Annual Report 2018

ASR Dutch Core Residential Fund

a.s.r. real estate

Cover: **Terwijde-centrum**, Utrecht

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The ASR Dutch Core Residential Fund Annual Report 2018 is only available in a soft copy version. The report contains several interactive elements. Pop-ups will guide you to additional information.

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Annual Report 2018

ASR Dutch Core Residential Fund

Contents

ASR Dutch Core Residential Fund ('the Fund') offers a diversified and mature residential real estate portfolio with a value of € 1.3b. 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 2018

€ 1,310m
portfolio size

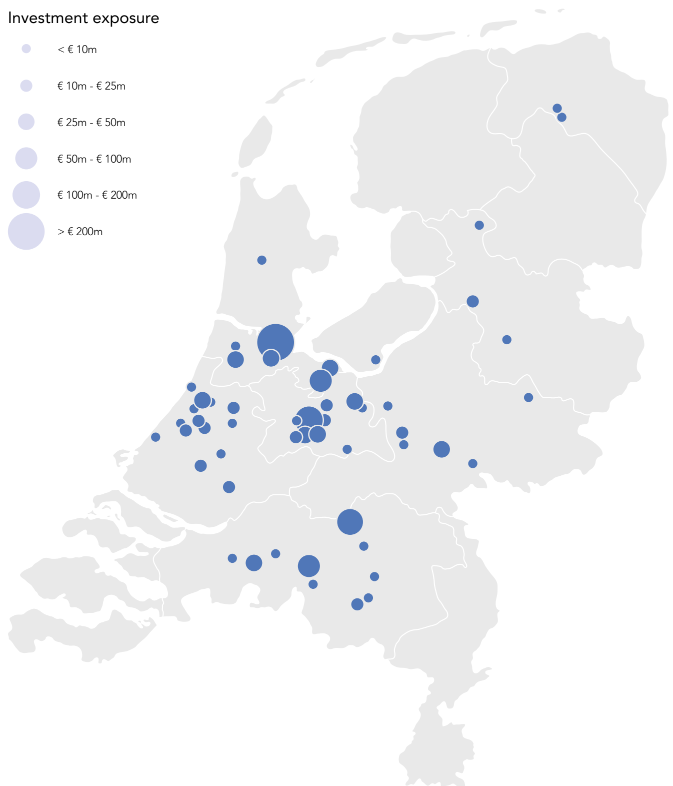
€ 53.9m
annual rent

4,975
residential units

€ 385m
commitments

9.2%
total rent potential

98.5%
occupancy rate



Performance figures

(amounts in €'000, unless otherwise stated)

Performance

For the year	2018	2017
Total return	15.3%	14.4%
- Income return	3.2%	3.5%
- Capital growth	12.1%	10.9%
Internal rate of return (since first closing at 1 January 2015)	13.8%	13.6%

Performance per unit

amounts in €

For the year	2018	2017
Operating result	28	27
Net result	153	131
Distributable result	33	32

amounts in €

As at	31 December 2018	31 December 2017
IFRS Net Asset Value	1,113	993
INREV Net Asset Value	1,122	1,001
INREV Net Asset Value (after distributions)	1,113	993
Number of Units	1,192,701	1,192,701

Financial figures

For the year	2018	2017
Results		
Operating result	33,961	31,260
Net result	182,404	150,752
Distributable result	38,845	37,068

As at	31 December 2018	31 December 2017
Balance		
Investment properties in operation	1,261,773	1,053,950
Investment properties under construction	28,853	88,018
Investment properties held-for-sale	2,673	3,232
Participations	16,628	-
Total assets	1,345,894	1,200,188
Capital	1,327,552	1,183,993

Financial ratios

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

Portfolio figures

For the year	2018	2017
Results		
Gross rental income	53,888	49,149
Net rental income	41,596	37,981
Revaluation properties	12.1%	10.9%

As at	31 December 2018	31 December 2017
Balance		
Investment properties	1,293,299	1,145,200
Participations	16,628	-
Forward acquisitions (off-balance sheet commitments)	303,855	258,300
Participations (off-balance sheet commitments)	81,318	-
Total number of properties	110	106
Number of dwellings	4,975	4,805
Current gross yield [1]	4.3%	5.0%
Current net yield [2]	3.3%	3.9%
Occupancy rate [3]	98.5%	98.1%

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.

'Capital growth in 2018 was strong, as a result of an overall well performing Dutch economy and residential housing market, especially in the Fund's focus areas.'

Robbert W.Y. van Dijk

Foreword

Dear investor,

We are pleased to present the ASR Dutch Core Residential Fund 2018 annual report. We trust that this report provides you with a clear overview of the performance and management of the Fund and portfolio.

The Fund realised a total return of 15.3% in 2018, which is both the result of an income return of 3.2% and strong capital growth of 12.1%. Capital growth in 2018 was strong, as a result of an overall well performing Dutch economy and residential housing market, especially in the Fund's focus areas. Although strong capital growth figures continue to have a mitigating effect, income return is considered steady, which is mainly attributable to the quality of the portfolio and active asset management, focusing on increasing rent, keeping occupancy level high and selling units on an individual basis, while strictly managing operating expenses. Operating expenses were well within budget for 2018.

Dutch economic key indicators continued to be solid in 2018, outperforming the eurozone's average. Strong GDP growth figures, normalised inflation rate, growth in private consumption, decreasing number of job vacancies and low unemployment rates show that the Dutch economy is currently performing well. Nevertheless, international trade, which is the Dutch economy's strongest pillar, is threatened by political uncertainties, such as Brexit and US protectionism. And although consumer and business confidence levels are still above their long-term average, Dutch consumers and businesses were far less optimistic in the second half of 2018 and first months of 2019. Overall, the economy still presents a favourable outlook, but there are also signs that the heydays of the current economic boom are over.

The current economic tailwinds, together with a low interest rate environment, continued to positively influence house prices. Average house price growth amounted to 9.0% in 2018, representing the largest price increase since 2001 and fuelling the Fund's capital appreciation. Current demand for housing is strong and exceeding the supply of houses that are currently for sale, which results in fierce competition between households that are seeking a new home. Although transaction volumes in 2018 were still 35% above its 10-year average, volumes did show a decline of 10%, compared to 2017, as a result of supply becoming increasingly scarce.

There continues to be high demand for mid-priced rental housing in economically strong regions in the Netherlands, which had a positive effect on the Fund's letting results, occupancy rate and (market) rent increases in 2018. The rental market policy is on the agenda of many larger municipalities. Local governments are actively reaching out to market parties that want to invest in this type of housing, but also take measures to regulate the (liberalised) mid-priced rental sector. For example, in Amsterdam and Utrecht there are initiatives to cap rental growth and prioritise certain target groups (professions) with regard to the assignment of rental dwellings.

Throughout 2018, the Fund's portfolio grew substantially from € 1,145m to € 1,310m. This was due to the positive capital growth of the portfolio, the addition of six properties, as well as term payments on the Fund's forward acquisitions. These additions increased the quality and diversification of the portfolio, and enabled new and current investors to increase their stakes in the Fund.

Average costs of construction continued its upward trend in 2018, due to high demand for new construction and relatively limited resources. Together with the shortage of available plots for new construction and high demand for real estate investments from national and foreign investors, (initial) yields for new residential developments decreased further, which makes it increasingly challenging to acquire core, high-quality residential real estate at acceptable prices. Nevertheless, alongside the growth of the Fund, the pipeline grew significantly in 2018, due to the addition of new pipeline projects, of which Wonderwoods in Utrecht and Grotiusplaats in The Hague are the most prominent. The Fund's pipeline consists of thirteen projects, amounting to a total commitment of € 385 million as at year-end 2018. All projects in the pipeline comply with the portfolio strategy to focus on high-quality residential properties within economically and demographically strong locations and are expected to enhance the core quality of the portfolio. To illustrate, 93% of the pipeline is situated in the Fund's focus regions. The Fund continuously aims to maintain a diversified pipeline with apartments and single-family houses with a core risk profile.

Besides acquiring new properties, the Fund applies an active renovation policy, with properties Lamérislaan in Utrecht and Staalmeesterslaan in Amsterdam being renovated in 2018. The average energy label of both properties improved from F/G to A. Currently, one property is under renovation, which is Ambachtenlaan in Breda. This renovation will lead to an energy label improvement from C/D to A.

The Fund plans and monitors its sustainability goals in a formal CSR policy, which focuses on the sustainability of its portfolio's properties, the engagement of its partners and employees and its contribution to nature, society and the environment. A significant reduction of the average energy index, application of saving measures and the implementation of the DGBC Woonmerk certificate for residential buildings were key accomplishments in 2018. The Fund's CSR performance is measured annually and made transparent in the form of the Global Real Estate Sustainability Benchmark (GRESB). The Fund's efforts have been awarded with the high distinction of Green star in 2018, with an improved score from 72 to 80 points, obtaining a four-star rating.

a.s.r. real estate continues its commitment to be a full service fund platform through its retail, residential and office funds and the science park fund which will be established in 2019

The Dutch residential investment market has kept up large interest from investors, as a result of good economic and real estate conditions in the Netherlands and of the wide availability of capital worldwide. It stands out that, for the first time in history, out of all Dutch real estate categories, the residential sector generated the highest investment volume. Approximately € 6.8 billion was invested in Dutch residential real estate in 2018, which almost doubles the record-high volume of 2017 (€ 3.7 billion). Although Dutch pension funds and insurance companies are still dominant for residential real estate investments, the share of foreign investors continues to increase.

Prospects for investing in residential real estate remain positive. Through active asset management, focused acquisition management in a competitive environment and an increasing 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 2019. We are confident that the portfolio will continue to prove its worth by 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*

Ruinerwoldstraat, Tilburg

Fund profile

The ASR Dutch Core Residential Fund ('the Fund') was launched on 1 January 2013. On that date, the Anchor Investor (ASR Levensverzekering N.V. and ASR Nederland Vastgoed Maatschappij N.V.) transferred its properties to the Fund. ASR Nederland Vastgoed Maatschappij N.V. and ASR Levensverzekering N.V. merged on 27 March 2017. As a result of this merger, ASR Nederland Vastgoed Maatschappij N.V. redeemed its units in the Fund. These redeemed units were subsequently issued to ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. Therefore, ASR Schadeverzekering N.V. also became part of the Anchor Investor, as of 27 March 2017. The parties involved agreed on a legal closing date at 27 March 2017 and an economic closing date at 1 January 2017. As a result, transfer of the units was imposed retrospectively per 1 January 2017.

Under Dutch law, the Fund is a fund for joint account (fonds voor gemene rekening). The Fund is not a legal entity but a contractual arrangement sui generis. The Fund, the Manager (ASR Vastgoed Vermogensbeheer B.V., a.s.r. real estate, or 'AIF Manager'), the Management Company, the Custodian and each investor are individually subject to the terms of the Fund Agreement. The Fund has an indefinite term, subject to its early dissolution, in accordance with clause 15 of the Fund Agreement.

The Fund is a contractual investment fund (beleggingsfonds) and is reserved 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 a non-professional investor who is designated as a professional investor pursuant to Section 4:18c of the FMSA. Further to Section 2:65 of the FMSA, the AIF Manager has been licensed for the management of the Fund and the offering of Units; therefore, the AIF Manager is supervised by the Dutch Authority for the Financial Markets. Private individuals are excluded from investing in the Fund.

The Fund Manager (a.s.r. real estate) has implemented the Alternative Fund Managers Directive (AIFMD). The Fund Manager obtained its license permit from the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten or AFM). As of 2015, the Fund Manager reports to the AFM and the Dutch Central Bank (DNB) in line with its license obligations.

Fund for joint account

The Fund does not constitute or qualify as a partnership (maatschap), general partnership (vennootschap onder firma) or limited partnership (commanditaire vennootschap) within the meaning of Dutch law. It is structured as a fund for joint account and the investors may dispose of their units by offering them to the Fund for redemption under the conditions set out in clause 6 of the Fund Agreement. Consequently, the Fund is considered transparent for the purposes of Dutch corporate income tax and dividend withholding tax.

Legal title (juridisch eigendom) to the Fund's assets is held by the Custodian, who safeguards the Fund's assets on behalf of the investors. The Management Company is charged with managing the Fund in accordance with the Fund Agreement. As such, it has full power and authority to act within the scope of the Fund Agreement. This includes seeking approval from the Meeting of Investors and/or Investment Committee where appropriate.

The Management Company delegates certain tasks to the Fund Manager, although the tasks of the Management Company and its responsibilities to the investors remain unaffected by this delegation. the Fund amended this structure in 2014, due to the Alternative Investment Fund Management Directive (AIFMD), which came into force on 22 July 2013. Certain tasks performed by the Management Company have been reassigned to the Fund Manager. BNP Paribas Securities Services was appointed to act as depositary as of 1 June 2014.

The principal aim of the Fund is to offer investors an attractive return on investment. This is done by investing in, managing and adding value to the portfolio's assets. The Fund invests in direct real estate only. The Fund does not operate in the field of research and development and does not employ personnel. The (direct) return on investment is distributed to the investors on a quarterly basis.

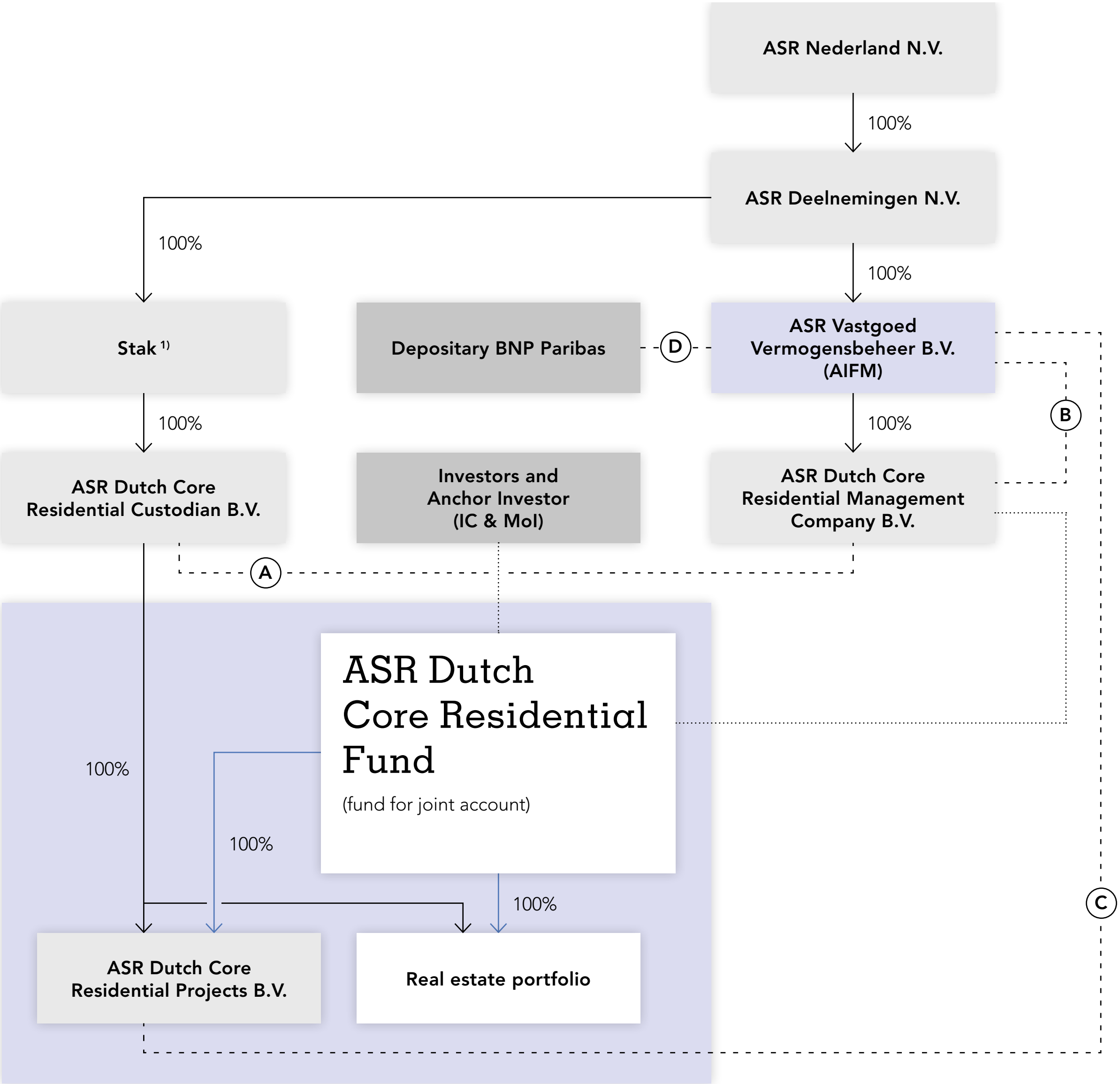
Governance

The Fund has an investment policy that meets the Fund's investment objectives and strategy, investment criteria and investment restrictions, which are 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 the Investment Committee. The Investment Committee may advise the Meeting of Investors on the Three-Year Business Plan.

The Meeting of Investors is held as often as is required. However, at least one physical Meeting of Investors is held each year. At the annual meeting, the Three-Year Business Plan and the accounts are presented for consideration and approval. Each investor has a number of votes equal to the number of units held in the Fund, with the exception of the Anchor Investor in certain cases. Two Meetings of Investors were held in 2018.

The Investment Committee is responsible for ensuring that the Management Company manages the Fund in accordance with the Fund Agreement. Furthermore, the Investment Committee may advise the Management Company whenever the approval or advice of the Investment Committee is required or requested pursuant to the Fund Agreement. The Investment Committee meets as often as is required. Four Investment Committee meetings were held in 2018.

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.

Project BV

The Fund qualifies as a tax transparent fund for joint account for Dutch corporate income tax purposes and for Dutch dividend withholding tax purposes, provided that all relevant parties act in accordance with the Fund Agreement. 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 consequence, ASR Dutch Core Residential Projects B.V. (Project BV) was set up as a subsidiary of the Fund for maintenance, renovation and extension activities that might qualify as development activities for Dutch tax purposes.

Project BV receives a fee for the Permitted Project Activity performed. This fee amounts to 7% of the investment budget of the Permitted Project Activity (excluding VAT) and covers risks borne by Project BV such as failure to meet completion and acceptance deadlines, zoning plan changes, exceeding the operating budget, attributable failure to perform by third parties and/or attributable failure by Project BV to supervise such third parties. Project BV is subject to corporate income tax, which is charged over the fiscal result. After significant analysis for each investment project, a decision is made on whether such an activity should be performed by Project BV to mitigate the risk of losing the tax status of the Fund or direct loss by the Fund. In the case of the investment project being performed by Project BV, the fee is charged to the Fund.

The Project BV is a 100% subsidiary of the Fund. This means that the Project BV's shares are owned by the custodian 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 stand alone ('enkelvoudig') financial statements of the Fund are presented, since they would only differ marginally from the consolidated figures.

Report of the management company

For the period 1 January - 31 December 2018

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. The Fund has nine investors as at 31 December 2018. This annual report presents the year-to-date figures as at 31 December 2018.

