdam was completed and transferred to the Fund in 2019. This addition is discussed in more detail in the table and text below.

Table 7 Additions in 2019

Property	City	Region	Number of apartments	Number of parking spaces
The Beacons	Amsterdam	Amsterdam	41	40
Total additions			**41**	**40**

The Beacons in Amsterdam

The Beacons consists of 41 high-quality apartments in Amsterdam Zeeburgereiland. This location in the northeast of Amsterdam has grown in popularity in the last few years. The property consists of two towers with 63 owner-occupied apartments (not acquired by the Fund) and 41 rental apartments with spacious balconies serving as a main feature. The location is easily accessible by public transport and road. A total of 40 parking spaces, of which 9 are parking spaces for mobility scooters, in the communal parking garage were also acquired by the Fund. Average rent (parking excluded) is € 1,380 per month and the property was fully let, as at 31 December 2019.

Sales

Total proceeds from sales amounted to € 51.9m in 2019, which was 18% above the appraisal value of € 43.9m. Whereas total proceeds from sales increased compared to 2018 (€ 33.8m), average result on sales decreased (2018: 23%).

There were two investment sales in 2019. In the second quarter of 2019, the Fund executed an investment sale of 9 small-sized properties, comprising 41 residential units in total. It was decided to sell these properties through an investment sale, as forecast returns proved to be financially insufficient, vacant possession values were relatively high, average turnover rates were relatively low and the appetite for such properties on the investment market is currently strong. Proceeds of sales amounted to € 7.5m, which was 3% above the appraisal value of € 7.3m.

In the fourth quarter of 2019, property Kramsvogel-Spreeuwlaan in Bilthoven was sold. The decision to sell this property was due to high budgeted costs for maintenance and capital expenditure in the next few years. After thorough analysis, an upgrade of property Kramsvogel-Spreeuwlaan through a large-scale renovation was not deemed financially feasible, due to the relatively high cost of investment and limited market rent potential. Proceeds of sales amounted to € 25.7m, which was 24% above the appraisal value of € 20.8m.

In addition to investment sales, the Fund utilises an active individual unit sales strategy in order to offer additional return to investors. Approximately 12% of the portfolio's residential units are currently earmarked for individual unit sales, which means that when tenants vacate a residential unit, it will be sold to individuals on the owner-occupied market. As part of this individual unit sales strategy, 53 residential units and 19 parking spaces were transferred from the Fund in 2019. Proceeds of sales amounted to € 18.6m, which was 18% above the appraisal value of € 15.8m.

Total proceeds from individual sales decreased compared to 2018 (€ 24.8m), which is the result of a lower turnover rate in 2019 (8.5%) for residential units that are designated for individual unit sales, compared to 2018 (11.7%). Average result on sales amounted to 18%, which is lower compared to 2019 (2018: 26%). This is caused by average appraisal value growth being relatively stronger than average vacant possession value growth, with regard to the portfolio that is designated for individual unit sales, in 2019.

Table 8 Sales in 2019

Property	City	Proceeds of sales (€ '000	Appraisal value (€ '000	Result on sales (€ '000)	Investment/ indivual unit sale	Number of single-family houses	Number of apartments	Number of parking spaces
Dinkel	Heerhugowaard				Investment	17		
Poortwacht	Leiderdorp				Investment		1	
Beukensingel	Raalte				Investment	7		
De Havezathe	Raalte				Investment	5		
Van Geeststraat	's-Gravenzande				Investment		3	
Predikherenpoort	's-Hertogenbosch				Investment		1	1
Vijfhuizerweg	Vijfhuizen				Investment	2		
Herenstraat	Voorburg				Investment		1	
Veurseweg	Voorschoten				Investment		4	
Portfolio of 9 small-sized properties		**7,546**	**7,337**	**209**		**31**	**10**	**1**
Kramsvogel-Spreeuwlaan	Bilthoven	25,743	20,802	4,941	Investment		128	
Total investment sales		**33,289**	**28,139**	**5,150**		**31**	**138**	**1**
Benctincklaan	Barneveld	468	393	75	Individual	2		
Boeg	Wijk bij Duurstede	245	200	45	Individual	1		
Broekhuizenstraat	Tilburg	174	145	29	Individual	1		
Claverenbladstraat	Leusden	780	659	121	Individual	3		
Colijnstraat	Son en Breugel	211	188	23	Individual	1		
Dinkel	Heerhugowaard	162	154	8	Individual	1		
Dotterbloemstraat	Nieuwegein	280	234	46	Individual	1		
Ereprijsweg	Haren	712	567	145	Individual	3		
Europapoort	Amsterdam	5,822	4,909	913	Individual		11	1
Frankendaal	Eindhoven	246	200	46	Individual	1		
Koedijk	Lochem	231	207	24	Individual	1		
Kompas	Wijk bij Duurstede	683	600	83	Individual	3		
Korenmolenweg	Lochem	247	202	45	Individual	1		
Nachtwachtlaan	Amsterdam	7,301	6,246	1,055	Individual		18	18
Paasweide	Steenwijk	463	366	97	Individual	2		
Zilvermeeuw-hoog	Etten-Leur	390	356	34	Individual	2		
Zonegge	Zevenaar	149	146	3	Individual	1		
Total individual unit sales		**18,564**	**15,772**	**2,792**		**24**	**29**	**19**
Total sales 2019		**51,853**	**43,911**	**7,942**		**55**	**167**	**20**

Commitments

The Fund has twelve forward acquisitions with an original commitment amounting to € 428.1m, as at 31 December 2019. Of this total commitment, € 82.6m concerns settled term payments. As a result, the off-balance sheet commitment with regard to forward acquisitions amounts to € 345.5m. The settled term payments and changes in fair value of forward acquisitions add up to a total amount of € 104.4m of assets under construction.

Two forward acquisitions were added to the portfolio's forward acquisitions in 2019. These concern Edge in Eindhoven and The Minister in Rijswijk. Forward acquisition The Beacons in Amsterdam was completed and transferred to the Fund in 2019. Forward acquisition Rijndijk in Hazerswoude-Rijndijk was removed from the Fund's commitments, as the development of this project is not considered feasible anymore due to municipality regulations.

Grotiusplaats in The Hague concerns a 50% participation in a Dutch Limited Partnership Agreement, through which property Grotiusplaats in The Hague will be developed. The total, original commitment for the ASR Dutch Core Residential Fund amounts to € 92.2m, of which € 25.9m is already settled. As a result, the off-balance sheet commitment with regard to this participation amounts to € 66.3m.

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

Table 9 Commitments as at 31 December 2019

Property	City	Region	Type	Expected year of completion	Number of apartments	Number of parking spaces	Commercial space (sq.m.)	Original commitment (€ '000)	Under construction (€ '000)	Off-balance sheet commitment (€ '000)
Parkzicht	IJmuiden	Haarlem	Turnkey project	2020	63	63		15,200	14,539	661
Hagendonk	Prinsenbeek	Breda	Turnkey project	2020	25	30		5,000	4,422	578
Cruquiuswerf	Amsterdam	Amsterdam	Turnkey project	2021	122	79	160	36,500	29,877	6,623
Sniepkwartier	Diemen	Amsterdam	Turnkey project	2021	102	82		34,100	10,915	23,185
De Hoge Regentesse	The Hague	The Hague	Turnkey project	2021	128	102	292	30,200	19,849	10,351
Brouwerspoort	Veenendaal	Other	Turnkey project	2021	43	38		9,500	2,953	6,547
Kop Water-graafsmeer	Diemen	Amsterdam	Turnkey project	2022	66	62		17,600		17,600
Edge	Eindhoven	Eindhoven	Turnkey project	2022	175		378	50,700		50,700
The Minister	Rijswijk	The Hague	Turnkey project	2022	220	220		64,600		64,600
Bijlmerbajes	Amsterdam	Amsterdam	Turnkey project	2023	160	96		57,500		57,500
Coolsingel	Rotterdam	Other	Turnkey project	2023	56	33		17,600		17,600
Wonderwoods	Utrecht	Utrecht	Turnkey project	2023	244		1,898	89,600		89,600
Change in fair value of forward acquisitions									21,832	
Total forward acquisitions					**1,404**	**805**	**2,728**	**428,100**	**104,387**	**345,545**
Grotiusplaats	The Hague	The Hague	Partici-pation (50%)	2022	655	244	698	92,197	25,908	66,289
Change in fair value of participation									13,042	
Total participations					**655**	**244**	**698**	**92,197**	**38,950**	**66,289**
Total commitments					**2,059**	**1,049**	**3,426**	**520,297**	**143,337**	**411,834**

Parkzicht in IJmuiden
Project Parkzicht in IJmuiden is located next to a public city park, near the dunes and the main shopping centre with a diverse range of shops. The location is easily accessible by car, bike and public transport. The project consists of 63 apartments with an underground parking garage with 63 parking spaces. There are two types of 3-room apartments (75 to 86 sq.m.) and rents vary from € 875 to € 1,025 per month (parking included). Completion is planned for 2020.

Hagendonk in Prinsenbeek
The Fund acquired 25 apartments and 30 parking spaces in Prinsenbeek, near Breda. The train station of Prinsenbeek is nearby and the city centre of Breda can be reached easily by public transport or a 15-minute bicycle ride. Hagendonk is suitable for a wide target group, but demand from seniors for this property is expected to be particularly strong. The acquired apartments range from 77 to 92 sq.m. with monthly rents ranging from € 825 to € 925. Completion is planned for 2020.

Cruquiuswerf in Amsterdam
This project is located east of the centre of Amsterdam. The Cruquiuswerf area is undergoing a transition from a predominantly industrial area to a residential area. Several plans are currently being developed in this area, mainly concerning residential developments for the rental and owner-occupied market. This acquisition consists of 122 apartments, 79 parking spaces and 160 sq.m. of commercial space. The project will be gasless. Monthly rents range from approximately € 880 to € 1,300. This project is expected to be completed in 2021.

Sniepkwartier in Diemen
This project is part of the larger development of 207 apartments and 154 parking spaces, of which the Fund acquired 102 apartments in the mid-priced rental segment and 82 parking spaces. This location in Diemen is easily accessible by car and public transport. The city of Amsterdam is within close range and can be reached by bicycle or public transport within 25 minutes. Diemen's popularity has increased strongly, in part due to the pressure on Amsterdam's residential market. This is likely to have a positve effect on the rentability of the apartments in Sniepkwartier. The apartments range in size from 50 to 115 sq.m. and rents vary from € 910 to € 1,550 per month (parking excluded). Completion is planned for 2021.

De Hoge Regentesse in The Hague
De Hoge Regentesse is situated to the south of The Hague's city centre. The area feels like a city centre location, due to dynamic streams of pedestrians and traffic and is easily accessible by public transport. The residential tower is comprised of 23 floors with 128 comfortable apartments, ranging from 70 to 93 sq.m, with 102 parking spaces and 292 sq.m. of commercial space. Monthly rents will range from € 875 to € 1.050 (parking excluded). Completion is planned for 2021.

Brouwerspoort in Veenendaal
This project concerns 43 apartments and 38 parking spaces. It is situated in the city centre of Veenendaal, near the main street with an abundance of shops and facilities. Average size of the apartments is 78 sq.m. with an average rent of € 960 per month (parking included). Completion is planned for 2021.

Kop Watergraafsmeer in Diemen
This project in Diemen consist of 66 apartments and 62 parking spaces. The Amsterdam city centre is easily accessible in 20 minutes by public transport or bicycle. Part of the property (26 apartments) concerns 'Friends apartments', which allow friends to rent one apartment together. These apartments comprise one living room and kitchen, with double bedrooms and bathrooms. They range in size from 65 sq.m. to 78 sq.m and rents range from € 1,055 to € 1,165 per month (parking excluded). The other 40 apartments, which are mainly 3-room apartments, range in size from 50 to 98 sq.m. and rents range from € 835 to € 1,265 per month (parking excluded). Completion is planned for 2022.

Edge in Eindhoven
Project Edge in Eindhoven is centrally located between the central train station and city centre. For this area, a large-scale transformation (Eindhoven Internationale Knoop XL) is planned, which includes an upgrade of the area and the addition of commercial and residential functions. The Fund's commitment comprises 175 rental apartments and 378 sq.m. of commercial space. The majority of the apartments range in size from 48 to 81 sq.m., with an average rent of € 1,000 per month (parking excluded). Tenants have the option of leasing a parking space in the underground parking garage, but these parking spaces are not acquired by the Fund. Completion is planned for 2022.

The Minister in Rijswijk

This project concerns a former office building, which will be transformed into a high-quality residential property comprising a total of 310 rental and owner-occupied apartments. The Fund acquired all 220 rental apartments within the project, which are 2- and 3-room apartments with sizes ranging from 67 to 93 sq.m. The Fund also acquired a total of 220 parking spaces. Monthly rents vary between € 880 and € 1,200 (parking excluded). Completion is planned for 2022.

Bijlmerbajes in Amsterdam

Amsterdam's former prison, known as the Bijlmerbajes, will be redeveloped into a multifunctional district, which includes residential, leisure and working. The total project consist of approximately 1,350 residential units in total (owner-occupied and rental units), a hotel, an international school and leisure facilities. The Fund acquired 160 residential units and 96 parking spaces. The majority of the Fund's acquired apartments (85%) range in size from 50 to 70 sq.m. with monthly rental prices ranging from € 1,325 to € 1,500. The remaining 15% of the apartments range in size from 80 to 95 sq.m. with rental prices up to € 1,900 per month. Completion is planned for 2023.

Coolsingel in Rotterdam

This project is located in Rotterdam's city centre, between Hofplein and Beursplein, just across the city hall. Its central location means that (public) amenities, shops, offices, bars and restaurants are located within close proximity. A total of 111 apartments and 82 parking spaces will be realised. The Fund acquired 56 apartments with an average size of 94 sq.m. and an average monthly rent of € 1,260, as well as 33 parking spaces. Completion is planned for 2023.

Wonderwoods in Utrecht

Project Wonderwoods in Utrecht is located in the centre of Utrecht and is situated right across from Utrecht's central train station. There is a strong focus on sustainability with the main feature of Wonderwoods being the extensive use of plants and trees on the property's roofs and facades. The Fund's commitment comprises 244 rental apartments, a gym and a restaurant. The gym and restaurant are embedded in the property and, by their acquisition, the Fund will be more in control towards its (commercial) tenants. In addition, Wonderwoods will boast a mixture of commercial space, offices and owner-occupied apartments. These are not acquired by the Fund. Part of the concept of Wonderwoods is a mobility plan, which results in a relatively low number of parking spaces. The concept is focused on car sharing and public transport facilities. Therefore, the Fund does not acquire any parking spaces, but will receive parking rights for a portion of the tenants. Monthly rents vary from € 890 to € 2,200, with an average monthly rent of € 1,300. Although all the apartments are rented out in the liberalised segment, approximately 60 apartments have municipal restrictions on rents. Completion is planned for 2023.

Grotiusplaats in The Hague

This commitment concerns a 50% participation in a Dutch Limited Partnership Agreement, through which property Grotiusplaats in The Hague will be developed. The other 50% participation was acquired by a single Dutch residential fund, with only institutional investors investing in this fund. The total, original commitment for the ASR Dutch Core Residential Fund amounts to € 92.2m, of which € 25.9m has already been settled. Project Grotiusplaats in The Hague concerns two residential towers of 100 and 120 metres high, comprising a total of 655 apartments, 244 parking spaces, a communal bicycle storage facility for 1,520 bicycles and 698 sq.m. commercial space on the ground floor. The project is located in the Beatrixkwartier neighbourhood, which is near the central train station of The Hague, the A12 highway and the city centre. Although the area is already regarded as attractive for living and working, Grotiusplaats and its direct surroundings are under large-scale redevelopment, which will result in the area becoming an even more attractive, inner city residential environment. Out of the 655 apartments, a total of 541 concern 2- to 4-room apartments with sizes varying from 50 to 140 sq.m., averaging 70 sq.m. These apartments are for rent in the liberalised rental segment, with monthly rents ranging from € 940 to € 2,280 and an average monthly rent of € 1,150 (parking excluded). The other 114 apartments concern smaller apartments, ranging from 35 to 50 sq.m., with regulated rents. Completion is planned for 2022.

