Annual report 2022

ASR Dutch Core Residential Fund

a.s.r. real estate

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

Cover: **The Roofs**, The Hague

The ASR Dutch Core Residential Fund Annual Report 2022 is only available in a soft copy version. The report contains several interactive elements. Pop-ups will guide you to additional information.

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

www.asrrealestate.nl

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Contents

ASR Dutch Core Residential Fund ('the Fund') provides access to a diversified, mature and sustainable residential real estate portfolio with a value of € 2.1b. The Fund has a core strategy and invests in sustainable, high-quality apartments and single-family houses, particularly in the mid-priced rental segment, in the strongest economic and demographic regions and cities in the Netherlands.

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

Overview

As at 31 December 2022

€ 2,116m
portfolio size
2021: € 2,054m

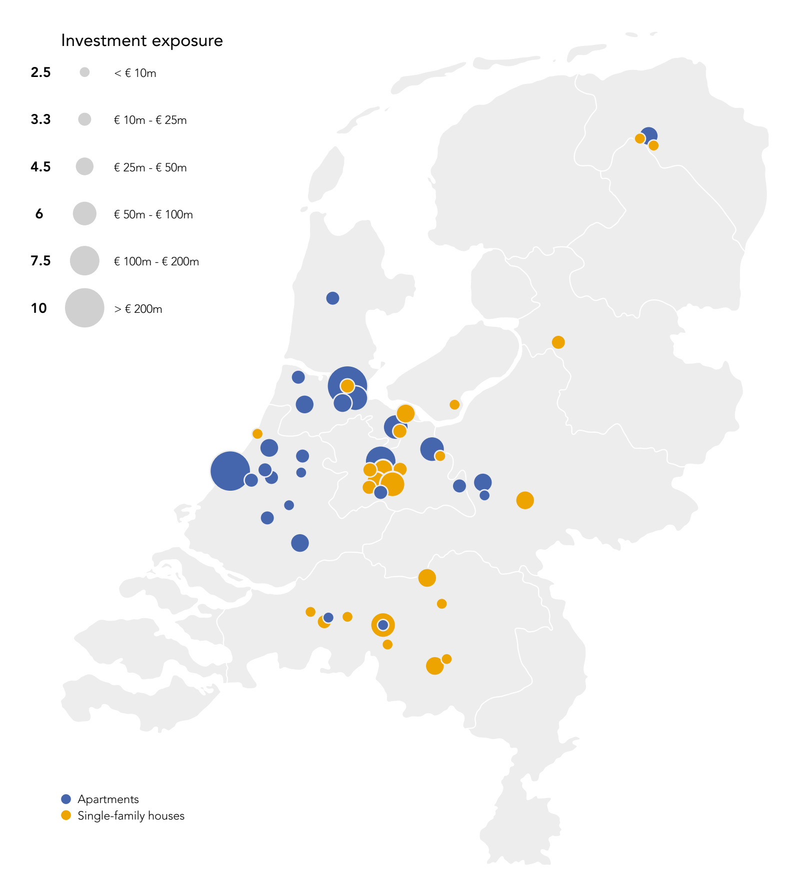
€ 66.6m
annual rent
2021: € 60.7m

5,520
residential units
2021: 4,938

€ 186m
commitments
2021: € 348m

8.1%
total rent potential
2021: 10.0%

98.7%
occupancy rate
2021: 98.3%



Performance figures

(amounts in €'000, unless otherwise stated)

Performance

For the year	2022	2021	2020	2019	2018
Total return	0.7%	12.8%	9.4%	14.7%	15.3%
- Income return	1.9%	2.2%	2.3%	2.7%	3.2%
- Capital growth	(1.2%)	10.6%	7.1%	12.0%	12.1%
Internal rate of return (since first closing at 1 January 2015)	11.6%	13.1%	13.2%	13.9%	13.8%

Performance and NAV per unit

Amounts in €

For the year	2022	2021	2020	2019	2018
Operating result	27	27	27	29	28
Net result	10	171	118	165	153
Distributable result	29	29	30	31	33