Market developments

The Dutch economy and the international macro-economic situation

Dutch economic growth continued in 2018

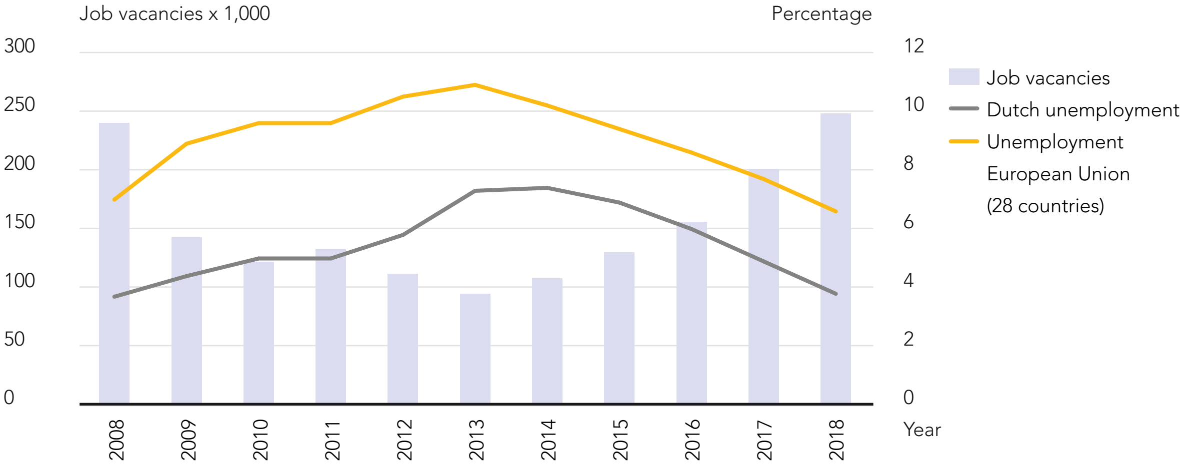
In 2018, the Dutch economy has shown a healthy GDP growth of 2.5% (CBS, 2019). This growth is higher than the figures of surrounding countries and is widely supported, as investments, consumption and the trade balance all contributed to the growth. The eurozone's average growth rate for 2018 amounted to 1.8% (Eurostat, 2019). Expectations for the coming years are also quite positive, albeit below growth rates of last years. In 2019, an increase of 1.9% is anticipated in the Dutch economy, continuing with an increase of 1.7% in 2020 (Consensus Forecast, 2019).

Unemployment drops sharply, while job vacancies still increase

For a couple of years now, a sharp decline in European unemployment can be seen. After a rate of 9.4% in 2015, 8.6% in 2016, and 7.7% in 2017, unemployment in the European Union has dropped to 6.6% in 2018 (Eurostat, 2018). Dutch unemployment has been relatively low for several years but has plummeted accordingly. The average rate in the Netherlands for 2018 amounted to only 3.8%, more than a percent point lower than one year before (Eurostat, 2019). Moreover, the number of unemployed is still decreasing and is expected to reach a level of 3.6% by the end of the year. The total number of employees has risen by more than 550,000 in the last three years (CBS, 2019). Unemployment in the Netherlands is expected to remain on that low level in 2019 (CPB, 2018).

According to Statistics Netherlands (CBS), the number of job vacancies increased steeply for the fifth year in a row. By the end of 2018, the number of job vacancies was 264,000, which is 85% more than three years earlier. During 2018, all sectors showed an (strong) upward trend. As in 2015, 2016, and 2017, the largest contributor was the commercial services sector, which accounted for approximately 21,000 more vacancies compared to the previous year. The increase in job vacancies has had a decreasing effect on the level of unemployment. This causes a tight market; in five years the number of unemployed per vacancy has dropped from a very high level of 7.2 to a very low 1.3 (CBS, 2019). As a result, an increase in real wages is expected for the coming years (CPB, 2018).

Figure 2 Job vacancies and unemployment rate



Source: Eurostat, Statistics Netherlands (CBS), 2019

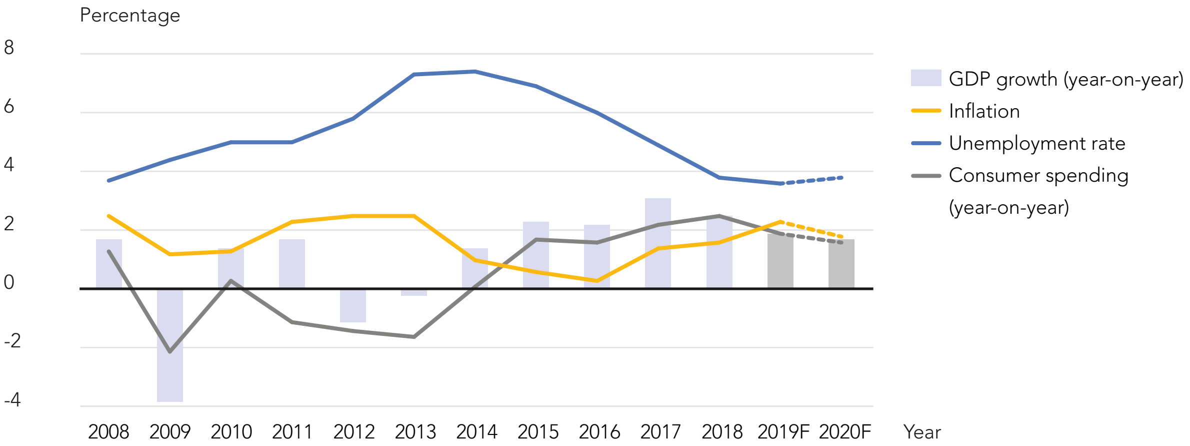
Inflation at a desirable level in 2018

Starting early 2014, Dutch year-on-year inflation began to cool down, partly as a result of lower oil prices. Halfway 2016, it was at a historically low rate of 0.0%. In the end of 2016 and the beginning of 2017, however, the situation normalised and the inflation reached a desirable level of 1.5% again. The Harmonised Index of Consumer Prices (HICP) grew by 1.6% over 2018 (CBS, 2019). In 2019 and 2020, it is expected that the inflation rate will rise to 2.3% and 1.8% respectively. This is in line with European price developments. The average inflation in the eurozone has been forecasted at 1.5% for both years (Consensus Forecast, 2019). This corresponds with the ECB's aim for an inflation of close to, but below, two percent.

Consumer confidence slipping in second half of 2018

After 20 months of record-breaking and stable positive sentiment, Dutch consumers were less optimistic in the second half of 2018. The confidence index gradually declined from +23 in July 2018 to +9 in December. This is still above the long-term average (CBS, 2018). As a result of the upward trends in job opportunities, disposable income, and consumer confidence, household consumption increased faster than in the years before (+2.7%) (CBS, 2019). Thanks to more spending power, household consumption is expected to increase even more in 2019, namely at a pace of around 1.9% (CPB, 2018).

Figure 3 Dutch economic key performance indicators



Source: Netherlands Bureau for Economic Policy Analysis (CPB)/Consensus Forecast/Statistics Netherlands, 2018/2019

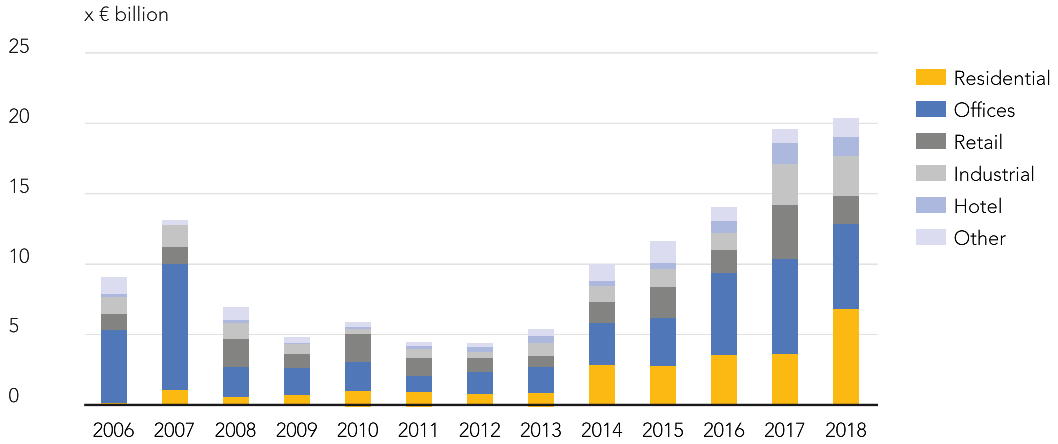
The Dutch real estate investment market

Residential real estate the most popular investment category in 2018

In addition to positive economic developments, the Dutch real estate investment market had a very good year. In 2018, the total investment volume amounted to more than € 20.3 billion which is once again a record high. The total investment volume was nearly € 0.8 billion higher than the year before (CBRE, 2019). This growth was caused by strong economic conditions and the very widespread availability of capital, which is largely driven by low interest rates. It stands out that for the first time in history, out of all real estate categories, the residential sector generated the highest investment volume. Approximately € 6.8 billion was invested in residential real estate last year, which is 33% of the total volume. The housing shortage and the lack of investment products increase the competition between investors on the Dutch housing market. Investments in the other markets remained fairly stable expect investments in retail, where the investment volume contracted by more than 47%.

Besides residential, more than € 6.0 billion was invested in offices, € 2.8 billion in industrial and logistics, € 2.0 billion in retail, € 1.3 billion in hotels and € 0.6 billion in other real estate. including healthcare real estate (CBRE, 2019). With the high investment volumes, Dutch real estate is relatively attractive to foreign investors and has been given a permanent place in the top 5 countries in which is the most invested within Europe.

Figure 4 Dutch real estate investment market



Source: CBRE, 2019

The Dutch residential market

The market rental growth continues

The open market rental value growth (OMRV) for residential was again quite positive in 2018, with 4.2% year-on-year (MSCI, 2018). This is 100 basis points higher than in 2017, and well above the inflation rate of 1.8%. When market rent is observed per housing type, growth was 4.2% for both single-family houses and apartments. These two housing types converged, while apartments' OMRV growth exceeded the single-family houses' growth rate by far in 2016 (3.1% and 2.3% respectively) (MSCI, 2019). This can be seen as an indication of the increasing popularity of areas outside large cities or even outside the Randstad conurbation.

The regional housing shortage will persist

In 2018, approximately 70,000 building permits for residential buildings were released. This is in line with the year before. The pre-crisis level of 80,000 on an annual basis is not in sight yet (CBS, 2019). A sharp increase in construction costs is an important reason behind this. Rising personnel costs are the main contributor, as a consequence of the severe shortage of construction workers. However, the shortage of materials plays a role as well. The amount of released building permits has been increasing since the end of the global financial crisis but cannot keep up with the demand for housing yet. The total number of households is growing at a stable pace and will continue to do so in the future. The housing shortage will persist, reaching its peak of an estimated 235,000 units in 2020 (Capital Value & ABF Research, 2018). The most urgent shortages are present in the agglomerations of Amsterdam and Utrecht and in other areas of the Randstad conurbation. In more peripheral areas of The Netherlands, with a declining population, this will however not be an issue.

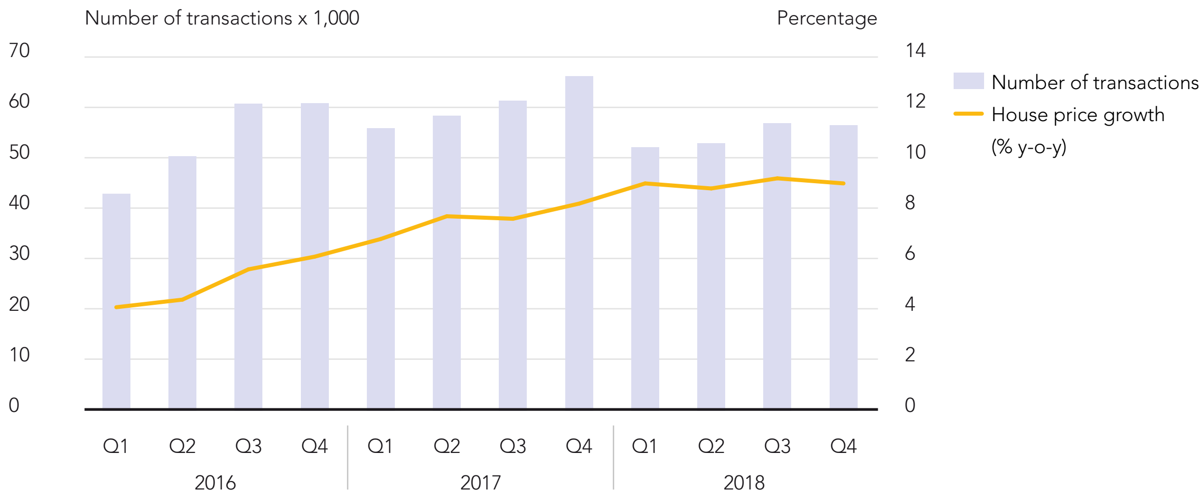
The residential owner-occupied market nearing its peak in 2018

The demand for owner-occupied houses peaked at a high level during 2018, mostly due to a well-functioning economy combined with historically low mortgage interest rates. The supply of dwellings fell behind, which resulted in large price increases of 9% on average in the past year. The average transaction price of a dwelling stood at € 287,000 (CBS, 2019).

In 2018, the amount of transactions decreased by 9.7% compared to the year before (CBS, 2019). In several regions across the country, the number of houses for sale is decreasing strongly. This is related to the tightness on the housing market and the fierce competition between households that are seeking a new home. This phenomenon is mainly present in the Randstad conurbation and is a clear sign of an overheated market. It is therefore not surprising that at these locations, a large share of the transactions involved a sale price that was higher than the initial asking price.

The high prices and the limited supply of housing in the Randstad conurbation are leading to different searching behavior of households. They are focusing more and more on different areas adjacent to the Randstad conurbation, such as parts of the provinces of Flevoland and Gelderland. It is in these areas where the prices are currently increasing the steepest. Since the high prices in cities as Amsterdam are leading to exceptionally low initial yields, investors have become more oriented towards non-core areas as well.

Figure 5 House price growth and transaction volumes



Source: CBS, 2019

Capital growth is still by far the main contributor to the total return

The total return of the Dutch residential property market in 2018 was no less than 19.3% year-on-year. Capital growth contributed largely to this, at 15.4% (MSCI, 2018). Capital growth for apartments was reasonably higher than for single-family housing (15.9% versus 14.5%). However, the difference between these two housing types has been larger in 2017. Single-family housing is making a leap forward, mainly because this type of housing is more dominant in the non-core areas that have shown steep price increases in the past year. The income return for single-family housing was 3.9%, versus 3.2% for apartments. Due to relatively large capital growth, the total income return has decreased by 0.4% compared to the year before: 3.5%.

Increasing government attention to the housing market

One of the most important tendencies in current governmental policy is downscaling of support for the owner-occupied market. The tax-deduction for mortgage interest rates is being diminished in the upcoming decennium. The maximum Loan-to-Value (LTV) ratio for mortgages has decreased as well to 100%. It has been decided that the LTV ratio will not decrease any further. The situation of starters on the owner-occupied market is already precarious, so that lowering the LTV ratio even further would worsen their circumstances. In general, it has become more difficult to buy a house. This is felt especially among starters, as the average age of households buying their first home is increasing (National Government, 2018). The currently low mortgage interest rate, the dynamics on the housing market and the increasingly strict governmental policies have also caused households to change their choice of mortgage products.

Another issue on the political agenda is the shortage of mid-priced rental dwellings. The shortage in this segment encourages many municipalities to put more effort in stimulating the construction of new dwellings in the liberalised rental segment. Municipalities do this, for example, by organising cooperation meetings with market parties such as developers and institutional investors like a.s.r. real estate. The local governments also choose to increase regulation in this sector. For example, municipalities are trying to establish a maximum rent increase for newly built rental houses, so that dwellings in the liberalised segment remain affordable for middle income households. Investors, however, are not very keen on such governmental intervention. Another example is the decision of the municipality of Amsterdam to focus only on building new rental housing, while ruling out any expansion of the owner-occupied market. However, the housing shortage is a national issue, which is also present on the social rental- and the owner-occupied market.

Furthermore, the sustainability performance of housing has gained extra weight by excluding gas as an energy source for housing that has yet to be constructed. Also existing housing needs to undergo a transformation from gas to electricity, but this process is very slow and costly.

Outlook

In 2018, the Dutch macro-economic figures showed a healthy growth. GDP growth amounted to 2.5%. It is expected that this growth will continue in the coming year, but that growth might slow slightly to 1.9% (Consensus Forecast, 2018). Unemployment is already very low but is expected to decrease further to 3.6% during 2019. Since the demand for employees is increasing, the tight labour market could lead to higher wages in the upcoming period. The current trend of increasing consumption power is therefore likely to continue.

Inflation in the eurozone is stabilising at around 1.5%, which is close to the 2.0% level desired by the ECB. The ECB's low interest rate policy is unlikely to change drastically in the coming year. The positive growth figures, the stable economic climate and the conservative government are enhancing the attractiveness of the Dutch market.

Last year, the residential property market showed strong price increases but decreasing transaction volumes. The general expectation is that the price increases will slow down, and that transaction volumes will diminish even further. This will especially be the case in the traditional core regions, such as Amsterdam and Utrecht. These are the local markets which face the largest housing shortage. The nationwide shortage is expected to grow further in the upcoming year, reaching a peak of 235,000 units in 2020 (Capital Value & ABF Research, 2018). Mainly mid-priced rental units and owner-occupied dwellings in the Randstad conurbation are scarce. The construction of new dwellings will not be able to keep up with the steadily growing demand for housing in the upcoming year.

Due to the limited housing supply and the sharp initial yields in the most attractive areas of the Netherlands, it is expected that investors will further shift their focus to other mid-sized cities outside the Randstad conurbation. Interest rates are still very low, so the competition between investors for good products is likely to remain strong next year, resulting in continuing pressure on initial yields. However, investors also believe that the peak of the market is near, which is why there is a certain tendency of carefulness as well. Households show the same tendency: due to high prices and low supply, the trust in the housing market is decreasing.

Fund objectives and strategy

The aim of the Fund is to create an attractive and sustainable return on investment for its participants, by investing in high-quality residential assets and by managing and adding value to the existing diversified residential real estate portfolio. The Fund's investment objectives and strategy are described below. Please refer to the Fund's Three-Year Business Plan for an extensive report on its objectives and strategy.

Investment objectives

The Fund offers investors a long-term investment opportunity by providing access to a diversified and mature portfolio of core residential assets and forward acquisitions, all situated in the Netherlands.

The Fund's investment objectives are twofold:
1. Create an attractive return on the investors' investments by investing in, managing and adding value to the portfolio assets
2. Provide a stable income return with limited concentration of risk.