Investments

The Fund has two investments with a total off-balance sheet commitment amounting to € 5.0m, as at 31 December 2019.

The investment to fully refurbish property RiMiNi in Amstelveen was added to the Fund's investments in 2019. Moreover, the budget for the refurbishment of Ambachtenlaan in Breda was increased in 2019. This additional budget is primarily used for the removal of asbestos and the cleaning of masonry and façades.

Table 10 Investments as at 31 December 2019

Property	City	Region	Year of completion	Number of residential units	Commitment (€ '000)	Under construction (€ '000)	Off-balance sheet commitment (€ '000)	Description
RiMiNi	Amstelveen	Amsterdam	2020	126	6,453	1,544	4,909	Refurbishment and energy label upgrade (from D/E/F/G to A)
Ambachtenlaan	Breda	Breda	2020	43	1,859	1,797	62	Refurbishment and energy label upgrade (from C/D to A)
Total				**169**	**8,312**	**3,341**	**4,971**	

Portfolio analysis

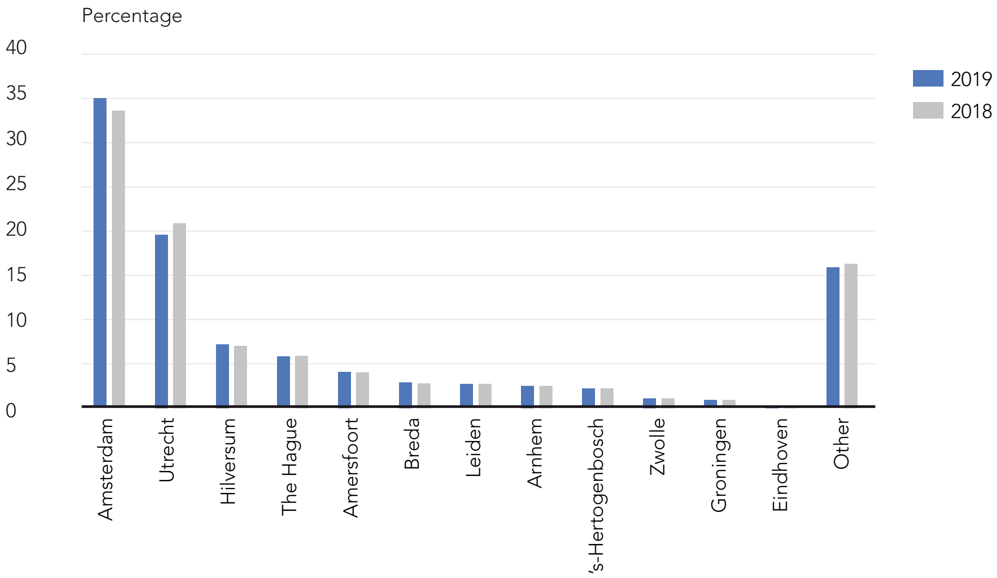
Regional focus

Amsterdam and Utrecht are the most dominant regions in the portfolio, accounting for more than half of the portfolio's total fair value. This is also reflected in the overview of the ten largest assets, with only property Vathorst 1 in Amersfoort being located outside the Amsterdam and Utrecht regions.

In addition to Amsterdam and Utrecht, the portfolio is well-represented in the Randstad area and other demographically and economically strong regions, such as Hilversum, Amersfoort and The Hague. The portfolio strategy actively targets residential markets with an above-average market outlook.

Allocation to the Amsterdam region showed a relatively strong increase, due to the addition of property The Beacons in Amsterdam to the portfolio in 2019. The decrease in the Utrecht region results from the sale of Kramsvogel-Spreeuwlaan in Bilthoven in 2019. Minor changes in the allocation to the other focus regions were the result of individual unit sales, the investment sale of 9 small-sized properties and revaluations.

Figure 11 Geographical spread as at 31 December 2019



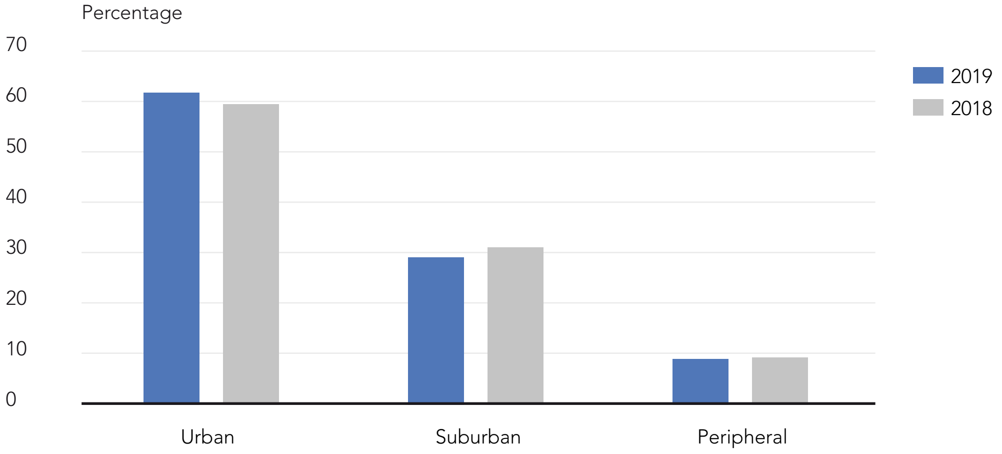
Residential market segmentation

Three different residential market segments are identified by the Fund, based on a combination of target group and location type.

- Urban living: Young professionals, families and empty-nesters with a preference for living in large cities and metropolitan areas with a population exceeding 100,000 residents
- Suburban living: Families with a preference for living in suburban residential areas and medium-sized cities with a population of between 25,000 and 100,000 residents
- Peripheral living: Families with a preference for 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. Changes in market segmentation were mainly the result of the addition of property The Beacons in Amsterdam to the portfolio and the aforementioned investment sales in 2019.

Figure 12 Market segmentation as at 31 December 2019

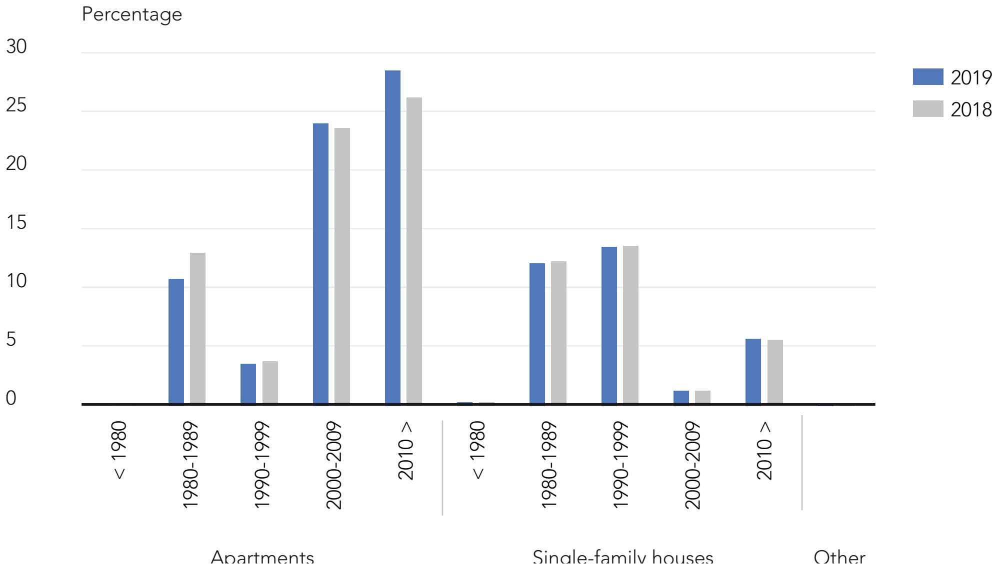


Property age

The Fund continuously invests in the portfolio in order to improve the portfolio's quality and expected long term returns, while building a sustainable investment portfolio. This is done through renovation strategies and its acquisition and sales policy. The average property age of the portfolio was 17.8 years, as at 31 December 2019, which is in line with 2018 (17.6 years).

Property age is measured as the original construction year, corrected 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 (for example, the foundation, casco and installations). Technical age is a good indication of the property's lifespan and expected maintenance costs. The Fund constantly invests in feasible projects that add value and increase the quality of the portfolio. The average property age of the portfolio, based on original year of construction, was 24.6 years as at 31 December 2019 (2018: 24.7).

Figure 13 Age classes as at 31 December 2019

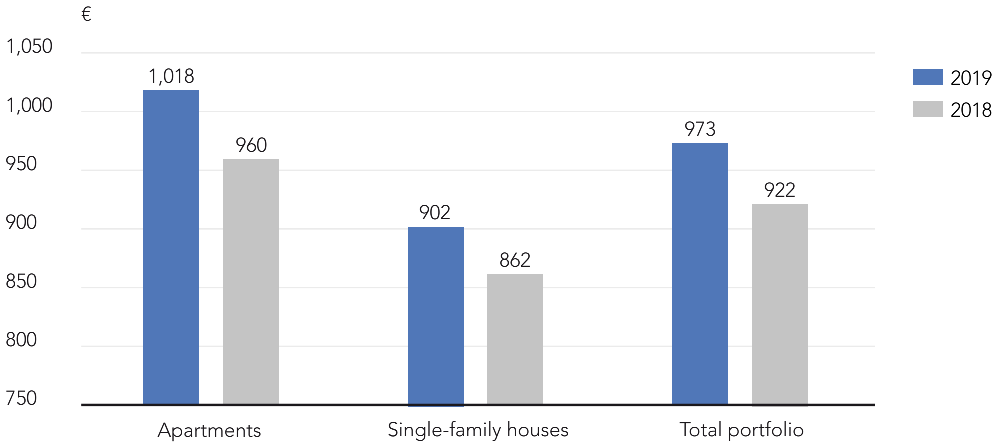


Average monthly rent

The portfolio's strategy focuses on residential investments in the mid-priced rental segment and is dominant in the € 720 to € 1,200 rental range. Non-regulated properties with average monthly rents higher than € 720 per month are favoured by the Fund in the long term. In the short term, the current governmental rental policy enables the Fund to implement rent increases that keep up with or even exceed inflation, in particular for regulated dwellings.

The average monthly rent for a residential unit in the portfolio was € 973, as at 31 December 2019, which is 5.5% higher compared to 2018 (€ 922). This growth is explained by (annual) rent increases, individual unit sales and investment sales. Single-family houses have a lower average monthly rent (€ 902), compared to the portfolio's apartments (€ 1,018). This difference in rental level is explained not only by residential type, but also by aspects such as location type and property age.

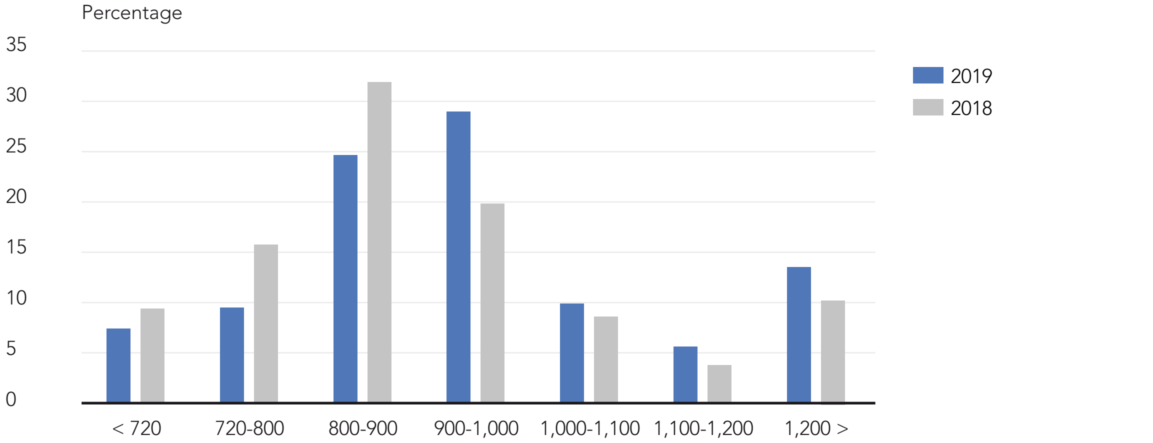
Figure 14 Average monthly rent per market segment as at 31 December 2019



The share of units with rental prices below € 900 declined, whereas the share of units with rental prices higher than € 900 showed an overall increase. This is mainly due to (annual) rent increases for the portfolio in 2019. For the majority (85%) of the portfolio, rents were increased per 1 July 2019. The average rent increase for these units amounted to 3.8% (2018: 3.3%), which is well above the July year-on-year inflation level of 1.5% (2018: 1.7%). Like-for-like theoretical rental growth for the entire portfolio amounted to 3.9% in 2019.

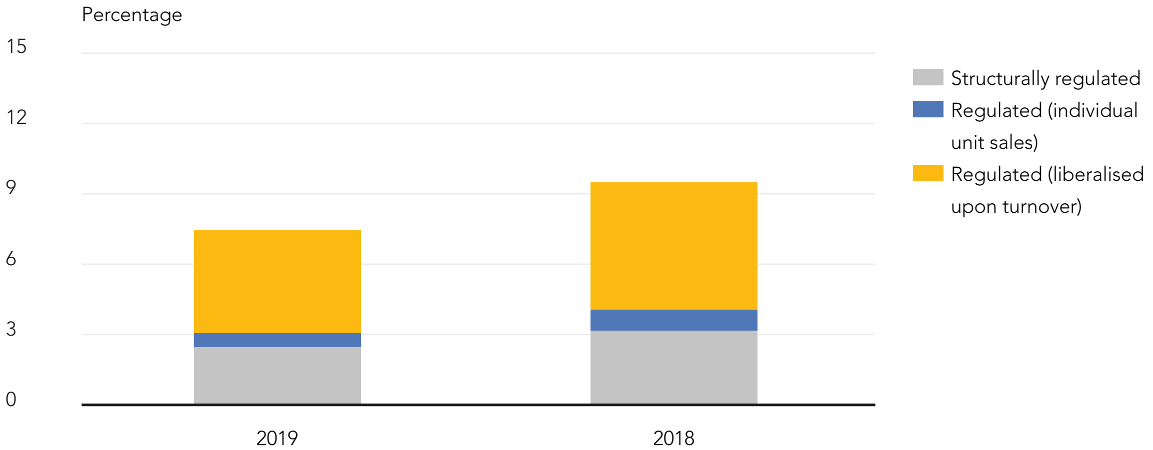
The share of residential units with monthly rents exceeding € 1,200 increased from 10% in 2018 to 14% in 2019. Approximately 80% of all residential units with monthly rents above € 1,200 are located in the Amsterdam region, where demand is relatively strong and higher market rents can be achieved.

Figure 15 Rental price composition as at 31 December 2019



The share of residential units in the regulated segment (monthly rents below € 720) continued its downward trend in 2019. As at 31 December 2019, this share was 7.5%, compared to 9.5% in 2018. Only one-third of the residential units in the regulated segment are considered to be structurally regulated, as the other two-thirds are either designated for individual unit sales or will be rented out in the liberalised segment at tenant turnover. The decreased share of units in the regulated segment is mainly the result of the investment sale of 9 small-sized properties, of which half comprised residential units with monthly rents below € 720, as well as the investment sale of property Kramsvogel-Spreeuwlaan in Bilthoven, which consisted for 25% of residential units with monthly rents below € 720. Through additions, tenant turnover and individual unit sales, the share of regulated residential units is expected to decrease further in the next few years.