As at	31 December 2022	31 December 2021	31 December 2020	31 December 2019	31 December 2018
IFRS Net Asset Value	1,457	1,475	1,335	1,247	1,113
INREV Net Asset Value	1,465	1,481	1,342	1,255	1,122
INREV Net Asset Value (after distributions)	1,457	1,475	1,335	1,247	1,113
Number of Units	1,460,585	1,409,757	1,325,615	1,247,466	1,192,701

Result

Amounts in € million

For the period	2022	2021	2020	2019	2018
Results					
Gross rental income	66.6	60.7	58.0	56.9	53.9
Net rental income	50.2	45.7	44.7	44.2	41.6
Operating result	39.1	36.2	35.6	35.5	34.0
Net result	14.3	223.1	152.6	202.7	182.4
Distributable result	41.8	39.3	38.2	38.3	38.8
Revaluation of portfolio	(1.3%)	10.2%	7.0%	11.6%	12.1%

Financial position

Amounts in € million

As at	31 December 2022	31 December 2021	31 December 2020	31 December 2019	31 December 2018
Investment properties in operation	1,756	1,690	1,462	1,367	1,262
Investment properties under construction	238	254	180	104	29
Investment properties held-for-sale	1	1	3	3	3
Participations	121	110	73	39	17
Total investments [1]	**2,116**	**2,055**	**1,718**	**1,513**	**1,311**
Total assets (GAV)	2,151	2,099	1,789	1,576	1,346
Capital (NAV)	2,128	2,080	1,770	1,555	1,328
Current development exposure (as % of GAV)	11%	12%	10%	6%	2%
Forward commitments (off-balance sheet)	186	332	312	346	304

Financial ratios

As at	31 December 2022	31 December 2021	31 December 2020	31 December 2019	31 December 2018
Solvency rate	99.0%	99.1%	99.0%	98.7%	98.6%
Loan-to-value ratio	0.0%	0.0%	0.0%	0.0%	0.0%
Payout ratio of distributable result	100%	100%	100%	100%	100%
NAV Total Global Expense Ratio (TGER)[1]	0.51%	0.50%	0.55%	0.59%	0.61%
GAV Real Estate Expense Ratio (REER)[2]	0.75%	0.80%	0.79%	0.86%	0.97%
Weighted average unexpired lease term (WAULT)	n/a	n/a	n/a	n/a	n/a
Current gross yield[3]	3.9%	3.7%	4.0%	4.2%	4.4%
Current net yield[4]	2.9%	2.8%	3.1%	3.3%	3.4%
Occupancy rate[5]	98.7%	98.3%	98.7%	98.6%	98.5%

Portfolio figures

As at	31 December 2022	31 December 2021	31 December 2020	31 December 2019	31 December 2018
Number of properties	90	87	85	101	110
Number of residential units	5,520	4,938	4,759	4,794	4,975
GRESB score	90 (5-star)	88 (5-star)	84 (5-star)	84 (4-star)	80 (4-star)
Green energy labels	93.0%	94.0%	91.0%	56.0%	35.0%
Green building certificates	100%	100%	27%	22%	12%
Number of PV panels	12,484	8,176	5,175	3,500	-

1 Vehicle fees and costs (including performance fees), expressed as a percentage of time-weighted average INREV NAV. Calculated on a rolling four-quarter basis.
2 Property-specific fees and costs as a proportion of INREV time-weighted average INREV GAV. Calculated on a rolling four-quarter basis.
3 Property-specific fees and costs as a proportion of INREV time-weighted average INREV GAV. Calculated on a rolling four-quarter basis.
4 Calculated as gross yield multiplied with the net/gross ratio.
5 Occupancy rate as a percentage of market rental value.

"We are confident that the Fund is well prepared for the changing market situation and will continue to prove its worth, through active asset management, focused acquisition management, in-house property management and a long-term emphasis on sustainability and social impact."

Robbert W.Y. van Dijk

Foreword

Dear investor,

We are pleased to present the ASR Dutch Core Residential Fund 2022 annual report. This report provides the financial statements, an overview of its performance and the management of the Fund, as well as a glimpse at the year ahead.