These investment objectives are further specified through five key objectives, which are stated below:

Five key objectives

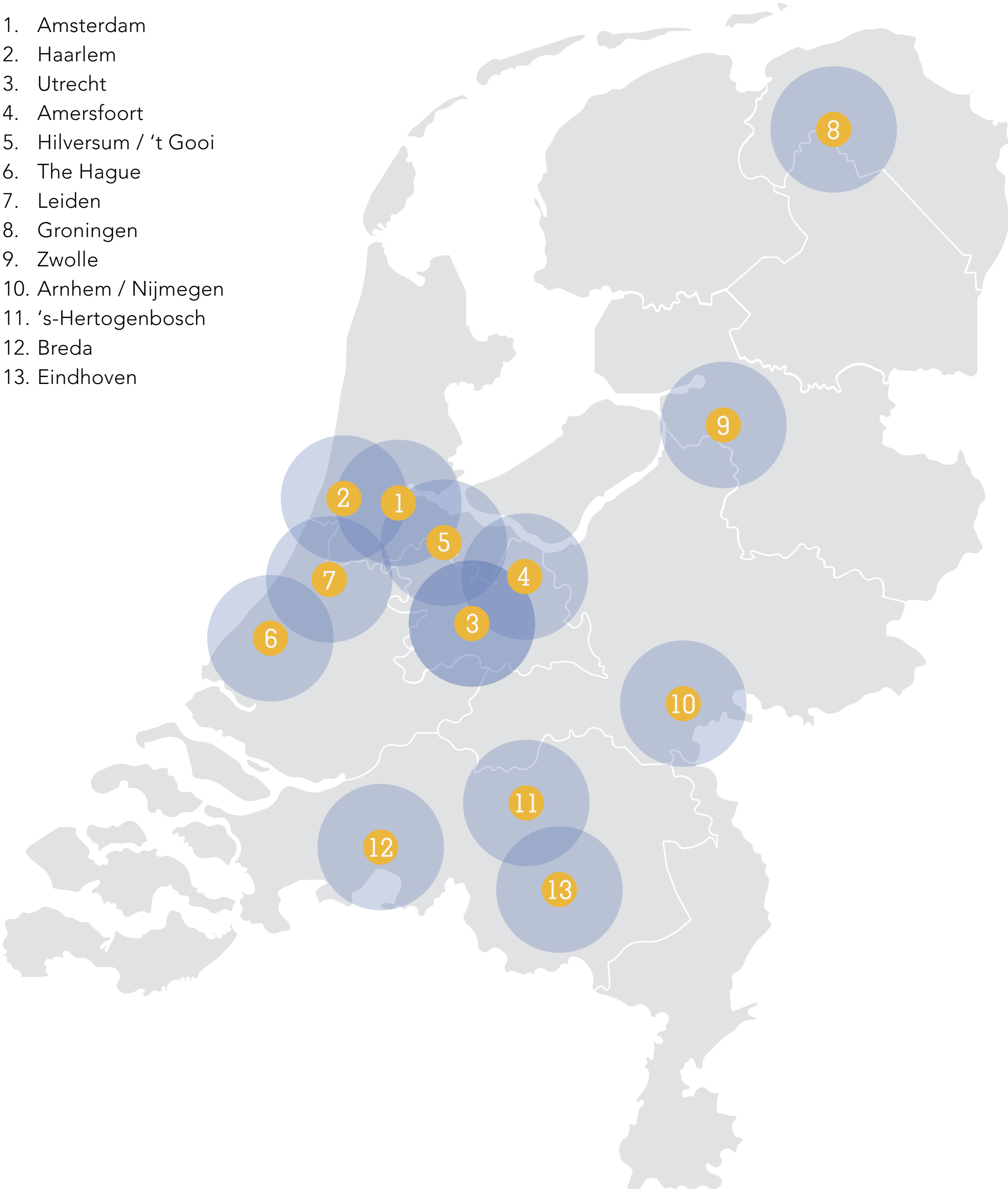
1	2	3	4	5
Drive income growth across the portfolio	**Maintain and improve the core quality of the portfolio**	**Expand and further diversify the portfolio**	**Continue a successful fundraising campaign & maintain the Fund's low leverage status**	**Enhance the portfolio's CSR performance**
• Apply active asset management with a tailored strategy per asset • Focus on sustainable refurbishments and investments, capturing reversionary potential • Maintain tight cost control, keep vacancy at a low level and unlock reversionary rent potential	• Focus on 13 identified focus areas, specific target tenant groups and the on mid-priced rental segment • Continuously rejuvenate the portfolio through individual unit sales to capitalise on the vacant possession value premium	• Grow the portfolio in order to lower risk through diversification • Invest in properties with favourable location, asset and occupier characteristics	• Conduct a balanced equity-raising process, mainly determined by acquisitions, sales and current pipeline commitments allowing the Fund to welcome new investors, and allowing existing investors to expand their stakes • Maintain an as low as possible leverage status of the Fund	• Improve the CSR performance of the Fund and achieve the defined objectives by 2021 or sooner • Include the Corporate Social Responsibility (CSR) issues into the operation of the Fund in order to ensure an optimal return in the long term

Fund strategy

The Fund's strategy is to invest in core, high-quality apartments and single-family houses in economically and demographically strong locations in the Netherlands and to enhance the core quality of the portfolio. Based on its long-term background, knowledge of the Dutch residential market and the expertise of its research department, a.s.r. real estate identified a strategy which focuses on the best-performing cities and agglomerations in the Netherlands. Concentrating on investment opportunities in the identified segments will provide the strongest return due to stable demand. Indicators, such as population growth, employment opportunities, stock development, vacancy rates and house price volatility have been taken into account in this analysis.

Figure 6 Focus areas

1. Amsterdam
2. Haarlem
3. Utrecht
4. Amersfoort
5. Hilversum / 't Gooi
6. The Hague
7. Leiden
8. Groningen
9. Zwolle
10. Arnhem / Nijmegen
11. 's-Hertogenbosch
12. Breda
13. Eindhoven



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

The Fund focuses on the mid-priced segment in the non-regulated rental sector. This segment is defined as rents between € 720 and € 1,200. In specific locations, such as Amsterdam and Utrecht, rents up to € 1,500 are considered mid-priced. The Fund has identified nine segments within the Dutch residential market which it considers interesting for investment, focusing on specific location and target group combinations. Five of these segments are in primary focus. The Fund is confident that this strategy meets the criteria of Urban living (all target groups) and Suburban living (families and empty nesters & seniors) and provides the most favourable risk/return profile. The Fund invests in both apartments and single-family houses. At least 20% of the portfolio is targeted to be invested in single-family houses and at least 50% in apartments.

Segment diversification as at 31 December 2018

	Young professionals • Age 20 - 40 • Household size 1 - 2	**Families** • Age 30 - 55 • Household size 3 - 5	**Empty nesters & Seniors** • Age 55+ • Household size 1 - 2
Urban • Large key cities in metropolitan areas • Population > 100,000	1 € 554m Current: 44%	2 € 128m Current: 10%	3 € 71m Current: 6%
Suburban • Suburban residential municipalities and medium sized cities • Population 25,000 - 100,000	€ 52m Current: 4%	4 € 176m Current: 14%	5 € 165m Current: 13%
Peripheral • Villages and small towns • Population < 50,000		€ 96m Current: 7%	€ 22m Current: 2%

Source: a.s.r. real estate, 2018

Milestones, Utrecht

Financial Performance

Result for 2018

The net result of the Fund in 2018 amounted to € 182.4m (2017: € 150.8m), which corresponds to a net result of € 153 per unit (2017: € 131) and resulted in a distributable result of € 33 per unit (2017: € 32). The total return for 2018 was 15.3% (2017: 14.4%), which is composed of an income return of 3.2% (2017: 3.5%) and capital growth of 12.1% (2017: 10.9%). The decrease of income return for 2018, compared to 2017, is mainly explained by strong capital growth figures and a decreased result on (individual unit) sales. This decrease of income return was partly mitigated by a reduced share of assets under construction in 2018, compared to 2017.

Figure 7 Net result as at 31 December 2018

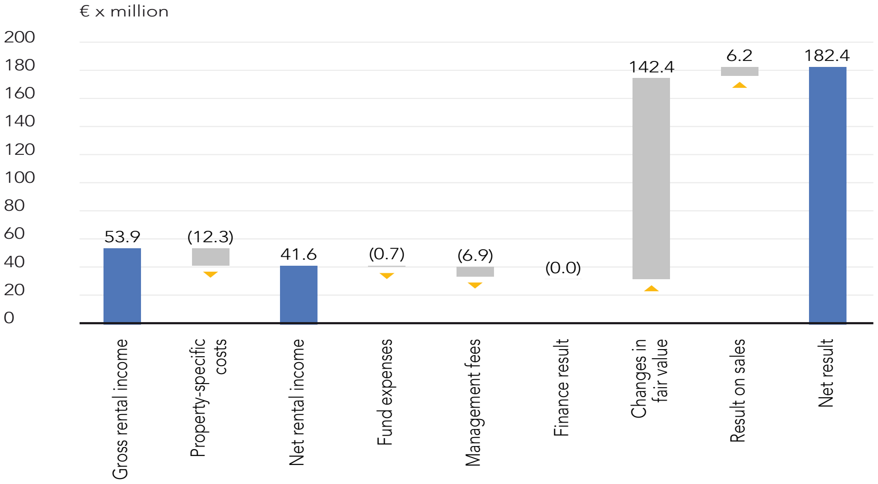


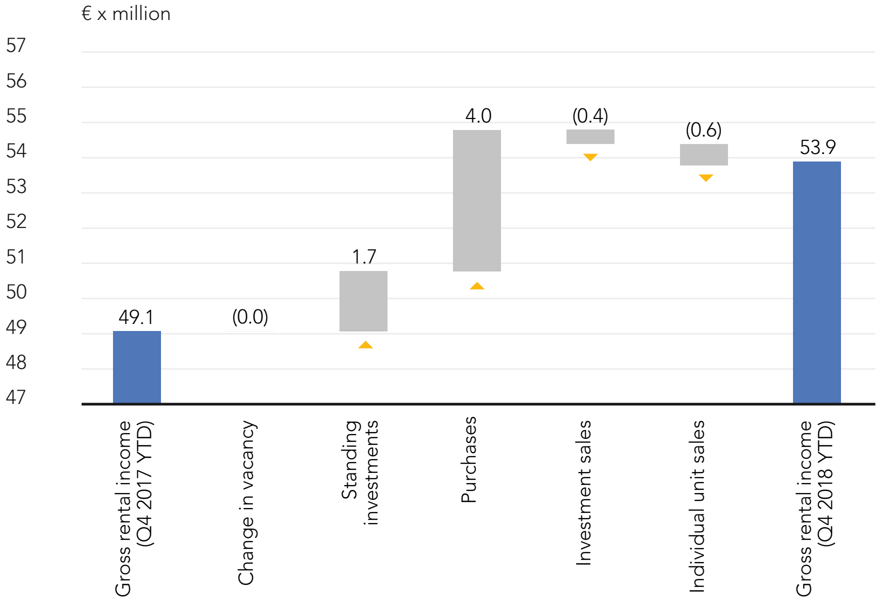
Table 1 Net result per unit

For the year	2018	2017	2016	2015	2014	2013
Gross rental income	45.18	42.81	45.11	45.37	42.17	48.00
Property-specific costs	(10.31)	(9.73)	(11.09)	(13.83)	(12.07)	(12.81)
Fund expenses	(0.59)	(0.64)	(0.67)	(0.61)	(0.76)	(1.22)
Management fees	(5.81)	(5.21)	(4.73)	(4.28)	(4.13)	(4.60)
Operating result per unit	**28.47**	**27.23**	**28.62**	**26.65**	**25.21**	**29.38**
Finance result	(0.15)	0.30	(0.12)	(0.05)	(0.09)	0.01
Changes in fair value of investment properties	114.57	97.64	83.84	62.15	1.37	(78.45)
Changes in fair value of participations	4.82	-	-	-	-	-
Result on sales of investment properties	0.97	0.94	0	0	(0.10)	0.59
Result on individual unit sales	4.24	5.21	8.46	6.69	4.28	-
Net result	**152.93**	**131.32**	**120.80**	**95.44**	**30.67**	**(48.47)**

Gross rental income

Gross rental income amounted to € 53.9m in 2018, which is an increase of 9.8% compared to 2017 (€ 49.1m). This increase is the result of the additions of (forward) acquisitions and (annual) rent increases. The gross rental income growth was mitigated by sales. Financial vacancy amounted to -/- € 1.1m in 2018 (2017: -/- € 1.2m).

Figure 8 Changes in gross rental income



Property-specific costs

Property-specific costs amounted to € 12.3m in 2018, which corresponds to 22.8% of gross rental income. This is a relative decrease compared to the same period in 2017 (€ 11.7m or 23.8%, corrected for the provision of the onerous contract of forward acquisition Molenstraat in Monster).

Maintenance costs took up the largest share of property-specific costs (€ 5.8m or 10.7% of gross rental income), which is in line with 2017 (€ 5.5m or 11.2%). Marketing costs (which includes broker's fees) amounted to € 1.1m in 2018 (2017: € 0.7m). This increase is mainly the result of more residential units being added to the portfolio through completed forward acquisitions in the course of 2018, compared to 2017. Property management fees increased slightly to € 2.2m in 2018 (2017: € 2.0m), as a result of the increase in gross rental income in 2018. The property management fee, including VAT, is set at 4.0% of gross rental income.

Fund expenses

Fund expenses amounted to € 703k or 1.3% of gross rental income in 2018 (2017: € 738k or 1.5%) and are in line with expectations. The major categories within fund expenses concern valuation fees paid to external appraisers (€ 321k), depositary fees (€ 114k) and audit fees (€ 113k).

Management fees

Management fees, which amounted to € 6.9m in 2018 (2017: € 6.0m), relate to the asset (€ 6.3m) and fund management fee (€ 0.6m), calculated as 0.50% and 0.05% of net asset value respectively. The increase in management fees results from the increase in the Fund's average net asset value for 2018, compared to 2017.

Finance income and costs

Finance result amounted to -/- € 174k in 2018 (2017: € 349k). This decrease was caused by higher interest costs of -/- € 409k, compared to 2017 (-/- € 303k). Interest costs relate to the commitment fee for the credit facility, interest on the drawn amount of this facility and negative interest paid for cash held in the bank account. Interest income also decreased to € 235k compared to 2017 (€ 652k). Interest income relates to interest received on term payments of forward acquisitions. The decrease in interest income is the result of a smaller share of average assets being under construction in 2018, compared to 2017.

Portfolio Performance

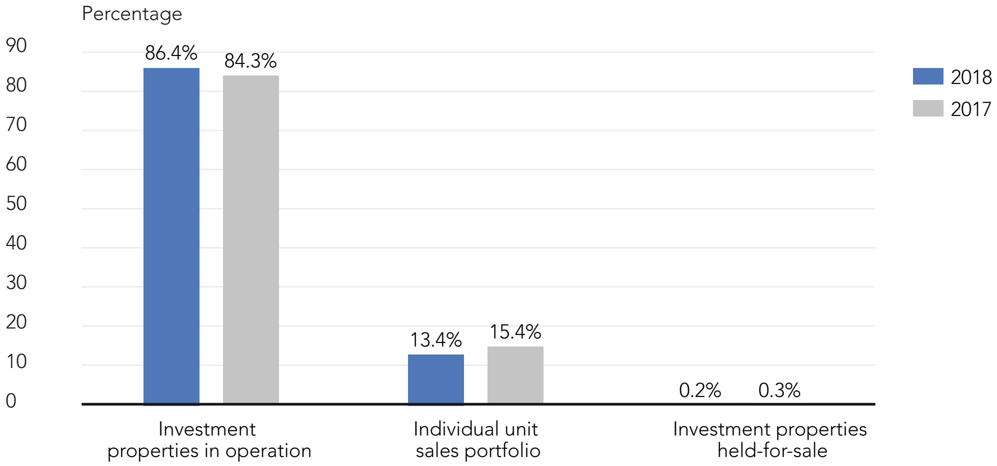
Portfolio overview

The Fund's portfolio consisted of 110 properties, as at 31 December 2018, comprising 4,975 residential units and 1,836 parking spaces. Approximately 61% of the portfolio's residential units concerns apartments.

The majority of the portfolio concerns investment properties in operation (86%) and properties designated for individual unit sales (14%). The share of investment properties in operation increased in 2018 (2017: 84%), due to forward acquisitions being added to the portfolio and individual units being sold throughout 2018. No properties were newly designated for individual unit sales in 2018.

Assets earmarked as individual unit sales will be sold to individuals in the owner-occupied market at tenant turnover. Held-for-sale investment properties, which are individual units and properties that were sold in 2018, but are transferred from the Fund in 2019, are limited in number. Aside from the investment portfolio, the Fund has thirteen commitments with a total original commitment amounting to € 422.7m, as at 31 December 2018.

Figure 9 Investment status as percentage of fair value as at 31 December 2018



The portfolio's ten largest properties account for 40.7% of the total portfolio's fair value, as at 31 December 2018. This is an increase compared to the previous year (38.9%), as a result of new additions, revaluations and individual unit sales. Besides property Wibautstraat in Amsterdam having entered the top ten overview at the second place in 2018, the composition of this overview is largely unchanged.

Table 2 Overview of the ten largest properties as at 31 December 2018

Property	City	Region	Percentage of total portfolio's fair value
Wicherskwartier	Amsterdam	Amsterdam	5.4%
Wibautstraat	Amsterdam	Amsterdam	5.4%
Staalmeesterslaan	Amsterdam	Amsterdam	4.5%
Europapoort	Amsterdam	Amsterdam	4.1%
Zuidkwartier	Amsterdam	Amsterdam	4.0%
Terwijde-Centrum	Utrecht	Utrecht	3.9%
Nachtwachtlaan	Amsterdam	Amsterdam	3.8%
Lamérislaan	Utrecht	Utrecht	3.7%
Vathorst 1	Amersfoort	Amersfoort	3.0%
Dotterbloemstraat	Nieuwegein	Utrecht	2.9%
Total			**40.7%**

The portfolio is spread across different value classes as shown in the table below. Changes in the composition of this overview are the result of revaluations, individual unit sales and the completion of a number of forward acquisitions in 2018. The number of properties with a value exceeding € 20 million increased from 13 to 15, as a result of the completion of property Wibautstraat in Amsterdam and the revaluation of property Perengaarde in Hendrik-Ido-Ambacht.

Table 3 Average property value as at 31 December 2018

	2018		2017	
Fair value	Properties	% of fair value	Properties	% of fair value
< € 1m	10	0.5%	10	0.5%
€ 1m - € 5m	36	8.6%	36	9.7%
€ 5m - € 10m	28	16.0%	29	19.0%
€ 10m - € 15m	12	11.4%	9	10.1%
€ 15m - € 20m	9	12.6%	9	13.8%
> € 20m	15	50.9%	13	46.9%

Vacancy

The overall portfolio vacancy rate amounted to 1.5% of theoretical rental income as at 31 December 2018, which is a decrease, compared to 31 December 2017 (1.9%).

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 2018. The remaining total portfolio vacancies are mainly attributed to parking. Two out of ten properties with the largest vacancy were intently left partially vacant as these units are offered for sale in the owner-occupied market, as part of the portfolio's active individual unit sales strategy. The initial vacancy rate for property Ebbingekwartier in Groningen, which was added to the portfolio late in the fourth quarter of 2018, is expected to decrease in the course of the first quarter of 2019.

Table 4 Overview of the top ten vacancy as at 31 December 2018

Property	City	Region	Investment type	Vacancy (€ '000)	Vacancy rate (%)	Vacancy as percentage of total portfolio vacancy	Vacancy type
Europapoort	Amsterdam	Amsterdam	Residential	103	6.0%	12.4%	Individual unit sales
Zuidkwartier	Amsterdam	Amsterdam	Residential	100	5.6%	12.1%	Operational
Nachtwachtlaan	Amsterdam	Amsterdam	Residential	88	5.3%	10.7%	Individual unit sales
Ebbingekwartier	Groningen	Groningen	Residential	84	29.6%	10.2%	Initial vacancy
Van Randwijkstraat	Leiden	Leiden	Parking	35	2.7%	4.2%	Operational
Wicherskwartier	Amsterdam	Amsterdam	Residential	29	1.1%	3.5%	Operational
Bonifaciuslaan 2	Hilversum	Hilversum	Residential	28	3.3%	3.4%	Operational
Mondriaan	Amsterdam	Amsterdam	Residential	25	7.5%	3.0%	Operational
Eikakkershoeven	Rosmalen	Den Bosch	Residential	23	3.5%	2.8%	Operational
Staalmeesterslaan	Amsterdam	Amsterdam	Residential	18	0.9%	2.2%	Operational
Total				**533**		**64.5%**	

Wibautstraat, Amsterdam

Portfolio additions and sales

Additions

A total of six properties were transferred to the Fund in 2018. All additions concern completed forward acquisitions and are discussed in more detail in the table and text below.

Table 5 Additions in 2018

Property	City	Region	Number of single-family houses	Number of apartments	Number of parking spaces
Vathorst Centrum (blok 12)	Amersfoort	Amersfoort	5	16	
Wibautstraat	Amsterdam	Amsterdam		162	68
Marie Louise	Ede	Other		32	34
Ebbingekwartier	Groningen	Groningen	21		
Nieuw Mariënpark	Leidschendam	The Hague		36	36
Bergkwartier	Zeewolde	Other	22		
Total additions			**48**	**246**	**138**

Vathorst Centrum (blok 12) in Amersfoort

Residential district Vathorst is an important designated growth area in the Amersfoort region, with a target population of 30,000 residents. The existing Vathorst shopping centre, where the Fund has already invested in 166 apartments, is extended by another 16 apartments, 5 single-family houses and retail space. The retail space is not added to the Fund. Monthly rental prices range from approximately € 800 to € 1,200.

Wibautstraat in Amsterdam

Property Wibautstraat concerns the transformation of the former Hogeschool van Amsterdam building. The Wibautstraat is a central axis to and from the city centre of Amsterdam and is quickly and easily accessed from the A10 ring road. The popularity of this area has been growing steadily in recent years. The location is easily accessible by public transport and just a few minutes away (by metro) from the central train station of Amsterdam. An Albert Heijn supermarket (not part of the forward acquisition) is and will continue to be situated on the ground floor. The former school building is transformed into an apartment building containing 162 apartments, 68 parking spaces, 121 storage rooms and a communal bicycle storage facility. The apartments are assigned energy label A and monthly rental prices vary from approximately € 900 to € 1,700.

Marie Louise in Ede

Property Marie Louise is located near the city centre of Ede. This property is comprised of 32 apartments, 34 parking spaces and a communal bicycle storage facility in the underlying parking garage. The realisation of Marie Louise is the last phase of a total of three phases. The other two phases, which were realised earlier, concern owner-occupied single-family houses and apartments for a younger demographic target group. The average monthly rent is € 975.