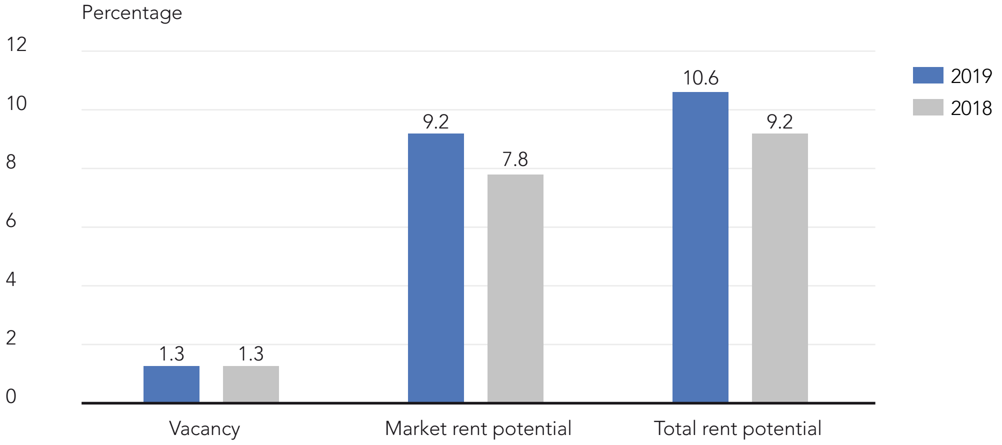
Figure 16 Regulated rents as at 31 December 2019



Rent potential

Rental income of the portfolio can be increased by reducing vacancy, as well as by bringing current rents up to market levels through annual rent increases and at tenant turnover. Total market rent potential of the portfolio's residential units is on average 10.6%, which is a slight increase compared to 2018 (9.2%). This is mainly the result of positive market rent reviews for all properties in the portfolio. Average vacancy rate for residential units in the portfolio remained stable at 1.3% in 2019. Average vacancy rates for apartments (1.4%) are somewhat higher compared to single-family houses (1.0%).

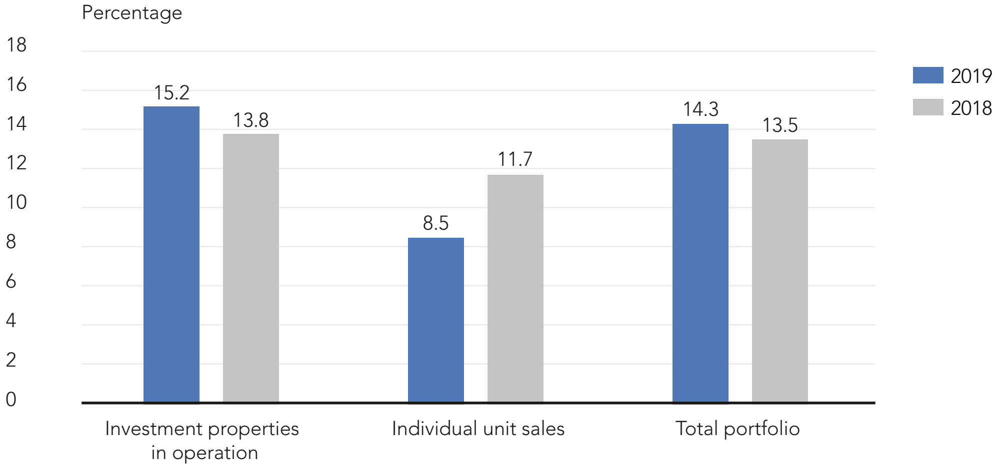
Figure 17 Vacancy and market rent potential as at 31 December 2019



Turnover rate

The portfolio's turnover rate is defined as the number of residential contract terminations within a period as a percentage of the number of residential units at the start of that period. Average portfolio turnover rates amounted to 14.3% in 2019, which is a slight increase compared to 2018 (13.5%). Turnover rates for investment properties in operation showed an increase, whereas turnover rates for properties that are designated for individual unit sales decreased.

Figure 18 Average turnover rates in 2019



Performance of Fund versus IPD benchmark

Total return (all benchmarked assets level) for the Fund amounted to 15.8%, compared to 13.6% for the benchmark in 2019. This difference in performance is attributable to both capital growth (12.2% versus 10.1%) and the Fund's income return (3.3% versus 3.1%) exceeding the benchmark.

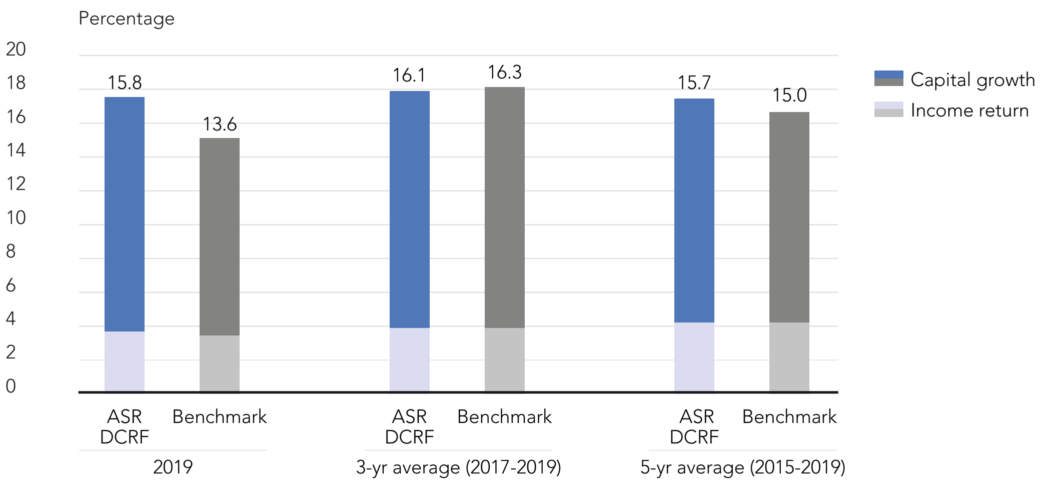
Capital growth is determined by market rental growth and changes in yield. The outperformance on capital growth is fully attributable to a stronger (market) rental growth (4.6% versus 3.7%) and stronger inward yield shift for the Fund compared to the benchmark. The average net initial yield for the Fund showed a decrease of 31 bps in 2019, to end up at 3.4%, while the net initial yield for the benchmark decreased with 23 bps to a yield of 3.3% in the same period.

The reason for the Fund's income return outperforming the benchmark is mainly lower operating costs. Operating costs as a percentage of gross rental income amounted to 22.9% for the Fund, compared to the benchmark figure of 27.7%. The Fund's operating costs are also well below the benchmark with regard to the 3-year and 5-year average. The vacancy rate for the Fund amounted to 2.1% in 2019 and was in line with the benchmark (2.0%). These marginal differences also hold with regard to the 3-year average (2.1% versus 2.0%) and 5-year average (2.0% versus 2.1%).

On a 3-year average, the Fund showed a slight underperformance compared to its benchmark (16.1% versus 16.3%) on an all benchmarked assets level, whereas the Fund's 5-year average total return was higher than the benchmark (15.7% versus 15.0%).

The Fund also showed an outperformance on standing investments level in 2019 (14.0% versus 12.7%), as well as on a 5-year average (14.5% versus 14.2%). Total return performance of the Fund, on a 3-year average, was in line with that of the benchmark (15.2% versus 15.3%). Returns on standing investments level exclude the effect of the acquisitions, investments and (individual unit) sales.

Figure 19 Performance figures ASR DCRF versus IPD Dutch residential benchmark (all benchmarked assets)



Realised and unrealised gains and losses

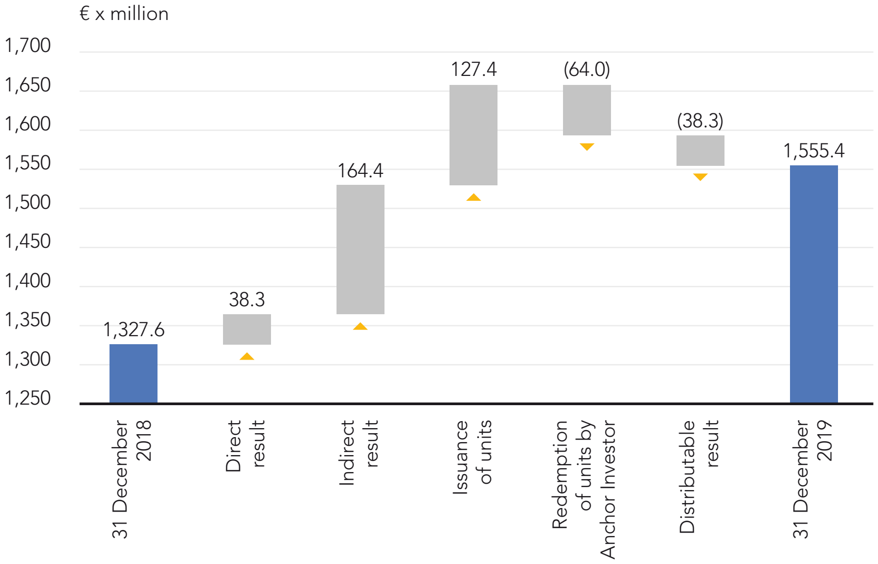
All properties in the Fund's portfolio were externally valued on a quarterly basis in 2019 by either MVGM Vastgoedtaxaties or CBRE Valuation Advisory. Every quarter, 25% of the valuations concerns full valuations, whereas 75% concerns desktop review update valuations. Grotiusplaats Den Haag C.V., in which the Fund holds a 50% participation, was externally valued by MVGM Vastgoedtaxaties.

The total value of the portfolio increased by € 159.4m or 11.6% in 2019, compared to € 142.4m or 12.1% in 2018. Amsterdam and Utrecht contributed most strongly to the total portfolio's appreciation, due to their dominant share in the portfolio and positive revaluation.

Capital

Total capital amounts to € 1,555.4m, as at 31 December 2019, compared to € 1,327.6m, as at 31 December 2018. Capital increased as a result of a positive indirect return (€ 164.4m), the eleventh closing (€ 30.0m), twelfth closing (€ 22.5m) and thirteenth closing (€ 11.0m). As at 31 December 2019, capital is spread across 1,247,466 units, resulting in an IFRS NAV of € 1,247 per unit.

Figure 20 Movements in capital



Corporate Social Responsibility

Our vision

The Fund's vision of Corporate Social Responsibility (CSR) is to offer the best possible facilitation of tenants and investors' interests by creating homes that have long-term value from both a financial and a social perspective.

The Fund aims to do this in a sound and responsible manner with engaged and aware partners and employees. Our goal is a residential portfolio with long-term value, which requires future-proof homes in attractive locations. These homes should be comfortable, sustainable and meet the current and future wishes of tenants. In short, they should be places where our tenants feel at home in residential environments that are and will continue to be highly valued.

The Fund composed a formal CSR policy to materialise this vision, which focused on the sustainability of its property, the engagement of its partners and employees, and its contribution to nature, society and the environment.

The Fund's CSR policy is based on four P's (Property, Partners, Planet and People) which cover the entire spectrum of Corporate Social Responsibility. Each P represents a different perspective of the CSR policy, and all are equally essential in realising our vision. Each P has its own strategic goals, the results of which are discussed in this report. ASR DCRF's CSR annual report follows the INREV Sustainability Reporting guidelines. The ASR Dutch Core Residential Fund is 100% compliant with the INREV Sustainability Reporting Module (mandatory part and 97% with sustainability best practices).

Strategic objectives 2020-2022

Property	Partners	Planet	People
An attractive residential portfolio with sustainable and future-proof homes	**Engagement with investors, partners and tenants, creating awareness of our sustainability goals**	**A green, climate change proof and energy-efficient environment and society**	**Sound, transparent business practices and engaged, satisfied employees**
• Reduce average Energy Index to at least 1.25 • Reduce ownership of properties with Energy Index of >2.4 to less than 3% of the portfolio • Implement energy saving measures in 50% of the portfolio • Obtain Green Building Certificates for 20% of the portfolio	• Optimal engagement of partners in chain • Continuous check for compliance with CSR requirements and objectives • Tenant satisfaction rating of at least 7.5 (out of 10) • Active tenant participation programme	• Optimal monitoring of environmental performance • Reduce energy consumption and green-house gases by >10% compared to 2015 • Invest in neighbourhoods and sustainable mobility • Monitor and adapt to climate change	• Informed and involved employees • Optimal organisational embedding of CSR • Employee satisfaction >80% • Personal development of employees

Property

Strategic objectives

- Reduce average Energy Index to at least 1.25
- Reduce ownership of properties with Energy Index of > 2.4 to less than 3% of the portfolio
- Implement energy-saving measures in 50% of the portfolio
- Obtain Green Building Certificates for 20% of the portfolio

Reduce average Energy Index to at least 1.25

In 2019, the average Energy Index (EI) of the Fund's portfolio improved from 1.30 to 1.22 which means that this important objective was achieved. The two main reasons for this improvement were by enhancing the sustainability of standing investments and the acquisition of highly sustainable dwellings.

Figure 21 Energy labels (EPA) for ASR DCRF as at 31 December 2019

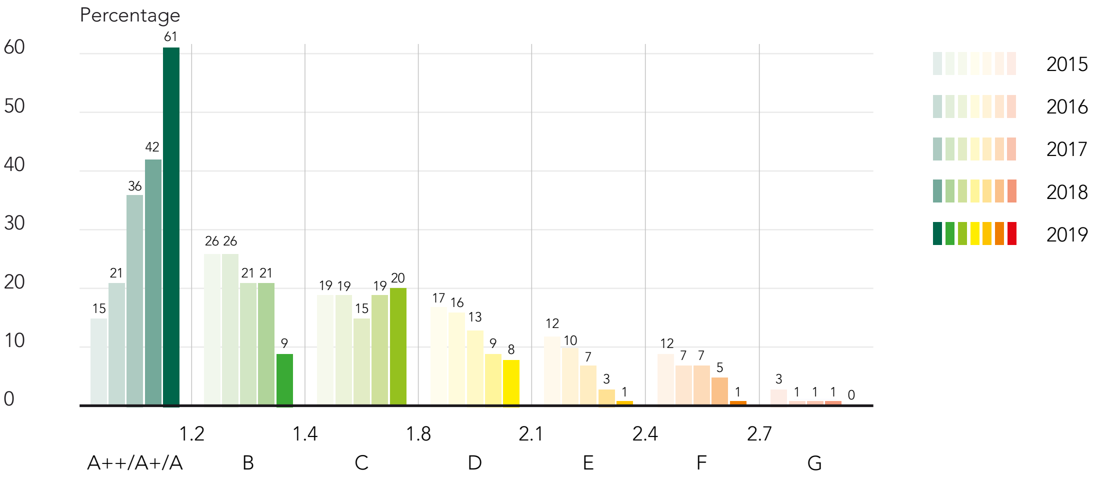
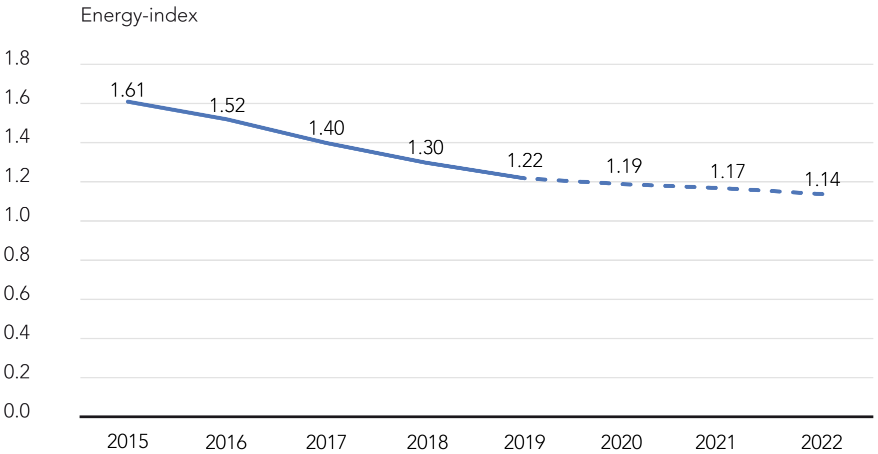


Figure 22 Improvement of Energy Index for ASR DCRF 2015-2019



Completed in 2019: 43 renovated dwellings Ambachtenlaan in Breda

The sustainable renovation of 43 residential units was successfully completed in 2019. The renovation of another 126 units started in the autumn of 2019.