2022, a turbulent year

The year 2022 had a turbulent start with the outbreak of the conflict in Ukraine, which had a major impact on the worldwide economy. We saw an increase in general prices and inflation rose to levels not seen in this century, peaking in September at 17.1% y-o-y. Furthermore, as Europe was still very dependant on Russia for gas, we saw a major increase in energy prices. As a result of increasing price levels, interest rates were increased as a countermeasure.

The economic situation of rising prices and rising interest rates had a detrimental effect on prices for (residential) real estate, as consumer confidence decreased and the cost of financing increased. As a result, capital growth for the Fund showed a negative result in the 3rd and 4th quarters and ended up at -/- 1.2% for the year. At the same time, income return was stable over the quarters and ended up at 1.9%, the Fund's total return remained positive at 0.7% for 2022.

Solid performance in changing times

Despite negative capital growth the Fund still reported an increase of its portfolio from € 2,054m to € 2,116m, caused mainly by the portfolio's term payments for the Fund's assets under construction. The Fund optimises its income growth through active asset management. As a result, the gross rental income grew from € 60.7m to € 66.6m. Occupancy is an essential driver for the portfolio's returns and it even increased slightly further to 98.7% by the end of the year. Besides focusing on rent optimisation and high occupancy levels, active asset management also involves the strict management of operating expenses and in 2022 those expenses were in line with that year's budget.

The core quality of the portfolio was further enhanced through new additions and sales. The second phase of projects at Sniepkwartier in Diemen and Laurierkwartier in Utrecht were completed and the properties Lapis Lazuli in Heerhugowaard, Energiek in Groningen and The Roofs in The Hague (50% participation) were added to the Fund's portfolio in 2022. It is worth mentioning that The Roofs was awarded the title 'Best Living project Haaglanden 2022'. The Fund also realised individual unit sales to further optimise the core quality of its portfolio.

The Fund added one new project to its pipeline in 2022: Ridderhof in Wassenaar. The forward acquisition of Edge in Eindhoven has become subject to (an additional) approval, since the original development plan is likely to be amended considerably. Furthermore, the Fund keeps a critical eye on new and existing projects because all projects should meet the Fund's standards of sustainability and expected profitability.

The total off-balance sheet commitment of the Fund ended up at € 186m. The pipeline has a 100% exposure to the Fund's focus on agglomerations and cities. At present, six out of seven pipeline projects are under construction.

During 2022, the Fund had several closings, relating to investors expanding their share in the Fund for a total amount of € 65m. Other closings concerned (part of) the distributable result being paid out in units. In addition, the Fund saw its solid and consistent performance from the last years rewarded as a new investor made a new commitment which brought in a total of € 250m. Throughout 2022, the Fund maintained its 0% leverage status, which is also expected for 2023.

In 2022, the Dutch Government announced regulations on prices for the mid-priced rental sector. An initial calculation of the financial impact for the Fund showed the effect of this to be limited as the Fund has already been focusing on providing affordable and sustainable housing. Furthermore, the Fund is of the opinion that the desired growth of medium-priced residential units can only be achieved if there is a healthy balance between rental prices and the required profitability of institutional investors.

The Fund retained its five-star GRESB rating in 2022, keeping its status as being in the top 20% of best performing GRESB funds worldwide. In addition, the Fund has worked hard to achieve its CSR targets. In 2022, the Fund increased solar panels to 12,484 units by the end of 2022. The newly certified buildings all received the BREEAM-NL In-Use certificate, making the ASR Dutch Core Residential Fund the first Dutch residential fund to be fully certified with BREEAM-NL In-Use. The figures for energy intensity and GHG intensity will be published in the Fund's ESG annual report, which is expected to be published in May of this year. The further optimised property management model and insourced tenant contact system has resulted in an improved rating from our tenant satisfaction survey. The Fund will work hard to further improve tenant satisfaction in years to come.

The Fund continues to make an effort to sustainably enhance existing assets in portfolio. Over 1,000 dwellings have already been sustainably improved, resulting in a more sustainable portfolio. Currently 200 dwellings in Huizen and Houten are being enhanced, by adding isolation, solar panels and heat pumps. The energy labels for these dwellings will go up to an A+ label.