Ebbingekwartier, Groningen

This property concerns 21 single-family houses near the city centre of Groningen. A combination of central location and housing typology makes this a unique project. The units range from 85 to 135 sq.m. with rents ranging from € 950 to € 1,275 per month.

Nieuw Mariënpark in Leidschendam

Property Nieuw Mariënpark in Leidschendam is an integral part of a larger development comprised of housing and healthcare. A total of 36 apartments and 36 parking spaces were added to the portfolio. Nieuw Mariënpark is situated between the Leidschenhage shopping centre and the Leidschendam city centre. The target group for the high-quality apartments are affluent one- and two-person households, which are well-represented in Leidschendam. With an average rent of around € 1,100 per month, this property is positioned in an above-average rental range. However, given the demographics in Leidschendam, it is considered to be well-marketable and a positive addition to the Fund.

Bergkwartier in Zeewolde

This property concerns the 22 single-family houses. Bergkwartier is a newly-built district of Zeewolde, with owner-occupied and rental houses. The houses are situated on spacious plots. With an average rent of € 890 per month, the houses are accessible for a large and diverse target group. Three out of the 22 dwellings concern zero-energy dwellings. These concern the first zero-energy dwellings in the portfolio and function as a pilot project.

Sales

Total proceeds from sales amounted to € 33.8m in 2018, which was 23% above the fair value of € 27.6m. These figures are in line with the sales in 2017, with total proceeds from sales of € 34.2m, which was 26% above the fair value of € 27.2m.

A major part of the sales program in 2018 concerns the sale of property Klanderij in Enschede. Property and market specifics moderately matched the portfolio strategy and the property faced high budgeted costs with regard to maintenance and investment in the next few years. Proceeds from sales amounted to € 9.0m, which was 15% above the fair value of € 7.9m.

In addition to investment sales, the Fund utilises an active individual unit sales strategy in order to offer additional return to investors. Approximately 14% of the portfolio is currently earmarked as individual unit sales, which means that when tenants vacate a residential unit, it will be sold to individuals in the owner-occupied market. As part of this individual unit sales strategy, 85 residential units and 20 parking spaces were transferred from the Fund in 2018. Proceeds from sales amounted to € 24.8m, which was 26% above the fair value of € 19.7m. These figures are also in line with the individual unit sales in 2017, with proceeds from sales of € 26.0m, which was 30% above the fair value of € 20.0m. The decrease of average sales result is caused by average fair value growth being relatively stronger than average vacant possession value growth, with regard to the portfolio that is designated for individual unit sales, in 2018.

Table 6 Sales in 2018

Property	City	Proceed of sales (€ '000	Fair value (€ '000	Result on sales (€ '000)	Investment/ indivual unit sale	Number of single-family houses	Number of apartments	Number of parking spaces
Klanderij	Enschede	9,027	7,865	1,162	Investment		39	34
Total investment sales		**9,027**	**7,865**	**1,162**			**39**	**34**
Mr. Bardeslaan	Amstelveen	963	644	319	Individual	1		1
Europapoort	Amsterdam	4,972	4,131	841	Individual		11	3
Nachtwachtlaan	Amsterdam	6,167	4,644	1,523	Individual		16	16
Frankendaal	Eindhoven	520	373	147	Individual	2		
Zilvermeeuw-hoog	Etten-Leur	1,521	1,304	217	Individual	8		
Zilvermeeuw-laag	Etten-Leur	907	799	108	Individual	5		
Ereprijsweg	Haren Gn	216	182	34	Individual	1		
Claverenbladstraat	Leusden	1,523	1,179	344	Individual	6		
Koedijk	Lochem	226	198	28	Individual	1		
Korenmolenweg	Lochem	237	183	54	Individual	1		
Pelmolenerf	Lochem	187	164	23	Individual	1		
Dotterbloemstraat	Nieuwegein	2,423	1,952	471	Individual	10		
Beukensingel	Raalte	476	422	54	Individual	3		
Colijnstraat	Son en Breugel	212	182	30	Individual	1		
Paasweide	Steenwijk	359	327	32	Individual	2		
Dr. H.T.S. Jacoblaan	Utrecht	651	385	266	Individual	1		
Herenstraat	Voorburg	500	386	114	Individual		1	
Boeg	Wijk bij Duurstede	669	522	147	Individual	3		
Kompas	Wijk bij Duurstede	426	344	82	Individual	2		
Voorsteven	Wijk bij Duurstede	229	185	44	Individual	1		
Nijenheim	Zeist	513	427	86	Individual	2		
Zonegge	Zevenaar	906	812	94	Individual	6		
Total individual unit sales		**24,803**	**19,745**	**5,058**		**57**	**28**	**20**
Total sales 2018		**33,830**	**27,610**	**6,220**		**57**	**67**	**54**

Commitments

The Fund has twelve forward acquisitions with an original commitment amounting to € 330.5m, as at 31 December 2018. Of this total commitment, € 26.6m concerns settled term payments, as at 31 December 2018. As a result, the off-balance sheet commmitment with regard to forward acquisitions amounts to € 303.9m. The settled term payments and changes in fair value of forward acquisitions add up to a total amount of € 28.9m of assets under construction. Forward acquisitions M&T in Diemen, Parkzicht in IJmuiden, Brouwerspoort in Veenendaal and Wonderwoods in Utrecht were added to the portfolio's forward acquisitions in 2018.

Grotiusplaats in The Hague was added to the portfolio's commitments in 2018. This commitment 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 € 10.9m is already settled. As a result, the off-balance sheet commmitment with regard to this participation amounts to € 81.3m.

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

Table 7 Commitments as at 31 December 2018

Property	City	Region	Type	Expected year of completion	Number of single-family houses	Number of apartments	Number of parking spaces	Commercial space (sq.m.)	Original commitment (€ '000)	Under construction (€ '000)	Off-balance sheet commitment (€ '000)
The Beacons	Amsterdam	Amsterdam	Turnkey project	2019		41	31		14,100	9,613	4,487
Kop Watergraafmeer	Diemen	Amsterdam	Turnkey project	2020		66	62		17,600		17,600
Rijndijk	Hazerswoude-Rijndijk	Other	Turnkey project	2020	18				3,600		3,600
Parkzicht	IJmuiden	Haarlem	Turnkey project	2020		63	63		15,200	6,267	8,933
Hagendonk	Prinsenbeek	Breda	Turnkey project	2020		25	30		5,000	1,388	3,612
Brouwerspoort	Veenendaal	Other	Turnkey project	2020		43	38		9,500		9,500
Cruquiuswerf	Amsterdam	Amsterdam	Turnkey project	2021		122	78	160	36,500		36,500
M&T	Diemen	Amsterdam	Turnkey project	2021		102	87		34,100		34,100
Coolsingel	Rotterdam	Other	Turnkey project	2021		56	33		17,600		17,600
De Hoge Regentesse	The Hague	The Hague	Turnkey project	2021		128	102	292	30,200	9,377	20,823
Bijlmerbajes	Amsterdam	Amsterdam	Turnkey project	2022		160	96		57,500		57,500
Wonderwoods	Utrecht	Utrecht	Turnkey project	2022		244		1,898	89,600		89,600
Change in fair value of forward acquisitions										2,208	
Total forward acquisitions					**18**	**1,050**	**620**	**2,350**	**330,500**	**28,853**	**303,855**
Grotiusplaats	The Hague	The Hague	Participation (50%)	2022		655	244	698	92,197	10,878	81,319
Total participations					**-**	**655**	**244**	**698**	**92,197**	**16,628**	**81,319**
Total commitments					**18**	**1,705**	**864**	**3,048**	**422,697**	**45,481**	**385,174**

The Beacons in Amsterdam
The Beacons consists of 41 high-quality apartments in Amsterdam Zeeburgereiland. This location in the northeast of Amsterdam has grown extensively in popularity in the last few years. The project 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 31 parking spaces in the underground communal parking garage were also acquired by the Fund. Average rent (parking excluded) is € 1,380 per month. Completion is planned for 2019.

Kop Watergraafsmeer in Diemen
This project in Diemen consist of 66 apartments and 62 parking spaces. The Amsterdam city centre is easily accessible in 25 minutes by public transport or bicycle. Diemen's popularity has increased strongly, in part due to the pressure on Amsterdam's residential market. 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 (excluding parking). The other 40 apartments, which are mainly 3-room apartments, range in size from 50 sq.m. to 98 sq.m. and rents range from € 835 to € 1,265 per month (parking excluded). Completion is planned for 2020.

Rijndijk in Hazerswoude-Rijndijk
In combination with the acquisition of project Cruquiuswerf in Amsterdam, the Fund acquired project Rijndijk, which is a small-scale project with a total of 18 single-family houses located near the centre of Hazerswoude-Rijndijk. With monthly rents between € 890 and € 925, these single-family houses match the portfolio strategy and have a positive effect on portfolio diversification. Completion is planned for 2020.

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 well 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 € 965 to € 1,000 per month (parking included). Completion is planned for 2020.

Hagendonk in Prinsenbeek
The Fund acquired 25 apartments in Prinsenbeek, near Breda, which is part of a larger development of 45 (social) housing apartments and 8 single-family houses. The acquired apartments range from 77 sq.m. to 92 sq.m. with monthly rents ranging from € 825 to € 925. Completion is planned for 2020.

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 of Veenendaal with an abundance of shops and facilities. Average size of the apartments range is 78 sq.m. with an average rent of € 960 per month (parking included). Completion is planned for 2020.

Cruquiuswerf in Amsterdam
This project is located north-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 rental prices range from approximately € 880 to € 1,300. This project is expected to be completed in 2021.

M&T 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 87 parking spaces. The other apartments and parking spaces were acquired by a social housing association and will be rented out in the regulated rental segment. This location in Diemen is well-accessible by car and public transport. The city of Amsterdam is within close rage and can be reached by bicycle or public transport within 25 minutes. Rentability is expected to be favourable, partly as a result of the current strong demand in the Amsterdam housing market. The apartments range in size from 50 sq.m. to 115 sq.m and rents vary from € 910 to € 1,550 per month (parking excluded). Average monthly rent is € 1,255. Completion is planned for 2021.

Coolsingel in Rotterdam
This project is located in Rotterdam's city centre, between Hofplein and Beursplein, just across from 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 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 sq.m. to 93 sq.m, with 102 parking spaces and 292 sq.m. of commercial space. Monthly rents will range from € 875 to € 1.035 per month (parking excluded). Part of this development is the realisation of 1,500 sq.m. of commercial space, which will not be acquired by the Fund. Completion is planned for 2021.

Bijlmerbajes in Amsterdam
Amsterdam's former prison, known as the Bijlmerbajes, will be redeveloped into a renewed residential district of Amsterdam. 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 places. 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 2022.

Wonderwoods in Utrecht
Project Wonderwoods in Utrecht is located in the centre of Utrecht and is situated right across Utrecht's central train station. The main feature of Wonderwoods is 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 through acquisition, the Fund will be more in control towards its (commercial) tenants. In addition, Wonderwoods will concern a mix 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 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 part of the tenants. Monthly rents vary from € 890 to € 2,200, with an average monthly rent of € 1,300. Although all apartments are rented out in the liberalised segment, approximately 60 apartments have municipal restrictions on rental growth. Completion is planned for 2022.

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 is 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 € 10.9m is already settled. Project Grotiusplaats in The Hague concerns two residential towers of 100 and 120 meters 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 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. In addition, the project will add to the skyline of The Hague. 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 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 one investment with a total commitment amounting to € 1.6m, as at 31 December 2018.

The investment in property Lamérislaan in Utrecht was completed successfully in the second quarter of 2018. A total of 216 apartments were renovated. The investment concerned window, roof and cavity wall insulation, individual central heating units, refurbishment of common areas and lifts, gutter replacement and the application of solar panels. Average energy labels improved from label F/G to A.

The investment in property Staalmeestерslaan in Amsterdam was completed successfully in the second quarter of 2018. A total of 180 apartments were renovated. The investment concerned major maintenance, window and cavity wall insulation, individual central heating units, refurbishment of common areas and parking garage and the application of LED-lighting. Average energy labels improved from label F to A.

Table 8 Investments as at 31 December 2018

Property	City	Region	Year of completion	Number of residential units	Commitment (€ '000)	Under construction (€ '000)	Description
Ambachtenlaan	Breda	Breda	2020	43	1,600	510	Refurbishment and energy label upgrade (from C/D to A)
Total				**43**	**1,600**	**510**	

Portfolio analysis

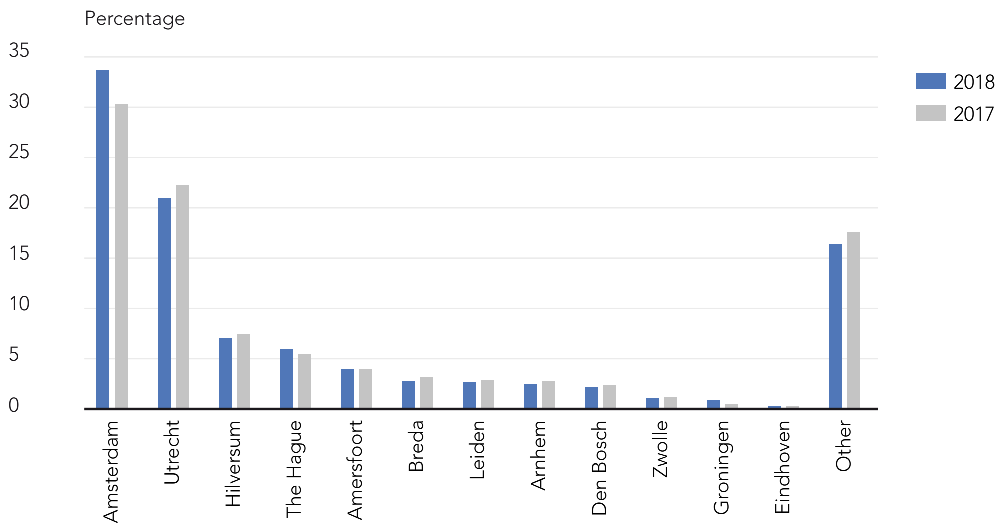
Regional focus

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 these residential markets with an above-average market outlook.

Allocation to the Amsterdam region showed a relatively strong increase, due to the addition of property Wibautstraat in Amsterdam to the portfolio in 2018. An increase is also seen in the regions of The Hague and Groningen, but to a milder extent. All other regions showed a mild decrease in 2018, as a result of individual unit sales and the investment sale of property Klanderij in Enschede.

Figure 10 Geographical spread as at 31 December 2018



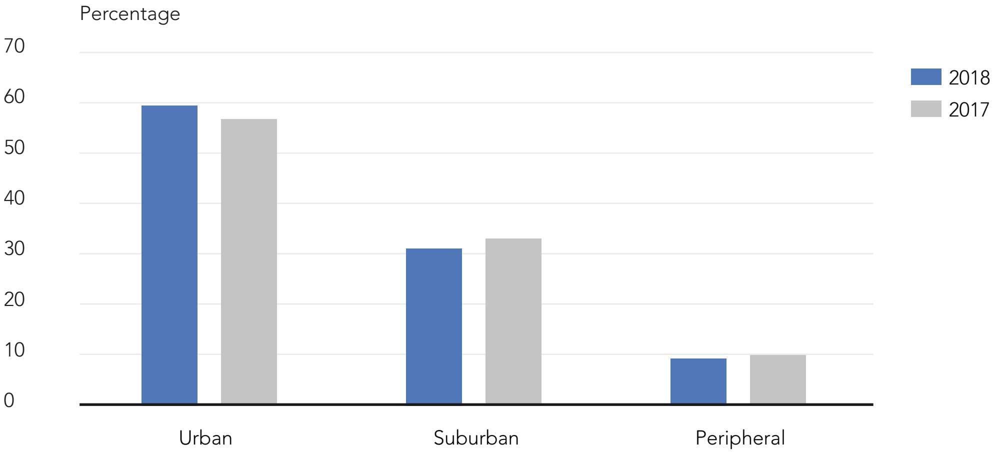
Housing market segmentation

Three different housing 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 Wibautstraat in Amsterdam to the portfolio.

Figure 11 Market segmentation as at 31 December 2018

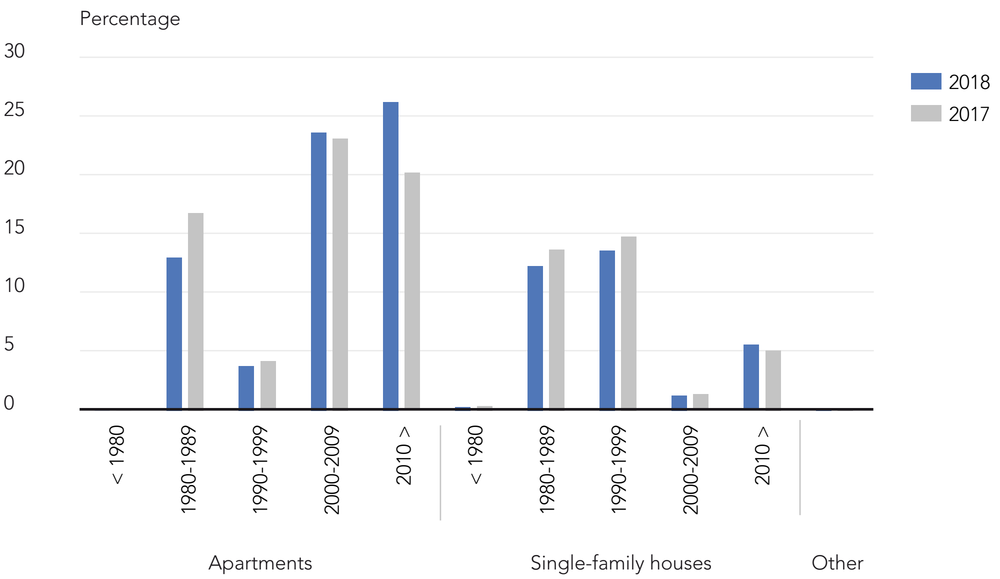


Property age

The Fund seeks to continuously rejuvenate the portfolio in order to reduce property expenses in the long term, while building a sustainable investment portfolio, through renovation strategies and its acquisition and sales policy. The average property age of the portfolio was 17.6 years, as at 31 December 2018, which is a decrease compared to 2017 (18.6 years). This decrease in average age is a result of the completion of forward acquisitions, completion of the renovation of properties Lamérislaan in Utrecht and Staalmeesterslaan in Amsterdam, as well as the investment sale of property Klanderij in Enschede and individual unit sales. As a result of the renovation of property Lamérislaan in Utrecht, the age of this property improved from 31 to 24 years. Property Staalmeesterslaan showed an improvement from 33 to 18 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 24.7 years as at 31 December 2018 (2017: 26.0).

Figure 12 Age classes as at 31 December 2018



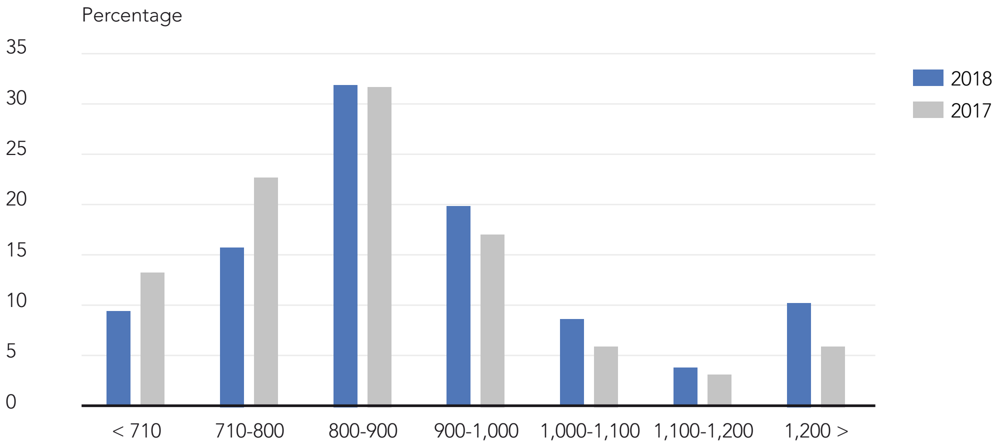
Average monthly rent

The portfolio's strategy focuses on residential investments in the mid-priced rental segment and is dominant in the € 710 to € 1,200 rental range. Non-regulated properties with average monthly rents higher than € 710 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 share of units with rental prices below € 800 declined strongly, whereas the share of units with rental prices between € 800 and € 1,200 showed an increase. This is due to (annual) rent increases as well as the addition of new properties to the portfolio in 2018. The share of residential units with monthly rents exceeding € 1,200 increased from 6% in 2017 to 10% in 2018. Approximately 83% of all residential units with monthly rents above € 1,200 are located in the city of Amsterdam, where demand is relatively strong and higher market rents can be achieved.