- Ambachtenlaan in Breda: 43 family houses were made more sustainable and modern. Work commenced after summer 2019 and was finalised in January 2020. The average Energy Index improved from 1.66 to 0.90;
- RiMiNi in Amstelveen: tenants consented to a renovation project to make their dwellings more sustainable and convenient. The renovation of 126 apartments commenced in the autumn of 2019 and will be finalised in phases. The final part will be completed in the late summer of 2020.

The completion of the Fund's acquisition project of The Beacons in Amsterdam also had a positive effect on the Fund's average Energy Index (EI). This property concerns 41 apartments with an average EI of 0.61. In 2020, at least four acquisition projects will be (partially) completed.

A third reason for the Energy Index's improvement was through modifying the Energy Index of some properties.

Reduce ownership of properties with Energy Index of > 2.4 to less than 3% of portfolio
In 2020, the Fund wants to minimise the number of residential properties with lower sustainability levels so that the number of dwellings with an Energy Index above 2.4 (energy labels F/G) is reduced to less than 3% of the portfolio. As of 31 December 2019, only 1.1% of the portfolio had an EI higher than 2.4, which is a reduction of almost 5% compared to 31 December 2018 (6%). An important reason for this big improvement is the modification of the Energy Index, as mentioned above.

Several dwellings in the portfolio had a temporary Energy Index, of which a large part had an EI > 2.4 (label F and G). After their actualisation in 2019, the labels improved, finally reaching C and D (< 2.4).

In 2020, the Fund expects this percentage to further fall to less than 0.5% and aims to reduce the number to less than 0.5% by 2022, mainly through its current renovation plans, like in Amstelveen. The final share of lower energy labels will diminish through the sale of individual units which are less sustainable.

Implement energy-saving measures in 50% of the portfolio
Where possible, sustainability improvements are synchronised with maintenance in the multi-year maintenance program (MYMP). By the end of 2019, 35% of the portfolio's energy-saving measures were implemented. Therefore, the Fund is well on track to reach this objective.

Obtain Green Building Certificates for 20% of the portfolio
In addition to the portfolio's energy label certification, the Fund aims to further improve the sustainability of its portfolio by focusing on achieving Green Building Certificates, primarily on the DGBC Woonmerk, for its properties. DGBC Woonmerk certification means that the property, its surrounding area, and the development process are all assessed on a broad range of sustainability criteria.

As at 31 December 2018, 11.7% of the portfolio was certified with a Green Building Certificate. In 2019, the Fund increased the urgency of Green Building certification and took steps to accelerate the achievement of this objective. 462 dwellings were certified in 2019. This means that about 22.5% of the portfolio has a Green Building Certificate, as at 31 December 2019. The new aim for the Fund is to have the whole portfolio certified with a Green Building Certificate by 2022 latest.

Partners

Strategic objectives
- Optimal engagement of partners in chain
- Continuous check for compliance with CSR requirements and objectives
- Tenant satisfaction rating of at least 7.5 (out of 10)
- Active tenant participation program

Optimal engagement of partners in chain

In achieving the best possible teamwork and results with respect to CSR, each partner plays an important role. Therefore, the Fund focuses on optimal engagement.
- In June 2019, ASR DCRF sent its yearly CSR newsletter to more than 500 partners. In this letter, the Fund informed its partners of the results and activities regarding CSR.
- The permit process for the project with vegetable gardens ('moestuinen') at Zeeburgereiland in Amsterdam has been completed. The ground works are planned in the first quarter of 2020, so the first crop festival will be organised in the second quarter of 2020. a.s.r. real estate was one the initiators of this project. The Fund is the owner of the Beacons property at Zeeburgereiland.
- For ASR DCRF, an important objective in the area of CSR is to improve and share its knowledge, and to expand its network. Within the company, involvement in and support for promoting CSR initiatives throughout the sector and society as a whole is a priority. For this reason, a.s.r. real estate is affiliated with several organisations (including IVBN, INREV, GRESB, DGBC, NEPROM and RICS) and participates actively in a.s.r.'s sustainability working groups, IVBN, NEPROM and DGBC. The Fund regularly shares its experience at congresses and other events.

Continuous check for compliance with CSR requirements and objectives

In order to ensure proper compliance with the Fund's CSR policy, agreements with the most important partners are regularly amended, tightened and assessed.
- The Programme of Requirements for new buildings and renovation projects was further updated in terms of CSR and incorporated in future plans. The Programme was tightened through determinations regarding solar panels and building gasless, among other things.
- Sustainability has become an integral part of the lease agreement with our tenants. Two clauses have been added to stimulate sustainable behaviour. The first clause focuses on smart energy meters. It obliges tenants to cooperate with reading-out data.
- The other clause provides a set of measures to be implemented by the tenant, on a best effort basis. Examples of these measures include the use of LED-lighting, energy-efficient equipment, green energy, waste separation, water-saving measures, and the use of eco-friendly cleaning products.
- The Fund introduced Key Performance Indicators as part of assessing its real estate managers. In 2019, the CSR component represented a more significant part of that assessment: 10% instead of 5% in 2018. Furthermore, in 2019, the Fund required four CSR initiatives to be taken by the real estate manager. In 2018, the Fund required two CSR initiatives.

ABN AMRO Sustainable 50 - Young professional award

At the 10th of April 2019, Lizzy Butink (29), sustainability manager at a.s.r. real estate, was voted number 32 at the ABN AMRO Sustainable 50 and has won 'the ABN AMRO Young professional award'. This prize is awarded every year to the most promising future green leader among young professionals below the age of 30.

Tenant satisfaction rating of at least 7.5 (out of 10)

The Fund aims to continuously improve its services and tenant satisfaction. In order to monitor this, the Fund annually organises a tenant satisfaction survey which forms a benchmark, together with a number of Dutch professional real estate funds (IVBN). This benchmark allows the Fund to monitor market developments and compare the Fund's results with the performance of the benchmark. In line with past years, the survey in 2019 is performed by an independent research agency, Customeyes. The agency carried out a survey among a representative sample of tenants.

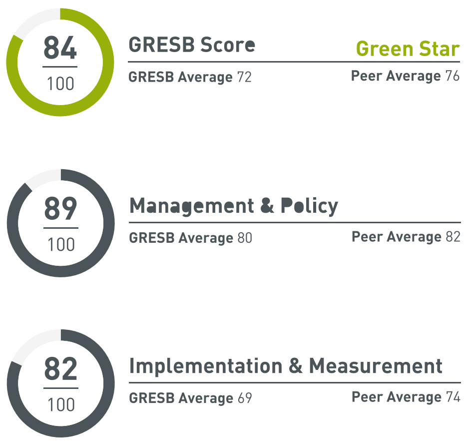
GRESB - Four stars for ASR DCRF

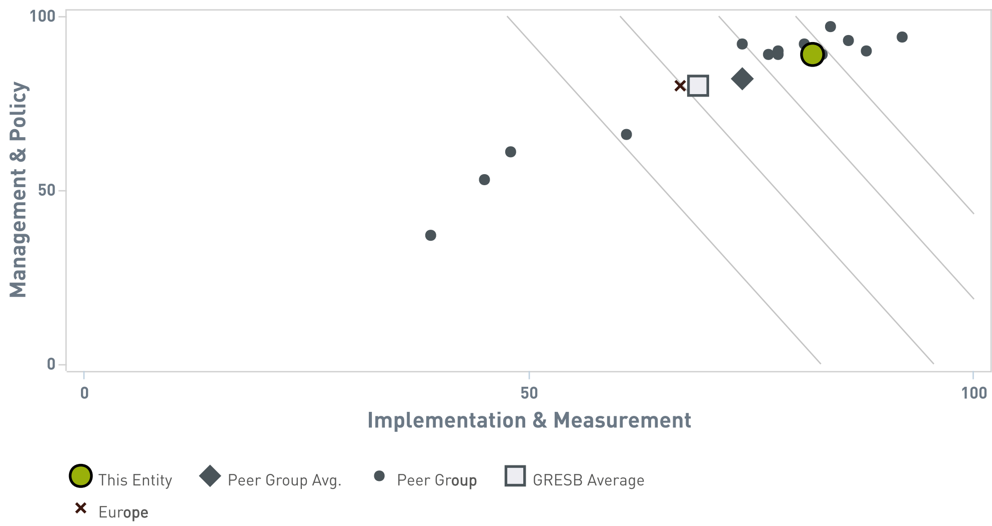
In 2019, ASR Dutch Core Residential Fund further improved its score to 84 points (out of 100 points), which was an increase of 4 points compared to 2018. And, once again, the Fund obtained a four-star rating, scored above average, and improved its place in its peer group from ninth to eighth (out of 16, instead of 13 in 2018).

The GRESB score improvement was mainly achieved by the Fund's continuing commitment to large-scale renovation of its portfolio assets (bricks) and the Fund's focus on tenant engagement (incentivising tenant behaviour). Additionally, the Fund's implementation of the new DGBC's Green Building Certification Scheme, along with water and energy-saving measures, significantly contributed to the improved score.

Outperforming on both Management & Policy and Implementation & Measurement (scoring 89 and 82 respectively out of 100) demonstrates the high quality of the Fund's governance on sustainability. These scores were among others achieved through detailed policies and procedures, as well as through improved insight into environmental performance and the reduced footprint.

GRESB 2019





The results of the yearly tenant satisfaction survey were presented. The average score for the Fund was 7.0 which is in line with 2018 and 2017 (both 6.9), as well as the average benchmark score (7.1). The subject 'energy efficiency satisfaction' scored 6.7, which was a little higher than in 2018 (6.6). This implies a positive experience among tenants with regard to sustainability. All results and improvements will be discussed with the external property managers. In the coming years, the Fund will strive to improve the satisfaction score to at least 7.5.

Active tenant participation programme
The Fund works continuously on a participation programme to ensure tenants are optimally involved.
- In the first quarter of 2019, the Fund started the Energy Box Project in Couwenhoven, Zeist. With this project, previously rolled out in Utrecht and De Meern, tenants were advised on sustainable ways of living. In addition, the tenants received an energy box.
- To create more awareness on sustainable ways of living, the Fund shared the CSR bag at a special event. Our contractor was present at this event with their 'Service Bus'. In 2019, the Fund organised these events for all tenants of Staalmeesterslaan, Amsterdam (180 dwellings); Lamérislaan, Utrecht (216 dwellings) and Van Randwijkstraat, Leiden (93 dwellings). All new tenants also receive a CSR bag when signing up for their new home.
- To create more awareness on sustainable ways of living, the Fund initiated the Energy Battle. The first Battle took place in Lamérislaan, Utrecht, with more than 30 participating households. In December 2019, the Fund started a new Battle, at the Bonifaciuslaan in Hilversum. This Battle will last 5 months, running from December 2019 to May 2020.
- Tenants were involved in the development of plans for Ambachtenlaan in Breda and RiMiNi in Amstelveen.
- In December 2019, the Fund sent the yearly CSR newsletter to all its tenants which informed them of its CSR policy, results and initiatives. In addition, several pieces of advices were given on ways tenants could live in a more sustainable manner.
- Digitalisation is the cornerstone of the Fund's new development in delivering services to its tenants. ASR DCRF is engaged in building an online portal for its tenants, which it aims to launch in 2020. With this portal in place, the service to tenants will be better and more efficient.

Planet

Strategic objectives
- **Optimal monitoring of environmental performance**
- **Reduce energy consumption and greenhouse gases by 10% compared to 2015**
- **Investing in neighbourhoods and sustainable mobility**
- **Monitor and adapt to climate change**

Optimal monitoring of environmental performance
The Fund contracted energy consultant INNAX to provide better insight into the energy performance of the Fund's portfolio. The Fund is now better able to exercise energy consumption control. One of the Fund's improvements is through implementing these figures into the system. The Fund is also investigating ways in which to monitor tenants' energy consumption practices. The more data the Fund can collect, the better the Fund can advise tenants on their energy consumption. At the end of 2019, a pilot project was launched to measure automatically the water usage of properties in the portfolio. Smart water meters have been installed in five apartment buildings which provide a more detailed insight into water usage in relation to the annual invoice. These meters also function as a water leak detection system.

Reduce energy consumption and greenhouse gases by 10% compared to 2015
The Fund wishes to scale back the energy consumption and greenhouse gas emissions of the total portfolio, both in common areas and tenant spaces, by 10% in 2021. ASR DCRF measures the energy consumption and greenhouse gas emissions intensity per square metre of the total portfolio. As the reduction target was met for Energy and nearly met for Greenhouse Gases in 2018, the Fund has enhanced its goals for 2022.

As yet, the 2019 results cannot be disclosed, since the Fund has to wait until the end of the first quarter of 2020 to receive the tenant data from the grid operators. Therefore, the results below are from 2015 - 2018 only. The 2019 results will be disclosed in the CSR annual report 2019 and the GRESB Survey 2020.

Table 11 Performance indicators ASR DCRF 2015-2018

	absolute					
	2018	2017	2016	2015	Δ 2015-2018	Target 2021
Energy - Intensity ratio electricity, fuel, district heating & cooling (kWh/sq.m.)	88.5	95.2	93.3	103.0	-14.1%	-10%
Greenhouse Gas - Intensity ratio greenhouse gas (kg/sq.m.)	24.4	25.5	22.8	26.8	-9.2%	-10%

Investing in neighbourhoods and sustainable mobility

ASR DCRF considers it important that areas in which it manages property continue to thrive.

- In Bilthoven, an area next to a primary school was transformed into a tiny forest. School children planted plants, bushes and little trees.
- a.s.r. real estate is one of the investors in this tiny forest. This forest is the second one that the Fund is involved with, next to the forest in Utrecht-Terwijde.
- The permit process for the project with vegetable gardens ('moestuinen') at Zeeburgereiland in Amsterdam has been completed. The ground works are planned in the first quarter of 2020, so the first crop festival will be organised in the second quarter of 2020. a.s.r. real estate was one the initiators of this project. The Fund is the owner of 41 dwellings in property The Beacons at Zeeburgereiland.
- For several projects, parking garages are provided with charging stations for electric cars. Among them are The Beacons and Wibautstraat (both in Amsterdam), Nieuw Mariënpark in Leidschendam, and Milestones in Utrecht.

Neighbourhood gardens in Amsterdam-Zeeburgereiland, ready for use in the beginning of 2020

Monitor and adapt to climate change
The built environment has an impact on global climate change through the development of real estate, the operational management of properties, and the removal of assets from the real estate stock. However, climate change can also affect management of the built environment through natural disasters, rising sea levels, and air or soil pollution, to give some examples. Insight into the adverse effects of climate change is vital in order to respond to the impact which it is already having, while at the same time preparing for its future effects. The Fund has therefore investigated which effects may apply to the portfolio, and how urgently they require action. The Fund monitors these effects closely as part of its commitment to managing a future-proof portfolio.