Fundamentals are still solid

Based on the further increase in the number of households and the lower than expected number of permits in 2022, the shortage on the residential market is expected to increase even further (source: Capital Value, 2023). The increased demand for affordable residential units and decreased affordability of houses in the owner-occupied market will put further pressure on the residential rental market and cause increased prices for this market, although government regulations will have a dampening effect.

In 2023, the Fund will continue to focus on further strengthening the portfolio's core profile, with an emphasis on affordable housing, sustainability and customer focus. With an equity pipeline of € 380m, the Fund will continue to execute its impact investment strategy, concentrating on the addition of affordable dwellings to the portfolio. Sustainability has become an integral part of our strategy, which we formalised in the annually updated ESG policy of the Fund. And last but not least, customer focus remains an important part of our strategy.

We are confident that the Fund will continue to prove its worth in 2023 through active asset management, focused acquisition management, in-house property management, and a long-term emphasis on sustainability. For 2023, although we are experiencing adverse market conditions, we will once more strive to generate a solid income return for our investors and to make a social impact with affordable and sustainable dwellings for our tenants.

Fund Management Team, ASR Dutch Core Residential Fund

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

Fund **profile**

The ASR Dutch Core Residential Fund ('the Fund') was launched on 1 January 2013. On that date, the Anchor Investor transferred its properties to the Fund. The Fund had its initial closing, with the first external investor, on 1 January 2015. The Fund has been growing ever since, currently with eleven investors, as at 31 December 2022. The Anchor Investor is still committed to the Fund, holding a total of 50.1% of the units (as of 31 December 2022), although its control is capped (one vote in the Investment Committee and a maximum of 40% of the votes in the Meeting of Investors).

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

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

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

AIF Manager & Management Company

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

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

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

Legal Owner

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

Depositary

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

Governance

Fund Agreement

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

Three Year Business Plan

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

Investor influence

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

Meeting of Investors

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

Each investor will have a number of votes equal to the number of Units it holds in the Fund; the Anchor Investor will hold a maximum of 40% of the votes. Two Meetings of Investors were held in 2022.