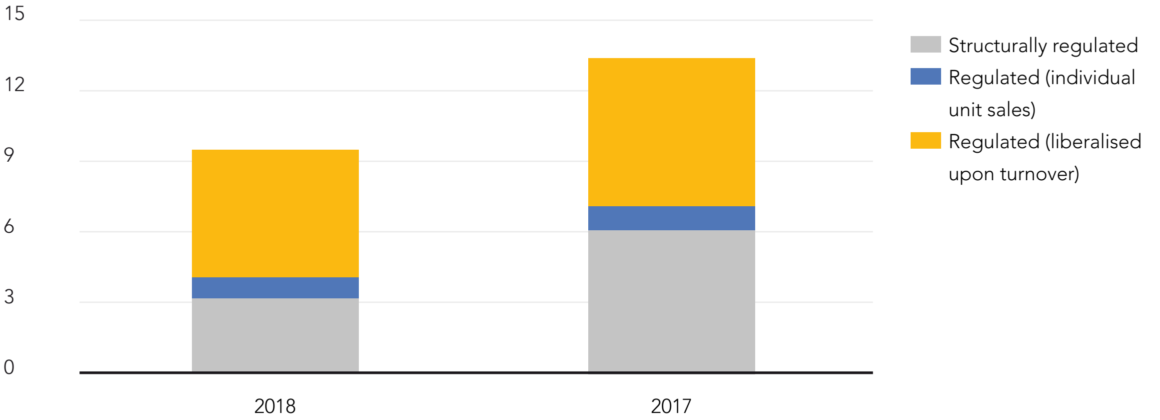
Rental prices for properties, that were addded to the portfolio in 2018, comply to the portfolio strategy. Average monthly rents for units in Vathorst (blok 12) in Amersfoort (€ 860), Marie Louse in Ede (€ 975, parking included), Ebbingekwartier in Groningen (€ 1.130), Nieuw Mariënpark in Leidschendam (€ 1,100, parking included) and Bergkwartier in Zeewolde (€ 890) were all well within the portfolio's targeted bandwidth. Average monthly rents for units in Wibautstraat in Amsterdam are higher (€ 1,375), due to the prime location of the property and strong tenant demand. Property Wibautstraat was fully let, as at 31 December 2018.

Figure 13 Rental price composition as at 31 December 2018



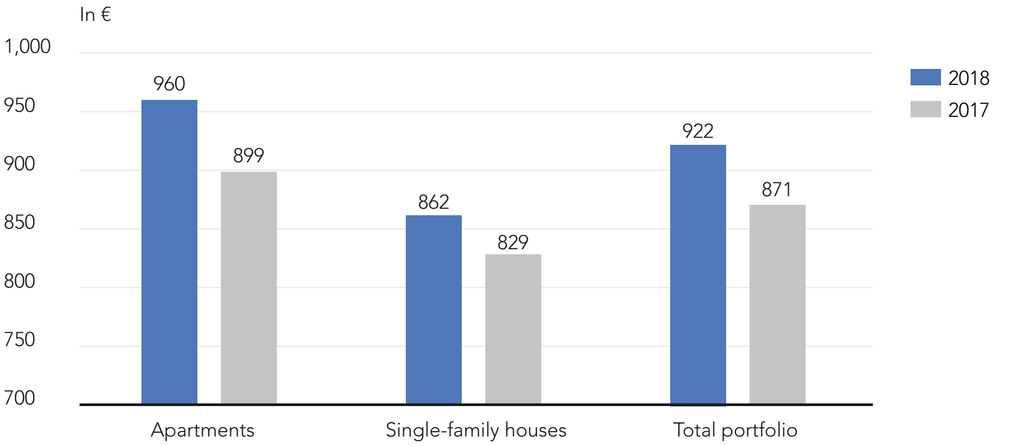
The share of residential units in the regulated segment (monthly rents below € 710) continued its downward trend in 2018. As at 31 December 2018, this share was 9.5%, compared to 13.3% in 2017. This is mainly the result of additions and rent increases due to property renovations. Through additions, tenant turnover and individual unit sales, the share of regulated residential units is expected to decrease further in the next few years.

Figure 14 Regulated rents as at 31 December 2018



The average monthly rent for a residential unit in the portfolio was € 922, as at 31 December 2018, which is 5.9% higher compared to 2017 (€ 871). This growth is explained by (annual) rent increases, rent increases after renovation, portfolio additions and individual unit sales. Single-family houses have a lower average monthly rent (€ 862), compared to the portfolio's apartments (€ 960). This difference in rental level is explained not only by residential type, but also by aspects such as location type and property age.

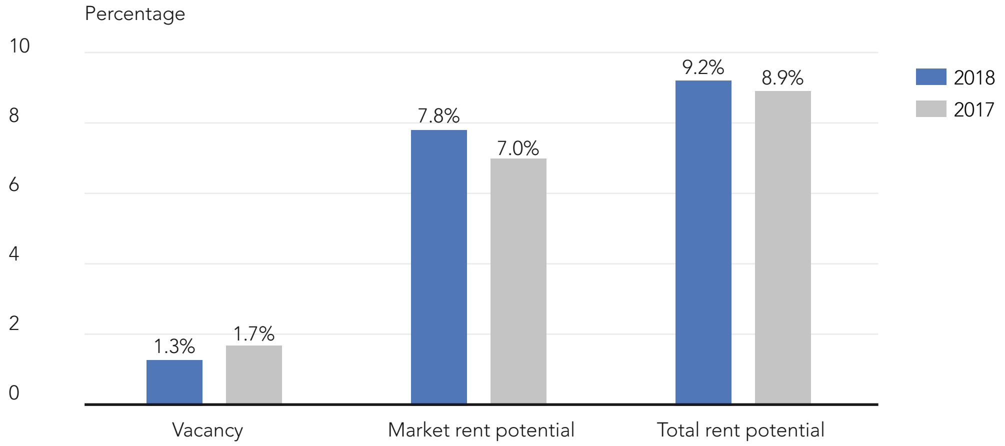
Figure 15 Average monthly rent per market segment as at 31 December 2018



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 9.2%, which is a slight increase compared to 2017 (8.9%). This is mainly the result of market rent reviews of all properties in the portfolio. Average vacancy rate for residential units in the portfolio decreased to 1.3% in 2018, compared to 1.7% in 2017. Average vacancy rates for apartments (1.3%) are in line with single-family houses (1.2%).

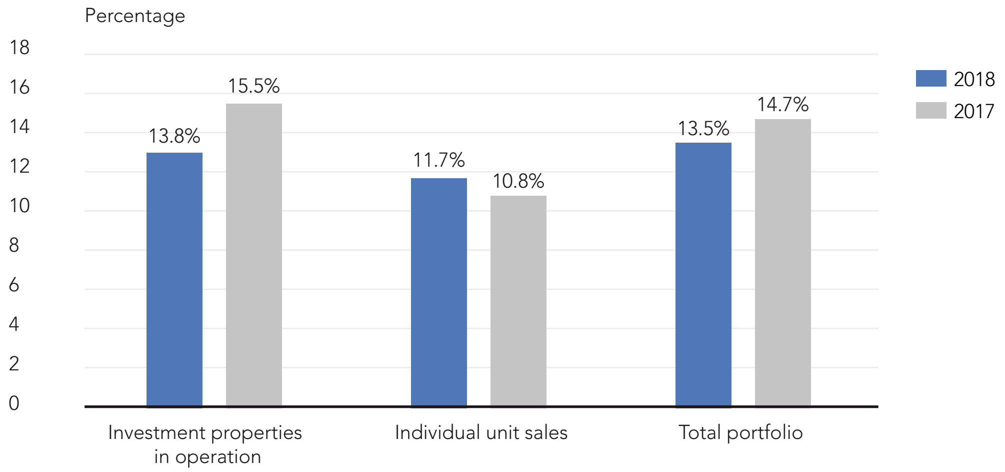
Figure 16 Vacancy and market rent potential as at 31 December 2018



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 13.5% in 2018, which is a decrease compared to 2017 (14.7%). In particular investment properties in operation showed a decrease from 15.5% to 13.8%.

Figure 17 Average turnover rates in 2018



Performance of Fund versus IPD benchmark

Total return (all benchmarked assets level) for the Fund amounted to 16.5%, compared to 18.6% for the benchmark in 2018. This difference in performance is attributable to lower capital growth (12.5% versus 14.7%), as the Fund's income return exceeded the benchmark (3.6% versus 3.4%).

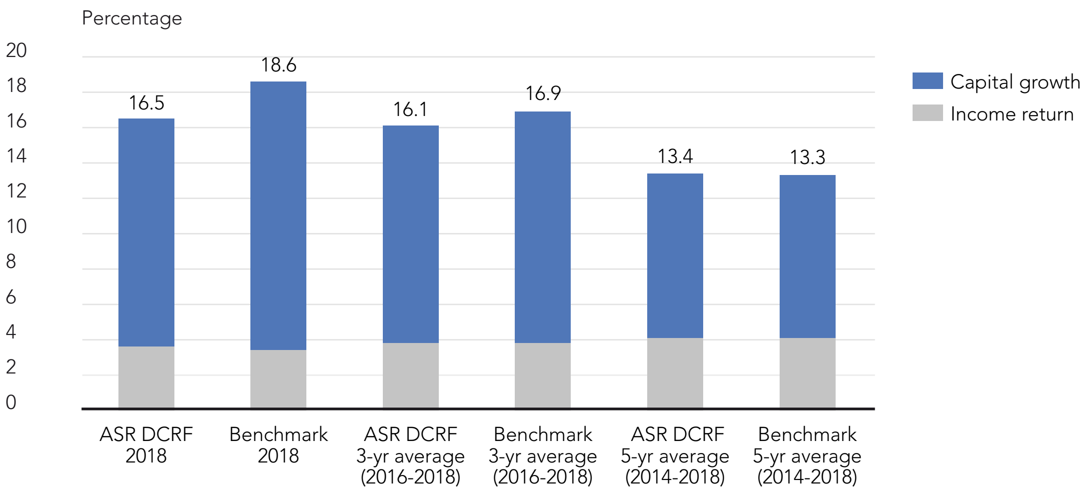
Capital growth is determined by market rental growth and changes in yield. The lower capital growth is fully attributable to a milder inward yield shift for the Fund compared to the benchmark, while the Fund's (market) rental growth was in line with the benchmark. Average net initial yield for the Fund showed a decrease of 80 bps since 2016, to end up at 4.3% in 2018, while the net initial yield for the benchmark decreased with 110 bps to a yield of 4.4% in the same period.

The reason for the Fund's income return outperforming the benchmark, despite the Fund's lower net initial yield, are the low vacancy rate and operating costs. The vacancy rate for the Fund amounted to 1.9% in 2018, compared to 2.2% for the benchmark. This difference also holds with regard to the 3-year average (2.1% versus 2.2%) and 5-year average (2.2% versus 2.5%). Operating costs as a percentage of gross rental income amounted to 19.0% for the Fund, compared to the benchmark figure of 24.7%. The Fund's operating costs are also well below the benchmark with regard to the 3-year and 5-year average.

On a 3-year average, the Fund showed an underperformance compared to its benchmark (15.3% versus 14.3%) on an all benchmarked assets level, whereas the Fund's 5-year average total return was slightly higher than the benchmark (13.4% versus 13.3%).

Total return for the IPD Dutch residential benchmark also exceeded that of the Fund on standing investments level in 2018 (16.2% versus 17.8%), as well as on a 3-year average (15.4% versus 15.9%). Returns on standing investments level exclude the effect of the acquisitions, investments and (individual unit) sales.

Figure 18 Performance figures ASR DCRF versus IPD Dutch residential benchmark



Realised and unrealised gains and losses

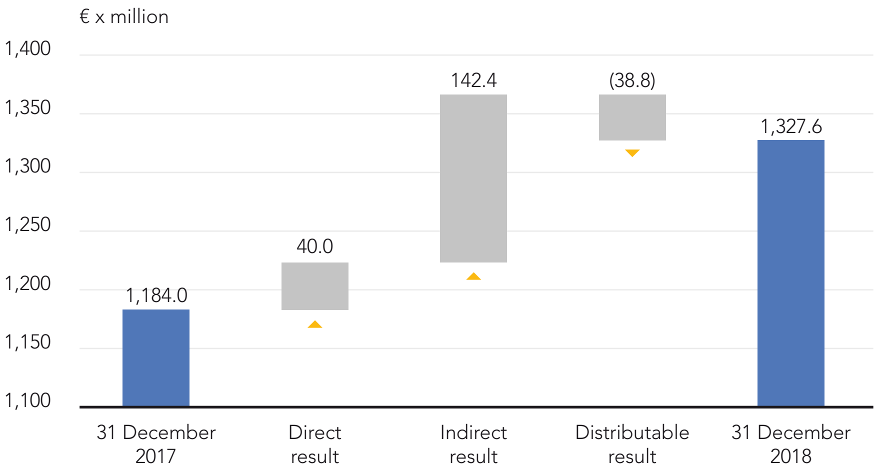
All properties in the Fund's portfolio were externally valued on a quarterly basis in 2018 by either MVGM Vastgoedtaxaties or CBRE Valuation Advisory. Every quarter, 25% of the valuations concerns full valuations, whereas 75% concerns desktop review update valuations. Property Grotiusplaats in The Hague, in which the Fund holds a 50% participation, was externally valued by Cushman & Wakefield.

The total value of the properties increased by € 142.4m or 12.1% in 2018, compared to € 112.1m or 10.9% in 2017. Amsterdam and Utrecht contributed most strongly to the total portfolio's appreciation, due to their dominant share in the portfolio and positive revaluation.

Capital

Capital amounts to € 1,327.6m as at 31 December 2018, compared to € 1,184.0m as at 31 December 2017. Capital increased in 2018 as a result of positive valuations (€ 142.4m). No closings took place in 2018. As at 31 December 2018, capital was spread across 1,192,701 units, resulting in an IFRS NAV of € 1,113 per unit and an INREV NAV of € 1,122 per unit.

Figure 19 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 consumers. 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 last year 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 Sustainability Reporting Compliance Rate of the Fund is 91%.

Strategic objectives 2019-2021

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 1.30
- Reduce ownership of properties with Energy Index of > 2.4 to less than 3% of portfolio
- Implement energy-saving measures in 50% of the portfolio
- Obtain Green Building Certificates for 15% of the portfolio

Reduce average Energy Index to at least 1.30

In 2018, the average Energy Index (EI) of the Fund's portfolio improved from 1.40 to 1.30. The two main reasons for this improvement were an enhancement of the sustainability of standing investments and the acquisition of highly sustainable dwellings.

Figure 20 Energy labels (EPA) for ASR DCRF as at 31 December

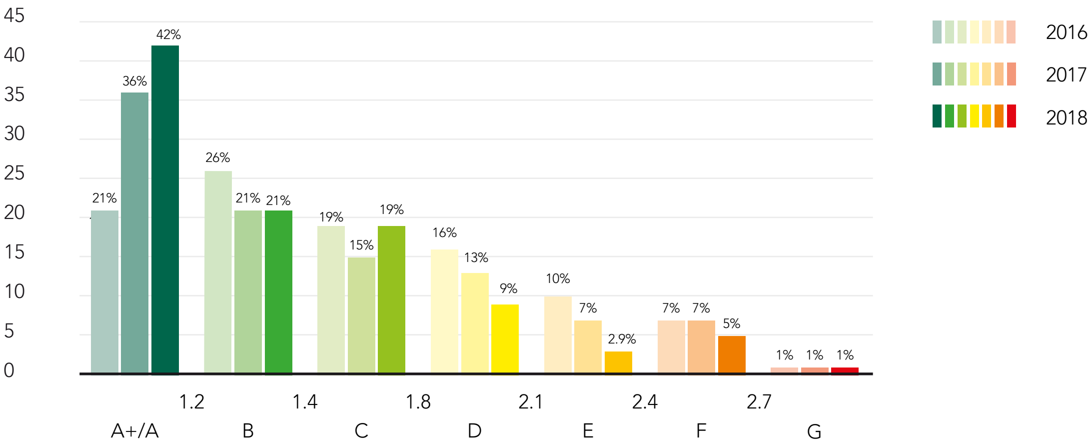
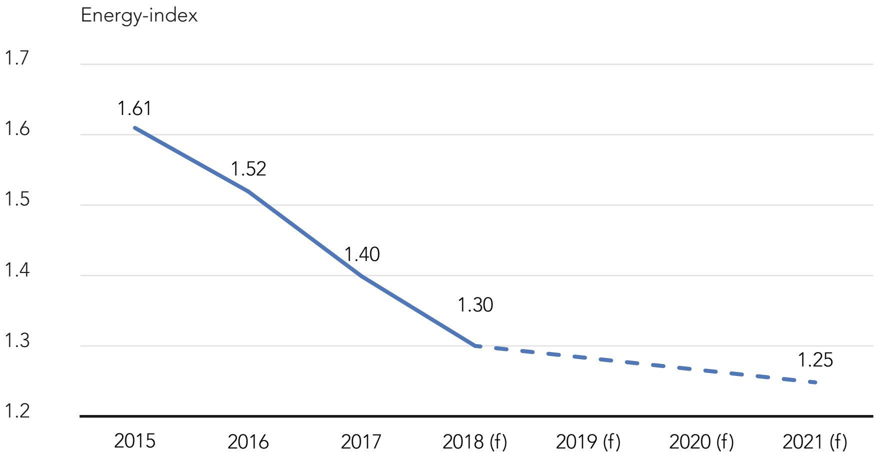


Figure 21 Improvement of Energy Index for ASR DCRF



Staalmeesterslaan, Amsterdam

The sustainable renovation of a total of 306 residential units was successfully completed in 2018. The renovation of another 43 units will be started in 2019.

- Staalmeesterslaan in Amsterdam: the second tower with 90 apartments was renovated. In total 180 apartments were made sustainable, with an energy label upgrade from F to A.
- Lamérislaan in Utecht: a total of 216 apartments were renovated, lowering the energy label from E/F/G to A.
- Ambachtenlaan in Breda: tenants have consented to a renovation project to make their dwellings more sustainable and more convenient. The renovation of 43 single-family houses will commence in September 2019.

The Fund is also investigating the possibility to renovate projects in Bilthoven (Kramsvogel-Spreeuwlaan) and Amstelveen (RiMiNi). The energy label of these properties varies between E/F/G. The Fund aims to upgrade these properties to at least energy label A.

The completion of the Fund's acquisition projects also had a positive effect on the average Energy Index (EI) of the Fund:

- Wibautstraat in Amsterdam is completed. This property concerns 162 apartments with an average EI of 0.94.
- Vathorst (blok 12) in Amersfoort is completed. This property concerns 16 apartments and 5 single-family houses with an average EI of 0.69.
- Marie Louise In Ede is completed/ This property concerns 32 apartments with an average EI of 0.74.
- Bergkwartier in Zeewolde is completed. This property concerns 3 zero-energy dwellings that are the first zero-energy (NOM) buildings in the Fund's portfolio. In total, the property includes 22 single-family houses with an average EI of 0.76.
- Nieuw Mariënpark in Leidschendam is completed. This property concerns 36 apartments with energy label A. The average EI is currently being calculated.
- Ebbingekwartier in Groningen is completed. This property concerns 21 single-family houses with energy level A. The average EI is currently being calculated.