People

Strategic objectives

- Informed and engaged employees
- Optimal organisational anchoring of CSR
- Employee satisfaction rating of > 80%
- Personal development of employees

Informed and engaged employees
ASR DCRF seeks to keep its employees fully informed regarding CSR issues in order to maximise the integration of CSR into their daily operations. This goal has been addressed by measures including appointing a sustainability manager and making CSR a standing item on the agenda of various meetings. In addition, a.s.r. real estate keeps everyone informed on the latest CSR initiatives and results by means of a monthly internal newsletter. Since 2016, CSR has also been included in the annual targets for most employees. Another priority is for them to attend internal and external CSR-related masterclasses, seminars and/or congresses. Last year, a.s.r. real estate organised two masterclasses in 2019. The first was about the effects of climate change on real estate, presented by the Technical University of Delft; the second was about the impact of digital technology and innovations on cities, presented by an architect from UN Studio. a.s.r. real estate organised a masterclass. Finally, members of the CSR working group act as a contact for other a.s.r. real estate employees, as well as serving as a catalyst and inspiration with respect to CSR.

Optimal organisational anchoring of CSR
To guarantee correct implementation of its policy, ASR DCRF is focusing on optimising the use of sustainability assessments during internal decision-making processes. Last year, extra sustainability issues were added to the 'Programme of Requirements' for acquisitions and renovations, portfolios were assessed in relation to sustainability opportunities and risks, and a.s.r. real estate has worked consistently to optimise its administrative and BI systems.

Employee satisfaction rating of > 80%
Periodically, a.s.r. real estate commissions what is known as the 'Great Place To Work' (GPTW) survey. This global survey measures employee satisfaction on factors such as credibility, respect, honesty, pride and fellowship. Following each survey, the results are analysed and discussed intensively by the GPTW workforce, and all departments and business lines. Where necessary, steps are taken to improve a.s.r. real estate's standing as an excellent employer. The last survey took place in 2018. The result was that a.s.r. real estate exceeded the goal of an employee satisfaction rating of at least 80% (81%) and was nominated as one of the best workplaces in the Netherlands for the second time in a row. The next survey will take place in 2020.

Personal development of employees
The main focus of a.s.r.'s human resources management policy is the personal development of its employees in terms of professional expertise, competences and skills. In 2019, 33% of a.s.r. real estate's employees were invited to participate in a.s.r. Nederland's Development Programme, where they were challenged and trained for future professional and personal growth. Each year, a.s.r. real estate gives a number of individual employees the opportunity for additional education, such as a graduate-level master's degree, to broaden their knowledge and skills, and help ensure lifelong employability.

Sustainability guidelines

United Nations Sustainable Development Goals

On 25 September 2015, 193 world leaders committed themselves to the 17 SDGs of the United Nations which are designed to achieve sustainable development worldwide. Between now and 2030, these goals will focus on the eradication of global poverty and inequality, combat climate change, and strive to ensure that everyone can lead a prosperous and peaceful life. It is not only governments but also companies like a.s.r. that have a contribution to make in this context.

Integrating SDGs

a.s.r. has categorised its contribution to the SDGs with four topics: sustainable insurer, sustainable investor, sustainable employer and sustainable role. These topics were included in a.s.r.'s annual report. a.s.r. real estate added a fifth topic—sustainable real estate investor—to monitor its specific contribution to the SDGs from a real-estate perspective.

The Fund actively contributes to four SDGs:

SDG 07: Affordable and clean energy

The Fund has set the objective for 2022 of having at least 9,000 PV panels. The Fund also aims to further improve the portfolio's energy efficiency (-20% in 2022 compared to 2015). Progress will be monitored by keeping track of the generated amount of renewable energy (kWh) and intensity ratios.

SDG 11: Sustainable cities and communities

The Fund focuses on affordable housing (+20% in 2022), encouraging sustainable transport and future-proof living environments (including implementing green roofs). The Fund aims to execute 5 projects a year.

SDG 12: Responsible consumption and production

Since 2015, the Fund has reduced its electricity and greenhouse intensity ratios by 14.1% and 9.2% respectively. The Fund will maintain a focus on sustainability maintenance to further reduce these ratios. The Fund publishes its CSR policy annually and adheres to its sustainability guidelines. The Fund also checks whether its chain partners comply with its CSR policy.

SDG 13: Climate action

Besides the Fund's focus on climate mitigation, insight into the adverse effects of climate change is key to mitigate the impact of climate change on the portfolio. The Fund therefore assesses the risks and effects of climate change on its portfolio, to determine how urgently amendment is required. An important objective for 2020 is to further improve the monitoring of these effects.

Tenant satisfaction survey

The Fund aims to continuously improve its services and tenant satisfaction. In order to monitor this, the Fund organises annually a tenant satisfaction survey and participates in a benchmark together with six other Dutch professional real estate funds (IVBN). This benchmark allows the Fund to monitor market developments and compare the Fund's results with the performance benchmark. For the third year in a row, Customeyes, an independent research agency, performed the survey. The agency carried out a survey among a representative sample of the tenants.

As in previous years, tenants are interviewed about their satisfaction with their residential unit, living environment and property management services. In 2019, the overall average tenant satisfaction for the Fund was 7.0, which is in line with the results of the previous two years (both 6.9) as well as the average benchmark result (7.1).

Tenant experience of the property as well as the living environment have been stable over time and is in line with the benchmark (7.2 and 7.5 respectively). The provision of services by the internal and external property manager are ranked slightly below the benchmark (-0.1).

Table 12 Results tenant satisfaction survey 2019

	Residential unit	Living environment	Services external property manager	Services internal property manager	Overall
2019	7.2	7.5	6.3	6.7	7.0
Δ Benchmark	-0.1	0.0	-0.1	-0.1	-0.1
2018	7.3	7.5	6.1	6.7	6.9
2017	7.2	7.6	6.2	6.7	6.9
2016	7.6	7.7	6.4	6.6	7.1
2015	7.6	7.6	6.3	7.1	7.2

Tenant satisfaction is an essential component with regard to the Fund's (non)financial results. It is therefore important that we maintain the tenants' positive experiences of the property. Additional actions will be taken up in collaboration with the chain partners.

Tenants are becoming increasingly vocal in expressing their confusion and dissatisfaction with the role of the property manager. Further digitisation of property management processes is necessary to ensure clients' needs are put central with the aim of increasing tenant satisfaction. For example, action was taken to better inform tenants on the current status of requests.

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 license from the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten, or AFM). The license 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. Therefore, a contract has been signed with BNP Paribas Securities Services to act as depositary as of 1 June 2014. An information platform has been 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 license, the Fund is under the obligation to submit comprehensive reports on risks and restrictions. As at 31 March 2015, the Fund Manager reports to the Dutch Central Bank (DNB) about results and risks on a quarterly basis.

The principal risks can be broken down into:
- Strategic risk
- Operational risk
- Financial risk

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. For more information on these risks, please consult the Fund's financial statements.

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. Finance restrictions
The finance 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.
- Avoid development risk.

As at 31 December 2019, the Fund met the finance restrictions, the subscription and redemption restrictions, and the investment restrictions.

Depositary Statement

Considering that:

- BNP Paribas Securities Services is appointed to act as depositary 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, 2019 (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 timely settled;
- 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;
- Monitor and check 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, 4 February 2020

BNP Paribas Security Services

Risk management

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 result and equity are described in the notes of the financial statements.

ASR Dutch Core Residential Management Company B.V. (the Management Company) has an agreement (Management Agreement) with a.s.r. real estate (the Manager). This agreement states that the 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 the fund management services: legal and structuring, compliance, business and financial advisory, human resource, risk management, communication and marketing and finance and tax. The ASR Dutch Core Residential Management Company B.V. has outsourced all responsibilities to the Manager (a.s.r. real estate). a.s.r. real estate also acts as the Manager of the Fund under the AIFMD requirements. Risk management is therefore described from the perspective of the Manager (a.s.r. real estate).

The Manager reviews key processes through ISAE 3402 Type II. A Type II report not only includes the service organisation's description of controls, but also includes detailed testing of the service organisation's controls. Every year, compliance to the ISAE framework is audited by an external accountant. In February 2020, a.s.r. real estate received an ISAE 3402 Type II statement without imperfections for the test period 2019.

Risk matrix

Risk	Risk appetite	Risk mitigating aspects	Impact
Financial risks			
Rental risk	The Fund strives to obtain stable rental income. Furthermore, a high occupancy rate is a core objective.	The Fund focusses on the Best Performing Locations & Areas. Continuous monitoring of market rents and their movements. Maintaining contact with tenants. Standard lease terms state that rent mus be paid in advance.	The vacancy in relation to the gross rent was 1.5% in 2019.
Market risk	This relates to the imact of overall market changes on the value of assets and rental income. Market risk cannot be avoided.	Monitoring market transactions and developments. The portfolio is valued by independent appraisers.	(Strong) capital growth has had a positive effect on total return, whereas it had a negative effect on income return.
Interest rate risk	The Fund is intended to be predominantly an equity fund. Therefore interest rate risk is limited.	The Fund's interest rate risk is assessed continually.	The Fund maintains a low leverage status with a LTV ratio between 0%-10%
Credit risk	The Fund has a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral. The Fund has opted not to insure against credit risk.	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 with 16% from € 284k in 2018 to € 330k in 2019. Bad debt provisions as a percentage of gross income increased to 0.58% compared to 0.53% in 2018.

Risk	Risk appetite	Risk mitigating aspects	Impact
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 Manager will accept Redemtion Requests Quarterly . The Fund is a closed-end investment company under AIFMD definitions.	Maintaining adequate reserves, obtaining loan facilities if applicable, monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities After the lock up 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 agreement with one or more (prospective) Investor(s).	The Fund has an agreement with NIBC for € 50m which was undrawn as per 31.12.2019.
Funding risk	The Fund wants to keep its low leverage status to support the equity character of the Fund.	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. 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.	LTV ratio was 0% as per 31.12.2019.
Project risk	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.	In order to mitigate the risk regarding projects, the ASR Dutch Core Residential Projects B.V. was set up.	The ASR Dutch Core Residential Projects BV did not perform any activities during 2019.
Contract risk	The Fund is exposed 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.	No major events have occurred in 2019.

Risk	Risk appetite	Risk mitigating aspects	Impact
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 scenario's such as war, terrorism etc. are uninsurable or economically not feasible. The Fund understands that tail risks may occur.	No major events have occurred in 2019. Certain impacts to public health conditions particular to the COVID-19 virus outbreak that occurred in Q1 2020 may have a significant negative impact on the operations and profitability of the Fund's investments. The extent of the impact to the financial performance will depend on future developments, which are highly uncertain. If the financial situation of tenants is impacted for an extended period, the Fund's investment results may be materially affected.
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 major events have occurred in 2019.

Risk	Risk appetite	Risk mitigating aspects	Impact
Strategic risks			
Strategic risks	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 • The Fund must avoid development risk The Fund Agreement sets out the Fund's investment objectives & strategy, investment criteria and investment restrictions.	The Fund Manager mitigates strategic risk by drawing up every year a three-year business plan plan. The investment objective 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 Fund Manager 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 2019-2021. During 2019 the Fund meets all investment objectives and strategy, investment criteria and investment restrictions.
Country risk	The Fund solely holds investments in the Netherlands.	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 major events have occurred in 2019.
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 major events have occurred in 2019.
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 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 in the Fund. As a consequences, the Fund Manager continuously monitors its pipeline projects.	No major events have occurred in 2019.
Relative performance risk	Risk that the performance falls behind the Fund's targets and peers.	Quarterly monitoring.	Total return for the Fund was 15.8%, compared to 13.6% for the benchmark in 2019.
Concentration risk	Investments in Dutch residential properties.	This risk factor is mitigated by establishing thirteen focus areas. Within the strategy concentration risk is further mitigated by diversifying asset types such as apartments, single family houses and target groups.	The Fund has acted in line with the terms and restrictions.

Risk	Risk appetite	Risk mitigating aspects	Impact
Valuation risk	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, 9th Edition (the "Red Book"). These standards are in line with IAS and IFRS. 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 two independent valuers who will be replaced after a maximum assignment period of three years.	No major events have occurred in 2019.
Operational risk			
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.	Operational Risk Framework is in place. The ORF controls are monitored and reported to the management on a monthly basis by business risk management. Annually an ISAE 3402 audit is performed with certification by an external auditor.	In 2020, a.s.r. real estate received an ISAE 3402 Type II statement without imperfections for the test period 2019.
Risk factors on Asset Management and Property Management	The Fund considers sustainable investments a prerequisite.	The Fund acts as an active asset manager working with property managers 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 major events have occurred in 2019.
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.	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 specific issues have occured during 2019. The AIFM has a Business Continuity Plan in place.
Compliance risks			
Integrity risk	Unethical behaviour of employees, internal managers and business partners can damage or prevent the realisation of the Fund's objectives and yield. The AIFM does not tolerate this kind of behaviour.	A Whistleblower policy, CDD, pre-employment screening, COI policy are in place.	No major events have occurred in 2019.
Financial reporting risk	The Fund faces 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.	No major events have occurred in 2019.

Risk	Risk appetite	Risk mitigating aspects	Impact
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 nevertheless.	A Due Diligence is part of the investmentment process. The identification of potential environmental risk is always part of the independent risk analysis of each investment process.	No major events have occurred in 2019.
Legislation and regulation risk	The Fund cannot influence or change amendments to legislation and regulation. The Fund is well 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 Fund Manager has designated a Compliance Officer who is charged with supervising the Fund's compliance with legislation and regulation.	No major events have occurred in 2019.
Tax and legal risk	The Fund avoids any incorrect legal or fiscal assessments.	This risk is mitigated by obtaining, when necessary, advice from external tax advisors and lawyers of reputable organisations.	No major events have occurred in 2019.
Depostary Risk	The Fund will only accept a financially solid depositary that is of 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 under and further to the AIFMD, in accordance with the requirements and limitations of Book 6 of the Dutch Civil Code (Burgerlijk Wetboek).	Next to the performance with regard to the depositary's AIFMD obligations, the financial stability and integrity of the depositary is monitored by the AIFM on a quarterly basis.	No major events have occurred in 2019.
Custody Risk	The Legal Owner shall hold 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 AIFM.	No major events have occurred in 2019.

Fund outlook

As a result of the COVID-19 (Corona) virus outbreak in the first quarter of 2020, the Dutch economy is likely to turn negative in 2020, although the extent is still highly uncertain. Because of this uncertainty, two economic scenarios have been distinguished, which are a base and a negative scenario. These scenarios are more thoroughly described in the market outlook in this annual report.

The solid fundamentals of the Dutch residential market and the low mortgage interest rate environment continue to contribute to the performance of the Dutch housing market, although house price growth is expected to weaken as a result of the COVID-19 crisis.

Strong demand for mid-priced rental housing, high occupancy rates, rent increases exceeding inflation and sound cost control remain the foundation for a stable operating result of the portfolio. However, revaluation of the portfolio and result on individual sales are likely to be negatively impacted, as a result of the COVID-19 crisis.

Competition between investors for good products is likely to remain solid, despite the COVID-19 crisis. Investors remain keen on good (residential) products in the core markets, which will most likely not impact current yields upwards. Therefore, pressure on yields will remain but will stagnate compared to the years before. Furthermore, new construction is not expected to be able to keep up with the high demand for housing, due to relatively limited resources and the shortage of available plots for new construction. However, the Fund has confidence in its ambition to further grow the pipeline. This is confirmed by the recent acquisitions of Edge in Eindhoven and The Minister in Rijswijk.