Investment Committee

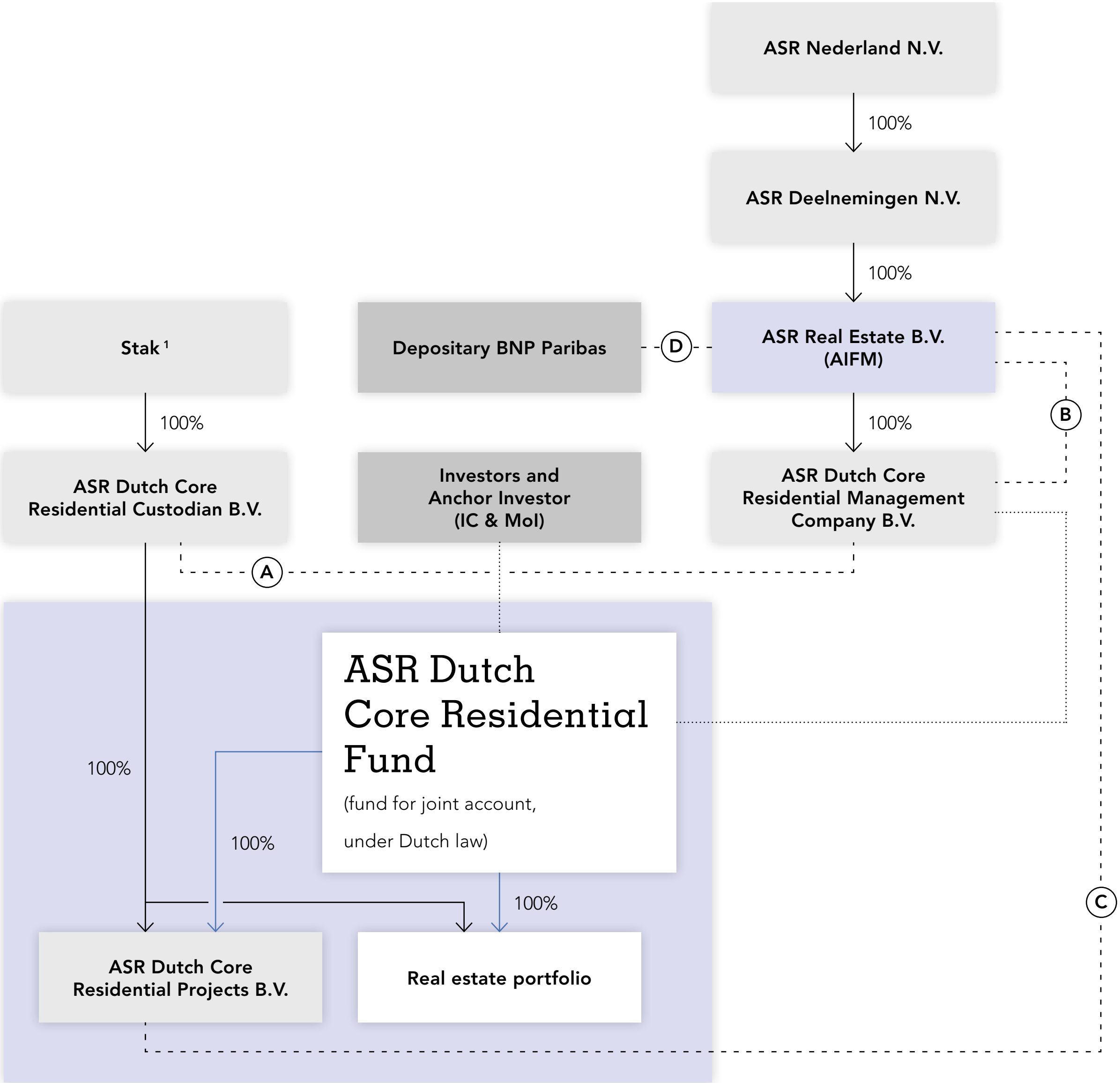
The Investment Committee is responsible for monitoring compliance by the Management Company and the AIF Manager with the Investment Objective & Strategy, the Investment Criteria and the Investment Restrictions. Furthermore, it shall be consulted by and render its advice to the AIF Manager whenever the approval or advice of the Investment Committee is required, pursuant to the Fund Agreement. The Investment Committee meets as often as is required. Two Investment Committee meetings were held in 2022.

Conflict of interests

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

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

Figure 1 ASR Dutch Core Residential Fund - fund structure



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

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

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.

Remuneration policy of the AIF Manager

The remuneration policy is set at the level of ASR Nederland N.V. and is part of the HR policy. The remuneration policy is determined by government policies and societal opinion on remuneration in the financial sector. The remuneration policy supports the strategy and business objectives of ASR Nederland N.V. and must enable ASR Nederland N.V. to attract and retain qualified employees. Since 1 July 2014, remuneration 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 concerns an annual increase of 3% (providing there is room for this in the scale). The fixed salary is indexed according to the collective increase in the insurance business.

The Fund had no employees in 2022. 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. There is a cost-allocation agreement in place between ASR Nederland N.V. and a.s.r. real estate. The allocation of personnel expenses to a.s.r. real estate is based on fte-driven cost allocation keys. The total costs of a.s.r. real estate amounted to € 32.5m for 2022 and are recognised in the statement of income and comprehensive income in the period in which they were incurred (on an accruals basis). These costs consist of total personnel expenses of € 24.4m, based on an average of 192 FTE, including two directors. Of the total personnel expenses, € 0.5 million can be allocated to the directors of the AIF Manager. The rest of the personnel expenses is related to three identified staff members and other staff. As at 31 December 2022, the total number of FTE in a.s.r. real estate was 198. Other costs, such as ICT, business support, advisory and marketing costs, amounted to € 8.1m.

The total remuneration of the employees involved in the Fund is included in the management fees which are in favour of a.s.r. real estate. The number of employees that are fully or partially involved in the Fund is estimated at 43. This number is based on an estimate of the work employees performed for the Fund.