Reduce ownership of properties with Energy Index of > 2.4 to less than 3% of portfolio

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 in 2020. As of 31 December 2018, 6% of the portfolio had an EI higher than 2.4, which is a reduction of 2% compared to 31 December 2017 (8%). The Fund expects this percentage to fall further to 5% in 2019 and aims to reduce the number to less than 3% by 2021, mainly through its current renovation plans. 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). In June 2018, at the yearly real estate exhibition PROVADA, the Fund signed an agreement with JCS for the installation of LED-lighting in 36 apartment buildings and 2 parking garages. In the common spaces of these buildings and parking garage, the former lighting was replaced by LED lighting, saving approximately 60% of energy use by lighting. The implementation of LED lighting is covering almost 1,350 dwellings of the Fund and was finalised in December 2018. At the end of 2018, in 30% of the portfolio's energy-saving measures are implemented. Therefore, the Fund is well on track to reach this objective.

Obtain Green Building Certificates for 15% of the portfolio

In addition to the portfolio's energy label certification, the Fund aims to improve the sustainability of its portfolio still further 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.

At the PROVADA in June 2018, the Dutch Green Building Council awarded the first certificates of the DGBC Woonmerk to the Fund. The Fund is one of the initiators of the DGBC Woonmerk. The certificates are awarded to the properties of Bonifaciuslaan in Hilversum (250 apartments), Terwijde-centrum in Utrecht (199 apartments) and Huizen (169 single-family houses). With the addition of the BREEAM certification for Futura in Zoetermeer (69 apartments), 11.7% of the portfolio had been certified, as at 31 December 2018.

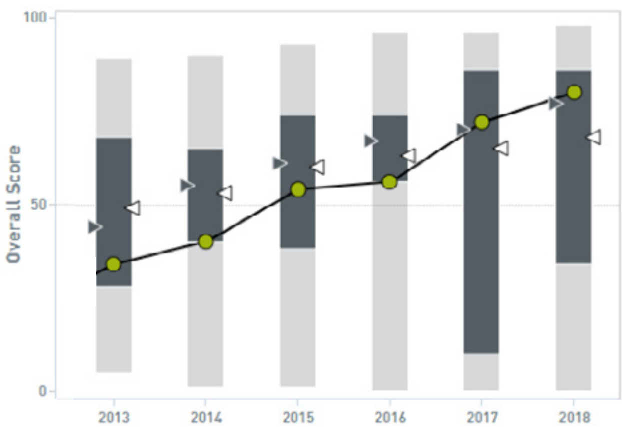
GRESB - Four stars for ASR DCRF

ASR Dutch Core Residential Fund improved its score once again in 2018 to 80 points (out of 100 points), which was an increase of 8 points compared to 2017. And once again, the Fund obtained a four-star rating, scored above average and improved its place in its peer group from ninth to seventh (out of 13).

This outstanding improvement was mainly the result of the Fund's continuing commitment to its large-scale renovation projects. For example, in 2017 the Fund renovated three large properties (389 dwellings) which have been in a.s.r.'s ownership since the 1970s, from an energy label F/G to A. Additionally, the Fund's implementation of the new DGBC's Green Building Certification Scheme for residential buildings significantly improved its score.

The Fund performed particularly strongly on the ESG themes of Social (S) and Governance (G), scoring 98 out of 100 in both areas, well above the benchmark. This demonstrates the Fund's high-quality sustainability governance, which is achieved through its detailed policies and stringent procedures, as well as its relations with - and impact on - its stakeholders regarding sustainability. The Fund made the largest improvement on the Environment (E) theme, increasing its score by 21.4% compared to 2017.

For the years to come, the Fund expects their GRESB score will increase even more due to their focus on Green Building Certificates and the portfolio's energy performance.



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 June 2018, ASR DCRF sent its yearly CSR newsletter to more than 450 partners. In this letter the Fund informs its partners about the results and activities regarding CSR.
- In September 2018, a property tour with three institutional investors and a housing corporation was organised in the Utrecht region. The tour's theme was "improving the sustainability of properties".
- The municipality of Amsterdam and several institutional investors made an agreement with De Gezonde Stad to develop different green projects in the Sportliedenbuurt at Zeeburgereiland in Amsterdam. ASR DCRF was one of the driving forces for this initiative. The Fund's new building project The Beacons is located in the middle of the Sportliedenbuurt.
- For ASR DCRF, improving and sharing its knowledge and expanding its network in the area of CSR is an important objective. Within the company, involvement in and support for promoting CSR initiatives throughout the sector and society as a whole are at the forefront. 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 such as PROVADA, GRESB release event and hosted a RICS event about sustainability.

Green leader award
Robbert van Dijk, Fund director of ASR DCRF, was nominated for the Green Leader 2018, an election of the Dutch Green Building Council. Van Dijk ended in the top 5 and is appreciated by its leading role in making the ASR DCRF residential portfolio more sustainable and by the way he has created more support for CSR in the a.s.r. real estate organisation as well in the residential investment market.

Continuous check for compliance with CSR requirements and objectives
- The new management agreement with the Fund's external property managers became operational last year. This agreement records issues such as stricter and more measurable requirements in terms of CSR. The Fund is monitoring all the ongoing processes each quarter.
- The Program of Requirements for new buildings and renovation projects was further updated in terms of CSR and implemented in future plans.

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, and 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 2017, the survey in 2018 is performed by an independent research agency, Customeyes. The agency carried out a survey among a representative sample of the tenants.

The results of the yearly tenant satisfaction survey were presented. The average score for the Fund was 6.9 which is in line with last year (6.9) as well as the average benchmark score (7.0). The subject 'energy efficiency satisfaction' scored 6.6 which is also the strongest improver compared to last year (6.2). This implies a positive experience among tenants with regard to sustainability. All results and improvements will be discussed with the external property managers. The coming years, the Fund strives to improves the satisfaction score to at least 7.5.

Active tenant participation program
- a.s.r. real estate expanded the CSR box project to the property of Milestones in Utrecht. In this project tenants are informed about a sustainable way of living. The project is a collaboration among the municipality of Utrecht, JWA Advies and the Fund. The Fund still provides a CSR bag with several sustainable products for all new tenants and for tenants in renovation projects. This will contribute to improving sustainable tenant behavior.
- Amongst the tenants of Lamérislaan in Utrecht, Staalmeesterslaan in Amsterdam and the sustainable apartments in Nieuwegein, preparations were started to set up an Energy Battle. The most sustainable tenant will be rewarded with a weekend trip to a sustainable family house. The project will be executed in the first quarter of 2019. The Fund intends to improve awareness with regard to energy use.
- In December 2018, the Fund sent the yearly CSR newsletter to all its tenants. In this letter, the Fund informs about its CSR policy, results and initiatives. In addition, several advices were given about the way tenants can live more sustainable.
- Digitalisation is the cornerstone of the Fund's new development of the service delivery for the tenant. ASR DCRF is engaged in building an online portal for the tenants and aim to deliver in the second quarter of 2019. With this portal in place, tenants can be served in a better and time efficient way.

Planet

Strategic objectives
- **Reduce energy consumption and greenhouse gases by 10% compared to 2015**
- **Optimal monitoring of environmental performance**
- **Investing in neighbourhoods**
- **Contribution to the opportunities and development of pupils and students**

Reduce energy consumption and greenhouse gases by 10% compared to 2015
- From 2015 until 2017, the like-for-like energy consumption in common areas was reduced by 9.5%, the like-for-like energy consumption from fuels for collective heating reduced by 21.7% and like-for-like greenhouse gas emissions decreased by 21.6%.The Fund is well on track to achieve its energy consumption objective and already widely reached its greenhouse gas emissions objective. The decreases show that the extensive renovation of the Fund's current portfolio and the focus on improving tenants' awareness has had a positive impact on the drop of the energy consumption and greenhouse gas emissions.
- The Fund wishes to scale back the energy consumption and greenhouse gas emissions of the total portfolio, both in common areas and tenant spaces. Therefore the Fund started collecting actual usage data from the individual units, and from 2018 onwards, the Fund measures the energy consumption and greenhouse gas emissions intensity per sq.m. of the total portfolio, both in common areas and tenant spaces.

The 2018 results and figures on energy use and greenhouse gas emissions will be processed in the first quarter of 2019 and will be incorporated into the 2018 CSR report and the 2019 GRESB benchmark.

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 better able to exercise energy consumption control. One of the Fund's improvements is the implementation of these figures in the system. The Fund is also investigating several ways to monitor tenants behavior. The more data the Fund can collect, the better the Fund can advise the tenants on their energy consumption.

Investing in neighbourhoods
- In Terwijde-centrum in Utrecht a parking area is transformed into a tiny forest. School children planted more than 600 trees. a.s.r. real estate is one of the investors in this tiny forest. For 2019, the Fund will start a similar project in Bilthoven (Kramsvogel-Spreeuwlaan).
- In property Gouwe Zicht in Waddinxveen five large photo canvases were installed to improve the entrance of the hall's appearance. The photos relate to five well-known places in Waddinxveen.
- A green rooftop is realised for property Wibautstraat in Amsterdam. The Fund placed plastic crates on the roof for water storage so that water remains on the rooftop for a longer period of time and drains more slowly.

Contribution to the opportunities and development of pupils and students

a.s.r. real estate offers work placements for students from upper secondary vocational, higher professional and university levels. Also in 2018 the objective had been reached by mentoring seven students and two trainees and organising several guest lectures. Furthermore, a.s.r. organised for the second time the 'sustainable school challenge', all province Utrecht-based schools were challenged to come up with sustainable ideas for their school. The school which had the best idea won € 12,500.

People

Strategic objectives

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

Informed and engaged employees

The Fund wants to ensure that its employees are kept adequately informed about CSR issues in order to maximise the extent to which CSR affects their day-to-day practices.

- a.s.r. real estate organised a masterclass in circular real estate with MVO Nederland and developer Reborn to improve the company's knowledge on this highly relevant subject.
- For the majority of employees CSR is included in their annual targets.
- a.s.r. real estate keeps all stakeholders informed about the latest CSR initiatives and results through a monthly internal newsletter.
- A property tour was organised to new properties Marie Louise in Ede and Vathorst in Amersfoort for employees of the a.s.r. residential team.

Optimal organisational anchoring of CSR

- Important achievement in 2018 is the optimisation of the Funds administrative system. From now on, key variables of ESG parameters as energy labels and BREEAM certificates are well documented and perfectly useful.
- In 2018, the Fund have analysed its contribution to the UN Sustainable Development Goals. The Fund actively contributes to four of these goals. Please also refer to the next page of this report.

Employee satisfaction rating > 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. In 2018, a.s.r. real estate exceeded the goal of employee satisfaction 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 goal is to maintain a satisfaction rating of at least 80%.

Personal development of employees

The main focus of the human resources management policy of a.s.r. is the personal development of its employees in terms of professional expertise, competences and skills. In 2018, 37% of a.s.r. real estate's employees were invited to participate in a.s.r. Nederland's Development Program, where they will be 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 life-long 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, combating climate change and ensuring 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.

a.s.r. has categorised its contribution to the SDGs into four themes: 'Sustainable insurer', 'Sustainable investor', 'Sustainable employer' and 'Social role'. These themes have been included in a.s.r.'s annual report. a.s.r. real estate has added a fifth theme, 'Sustainable real estate investor', to monitor its specific contribution to the SDGs from a real estate perspective. The Fund contributes actively to the four SDGs listed below.

SDG 7 Affordable and clean energy
The Fund is exploring the use of renewable energy and has set objectives to reduce energy consumption and GHG emissions. This will be monitored by keeping track of the intensity ratios.

SDG 11 Sustainable cities and communities
In addition to reducing energy consumption and exploring the use of renewable energy, the Fund is focusing on encouraging sustainable transport, green roofs and liveable neighbourhoods.

SDG 12 Responsible consumption and production
The Fund publishes its CSR policy annually and adheres to the sustainability guidelines. The Fund also verifies whether its chain partners comply with its CSR policy.

SDG 13 Climate action
The impact of the portfolio on climate change is being monitored.

Tenant satisfaction survey

The Fund aims to continuously improve its services and tenant satisfaction. In order to monitor this, the Fund annually organises a tenant satisfaction survey, and 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 2017, the survey in 2018 is performed by Customeyes, which is an independent research agency . The agency carried out a survey among a representative sample of the tenants.

As in previous years, tenants are interviewed about their satisfaction regarding to their residential unit, living environment and property management services. The overall average tenant satisfaction for ASR DCRF in 2018 is 6.9, which is in line with the results of the previous two years (respectively 6.9 and 7.1) as well as the average benchmark result (7.0). Both residential unit and living environment remain at a relatively high score of 7.3 and 7.5. This implies a positive experience among tenants with regard to the property. The service delivery of the internal and external property management organisation (6.7 and 6.1, respectively) are ranked equal to and just below the benchmark (6.7 and 6.3, respectively).

Table 9 Results tenant satisfaction survey 2018

	Residential unit	Living environment	Services external property manager	Services internal property manager	Overall
2018	7.3	7.5	6.1	6.7	6.9
Δ Benchmark	-0.1	0.1	-0.2	0.0	-0.1
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

As a result, follow-ups are addressed and will be part of the properties' business plans for 2019. Digitalisation is also the cornerstone of our new development of the service delivery for the tenant. Questions that have emerged from the research are considered and we hope to be able to reduce the number of complaints. Tenant satisfaction is an important component of the annual rating of the external property manager. Results and improvements will be discussed with the external property managers.

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

2. Subscription and redemption restrictions
The subscription and redemption restrictions are as follows:
- Subscription threshold of € 10m for new investors.
- Subscription threshold of € 100k for current investors.
- No investor is permitted to exceed a total financial position of 25% of the units, except for the Anchor Investor, unless the Management Company has granted its specific approval. Nevertheless, the financial position is never to exceed one-third of the total units.
- During the lock-up period, only the Anchor Investor may issue redemption requests. The lock-up period came into effect at 1 January 2015 for a period of 48 months.

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

A detailed description of the restrictions is described in Clause 2 of the Fund Agreement.

As at 31 December 2018, the Fund met the financial restrictions, the subscription and redemption restrictions, and the investment restrictions.

Depositary Statement

Considering that:

- BNP Paribas Securities Services is appointed to act as depositary of 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, 2018 (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 ("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 through article 21(7) and 21(9) of the AIFMD, 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 is not intended to create, any right for a person or an entity that is not a party to the depositary agreement.

Utrecht, 14 February 2019

BNP Paribas Securities Services

Risk management

The Fund 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 over a minimum six months period. Every year, compliance to the ISAE framework is audited by an external accountant. As per 2018, an integrated ISAE Type II report (ISAE 3402 combined with ISAE 3000) is composed.

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 must be paid in advance.	The vacancy in relation to the gross rent was 2.0% in 2018.
Market risk	This relates to the imact of overall market changes on the value of assets and rental income. Market risk cannot be avoided.	Monioring 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 tontrol 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 declined with 24% from € 375k in 2017 to € 284k in 2018. Bad debt provisions as a percentage of gross income declined to 0.53% compared to 0.76% in 2017.

Risk	Risk appetite	Risk mitigating aspects	Impact
Liquidity risk	The Fund strives to maintain 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 31.12.2018.
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 31.12.2018.
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 2018.
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 2018.
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 2018.

Risk	Risk appetite	Risk mitigating aspects	Impact
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 2018.
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. The Fund's investment restrictions relate to the following criteria: • There is a focus on core, residential assets in the Netherland. • 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 investment policy 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. During 2018 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 specific issues have occured during 2018.
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 specific issues have occured during 2018.

Risk	Risk appetite	Risk mitigating aspects	Impact
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 continuouslymonitors its pipeline projects.	No specific issues have occured during 2018.
Relative performance risk	Risk that the performance falls behind the Fund's benchmark.	Quarterly monitoring.	Total return for the Fund was 16.5%, compared to 18.6% for the benchmark in 2018.
Concentration risk	Investments in Dutch residential properties.	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.	The Fund has acted in line with the terms and restrictions.
Valuation risk	The valuation of the Portfolio Assets depends on the valuation methods used. The 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 specific issues have occured during 2018.
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. Annually an ISAE 3402 audit is pe type II is performed.	The Fund received an ISAE 3402 certification without imperfections over 2018.
Risk factors on Asset Management and Property Management	Operational Risk Framework is in place. Annually an ISAE 3402 audit is pe type II is performed..	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 specific issues have occured during 2018.

Risk	Risk appetite	Risk mitigating aspects	Impact
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 2018. The AIFM has a Business Continuity Plan in place.
Compliance risks			
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.	Whistleblower policy, CDD, pre-employment screening, COI policy.	No specific issues have occured during 2018.
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.	No specific issues have occured during 2018.
Safety, Health, Environmental risk issues (SHE risk)	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.	A Due Diligence is part of the investmentment process.	No specific issues have occured during 2018.
Legislation and regulation risk	Legislation and regulation risk is the risk that changes to laws and rules will influence the results of the Fund. The Fund cannot influence or change amendments to legislation and regulation.	Legislation and regulation 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 specific issues have occured during 2018.
Tax and legal risk	The Fund avoinds 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 specific issues have occured during 2018.
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 specific issues have occured during 2018.

Corporate governance

The Fund's governance structure is described in Appendix 2 of this report.

Outlook 2019

It is expected that the Dutch economy continues to show strong figures in 2019, with stable and above-average GDP growth rates, low unemployment rates, solid private and business consumption and a healthy inflation rate. However, international trade, which is the Dutch economy's strongest pillar, is threatened by political uncertainties, such as Brexit and US protectionism. Declining consumer and business confidence might be a sign that the heydays of the current economic boom are over.

The positive economic climate and low mortgage interest rate environment continue to contribute to the upward trend in the Dutch housing market. Although prices continued to show strong growth, the number of transactions on the owner-occupied market shows a downward trend due to a decreasing number of houses for sale. This trend is likely to continue in 2019 and in particular for the tightest housing markets, such as the agglomerations of Amsterdam and Utrecht.

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. In addition, forward acquisitions that were recently completed, show positive letting results, which will benefit portfolio performance in the near future. Revaluation of the portfolio and result on individual sales continue to be strong, further enhancing net result. Competition for core acquisition opportunities is strong and average costs of construction are increasing sharply, due to high demand for new construction and relatively limited resources. Together with the shortage of available plots for new construction and high demand for real estate investments from national and foreign investors, (initial) yields for new residential developments are likely to decrease further, which makes it increasingly challenging to acquire core, high-quality residential real estate at acceptable prices. However, the Fund has confidence in its ambition to further grow the pipeline. This is confirmed by the recent acquisitions of Grotiusplaats in The Hague, M&T in Diemen and Wonderwoods in Utrecht.