Government policy will leave a stronger mark on the regulation of the mid-priced rental segment and will continue to focus on affordability and the reduction of the housing shortage. However, it is expected that investments in Dutch residential real estate remain attractive for investors, due to the strong fundamentals.

Utrecht, the Netherlands, 8 April 2020

a.s.r. real estate
On behalf of the ASR Dutch Core Residential Management Company B.V.

Dick Gort, *CEO*
Henk-Dirk de Haan, *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	2019	2018
Gross rental income	5	56,909	53,888
Service charge income	5	2,901	2,872
Total operating income		**59,810**	**56,760**
Property-specific costs	6	(12,716)	(12,292)
Service charge expenses	5	(2,901)	(2,872)
Fund expenses	7	(671)	(703)
Management fees	8	(7,996)	(6,932)
Total operating expenses		**(24,284)**	**(22,799)**
Operating result		**35,526**	**33,961**
Finance income	9	349	235
Finance costs	9	(407)	(409)
Finance result		**(58)**	**(174)**
Changes in fair value of investment properties	11	152,084	136,647
Changes in fair value of right-of-use contracts	12	(59)	-
Changes in value of participations	13	7,293	5,750
Result on sales of investment properties	10	5,150	1,162
Result on individual unit sales	10	2,792	5,058
Realised and unrealised gains and losses		**167,260**	**148,617**
Net result		**202,728**	**182,404**
Other comprehensive income		-	-
Total comprehensive income		**202,728**	**182,404**
In €			
Direct result per unit (distributable result per unit)		31	33
Indirect result per unit		134	120
Net result per unit		**165**	**153**

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 2019	31 December 2018
ASSETS			
Non-current assets			
Investment properties in operation	11	1,367,346	1,261,773
Investment properties under construction	11	104,387	28,853
Right-of-use assets	12	1,080	-
		1,472,813	**1,290,626**
Participations	13	**38,950**	**16,628**
Current assets			
Trade and other receivables	14	384	463
Cash and cash equivalents	15	60,778	35,504
		61,162	**35,967**
Investment properties held-for-sale	11	3,008	2,673
Total assets		**1,575,933**	**1,345,894**
CAPITAL AND LIABILITIES			
Capital	16		
Issued capital		1,247	1,193
Additional paid-in capital		1,058,339	994,993
Revaluation reserve		512,912	386,695
Retained earnings		(17,079)	(55,329)
		1,555,419	**1,327,552**
Non-current liabilities			
Borrowings	17	(4)	(21)
Lease liabilities	18	1,080	-
		1,076	**(21)**
Current liabilities			
Trade and other liabilities	19	19,438	18,363
Total capital and liabilities		**1,575,933**	**1,345,894**

Statement of changes in capital

(amounts in € '000, unless otherwise stated)

Statement of changes in capital

For the period 1 January 2018 - 31 December 2019	Issued capital	Additional paid-in capital	Retained earnings	Revaluation reserve [1]	Total
Balance as at 1 January 2018	1,193	994,993	(81,667)	269,474	1,183,993
Comprehensive income					
- Profit for the year	-	-	182,404	-	182,404
- Movement arising from market valuations	-	-	(121,285)	121,285	-
- Movement arising from participations	-	-	(5,750)	5,750	-
- Movement arising from divestments	-	-	9,814	(9,814)	-
Total comprehensive income	**-**	**-**	**65,183**	**117,221**	**182,404**
Transactions with the owners of the Fund					
Contributions and distributions:					
- Distributable result	-	-	(38,845)	-	(38,845)
Total transactions with owners of the Fund	**-**	**-**	**(38,845)**	**-**	**(38,845)**
Balance as at 31 December 2018	**1,193**	**994,993**	**(55,329)**	**386,695**	**1,327,552**
Comprehensive income					
- Profit for the year	-	-	202,728	-	202,728
- Movement arising from market valuations	-	-	(133,352)	133,352	-
- Movement arising from participations	-	-	(7,293)	7,293	-
- Movement arising from divestments	-	-	14,428	(14,428)	-
Total comprehensive income	**-**	**-**	**76,511**	**126,217**	**202,728**
Transactions with the owners of the Fund					
Contributions and distributions:					
- Issue and redemption of ordinary units	54	63,346	-	-	63,400
- Distributable result	-	-	(38,261)	-	(38,261)
Total transactions with the owners of the Fund	**54**	**63,346**	**(38,261)**	**-**	**25,139**
Balance as at 31 December 2019	**1,247**	**1,058,339**	**(17,079)**	**512,912**	**1,555,419**
In €					
NAV per unit					1,247
Distributable result per unit					31

Distributable result

For the year	2019	2018
Operating result	35,526	33,961
Finance result	(58)	(174)
Result on individual unit sales	2,792	5,058
Net result	**38,261**	**38,845**

1) The revaluation reserve concerns the revaluation of the investment properties and participations. The (unrealised) 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.

Statement of cash flows

(amounts in € '000, unless otherwise stated)

Statement of cash flows

For the year	Notes	2019	2018
Net result		202,728	182,404
Adjustments for:			
Interest result	9	58	174
Changes in fair value of investment properties	11	(152,084)	(136,647)
Changes in value of participation	13	(7,293)	(5,750)
Result on sales	10	(7,942)	(6,220)
Changes in working capital	11	1,235	2,119
Amortised provision on borrowings	7	17	16
Cash flows from operating activities		36,719	36,096
Interest paid	9	(407)	(409)
Interest received	9	349	235
Net cash flows from operating activities		**35,661**	**35,922**
Cash flows from or used in investing activities			
Investment properties in operation	11	(3,740)	(10,683)
Investment properties under construction	11	(69,528)	(28,379)
Investment properties participations	11	(15,030)	(10,878)
Divestments	10	51,853	33,830
Net cash flows from or used in investing activities		**(36,445)**	**(16,110)**
Cash flows from or used in financing activities			
Issue of ordinary units		63,400	-
Proceeds from borrowings	17	-	-
Distributed result		(38,342)	(38,601)
Net cash flows from or used in financing activities		**25,058**	**(38,601)**
Net movement in cash		**25,274**	**(18,789)**
Cash and cash equivalents as at the beginning of the period		35,504	54,293
Net increase in cash and cash equivalents		25,274	(18,789)
Cash and cash equivalents at end of the period		**60,778**	**35,504**

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 adopted for issue by the Meeting of Investors on 7 May 2020.

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 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 B.V. 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 B.V. 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
The following standards and amendments have been adopted by the Fund for the reporting period of 1 January to 31 December 2019:
- IFRS 16: Leases

IFRS 16 Leases
Under this standard a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. The item that the Fund leases, under operating lease agreements, is ground leases.

For the implementation of IFRS 16 the Fund applied the modified retrospective method, meaning that the 2018 comparative figures in the 2019 financial statements are not restated. The application of this standard resulted in an increase in balance total of € 1,1 million per 1 January 2019 and does not have an impact on equity of the consolidated financial statements of the Fund per that date.

Incremental borrowing rate applied at the date of initial application:
The weighted incremental borrowing rate of the Fund as a lessee applied to the leased other property and equipment is 2.93%.

The changes have no material effect on the total equity attributable to Investors or profit or loss for the reporting period of the Fund.

(b) New standards, amendments and interpretations issued, but not yet effective
The following new standards, amendments to existing standards and interpretations, relevant to the Fund and published prior to 1 January 2020 and effective for accounting periods beginning on or after 1 January 2020, were not early adopted by the Fund:
- Amendments to IAS 1 and IAS 8: Definition of Material (2020);
- IFRS 17: Insurance Contracts (2022);

Standard/Interpretation	Content	Applicable for financial years beginning on/after
Amendments to IAS 1 and IAS 8	Definition of Material	1 January 2020
IFRS 17	Insurance Contracts	1 January 2022

Amendments to IAS 1 and IAS 8: Definition of Material
The IASB issued amendments to IAS 1 and IAS 8: Definition of Material which are relevant to the Fund and are effective from 1 January 2020. The amendments ensure a consistent definition of materiality throughout the Conceptual Framework and the IFRSs, clarify the explanation of the definition of material and clarify the meaning of 'primary users' of financial statements. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users (being the existing and potential investors, lenders and other creditors) make based on the Fund financial information provided.

The Fund deems its previous and current consolidated financial statements to be in line with the amended definition of material, including clarifications. As a result, the amendment will have no material effect on the presented quantitative and qualitative information.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:
A specific adaptation for contracts with direct participation features (the variable fee approach)
A simplified approach (the premium allocation approach) mainly for short-duration contracts
IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable 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.

Significant accounting policies

2.4 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 determine reliably 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, 9th Edition (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 derecognizing of an investment property are recognised in the statement of income and other comprehensive income in the year of derecognizing.

See Note 2.6 (b) for details of the treatment of letting fees capitalised within the carrying amount of the related investment property.

2.5 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.

2.6 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.

2.7 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.

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.

2.8 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.

2.9 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.

2.10 Currents 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.

2.11 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.

2.12 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.

2.13 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 2019 has been paid in February 2020.

2.14 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.

2.15 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.

2.16 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, but also performance 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).

2.17 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 2019 amounted to nil, as no actvities took place in Project BV during 2019.

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 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 Fund 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 Fund Manager set 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 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)
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;
- 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, leaseholders, employees and supervisory bodies.

Risk management objectives

The 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 property 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 Fund 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 Dashboard. 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. 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 also 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) Dashboard
The NFR Dashboard 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
- Outsourcing risk

The NFR dashboard indicates the risk appetite of a.s.r. in relation to each of the above risks. The NFR dashboard 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 reports on the dashboard 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
- 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 MT 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 Securities Services S.C.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 ('AIFM") 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 Fund 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
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
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.

Manager's declaration
The Executive Board of a.s.r. real estate issued a management control statement on risks in the financial reports and the risk management model (including compliance risk) at a.s.r. real estate over 2019. 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 Fund 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
- 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 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 of the Fund expects to lower the risk profile of the portfolio.

The properties are valued by independent valuers. In 2019, the independent valuers were MVGM Vastgoedtaxaties and CBRE Valuation Advisory. 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 2 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 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 external property managers are in constant contact with tenants and their developments. Furthermore, the 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			
	-10.0%	-5.0%	0.0%	5.0%
Impact on direct return Fund	-0.4%	-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 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 of the Fund 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 (Note 17). 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 moderate as the Fund has a relatively low LTV target of 0%. However, interest rate risk with regard to leverage is not hedged.

The Fund's interest rate risk is assessed continually. As at 31 December 2019 the Fund's interest rate risk is not significant.

Impact of interest rate change (sensitivity analysis)

	Change in interest rate			
	+200bps	+100bps	0bps	-100bps
Impact on direct return Fund	0.0%	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
	+100bps	+50bps	0bps	-50bps
Impact on indirect return Fund	-20.4%	-11.4	0.0%	14.9%
Impact on direct return Fund	0.6%	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 2019 the debtor's position amounts to € 0.4m, 0.7% of gross rental income. The outstanding amount can be divided into the following aging categories.

Rent receivables from tenants

	December 2019
< 30 days	45
31-60 days	48
61-180 days	56
180-365 days	107
> 365 days	133
Total rent receivables from tenants	**389**
% of gross rental income	0.7%
Total > 30 days	344
Provision for doubtful debt	330

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 of the Fund, 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 has an agreement with NIBC for a credit facility of € 50m (undrawn per 31 December 2019). It faces very low solvency risk, since 0.0% of the Fund's GAV is financed with borrowings, as at 31 December 2019.

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 will 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 specific issues have occured during 2019.

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 specific issues have occured during 2019.

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 2019 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 specific issues have occured during 2019.

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 B.V. carries out tasks exclusively for the Fund. To this end, an agreement (Real Estate Project Agreement, dated 6 September 2016) 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, a fee 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, the issue of such licenses is commonly delayed. 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 specific issues have occured during 2019.

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 specific issues have occured during 2019.

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 specific issues have occured during 2019.

Certain impacts to public health conditions particular to the COVID-19 virus outbreak that occurred in Q1 2020 may have a significant negative impact on the operations and profitability of the Fund's investments. The extent of the impact to the financial performance will depend on future developments, including the duration and spread of the outbreak, the restrictions and advisories, the effects on the financial markets, and the effects on the economy overall, all of which are highly uncertain. If the financial situation of tenants is impacted because of these things for an extended period, the Fund's investment results may be materially affected.

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 specific issues have occured during 2019.

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 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.

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 Fund Manager continuously monitors its forward acquisitions. No specific issues have occured during 2019.

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 property 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 specific issues have occured during 2019.

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 specific issues have occured during 2019.

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 specific issues have occured during 2019.

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 twelve 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. No specific issues have occured during 2019.

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 monthly basis and by holding asset managers accountable and directing them if necessary. No specific issues have occured during 2019.

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, 9th Edition (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 two 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. No specific issues have occured during 2019.

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 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 specific issues have occured during 2019.

Risk factors on asset management and property management
Sustainability is an absolute prerequisite. The Fund therefore acts as an active asset manager working with property managers 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 specific issues have occured during 2019.

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 specific issues have occured during 2019.

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 specific issues have occured during 2019.

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 specific issues have occured during 2019.

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 Fund 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 Fund 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 Manager does not retain its AIFMD license, in the case of its not complying with license obligations. The Manager strictly adheres to license obligations and actively monitors changes in AIFMD regulation and guidelines in order to mitigate this risk. No specific issues have occured during 2019.

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. No specific issues have occured during 2019.

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.
- 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 specific issues have occured during 2019.

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 AIFM 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 AIFM. No specific issues have occured during 2019.

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 AIFM. No specific issues have occured during 2019.

4 Critical judgements in applying the Fund's accounting policies
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 estimate 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 assurance 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, retail 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	2019	2018
Theoretical rental income	57,772	55,022
Vacancy	(839)	(1,100)
Straight lined rent incentives	(24)	(34)
	56,909	**53,888**

Net rental income

For the year	2019	2018
Gross rental income	56,909	53,888
Service charge income	2,901	2,872
Service charge expenses	(2,901)	(2,872)
Property operating costs	(12,716)	(12,292)
	44,193	**41,596**

For quantitative analysis on gross rental income we refer to page 24.

6 Property-specific costs

Property-specific costs

For the year	Notes	2019	2018
Maintenance		6,246	5,757
Marketing costs		597	1,106
Non recoverable service costs		31	25
Property insurance		457	384
Property management fee		2,276	2,156
Provision for doubtful debt	14	129	(15)
Taxes		2,448	2,386
Other property specific costs		532	493
		12,716	**12,292**

For quantitative analysis on property specific costs we refer to page 24. 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	2019	2018
Administration and secretarial fees	22	44
Amortised provision on borrowings	17	17
Audit fees	98	113
Bank charges	15	4
Depositary fees	106	114
Publication fees	42	90
Valuation fees	371	321
	671	**703**

8 Management fees

Management fees

For the year	2018	2017
Asset management fee	7,266	6,302
Fund management fee	730	630
	7,996	**6,932**

For quantitative analysis on management fees we refer to page 25.

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 help ASR Nederland N.V. enable to attract and retain qualified employees. Since July 1, 2014 remuneration includes all remuneration groups of fixed salary only. 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 is linked to the assessment of the overall job performance. The fixed salary is indexed according to the collective increase in the insurance business.