Utrecht, the Netherlands, 9 May 2019

ASR Vastgoed Vermogensbeheer B.V. (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	2018	2017
Gross rental income	5	53,888	49,149
Service charge income	5	2,872	3,167
Total operating income		**56,760**	**52,316**
Property-specific costs	6	(12,292)	(11,168)
Service charge expenses	5	(2,872)	(3,167)
Fund expenses	7	(703)	(738)
Management fees	8	(6,932)	(5,983)
Total operating expenses		**(22,799)**	**(21,056)**
Operating result		**33,961**	**31,260**
Finance income	9	235	652
Finance costs	9	(409)	(303)
Finance result		**(174)**	**349**
Changes in fair value of investment properties	11	136,647	112,091
Changes in value of participations	12	5,750	-
Result on sales of investment properties	10	1,162	1,076
Result on individual unit sales	10	5,058	5,976
Realised and unrealised gains and losses		**148,617**	**119,143**
Net result		**182,404**	**150,752**
Other comprehensive income		-	-
Total comprehensive income		**182,404**	**150,752**
In €			
Direct result per unit (distributable result per unit)		33	32
Indirect result per unit		120	99
Net result per unit		**153**	**131**

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

Statement of financial position

(amounts in € '000, unless otherwise stated)

Statement of financial position

As at	Notes	31 December 2018	31 December 2017
ASSETS			
Non-current assets			
Investment properties in operation	11	1,261,773	1,053,950
Investment properties under construction	11	28,853	88,018
		1,290,626	**1,141,968**
Participations	12	**16,628**	**-**
Current assets			
Trade and other receivables	13	463	695
Cash and cash equivalents	14	35,504	54,293
		35,967	**54,988**
Investment properties held-for-sale	11	2,673	3,232
Total assets		**1,345,894**	**1,200,188**
CAPITAL AND LIABILITIES			
Capital	15		
Issued capital		1,193	1,193
Additional paid-in capital		994,993	994,993
Revaluation reserve		386,695	269,474
Retained earnings		(55,329)	(81,667)
		1,327,552	**1,183,993**
Non-current liabilities			
Borrowings	16	(21)	(37)
Current liabilities			
Trade and other liabilities	17	18,363	16,232
Total capital and liabilities		**1,345,894**	**1,200,188**

Statement of changes in capital

(amounts in € '000, unless otherwise stated)

Statement of changes in capital

For the period 1 January 2017 - 31 December 2018	Issued capital	Additional paid-in capital	Retained earnings	Revaluation reserve [1]	Total
Balance as at 1 January 2017	1,102	909,111	(77,416)	151,539	984,336
Total comprehensive income					
- Profit for the year	-	-	150,752	-	150,752
- Movement arising from market valuations	-	-	(124,162)	124,162	-
- Movement arising from divestments	-	-	6,227	(6,227)	-
Total comprehensive income	**-**	**-**	**32,817**	**117,935**	**150,752**
Transactions with the owners of the Fund					
Contributions and distributions:					
- Issue of ordinary units	91	85,882	-	-	85,973
- Distributable result	-	-	(37,068)	-	(37,068)
Total transactions with owners of the Fund	**91**	**85,882**	**(37,068)**	**-**	**(48,905)**
Balance as at 31 December 2017	**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:					
- Issue of ordinary units	-	-	-	-	-
- Distributable result	-	-	(38,845)	-	(38,845)
Total transactions with the 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**
In €					
NAV per unit					1,113
Distributable result per unit					33

Distributable result

For the year	2018	2017
Operating result	33,961	31,260
Finance result	(174)	349
Result on individual unit sales	5,058	5,976
Provision for onerous contracts	-	(517)
Net result	**38,845**	**37,068**

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	2018	2017
Cash flows from operating activities			
Net result		182,404	150,752
Adjustments for:			
Interest result	9	174	(349)
Changes in fair value of investment properties	11	(136,647)	(112,091)
Changes in value of participation	12	(5,750)	-
Result on sales	10	(6,220)	(7,052)
Changes in working capital	11	2,119	(2,402)
Amortised provision on borrowings	7	16	19
Cash flows from operating activities		36,096	28,875
Interest paid	9	(409)	(303)
Interest received	9	235	652
Net cash flows from operating activities		**35,922**	**29,224**
Cash flows from or used in investing activities			
Investment properties in operation	11	(10,683)	(29,519)
Investment properties under construction	11	(28,379)	(49,769)
Investment properties participations	11	(10,878)	-
Divestments	10	33,830	34,235
Net cash flows from or used in investing activities		**(16,110)**	**(45,053)**
Cash flows from or used in financing activities			
Issue of ordinary units		-	85,972
Proceeds from borrowings	16	-	(50)
Distributed result		(38,601)	(37,291)
Net cash flows from or used in financing activities		**(38,601)**	**48,631**
Net movement in cash		**(18,789)**	**32,802**
Cash and cash equivalents as at the beginning of the period		54,293	21,491
Net increase in cash and cash equivalents		(18,789)	32,802
Cash and cash equivalents at end of the period		**35,504**	**54,293**

Notes to the financial statements

(amounts in €'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 Seed portfolio of prime 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 approved for issue by the Meeting of Investors on 9 May 2019.

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 2018:
- Amendments to IFRS 9, 'Financial instruments';
- Amendments to IFRS 15, 'Revenue from contracts with customers'.

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 main following new standards, amendments to existing standards and interpretations, published prior to 1 January 2019 and effective for accounting periods beginning on or after 1 January 2019, were not early adopted by the Fund:

Standard/Interpretation	Content	Applicable for financial years beginning on/after
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019
IFRS 9	Prepayment Features with Negative Compensation	1 January 2019
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021

IFRIC 23, 'Uncertainty over Income Tax Treatments'
IFRIC 23 clarifies the accounting for uncertainties in income taxes. The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, an entity should assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.

In determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, an entity must consider the probability that a taxation authority will accept an uncertain tax treatment. An entity should reassess any judgements and estimates made if the facts and circumstances change or new information becomes available. IFRIC 23 is effective for annual reporting periods beginning on or after 1 January 2019 and earlier application is permitted. IFRIC 23 not expected to have impact on the accounting for the Fund's treatment of Income Tax.

Amendments to IFRS 9 Prepayment Features with Negative Compensation
Under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments not expected to have impact on the consolidated financial statements of the Fund.

IFRS 16, 'Leases - distinction between operating and finance leases'
IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted.

Transition to IFRS 16
During 2018 the Fund has performed an impact analysis which shows that IFRS 16 has no significant impact on its current accounting practices and an immaterial impact on the financial position of the Fund. The total value of the right-of-use assets amounts to € 1,390k as well as the corresponding lease liability, meaning that the impact on the financial position is nihil. The impact on the statement of income and comprehensive income is also immaterial and amounts to € 5k

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 is not applicable to the Fund.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Fund.

The IASB and the IFRIC have published the following standards and interpretations that are EU-endorsed, which were not yet effective. The standards, amendments and interpretations are not expected to be relevant to the Fund's operations:

Standard/Interpretation	Content	Applicable for financial years beginning on/after
IFRS 3	Amendments to IFRS 3 'Business Combinations'	1 January 2019
IFRS 9	Amendments to IFRS 9 'Prepayment Features with Negative Compensation'	1 January 2019
IFRS 10	Amendments to IFRS 10 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2019
IFRS 11	Amendments to IFRS 11 'Joint Arrangements'	1 January 2019
IFRS 16	IFRS 16, 'Leases'	1 January 2019
IFRS 17	'Insurance Contracts'	1 January 2021
IAS 12	Income Taxes	1 January 2019
IAS 19	Amendment to IAS 19 'Plan Amendment, Curtailment or Settlement'	1 January 2019
IAS 23	Borrowing costs	1 January 2019
IAS 28	Amendment to IAS 28 'Long-term interests in associates and joint ventures'	1 January 2019
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019

C) Early adoption of standards
The Fund did not early adopt any new or amended standards in 2018.

2.3 Investments in joint ventures
Joint ventures are contractual arrangements whereby the Fund and other parties undertake an economic activity that is subject to joint control. Joint control exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

These interests are accounted for using the equity method as applied to associates. The interests are recognised in the financial statements from the date on which the Fund first obtains joint control until the date that this joint control ceases.

If objective evidence of impairment exists, joint ventures are tested for impairment and, if necessary an impairment is recognised in the income statement

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 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.
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:
- The provisions of the construction contract;
- The stage of completion;
- Whether the project is standard (typical for the market) or non-standard;
- The level of reliability of cash inflows after completion;
- The development risk specific to the property;
- Past experience with similar constructions;
- Status of construction permits.

Market value property valuations will be prepared in accordance with the RICS Valuation Standards, 7th 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 income. Investment properties are derecognised from the statement of financial position on disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses on the derecognising of an investment property are recognised in the statement of income and other income in the year of derecognising.

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 is the lessor in an operating lease. Properties leased out under operating leases are included in investment property in the statement of financial position (Note 11). See Note 2.13 for the recognition of rental income.

2.7 Financial instruments

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 comprehensive income.

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 2.10 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. External costs directly attributable to subsequent issue capital are deducted from the proceeds. 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.

2.10 Current assets and liabilities

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

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

2.11 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 2.14) 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 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 Distributable result

Distributable result to the investors is recognised as a liability in the Fund's financial statements. The distributable result for Q4 2018 is paid in February 2019.

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 expense 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.

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 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. Fund expenses and management fees are recognised in the period in which they are incurred (on an accruals basis).

2.17 Corporate income tax

The Fund is transparent with respect to corporate income tax, therefore no corporate income tax is applicable for the Fund.

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 Fund 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 Fund 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 come 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 Fund 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.

Key controls (first line of defense)
A number of controls designed as first line of defense 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 defense. These controls are essential for producing effective management reports.

In order to guarantee independence, risk managers and compliance officers in the second line of defense 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 defense for testing the ISAE key controls and report on monthly basis to the management team of a.s.r. real estate.

The third line of defense (internal audit and 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.

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 2018. 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

ASR Dutch Core Residential Fund Management Company B.V. (the Management Company) has an agreement (Management Agreement) with a.s.r. real estate (the Manager). In the agreement is stated that the Manager will provide fund management services, asset management services and property management services to the Management Company. Under the fund management services the following items are included (not limitative): legal & structuring, compliance, business & financial advisory, human resource, risk management, communication and marketing and finance and tax.

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 2018, 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 3 of this annual report.

Real estate risks that investors are exposed to van be divided in to multiple risk factors As 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 Fund 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 Fund 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. Although the Fund cannot protect itself fully against macro economical items, the Fund carefully monitors transactions in the market and the development the occupancy rate and can therefore reduce a part of the specific risk that the Fund is exposed to. In addition, the entire portfolio is valued by independent appraiser in order to reduce valuation risk.

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.

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 Fund Manager carefully monitors transactions in the market and the development of vacant possession values. 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.

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 15). 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 2018 the Fund's interest rate risk is/ 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	-19.3%	-10.7%	0.0%	13.7%
Impact on direct return Fund	0.7%	0.4%	0.0%	-0.4%

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 2018 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 2018
< 30 days	228
31-60 days	103
61-180 days	56
180-365 days	91
> 365 days	134
Total rent receivables	**612**
Total > 30 days	384
% of gross rental income	0.7%
Provision for doubtful debt	284

The total debtor's provision amounts to € 284k as per 31 December 2018.

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. After expiration of the Lock-up Period:
(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 2018). It faces very low solvency risk, since 0.0% of the Fund's GAV is financed with borrowings, as at 31 December 2018.

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. In the years thereafter the identified forward acquisitions plus additional acquisitions are expected to be financed by loan facilities first, after which this debt will be converted into new equity. Therefore a certain amount of debt due to loan facilities will be applicable in the Fund the upcoming years due to forward acquisitions.

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.

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 2018 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.

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. This Project BV taxes profits and corporate income tax is paid to the tax authorities. The work carried out by the Project BV, 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 control the risks regarding 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.

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

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.

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.

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 action to prevent the Fund from qualifying as a partnership but cannot rule out any risks in this respect.

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 Fund 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.

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 office 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 office market affect the performance of office 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.

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.

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.

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.

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.

Relative performance risk
Relative performance risk is the risk that the Fund's results fall behind the selected benchmark 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 the benchmark on a monthly basis and by holding asset managers accountable and directing them if necessary.

Valuation Risk
The value of the Portfolio Assets is inherently subjective due to the individual nature of each Asset. The value depends on various circumstances, which may change over time and that may not be in the Fund's control. As a result, valuations are subject to uncertainty. The valuation of the Portfolio Assets depends on the valuation methods used. The value of the assets in the portfolio is determined by market value. The market value property valuations will be prepared in accordance with the generally accepted international valuation standards, currently regarded to be the RICS Valuation Standards, 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.

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 Fund 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 (page 71 and further).

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.

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.

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.

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.

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.

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.

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.

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.

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.

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	2018	2017
Theoretical rental income	55,022	50,436
Vacancy	(1,100)	(1,221)
Straight lined rent incentives	(34)	(66)
	53,888	**49,149**

Net rental income

For the year	2018	2017
Gross rental income	53,888	49,149
Service charge income	2,872	3,167
Service charge expenses	(2,872)	(3,167)
Property operating costs	(12,292)	(11,168)
	41,596	**37,981**

For quantitative analysis on gross rental income we refer to page 23.

6 Property-specific costs

Property-specific costs

For the year	Notes	2018	2017
Maintenance		5,757	5,482
Marketing costs		1,106	745
Non-recoverable service costs		25	61
Property insurance		384	344
Property management fee		2,156	1,974
Changes in provision for doubtful debt	13	(15)	93
Changes in provision for onerous contracts		-	(517)
Taxes		2,386	2,398
Other property specific costs		493	588
		12,292	**11,168**

For quantitative analysis on property specific costs we refer to page 23.

7 Fund expenses

Fund expenses

For the year	2018	2017
Administration and secretarial fees	44	56
Amortised provision on borrowings	17	19
Audit fees	113	94
Bank charges	4	7
Depositary fees	114	106
Publication fees	90	49
Valuation fees	321	407
	703	**738**

8 Management fees

Management fees

For the year	2018	2017
Asset management fee	6,302	5,439
Fund management fee	630	544
	6,932	**5,983**

For quantitative analysis on management fees we refer to page 23.

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 2018. 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 € 22.5m for 2018 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 € 16.0m, based on an average of 150 FTE, including 2 directors. Of the total personnel expenses € 0.4 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 2018, the total number of FTE in a.s.r. real estate is 150. The other costs, consisting of e.g. ICT-, business support-, advisory- and marketing costs, amount to € 6.5m.

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 34. 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 € 3.5m. 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

2018	Number of employees	Fixed remuneration	Variable remuneration	Total remuneration	Percentage of remuneration
Executive Board	2	90	-	90	3%
Identified staff	-	-	-	-	0%
Other staff	32	3,413	-	3,413	97%
Total	**34**	**3,503**	**-**	**3,503**	**100%**
2017					
Executive Board	2	91	-	91	3%
Identified staff	-	-	-	-	0%
Other staff	32	3,473	-	3,473	97%
Total	**34**	**3,564**	**-**	**3,564**	**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 € 1.0m.

9 Finance result

Finance result

For the year	2018	2017
Interest income	235	652
Finance income	**235**	**652**
Interest costs	(409)	(303)
Finance costs	**(409)**	**(303)**
	(174)	**349**

10 Result on sales

Result on sales

For the year	2018	2017
Net proceeds of sales	33,830	34,237
Historical costs of properties sold	(17,796)	(20,959)
Realised gains on historical costs	**16,034**	**13,278**
Cumulative changes in fair value of properties sold	(9,814)	(6,226)
	6,220	**7,052**

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 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**

The following table analyses the Fund's investment properties for the year ended at 31 December 2017:

Investment properties for the year ended at 31 December 2017

Segment	Multi Family			Single-family			Other			Total
Class	In operation	Under construction	Held-for-sale	In operation	Under construction	Held-for-sale	In operation	held-for-sale	Held-for-sale	
Fair value hierarchy	3	3	3	3	3	3	3	3	3	
2017										
Balance as at the beginning of the period	**592,404**	**53,743**	**1,116**	**329,179**	**2,496**	**778**	**1,290**	**-**	**-**	**981,005**
Movements										
- Transfer from Investment properties under construction	23,170	(23,170)	-	6,547	(6,547)	-	-	-	-	-
- Transfer to Investment properties held-for-sale	(1,904)	-	1,904	(1,327)	-	1,327	-	-	-	-
- Investments	22,892	41,794	-	6,627	7,975	-	-	-	-	79,288
- Positive changes in fair value	70,065	11,669	-	43,326	707	-	125	-	-	125,891
- Negative changes in fair value	(7,486)	(595)	-	(5,665)	(53)	-	-	-	-	(13,800)
- Divestments	(19,085)	-	(1,116)	(6,207)	-	(778)	-	-	-	(27,185)
Balance as at the end of the period	**680,057**	**83,440**	**1,904**	**372,478**	**4,578**	**1,327**	**1,415**	**-**	**-**	**1,145,200**
- Historical costs	512,880	73,486	1,904	297,310	4,093	1,327	1,198	-	-	892,198
- Cumulated changes in fair value	167,177	9,954	-	75,168	486	-	217	-	-	253,002
Balance as at the end of the period	**680,057**	**83,440**	**1,904**	**372,478**	**4,578**	**1,327**	**1,415**	**-**	**-**	**1,145,200**

All the investment properties are valued as at 31 December 2018 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 2018 and 31 December 2017 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 the first quarter of 2019. 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.

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

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							

2017	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 2017	Valuation technique	Gross rental value (in € '000)	Gross initial yield (in %)	Change in yield	-5%	0%	+5%
Netherlands -	681,961	DCF	2,226 max	11.2% max	-5%	-	35,893	71,785
Apartments -			378 mean	5.2% mean	0%	(34,098)	-	34,098
Level 3			8 min	3.2% min	+5%	(64,949)	(32,474)	-
Netherlands -	373,806	DCF	1,114 max	6.6% max	-5%	-	19,674	39,348
Single-family houses -			310 mean	5.1% mean	0%	(18,690)	-	18,690
Level 3			19 min	2.4% min	+5%	(35,601)	(17,800)	-
Netherlands -	1,415	DCF	74 max	11.8% max	-5%	-	74	149
Other -			69 mean	10.2% mean	0%	(71)	-	71
Level 3			65 min	8.5% min	+5%	(135)	(67)	-
	1,057,181							

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 International Valuations Standards Council (IVS), in accordance with the international valuation Standards from June 2013, valid from January 1, 2014.
- 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 Participations

During 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 2018	31 December 2017
Current assets, including cash & cash equivalents of Grotiusplaats	-	-
Non-current assets –investment property	33.255	-
	33.255	**-**
Current liabilities including tax payable of Grotiusplaats	-	-
Non-current liabilities including long term borrowings of Grotiusplaats	-	-
	-	
Equity	33.255	-
Proportion of the Fund's interest	50%	-
Fund's carrying amount of the investment	**16.628**	**-**
Rental income	-	-
Property expenses	-	-
Profit on valuation of investment property	11.500	-
Profit for the year	11.500	-
Fund's share of profit for the period	**5.750**	**-**

In accordance with the agreement under which Grotiusplaats is established, the total capital commitment amounts to € 92.2m, of which € 10.9m have been paid as at 31 December 2018

13 Trade and other receivables

Trade and other receivables

As at	31 December 2018	31 December 2017
Rent receivables from tenants	612	647
Other receivables	135	423
Less: provision for doubtful debt	(284)	(375)
	463	**695**

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 2018	31 December 2017
Balance as at the beginning of the period		375	386
Changes			
- Bad debt write-off		(76)	(104)
- Changes in provision for doubtful debt	6	(15)	93
Balance as at the end of the period		**284**	**375**

14 Cash and cash equivalents

Cash and cash equivalents

As at	31 December 2018	31 December 2017
Cash	35,504	54,293
	35,504	**54,293**

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

15 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. Changes in the units issued are as follows:

Changes in the units issued

As at	31 December 2018	31 December 2017
Number of units as at the beginning of the period	1,192,701	1,101,823
Changes in number of units		
- Issued units closings	-	90,878
Number of units as at the end of the period	**1,192,701**	**1,192,701**

Ownership in number of units is as follows:

Ownership in number of units

As at	31 December 2018	31 December 2017
Units - Entitled for distributable result		
ASR Levensverzekering N.V.	660,470	660,470
ASR Schadeverzekering N.V.	183,893	183,893
Other investors	348,338	348,338
	1,192,701	**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 2018	31 December 2017
Capital attributable unit holders (in € '000)	1,327,552	1,183,993
Number of units as per reporting date	1,192,701	1,192,701
Net asset value per unit (in €)	1,113	993

16 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	(21)	-	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 2018, 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 2018	31 December 2017
Capitalised provisions	(21)	(37)
	(21)	**(37)**

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 2018	31 December 2017
Expiring beyond one year	50,000	50,000
	50,000	**50,000**

17 Trade and other liabilities

Trade and other liabilities

As at	31 December 2018	31 December 2017
Accrued expenses	1,932	892
Distributable result to be paid	10,132	9,888
Management fees	1,836	1,674
Prepaid rent	485	468
Property management fees	554	501
Rent deposits	2,914	2,276
Service payables	316	453
Tax payables	10	14
Trade payables	184	66
	18,363	**16,232**

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

18 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, 1,192,701 average units over 2018 (1,147,972 average units over 2017).

Earnings per unit

For the year	2018	2017
Direct result	33	32
Indirect result	120	99
Net result per unit	**153**	**131**

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

19 Contingencies and commitments

The capital commitments of the Fund exists of twelve turnkey projects for a total original amount of € 330.5m as at 31 December 2018. Of these commitmens, € 26.6m have been paid as at 31 December 2018. Changes in fair value of forward acquisitions amounting to € 2.2m, resulting in € 28.9m as presented under investment properties under construction in the statement of financial position.

Another capital commitment of the Fund concerns the participation (Grotiusplaats) for a total original amount of € 92.2m. Of this commitments, € 10.9 have been paid as at 31 December 2018. Changes in fair value of this participation amounted to € 5.7m, resulting in € 16.6m as presented under participations in the statement of financial position.