The Fund has no employees in 2019. All employees and directors working for the Fund are employed by ASR Nederland N.V.. A service agreement ('inleenovereenkomst') is 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 a cost-allocation agreement is in place. Allocation of personnel expenses to a.s.r. real estate occurs based on fte-driven cost allocation-keys. The total costs of a.s.r. real estate amount to € 24.3m for 2019 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 exist of total personnel expenses of € 17.7m, based on an average of 158 FTE, including 2 directors. Of the total personnel expenses € 0.5 million can be allocated to the directors of the Manager. The rest of the personnel expenses is related to the other staff. As at 31 December 2019, the total number of FTE in a.s.r. real estate is 158. The other costs, consisting of e.g. ICT-, business support-, advisory- and marketing costs, amount to € 6.6m.

a.s.r. real estate is not in compliance with the targeted percentage of 30% female/male (as described in article 391, sub 7 BW2). When a vacant position in a.s.r. real estate occurs, a.s.r. real estate will take this targeted percentage into account and strive to find the right person for the job.

The total remuneration of the employees involved in the Fund is included in the management fees as shown above, which fees are in favor of a.s.r. real estate. The number of employees that are fully or partly involved in the Fund is estimated at 37. This estimation is based on the assets under management of the Fund in relation to the total assets under management of a.s.r. real estate.

The total remuneration for the employees of a.s.r. real estate involved in the Fund is € 4.1m. This amount was fully charged by the Manager of the investment entity. The following table shows the composition of the remuneration of the employees involved in the Fund:

Remuneration

2019	Number of employees	Fixed remuneration	Variable remuneration	Total remuneration	Percentage of remuneration
Executive Board	2	116	-	116	3%
Identified staff	-	-	-	-	-
Other staff	35	3,981	-	3,981	97%
Total	**37**	**4,097**	**-**	**4,097**	**100%**

2018					
Executive Board	2	90	-	90	3%
Identified staff	-	-	-	-	-
Other staff	32	3,413	-	3,413	97%
Total	**34**	**3,503**	**-**	**3,503**	**100%**

There are no staff whose actions the Fund's risk profile significantly affect (identified staff), who can be allocated directly to the Fund. Consequently, the 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 report that no person has received a compensation exceeding € 1.0 m.

9 Finance result

Finance result

For the year	2019	2018
Interest income	349	235
Finance income	**349**	**235**
Interest costs borrowings	(407)	(409)
Finance costs	**(407)**	**(409)**
	(58)	**(174)**

10 Result on sales

Result on sales

For the year	2019	2018
Net proceeds of sales	51,853	33,830
Historical costs of properties sold	(29,483)	(17,796)
Realised gains on historical costs	**22,370**	**16,034**
Cumulative changes in fair value of properties sold	(14,428)	(9,814)
	7,942	**6,220**

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 2019:

Investment properties for the year ended at 31 December 2019

Segment	Multi Family			Single-family			Other			Total
Class	In operation	Under construction	Held-for-sale	In operation	Under construction	Held-for-sale	In operation	Under construction	Held-for-sale	
Fair value hierarchy	3	3	3	3	3	3	3	3	3	
2019										
Balance as at the beginning of the period	**844,386**	**28,853**	**999**	**415,907**	**-**	**1,674**	**1,480**	**-**	**-**	**1,293,299**
Movements										
Transfer from Investment properties under construction	16,064	(16,994)	-	-	-	-	930	-	-	-
Transfer to Investment properties held-for-sale	(1,890)	-	1,890	(1,118)	-	1,118	-	-	-	-
Investments	(491)	69,528	-	1,763	-	-	2,468	-	-	73,267
Positive changes in fair value	90,400	23,000	-	38,057	-	-	707	-	-	152,164
Negative changes in fair value	(32)	-	-	(48)	-	-	-	-	-	(80)
Divestments	(33,763)	-	(999)	(7,474)	-	(1,674)	-	-	-	(43,910)
Balance as at the end of the period	**914,674**	**104,387**	**1,890**	**447,087**	**-**	**1,118**	**5,585**	**-**	**-**	**1,474,740**
Historical costs	585,113	82,555	1,890	298,261	-	1,118	4,596	-	-	973,532
Cumulated changes in fair value	329,561	21,832	-	148,826	-		989	-	-	501,208
Balance as at the end of the period	**914,674**	**104,387**	**1,890**	**447,087**	**-**	**1,118**	**5,585**	**-**	**-**	**1,474,740**

The following table analyses the Fund's investment properties for the year ended at 31 December 2018:

Investment properties for the year ended at 31 December 2018

Segment	Multi Family			Single-family			Other			Total
Class	In operation	Under construction	Held-for-sale	In operation	Under construction	Held-for-sale	In operation	Under construction	Held-for-sale	
Fair value hierarchy	3	3	3	3	3	3	3	3	3	
2018										
Balance as at the beginning of the period	**680,057**	**83,440**	**1,904**	**372,478**	**4,578**	**1,327**	**1,415**	**-**	**-**	**1,145,200**
Movements										
Transfer from Investment properties under construction	82,831	(82,831)	-	9,377	(9,377)	-	-	-	-	-
Transfer to Investment properties held-for-sale	(999)	-	999	(1,674)	-	1,674	-	-	-	-
Investments	8,763	23,956	-	1,920	4,423	-	-	-	-	39,062
Positive changes in fair value	98,366	5,226	-	43,064	375	-	65	-	-	147,097
Negative changes in fair value	(9,511)	(938)	-	-	-	-	-	-	-	(10,449)
Divestments	(15,121)	-	(1,904)	(9,258)	-	(1,327)	-	-	-	(27,610)
Balance as at the end of the period	**844,386**	**28,853**	**999**	**415,907**	**-**	**1,674**	**1,480**	**-**	**-**	**1,293,299**
Historical costs	593,756	26,645	999	301,877	-	1,674	1,198	-	-	926,149
Cumulated changes in fair value	250,630	2,208	-	114,030	-	-	282	-	-	367,150
Balance as at the end of the period	**844,386**	**28,853**	**999**	**415,907**	**-**	**1,674**	**1,480**	**-**	**-**	**1,293,299**

All the investment properties are valued as at 31 December 2019 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 2019 and 31 December 2018 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 / February 2020. 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

2019	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 2019	Valuation technique	Gross rental value (in € '000)		Gross initial yield (in %)		Change in yield	-5%	0%	+5%
Netherlands -			2,735	max	5.8%	max	-5%	-	48,240	96,480
Apartments -	916,563	DCF	441	mean	3.9%	mean	0%	(45,828)	-	45,828
Level 3			12	min	2.4%	min	5%	(87,292)	(43,646)	-
Netherlands -			1,177	max	6.2%	max	-5%	-	23,590	47,179
Single-family houses -	448,205	DCF	323	mean	4.4%	mean	0%	(22,410)	-	22,410
Level 3			20	min	1.8%	min	5%	(42,686)	(21,343)	-
Netherlands -			85	max	10.1%	max	-5%	-	294	588
Other -	5,585	DCF	54	mean	4.9%	mean	0%	(279)	-	279
Level 3			19	min	2.5%	min	5%	(532)	(266)	-
	1,370,353									

2018	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 2018	Valuation technique	Gross rental value (in € '000)		Gross initial yield (in %)		Change in yield	-5%	0%	+5%
Netherlands -	845,384	DCF	2,758	max	10.4%	max	-5%	-	44,494	88,988
Apartments -			417	mean	4.8%	mean	0%	(42,269)	-	42,269
Level 3			9	min	3.2%	min	+5%	(80,513)	(40,256)	-
Netherlands -	417,582	DCF	1,156	max	6.4%	max	-5%	-	21,978	43,956
Single-family houses -			310	mean	4.8%	mean	0%	(20,879)	-	20,879
Level 3			20	min	1.7%	min	+5%	(39,770)	(19,885)	-
Netherlands -	1,480	DCF	81	max	11.4%	max	-5%	-	78	156
Other -			73	mean	10.2%	mean	0%	(74)	-	74
Level 3			66	min	9.0%	min	+5%	(141)	(70)	-
	1,264,446									

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, 9th Edition (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
- 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 Manager (a.s.r. real estate) coordinates the valuation process and analyses the quarterly movements in valuations together with the asset manager. 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 2019	31 December 2018
Balance as at the beginning of the period	**-**	**-**
Movements		
- Initial measurement	1,080	-
- Negative changes in fair value	(59)	-
- Remeasurement	59	-
Balance as at the end of the period	**1,080**	**-**

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 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:

Participations

As at	31 December 2019	31 December 2018
Current assets, including cash & cash equivalents of Grotiusplaats	2,548	-
Non-current assets –investment property	77,827	33,255
	80,375	**33,255**
Current liabilities including tax payable of Grotiusplaats	2,475	-
Non-current liabilities including long term borrowings of Grotiusplaats	-	-
	2,475	**-**
Equity	77,900	33,255
Proportion of the Fund's interest	50%	50%
Fund's carrying amount of the investment	**38,950**	**16,628**
Rental income	-	-
Property expenses	-	-
Profit on valuation of investment property	14,585	11,500
Profit for the year	**14,585**	**11,500**
Fund's share of profit for the period	**7,293**	**5,750**

In accordance with the agreement under which Grotiusplaats is established, the total capital commitment amounts to € 92.2m, of which € 25.9m have been paid as at 31 December 2019.

14 Trade and other receivables

Trade and other receivables

As at	31 December 2019	31 December 2018
Rent receivables from tenants	389	612
Other receivables	325	135
Less: provision for doubtful debt	(330)	(284)
	384	**463**

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 2019	31 December 2018
Balance as at the beginning of the period		284	375
Movements			
- Bad debt write-off		(83)	(76)
- Movement of provision for doubtful debt	6	129	(15)
Balance as at the end of the period		**330**	**284**

15 Cash and cash equivalents

Cash and cash equivalents

As at	31 December 2019	31 December 2018
Cash	60,778	35,504
	60,778	**35,504**

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 2019	31 December 2018
Number of units as at the beginning of the period	1,192,701	1,192,701
Movements in number of units		
- Issued units closings	54,765	-
Number of units as at the end of the period	**1,247,466**	**1,192,701**

Ownership in number of units is as follows:

Ownership in number of units

As at	31 December 2019	31 December 2018
Units - Entitled for distributable result		
ASR Levensverzekering N.V.	632,571	660,470
ASR Schadeverzekering N.V.	158,779	183,893
Other investors	456,116	348,338
	1,247,466	**1,192,701**

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 2019	31 December 2018
Equity attributable unit holders (in € '000)	1,555,419	1,327,552
Number of units as per reporting date	1,247,466	1,192,701
Net asset value per unit (in €)	1,247	1,113

17 Borrowings

All the Fund's borrowings are at floating rates of interest. Interest costs may increase or decrease as a result of changes in the interest rates.

Borrowings

As at	Principal 13 March 2017	Amortised expenses	Repayments < 1 year	End date	Effective interest	Effective interest
NIBC Bank N.V. - Credit facility	50,000	(6)	-	07 April 2020	N/A	floating

The Fund has access to a current account credit facility of € 50m, which can be used to finance future forward acquisition obligations and meet temporary liquidity needs. As at 31 December 2019, the credit facility has not been partially or wholly drawn by the Fund. The credit agreement has no mortgage and the margin on 3-months Euribor amounts to 1.0%. The upfront fee amounts to € 50k, which will be amortised over the maturity of the facility. In addition, a commitment fee of 0.35% is charged.

Capitalised provisions

As at	31 December 2019	31 December 2018
Capitalised provisions	(4)	(21)
	(4)	**(21)**

The fair value of borrowings approximated their carrying value at the date of the statement of financial position.

The Fund has the following undrawn floating rate borrowing facilities:

Overview of borrowing facilities

As at	31 December 2019	31 December 2018
Expiring within one year	50,000	-
Expiring beyond one year	-	50,000
	50,000	**50,000**

18 Lease liabilities

Provision for doubtful debt

As at	31 December 2019	31 December 2018
Balance as at the beginning of the period	-	-
Movements		
- Initial measurement	1,080	-
- Amortised interest	31	-
- Remeasurement	59	-
- Lease Payment	(90)	-
	1,080	**-**

19 Trade and other liabilities

Trade and other liabilities

As at	31 December 2019	31 December 2018
Accrued expenses	2,886	1,932
Distributable result to be paid	10,051	10,132
Management fees	2,066	1,836
Prepaid rent	449	485
Property management fees	580	554
Rent deposits	2,981	2,914
Service payables	296	316
Tax payables	10	10
Trade payables	119	184
	19,438	**18,363**

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

20 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, 1,231,278 average units over 2019 (1,192,701 average units over 2018).

Earnings per unit

For the year	2019	2018
Direct result	31	33
Indirect result	134	120
Net result per unit	**165**	**153**

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

21 Contingencies and commitments

The capital commitments of the Fund exists of 12 turnkey projects for a total amount of € 428.1m as at 31 December 2019. Of these commitmens, € 82.6m have been paid as at 31 December 2019. Change in fair value of forward acquisitions amounts to € 21.8m, resulting in € 104.4m as presented under investment properties under construction in the statement of financial position.

Another capital commitment of the Fund exist of the participation (Grotiusplaats) for a total amount of €92.2m. Of these commitments, € 25.9 have been paid as at 31 December 2019. Change in fair value of forward acquisitions amounts to € 13.0m, resulting in € 39.0m as presented under participations in the statement of financial position.

22 Related-party transactions

The Anchor Investor, ASR Levensverzekering N.V. and ASR Schadeverzekering N.V owns 63.4% 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 Anchor Investor aims to reduce its holding in the Fund and at the same time aims to maintain a sizeable stake in the Fund. During a period of six (6) years as of the Initial Closing the Anchor Investor will hold a minimum number of units which represents an investment of at least € 150m.

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	2019	2018
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 (€ 10.1m) to be paid (Note 16) and the following:

Related-party transactions

For the year	Notes	2019	2018
Asset management fee	8	7,266	6,302
Fund management fee	8	730	630
Property management fee	6	2,276	2,156
		10,272	**9,088**

23 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	2019	2018
Audit of the financial statements	7	98	94
Other audit engagements		-	19
		98	**113**

24 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 € 10.1m is recognised as a liability as at 31 December 2019 and paid to the investors in February 2020.

25 Subsequent events

- On 2 January 2020, the Fund had its fourteenth closing. Two investors expanded their share in the Fund for a total amount of € 33m. The Anchor Investor holds 62.1% of the units from 2 January 2020.
- On 1 February 2020, the Fund had its fifteenth closing. One new investor entered the Fund for a total amount of € 75m. As the Anchor Investor redeemed for a total amount of € 75m, no new units were issued. The Anchor Investor holds 57.4% of the units from 1 February 2020.
- On 1 April 2020, the Fund had its sixteenth closing. One investor expanded its share in the Fund for a total amount of € 10m. The Anchor Investor holds 57.1% of the units from 1 April 2020.
- The global outbreak of the COVID-19 virus in the beginning of 2020 may have an impact on the economy and therefore on the value and performance of the assets in the portfolio. At this stage and given the very high uncertainty surrounding the disease, the possible negative financial impact on the 2020 figures are difficult to estimate.

Utrecht, the Netherlands, 8 April 2020

a.s.r. real estate
On behalf of the ASR Dutch Core Residential Management Company B.V.

Dick Gort, *CEO*
Henk-Dirk de Haan, *CFRO*

Bergkwartier, Zeewolde

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 of ASR Dutch Core Residential Fund

Report on the audit of the financial statements 2019 included in the annual report

Our opinion

We have audited the financial statements 2019 of ASR Dutch Core Residential 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 2019, and of its result and its cash flows for 2019 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The statement of financial position as at 31 December 2019
- The following statements for 2019: the statement of income and comprehensive income, changes in capital and cash flows
- The notes comprising a summary of the significant accounting policies 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 believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter relating to Corona developments

The developments surrounding the Corona (Covid-19) virus have a profound impact on people's health and on our society as a whole, as well as on the operational and financial performance of organizations and the assessment of the ability to continue as a going concern. The financial statements and our auditor's report thereon reflect the conditions at the time of preparation. The situation changes on a daily basis giving rise to inherent uncertainty. The impact of these developments on ASR Dutch Core Residential Fund is disclosed in the report of the Management Company on page 18, 56 and 60, the notes to the financial statements on page 82 and the disclosure about events after the reporting period on page 99. We draw attention to these disclosures.