20 Related-party transactions

The Anchor Investor, ASR Levensverzekering N.V. and ASR Schadeverzekering N.V owns 70,8% of the Fund's units. The remaining units are widely held.
The Fund has the following relationships with companies related to ASR Nederland N.V.:

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

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

Subsidiaries and joint ventures

	Country of incorporation	2018	2017
Subsidiary			
ASR Dutch Core Residential Projects B.V.	The Netherlands	100%	100%
Joint venture	The Netherlands	50%	-
Grotiusplaats Den Haag C.V.	The Netherlands	50%	-
Grotiusplaats Den Haag B.V.	The Netherlands	50%	-

See Note 12 for more information on the financial status of Grotiusplaats Den Haag C.V.

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.

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	2018	2017
Asset management fee	8	6,302	5,440
Fund management fee	8	630	544
Property management fee	6	2,156	1,966
		9,088	**7,950**

21 Audit fees

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

Audit fees

For the year	Notes	2018	2017
Audit of the financial statements	7	94	94
Other audit engagements		19	-
		113	**94**

22 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 2018 and paid to the investors in February 2019.

23 Subsequent events

On 10 January 2019, the Fund had its eleventh closing. Four existing investors expanded their share in the Fund for a total amount of € 30m. The Anchor Investor holds 69.2% of the units from 10 January 2019.

Utrecht, the Netherlands, 9 May 2019

ASR Vastgoed Vermogensbeheer B.V. (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

Amadeus, The Hague

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 2018 included in the annual report

Our opinion

We have audited the financial statements 2018 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 2018, and of its result and its cash flows for 2018 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 2018
- The following statements for 2018: 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.

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 management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Description of 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, 9 May 2019

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 on page 64-71. A detailed discription about the principal risks and exposures incurred by the Fund is included on page 71-84.

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
Set-up costs	Directly into profit & loss account	On balance sheet and depreciated in five years
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 94.6%, 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	83
Property Valuation	100
Reporting	96
Sustainability Reporting	91

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		2018	2017
Fund management fee (% of NAV)		0.05%	0.05%
Asset management fee (% of NAV)		0.50%	0.50%
Management fees	a.	6,932	5,983
Fund expenses (incl. amortization)	b.	703	881
Vehicle fees and costs before performance fees	c.	**7,635**	**6,864**
Performance fees	d.	-	-
Vehicle fees and costs after performance fees	e.	**7,635**	**6,864**
Property fees and costs	f.	12,292	11,168
Average INREV NAV	g.	1,260,283	1,086,933
Average INREV GAV	h.	1,267,959	1,099,873
NAV Total Expense Ratio (before performance fees)	c./g.	0.61%	0.63%
GAV Total Expense Ratio (before performance fees)	c./h.	0.60%	0.62%
NAV Total Expense Ratio (after performance fees)	e./g.	0.61%	0.63%
GAV Total Expense Ratio (after performance fees)	e./h.	0.60%	0.62%
NAV Real Estate Expense Ratio	f./g.	0.98%	1.03%
GAV Real Estate Expense Ratio	f./h.	0.97%	1.02%

INREV NAV calculation (unaudited)

INREV NAV calculation

		Total (in €'000)	Per share (in €)
	NAV as per the financial statements	**1,327,552**	**1,113**
	Reclassification of certain IFRS liabilities as components of equity		
a)	Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders long term interests in a vehicle	-	-
b)	Effect of dividends recorded as a liability which have not been distributed (not included in equity) [1]	10,132	8
	NAV after reclassification of equity-like interests and dividends not yet distributed	**1,337,684**	**1,122**
	Fair value of assets and liabilities		
c)	Revaluation to fair value of investment properties	-	-
d)	Revaluation to fair value of self-constructed or developed investment property	-	-
e)	Revaluation to fair value of property held-for-sale	-	-
f)	Revaluation to fair value of property that is leased to tenants under a finance lease	-	-
g)	Revaluation to fair value of real estate held as inventory	-	-
h)	Revaluation to fair value of other investments in real assets	-	-
i)	Recognition to fair value of indirect investments not consolidated	-	-
j)	Revaluation to fair value of financial assets and financial liabilities	-	-
k)	Revaluation to fair value of construction contracts for third parties	-	-
l)	Set-up costs	-	-
m)	Acquisition expenses	61	-
n)	Contractual fees	-	-
	Effects of the expected manner of settlement of sales/vehicle unwinding		
o)	Revaluation to fair value of savings of purchaser's costs such as transfer taxes	-	-
p)	Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments	-	-
q)	Effect of subsidiaries having a negative equity (non-recourse)	-	-
	Other adjustments		
r)	Goodwill	-	-
s)	Non-controlling interest effects of INREV adjustments	-	-
	INREV NAV	**1,337,745**	**1,122**
	Number of shares / units issued	1,192,701	

1) Relates to the fourth quarter 2018 distributable result.
2) The adjustment for the acquisition expenses (for property Molenstraat in Monster) decreased due to regular depreciation costs.

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	2018 INREV	IFRS	Adjustments	2017 INREV
Gross rental income	1	53,888	-	53,888	49,149	-	49,149
Service charge income	1	2,872	-	2,872	3,167	-	3,167
Total operating income		**56,760**	**-**	**56,760**	**52,316**	**-**	**52,316**
Property-specific costs	2	(12,292)	(19)	(12,311)	(11,168)	(14)	(11,182)
Service charge expenses	1	(2,872)	-	(2,872)	(3,167)	-	(3,167)
Fund expenses	3	(703)	-	(703)	(738)	(143)	(881)
Management fees	4	(6,932)	-	(6,932)	(5,983)	-	(5,983)
Total operating expenses		**(22,799)**	**(19)**	**(22,818)**	**(21,056)**	**(157)**	**(21,213)**
OPERATING RESULT		**33,961**	**(19)**	**33,942**	**31,260**	**(157)**	**331,103**
Finance income	5	235	-	235	652	-	652
Finance costs	5	(409)	-	(409)	(303)	-	(303)
Finance result		**(174)**	**-**	**(174)**	**349**	**-**	**349**
Changes in fair value of investment properties	7.8	136,647	-	136,647	112,091	94	112,185
Changes in value of participations	9	5,750	-	5,750	-	-	-
Result on sales of investment properties	6	1,162	-	1,162	1,076	-	1,076
Result on individual unit sales	6	5,058	-	5,058	5,976	-	5,976
Realised and unrealised gains and losses		**148,617**	**-**	**148,617**	**119,143**	**94**	**119,237**
NET RESULT		**182,404**	**(19)**	**182,385**	**150,752**	**(63)**	**150,689**
Other comprehensive income		-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME		**182,404**	**(19)**	**182,385**	**150,752**	**(63)**	**150,689**

INREV Statement of financial position (unaudited)

(amounts in €'000, unless otherwise stated)

Statement of financial position in accordance with INREV principles

		31 December 2018			31 December 2017		
As at	Notes	IFRS	Adjustments	INREV	IFRS	Adjustments	INREV
ASSETS							
Non-current assets							
Investment properties in operation	7	1,261,773	61	1,261,834	1,053,950	80	1,054,030
Investment properties under construction	8	28,853	-	28,853	88,018	-	88,018
		1,290,626	**61**	**1,290,687**	**1,141,968**	**80**	**1,142,048**
Participations	9	**16,628**	**-**	**16,628**	**-**	**-**	**-**
Current assets							
Trade receivables	11	463	-	463	695	-	695
Cash and cash equivalents	12	35,504	-	35,504	54,293	-	54,293
		35,967	**-**	**35,967**	**54,988**	**-**	**54,988**
Investment properties held-for-sale	10	2,673	-	2,673	3,232	-	3,232
Total assets		**1,345,894**	**61**	**1,345,955**	**1,200,188**	**80**	**1,200,268**
CAPITAL AND LIABILITIES							
Capital	13						
Issued capital		1,193	-	1,193	1,193	-	1,193
Additional paid-in capital		994,993	-	994,993	994,993	-	994,993
Revaluation reserve		386,695	-	386,695	269,474	-	269,474
Retained earnings		(55,329)	10,193	(45,136)	(81,667)	9,968	(71,699)
		1,327,552	**10,193**	**1,337,745**	**1,183,993**	**9,968**	**1,193,961**
Non-current liabilities							
Borrowings	14	(21)	-	(21)	(37)	-	(37)
Current liabilities							
Trade and other liabilities	15	18,363	(10,132)	8,231	16,232	(9,888)	6,344
Total capital and liabilities		**1,345,894**	**61**	**1,345,955**	**1,200,188**	**80**	**1,200,268**

INREV Statement of changes in capital (unaudited)

(amounts in €'000, unless otherwise stated)

Statement of financial position in accordance with INREV principles

	Issued capital	Additional paid-in capital	Retained earnings	Revaluation reserve	Total
Balance as at 1 January 2017	1,102	909,111	(67,162)	151,539	994,590
Total comprehensive income					
- Profit for the year	-	-	150,689	-	150,689
- Movement arising from market valuations	-	-	(124,162)	124,162	-
- Movement arising from divestments	-	-	6,227	(6,227)	-
Total comprehensive income	**-**	**-**	**32,754**	**117,935**	**150,689**
Transactions with the owners of the Fund					
Contributions and distributions:					
- Issue of ordinary units	91	85,882	-	-	85,973
- Distributable result	-	-	(37,291)	-	(37,291)
Total transactions with owners of the Fund	**91**	**85,882**	**(37,291)**	**-**	**48,682**
Balance as at 31 December 2017	**1,193**	**994,993**	**(71,699)**	**269,474**	**1,193,961**
Total 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:					
- Issue of ordinary units	-	-	-	-	-
- 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**
In €					
NAV per unit					1,122

Appendix 2: Governance / Management structure

ASR Dutch Core Residential Management Company B.V. (the 'Management Company') has an agreement, known as the 'Management Agreement', with a.s.r. real estate (the 'AIF Manager'). The agreement states that the AIF Manager provides fund management services, asset management services and property management services to the Management Company. Fund management services include but are not restricted to: legal and structuring, compliance, business and financial advisory, human resource, risk management, communication and marketing, finance and tax.

ISAE

An internal control system (Type I) according to the International Standard of Assurance Engagements (ISAE) 3402 has been in place since June 2011. An ISAE 3402 Type II report was obtained in 2013. The controls were internally tested for 2014 and 2015 and a renewed formal ISAE 3402 Type II report was received in 2016 again. This globally recognised 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. As per 2018 an integrated ISAE Type II report (ISAE 3402 combined with COS 3000) is composed. The controls are tested internally every year, even if no formal test period is applicable for an ISAE 3402 Type II report. The internal control system relates to asset- and property management activities as well as to the Finance and Risk department and the IT management processes.

Legal and tax issues

Legal and tax issues are monitored by the internal legal and internal tax department of the Management Company. External legal and tax advisors are consulted for specific fund-related matters. The Fund's legal and tax structure is covered extensively in the Fund Agreement and in the Prospectus.

The Management Company discusses with the investors of the Fund issues related to compliance with applicable laws and regulations, if material.

The Management Company ensures that the Fund complies with its requirements as specified in the Fund Agreement. The Fund Agreement governs, amongst other things, investment objectives and restrictions, the tasks and responsibilities of the Management Company, risk identification and management, and governance structure and organisation. This is to maximise transparency and accountability for (prospective) investors.

Reporting

In addition to this annual report, the Management Company reports on a quarterly basis on the status of the Fund and organises at least one physical Meeting of Investors per year, in which the Management Company presents its financial statements and its three-year business plan.

Investment Committee

Up to 1 March 2015, only two a.s.r. group companies had been investing in the Fund. Therefore, the approval process for investments and divestments was organised in accordance with internal tables of competences, including the guidance of investments experts from both investing a.s.r. group companies and separate layers of a.s.r. investment committees.

Following the first external closings in 2015, the Management Company established an Investment Committee as described in the Fund Agreement. The first meeting of the Investment Committee was held in October 2015. The Investment Committee consists of no more than five members (currently four), including the Anchor Investor, who acts as Chair during the lock-up period. After the lock-up period, the Chair is appointed by the Investment Committee by a simple majority. If a deadlock in voting occurs, the vote of the Investment Committee member who holds the smallest number of outstanding units in the Fund will not be taken into account. The Investment Committee (both current and future) is responsible for monitoring the Management Company's compliance with investment objectives and strategy, investment criteria and investment restrictions.

Internal controls

The AIF Manager has an adequate system of internal controls in place to safeguard and enhance internal control procedures and the management control framework.

Directors

The directors of a.s.r. real estate on behalf of the Management Company during 2018 are:

- D. Gort
- H.D. de Haan.

The director of the Management Company during 2018 is the Manager.

a.s.r. real estate is therefore 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.

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 extend 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.

Appendix 3: Portfolio overview

Portfolio overview

City	Property	Address	Number of apartments	Number of single-family houses	Number of parking spaces	Commercial space (sq.m.)
Alphen aan den Rijn	Kerkstraat	Julianastraat, Kerkstraat, Paradijslaan	40		50	
Alphen aan den Rijn	Provinciepassage	Provinciepassage	44			
Amersfoort	Vathorst 1	Beijerinck, Cruquius, Leemans, Vissering, Wouda	166			
Amersfoort	Vathorst 2A	Leeghwater, Vrouwenpolder	23		24	
Amersfoort	Vathorst Centrum (blok 12)	Leeghwater, Vrouwenpolder	21			
Amstelveen	Mr. Bardeslaan	Mr. Bardeslaan, Rodenburghlaan		2		
Amstelveen	RiMiNi	Missouri, Niagara, Rio Grande	126			
Amsterdam	Europapoort	Mensinge, Weerdestein	125			
Amsterdam	Mondriaan	Hart Nibbrigstraat, Piet Mondriaanplein, Henk Henriëtstraat		24	37	
Amsterdam	Nachtwachtlaan	Nachtwachtlaan	151			
Amsterdam	Sint Nicolaasstraat	Sint Nicolaasstraat	4			
Amsterdam	Staalmeesterslaan	Staalmeesterslaan	180		9	
Amsterdam	Wibautstraat	Wibautstraat	162			
Amsterdam	Wicherskwartier	Donker Curtiusstraat, Wichersstraat.,Visseringstraat, Buyskade	135		209	409
Amsterdam	Zuidkwartier	Eosstraat	82			
Arnhem	Jonkerwaard	Jonkerwaard, Pachterwaard		51	118	
Arnhem	Malburgen	Van Berkumstraat		36	68	
Arnhem	Schuytgraaf	Daphnestraat, Dianaplantsoen		42		
Barneveld	Benctincklaan	Benctincklaan		13		
Bennekom	De Barones	Oost-Breukelderweg	24			
Bilthoven	Kramsvogel-Spreeuwlaan	Kramsvogel, Spreeuwlaan	128			
Boskoop	Burg. Colijnstraat	Burg. Colijnstraat, Torenpad	30			
Breda	Ambachtenlaan	Ambachtenlaan, Hovenierstraat, Kolenbranderstraat		86		
Breda	Pottenbakkerstraat	Pottenbakkerstraat, Steenhouwerstraat		9	29	
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			
Ede (Gld.)	De Halte	De Halte	47			
Ede (Gld.)	Marie Louise	Topaasstraat	32			
Eindhoven	Frankendaal	Frankendaal, Groeneveld		17		
Etten-Leur	Zilvermeeuw-hoog	Zilvermeeuw		16		
Etten-Leur	Zilvermeeuw-laag	Zilvermeeuw		29		
Groningen	Ebbingekwartier	Grutmolen, Haverkampsdrift, Langestraat		21		

City	Property	Address	Number of apartments	Number of single-family houses	Number of parking spaces	Commercial space (sq.m.)
Haren (Gr.)	Ereprijsweg	Ereprijsweg, Rozengaard, Sterremuurweg		30	33	
Heerhugowaard	Dinkel	Dinkel, Grift		18		
Hendrik-Ido-Ambacht	Perengaarde	Perengaarde, Sophiapromenade	90		1	
Hilvarenbeek	Cantorijstraat	Cantorijstraat		19		
Hilversum	Bonifaciuslaan 1	Bonifaciuslaan	150		180	10
Hilversum	Bonifaciuslaan 2	Bonifaciuslaan	100		151	
Hilversum	HilversumHuis	Verschurestraat, Letteriestraat, Kremerpad		27	163	
Hoofddorp	Floriande	Aalburgplein, Almkerkplein, Drongelenplein, Meeuwenstraat	120			
Houten	De Borchen	Riddersborch, Minstreelborch, Vedelaarsborch		45		
Houten	Ploegveld	Ploegveld, Rijfveld, Sikkelveld		37		
Houten	Riddersborch	Riddersborch		19		
Houten	Wernaarseind	Wernaarseind, Achterom, Rosmolen, Smidsgilde		69	1	
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		90	342
Leiderdorp	Poortwacht	Poortwacht	1			
Leidschendam	Nieuw Mariënpark	Marienpark	36			
Leusden	Claverenbladstraat	Claverenbladstraat, Van Eydenhof		18		
Lochem	Koedijk	Koedijk		5		
Lochem	Korenmolenweg	Korenmolenweg, Pelmolenerf		5		
Lochem	Pelmolenerf	Pelmolenerf		5		
Monster	Molenstraat	Acaciastraat, Molenerf, Molenstraat	22		66	
Nieuwegein	Dotterbloemstraat	Dotterbloemstraat, Ereprijs, Guldenroede		160		
Nieuwegein	Van Reeshof	Van Reeslaan	40		36	
Nootdorp	Laan van Floris de Vijfde	Laan van Floris de Vijfde	38			
Raalte	Beukensingel	Beukensingel, Elzenlaan		7	66	
Raalte	De Havezathe	De Havezathe, Langkampweg		5	82	
Rijen	Wouwerbroek	Wouwerbroek		16		
Rosmalen	Eikakkershoeven	Eikakkershoeven, Tielekenshoeven		63		
Rosmalen	Gruttoborch	Gruttoborch, Reigerborch, Kievitborch, Zwaluwborch		39		
Rotterdam	Karel Doormanstraat	Karel Doormanstraat	35			
Schijndel	Van Beethovenstraat	Van Beethovenstraat, Chopinstraat		27		
's-Hertogenbosch	Predikherenpoort	Predikherenpoort	1			
Son en Breugel	Colijnstraat	Colijnstraat, Doormanlaan		9		
Steenwijk	Paasweide	Paasweide		13		
The Hague	Amadeus	Kalvermarkt	40		125	

City	Property	Address	Number of apartments	Number of single-family houses	Number of parking spaces	Commercial space (sq.m.)
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		102	
The Hague	Middenweg-toren	Middenweg	27		17	
The Hague	Van Geeststraat	Van Geeststraat	3			
Tilburg	Bijsterveldenlaan	Bijsterveldenlaan, Hoge Witsie		38		
Tilburg	Broekhuizenstraat	Broekhuizenstraat, Bakkumstraat, Bloemendaalstraat		14		
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			
Utrecht	Lessinglaan	Lessinglaan		3		
Utrecht	Milestones	Jazzsingel, Fletcher Hendersonstraat, Svend Asmussenpad, John Coltranestraat	49	21	34	
Utrecht	Terwijde-centrum	E. Fitzgeraldplein, Jazzboulevard, B. Holidaystraat, Musicallaan, Nat KingColestraat, L. Amstrongboulevard	199		70	
Veldhoven	Buikhei	Bovenhei, Brouwershei, Buikhei, Schepelhei		91		
Vijfhuizen	Vijfhuizerweg	Vijfhuizerweg	2			
Voorburg	Herenstraat	Herenstraat	1			
Voorschoten	Veurseweg	Veurseweg	4			
Waddinxveen	Gouwe Zicht	Binnendoor	25			
Wijk bij Duurstede	Boeg	Boeg, Voorsteven		18		
Wijk bij Duurstede	Kompas	Kompas, Mast		20		
Wijk bij Duurstede	Voorsteven	Boeg, Voorsteven		13		
Zeewolde	Bergkwartier	Braamberg		22		
Zeist	Couwenhoven	Couwenhoven		46	35	
Zeist	Nijenheim	Nijenheim		31		
Zevenaar	Zonegge	Zonegge		20		
Zoetermeer	Futura	Dublinstraat, Van Leeuwenhoeklaan	69			
Zwolle	Elftkolk	Elftkolk		30		
Zwolle	Stadshagen	Bastionstraat, Broderiestraat		30	40	
			3,055	**1,920**	**1,836**	**761**

Colophon

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