Our opinion is not modified in respect of this matter.

Report on 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 that consists of:

- The management board's report, consisting of:
  - The overview
  - The performance figures
  - The foreword
  - The fund profile
  - The report of the Management Company
  - The appendices
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

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.

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 of the investment entity is responsible for the preparation of the other information, including the report of the Management Company 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 responsibilities for the financial statements

Responsibilities of the manager for the financial statements
The manager of the investment entity 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 fraud or error.

As part of the preparation of the financial statements, the manager is responsible for assessing the investment entity'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 investment entity 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 investment entity'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 assignment 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.

Misstatements can arise from fraud or error 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 these 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 judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included, among other procedures:
- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, 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 error, 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 investment entity'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 the manager'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 investment entity'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 an investment entity to cease 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 the manager 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.

The Hague, 8 April 2020

Ernst & Young Accountants LLP

Signed by M.J. Knijnenburg

Appendix 1:
INREV financial statements (unaudited)

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:

As at	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 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 97.4%, based on 7 out of 7 assessments. The compliance rate for each completed module is:

Compliance rate per module

	Percentage
Corporate Governance	94
Fee and Expense Metrics	100
INREV NAV	100
Liquidity	96
Property Valuation	100
Reporting	94
Sustainability Reporting	100

INREV fee metrics (unaudited)

In order to give investors a clear overview of the fee and cost structure, the Fund publishes both its Total Expense Ratio (TER) and Real Estate Expense Ratio (REER), in line with INREV guidelines.

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

For the year		2019	2018
Fund management fee (% of NAV)		0.05%	0.05%
Asset management fee (% of NAV)		0.50%	0.50%
Management fees	a.	7,996	6,932
Fund expenses (incl. amortisation)	b.	671	703
Vehicle fees and costs before performance fees	c.	**8,667**	**7,635**
Performance fees	d.	-	-
Vehicle fees and costs after performance fees	e.	**8,667**	**7,635**
Property fees and costs	f.	12,716	12,292
Average INREV NAV	g.	1,458,437	1,260,283
Average INREV GAV	h.	1,470,643	1,267,959
NAV Total Expense Ratio (before performance fees)	c./g.	0.59%	0.61%
GAV Total Expense Ratio (before performance fees)	c./h.	0.59%	0.60%
NAV Total Expense Ratio (after performance fees)	e./g.	0.59%	0.61%
GAV Total Expense Ratio (after performance fees)	e./h.	0.59%	0.60%
NAV Real Estate Expense Ratio	f./g.	0.87%	0.98%
GAV Real Estate Expense Ratio	f./h.	0.86%	0.97%

INREV NAV calculation (unaudited)

INREV NAV calculation

		Total (in €'000)	Per unit (in €)
	NAV as per the financial statements	**1,555,419**	**1,247**
a)	Effect of exercise of options, convertibles and other equity interests	-	-
b)	Effect of not yet distributed results recorded as a liability (not included in equity)	10,051	8
	Diluted NAV, after the exercise of options, convertibles and other equity interests and the effect of not yet distributed results	**1,565,470**	**1,255**
c)	Revaluation to fair value of investment properties	-	-
b)	Revaluation to fair value of self-constructed or developed investment property	-	-
c)	Revaluation to fair value of property intended for sale	-	-
d)	Fair value of property that is leased to tenants under a finance lease	-	-
e)	Transfer taxes and purchaser's costs	-	-
f)	Revaluation to fair value of fixed rate debt	-	-
g)	Deferred tax	-	-
h)	Set-up costs	-	-
i)	Acquisition expenses	42	0
j)	Contractual fees	-	-
k)	Tax effect of the adjustments	-	-
l)	Minority interest effects on the above adjustments	-	-
	INREV NAV	**1,565,512**	**1,255**
	Distributable result (current quarter)	(10,051)	(8)
	INREV NAV (AFTER DISTRIBUTIONS)	**1,555,461**	**1,247**
	Number of shares / units issued	1,247,466	

The adjustments from the IFRS NAV calculation to the INREV NAV calculation relate to:
b) The fourth quarter 2019 distributable result.
m) Acquisition expenses of acquisitions performed in the prior five years. The adjustment decreased compared to 2018, 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

For the year	Notes	IFRS	Adjustments	2019 INREV	IFRS	Adjustments	2018 INREV
Gross rental income	5	56,909	-	56,909	53,888	-	53,888
Service charge income	5	2,901	-	2,901	2,872	-	2,872
Total operating income		**59,810**	**-**	**59,810**	**56,760**	**-**	**56,760**
Property-specific costs	6	(12,716)	(19)	(12,735)	(12,292)	(19)	(12,311)
Service charge expenses	5	(2,901)	-	(2,901)	(2,872)	-	(2,872)
Fund expenses	7	(671)	-	(671)	(703)	-	(703)
Management fees	8	(7,996)	-	(7,996)	(6,932)	-	(6,932)
Total operating expenses		**(24,284)**	**(19)**	**(24,303)**	**(22,799)**	**(19)**	**(22,818)**
Operating result		**35,526**	**(19)**	**35,507**	**33,961**	**(19)**	**33,942**
Finance income	9	349	-	349	235	-	235
Finance costs	9	(407)	-	(407)	(409)	-	(409)
Finance result		**(58)**	**-**	**(58)**	**(174)**	**-**	**(174)**
Changes in fair value of investment properties	11	152,084	-	152,084	136,647	-	136,647
Changes in fair value of right-of-use contracts	12	(59)	-	(59)	-	-	-
Changes in value of participations	13	7,293	-	7,293	5,750	-	5,750
Result on sales of investment properties	10	5,150	-	5,150	1,162	-	1,162
Result on individual unit sales	10	2,792	-	2,792	5,058	-	5,058
Realised and unrealised gains and losses		**167,260**	**-**	**167,260**	**148,617**	**-**	**148,617**
Net result		**202,728**	**(19)**	**202,709**	**182,404**	**(19)**	**182,385**
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income		**202,728**	**(19)**	**202,709**	**182,404**	**(19)**	**182,385**

INREV Statement of financial position (unaudited)

(amounts in €'000, unless otherwise stated)

Statement of financial position in accordance with INREV principles

		31 December 2019			31 December 2018		
As at	Notes	IFRS	Adjustments	INREV	IFRS	Adjustments	INREV
ASSETS							
Non-current assets							
Investment properties in operation	11	1,367,346	42	1,367,388	1,261,773	61	1,261,834
Investment properties under construction	11	104,387	-	104,387	28,853	-	28,853
Investment properties held-for-sale	11	3,008	-	3,008	2,673	-	2,673
Right-of-use asset	12	1,080	-	1,080	-	-	-
		1,475,821	**42**	**1,475,863**	**1,290,626**	**61**	**1,290,687**
Participations	13	**38,950**	**-**	**38,950**	**16,628**	**-**	**16,628**
Current assets							
Trade receivables	14	384	-	384	463	-	463
Cash and cash equivalents	15	60,778	-	60,778	35,504	-	35,504
		61,162	**-**	**61,162**	**35,967**	**-**	**35,967**
TOTAL ASSETS		**1,575,933**	**42**	**1,575,975**	**1,345,894**	**61**	**1,345,955**
CAPITAL AND LIABILITIES							
Capital	16						
Issued capital		1,247	-	1,247	1,193	-	1,193
Additional paid-in capital		1,058,339	-	1,058,339	994,993	-	994,993
Revaluation reserve		512,912	-	512,912	386,695	-	386,695
Retained earnings		(17,079)	10,093	(6,985)	(55,329)	10,193	(45,136)
		1,555,419	**10,093**	**1,565,512**	**1,327,552**	**10,193**	**1,337,745**
Non-current liabilities							
Borrowings	17	(4)	-	(4)	(21)	-	(21)
Lease liabilities	18	1,080	-	1,080	-	-	-
		1,076	**-**	**1,076**	**(21)**	**-**	**(21)**
Current liabilities							
Trade and other liabilities	19	19,438	(10,051)	9,387	18,363	(10,132)	8,231
Total capital and liabilities		**1,575,933**	**42**	**1,575,975**	**1,345,894**	**61**	**1,345,955**

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 2018 - 31 December 2019	Issued capital	Additional paid-in capital	Retained earnings	Revaluation reserve	Total
Balance as at 1 January 2018	1,193	994,993	(71,699)	269,474	1,193,961
Comprehensive income					
- Profit for the year	-	-	182,385	-	182,385
- Movement arising from market valuations	-	-	(121,285)	121,285	-
- Movement arising from participations	-	-	(5,750)	5,750	-
- Movement arising from divestments	-	-	9,814	(9,814)	-
Total comprehensive income	**-**	**-**	**65,164**	**117,221**	**182,385**
Transactions with the owners of the Fund					
Contributions and distributions:					
- Distributable result	-	-	(38,601)	-	(38,601)
Total transactions with owners of the Fund	**-**	**-**	**(38,601)**	**-**	**(38,601)**
Balance as at 31 december 2018	**1,193**	**994,993**	**(45,136)**	**386,695**	**1,337,745**
Comprehensive income					
- Profit for the year	-	-	202,709	-	202,709
- Movement arising from market valuations	-	-	(133,352)	133,352	-
- Movement arising from participations	-	-	(7,293)	7,293	-
- Movement arising from divestments	-	-	14,428	(14,428)	-
Total comprehensive income	**-**	**-**	**76,492**	**126,217**	**202,709**
Transactions with the owners of the Fund					
Contributions and distributions:					
- Issue and redemption of ordinary units	54	63,346	-	-	63,400
- Distributable result	-	-	(38,341)	-	(38,341)
Total transactions with owners of the Fund	**54**	**63,346**	**(38,341)**	**-**	**25,059**
Balance as at 31 december 2019	**1,247**	**1,058,339**	**(6,985)**	**512,912**	**1,565,512**
In €					
NAV per unit					1,255

Appendix 2: 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	Mr. Bardeslaan	Mr. Bardeslaan, Rodenburghlaan		2		
Amstelveen	RiMiNi	Missouri, Niagara, Rio Grande	126		66	
Amsterdam	Europapoort	Mensinge, Weerdestein	114		16	
Amsterdam	Mondriaan	Hart Nibbrigstraat, Piet Mondriaanplein, Henk Henriëtstraat		24	24	
Amsterdam	Nachtwachtlaan	Nachtwachtlaan	133		133	
Amsterdam	Sint Nicolaasstraat	Sint Nicolaasstraat	4			
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	409
Amsterdam	Zuidkwartier	Eosstraat	82		82	
Arnhem	Jonkerwaard	Jonkerwaard, Pachterwaard		51		
Arnhem	Malburgen	Van Berkumstraat		36		
Arnhem	Schuytgraaf	Daphnestraat, Dianaplantsoen		42		
Barneveld	Benctincklaan	Benctincklaan		11		
Bennekom	De Barones	Oost-Breukelderweg	24			
Boskoop	Burg. Colijnstraat	Burg. Colijnstraat, Torenpad	30			
Breda	Ambachtenlaan	Ambachtenlaan, Hovenierstraat, Kolenbranderstraat		86	1	
Breda	Pottenbakkerstraat	Pottenbakkerstraat, Steenhouwerstraat		9		
Breda	Prins Alexanderlaan	Prins Alexanderlaan		2		
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	
Ede (Gld.)	De Halte	De Halte	47		50	
Ede (Gld.)	Marie Louise	Topaasstraat	32		34	
Eindhoven	Frankendaal	Frankendaal, Groeneveld		16		
Etten-Leur	Zilvermeeuw-hoog	Zilvermeeuw		14		
Etten-Leur	Zilvermeeuw-laag	Zilvermeeuw		29		
Groningen	Ebbingekwartier	Grutmolen, Haverkampsdrift, Langestraat		21		
Haren (Gr.)	Ereprijsweg	Ereprijsweg, Rozengaard, Sterremuurweg		27		

City	Property	Address	Number of apartments	Number of single-family houses	Number of parking spaces	Commercial space (sq.m.)
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		
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	342
Leidschendam	Nieuw Mariënpark	Marienpark	36		36	
Leusden	Claverenbladstraat	Claverenbladstraat, Van Eydenhof		15		
Lochem	Koedijk	Koedijk		4		
Lochem	Korenmolenweg	Korenmolenweg, Pelmolenerf		4		
Lochem	Pelmolenerf	Pelmolenerf		5		
Monster	Molenstraat	Acaciastraat, Molenerf, Molenstraat	22			
Nieuwegein	Dotterbloemstraat	Dotterbloemstraat, Ereprijs, Guldenroede		159	9	
Nieuwegein	Van Reeshof	Van Reeslaan	40			
Nootdorp	Laan van Floris de Vijfde	Laan van Floris de Vijfde	38			
Rijen	Wouwerbroek	Wouwerbroek		16		
Rosmalen	Eikakkershoeven	Eikakkershoeven, Tielekenshoeven		63		
Rosmalen	Gruttoborch	Gruttoborch, Reigerborch, Kievitborch, Zwaluwborch		39		
Rotterdam	Karel Doormanstraat	Karel Doormanstraat	35		35	
Schijndel	Van Beethovenstraat	Van Beethovenstraat, Chopinstraat		27		
Son en Breugel	Colijnstraat	Colijnstraat, Doormanlaan		8		
Steenwijk	Paasweide	Paasweide		11		
The Hague	Amadeus	Kalvermarkt	40		40	
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			

City	Property	Address	Number of apartments	Number of single-family houses	Number of parking spaces	Commercial space (sq.m.)
Tilburg	Bijsterveldenlaan	Bijsterveldenlaan, Hoge Witsie		38		
Tilburg	Broekhuizenstraat	Broekhuizenstraat, Bakkumstraat, Bloemendaalstraat		13		
Tilburg	Garderenstraat	Garderenstraat, Groedehof, Geesterenstraat		40		
Tilburg	Hattemplein	Hattemplein, Hillegomlaan		30		
Tilburg	Karrestraat	Karrestraat	19			
Tilburg	Karrestraat-Poststraat	Karrestraat, Poststraat	5			
Tilburg	Menterwoldestraat	Menterwoldestraat, Mariekerkestraat		38		
Tilburg	Ravensteinerf	Ravensteinerf		64		
Tilburg	Ruinerwoldstraat	Ruinerwoldstraat		57		
Utrecht	Dr. H.T.S. Jacoblaan 69	Dr. H.T.S. Jacoblaan		2		
Utrecht	Lamérislaan	Lamérislaan	216		33	
Utrecht	Lessinglaan	Lessinglaan		3		
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	
Veldhoven	Buikhei	Bovenhei, Brouwershei, Buikhei, Schepelhei		91		
Waddinxveen	Gouwe Zicht	Binnendoor	25			
Wijk bij Duurstede	Boeg	Boeg, Voorsteven		17		
Wijk bij Duurstede	Kompas	Kompas, Mast		17		
Wijk bij Duurstede	Voorsteven	Boeg, Voorsteven		13		
Zeewolde	Bergkwartier	Braamberg		22		
Zeist	Couwenhoven	Couwenhoven		46		
Zeist	Nijenheim	Nijenheim		31		
Zevenaar	Zonegge	Zonegge		19		
Zoetermeer	Futura	Dublinstraat, Van Leeuwenhoeklaan	69		70	
Zwolle	Elftkolk	Elftkolk		30		
Zwolle	Stadshagen	Bastionstraat, Broderiestraat		30		
			2,927	**1,867**	**1,847**	**751**

Colophon

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