The total remuneration for the employees of a.s.r. real estate involved in the Fund is € 5.3m. This amount was fully charged by the AIF Manager of the investment entity. The following table shows the composition of the remuneration of the employees involved in the Fund

Table 1 Remuneration (in € million)

2022	Number of employees	Fixed remuneration	Variable remuneration	Total remuneration	Percentage of remuneration
Executive Board	2	0.1	-	0.1	2%
Identified staff	1	0.3	-	0.3	6%
Other staff	40	4.9	-	4.9	92%
Total	**43**	**5.3**	**-**	**5.3**	**100%**
2021					
Executive Board	2	0.1	-	0.1	2%
Identified staff	1	0.2	-	0.2	5%
Other staff	37	4.1	-	4.1	93%
Total	**40**	**4.4**	**-**	**4.4**	**100%**

The 2022 identified staff remuneration relates to one identified staff member who can be allocated directly to the Fund. All other employees who perform work for the Fund are classified as other staff. In accordance with Article 1: 120 paragraph 2 sub a of the Wft, we report that no person has received a compensation exceeding € 1.0m.

ISAE

An internal control system in accordance with the International Standard of Assurance Engagements (ISAE) has been in place since the launch of the Fund. As of 2018, an integrated ISAE Type II audit (ISAE 3402 combined with COS 3000) is performed annually. This standard for assurance reporting on service organisations gives the auditor a framework for evaluating the efforts of a service organisation at the time of audit to prevent accounting inconsistencies, errors and misrepresentation. It also requires the management to provide a description of its 'system' and a written statement of assertion. The internal control system relates to the asset and property management activities, as well as to the Finance and Risk department and IT management processes. Compliance to the ISAE framework is audited by an external auditor. In 2023, a.s.r. real estate received an ISAE 3402 Type II statement without remarks for the year 2022.

Project BV

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

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

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

Mariënpark, Leidschendam

Report of the management company

For the period 1 January 2022 to 31 December 2022

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. The Fund has had thirty-one closings in total. As at 31 December 2022, the Fund has eleven investors and the Anchor Investor holds 50.1% of the units in the Fund. This annual report presents the year-to-date figures as at 31 December 2022.

Market **developments**

Dutch economy

Positive economic growth globally despite surging consumer prices

With an average economic growth of approximately 3.4%, 2022 turned out to be a moderate year for the global economy. The aftermath of the pandemic and the conflict in Ukraine in particular prevented the continuation of 2021's strong economic recovery. However, there were significant regional differences. In 2022, the US economy had a difficult first half, but then it recovered and has reached annual growth of 2.1%. The economies in the eurozone, on the other hand, started the year well but enthusiasm subsided as soon as the effects of the conflict in Ukraine became more apparent and inflation surged. Even so, the eurozone countries achieved an economic growth of 3.5%, in line with the global average. The Chinese economy continued to be impacted by the coronavirus throughout the year and China's 'zero-COVID' policy (which they abandoned in December 2022) made normal economic traffic almost impossible, resulting in economic growth of around 3% for 2022. Although this seems to be a relatively stable figure, it is much less than China's usual growth figures (IMF, 2023).

From a macro-economic perspective, inflation was last year's determining factor. In many countries, consumer prices reached their highest levels in forty years. In June, US inflation peaked at 9.1% year-on-year. Inflation in the eurozone was even higher at 10.6% y-o-y in October. In the Netherlands, a peak of 17.1% y-o-y was reached in September, one of the highest monthly y-o-y increases in western Europe. Inflationary pressure also increased sharply outside Europe and the US. Even in Japan, which has been combatting deflation for decades, inflation rose to 4% in 2022. Only in China did inflation not exceed 3% throughout the year, partly due to the ongoing lockdowns and moderate economic growth (a.s.r. vermogensbeheer, 2023).

Figure 2 Key economic indicators

	2022	2021	
GDP growth y-o-y real	**4.5%**	4.9%	↘
Consumer prices y-o-y inflation (HICP), quarterly average	**11.6%**	2.8%	↗
Consumer confidence Average balance	**-52**	-25	↘
Unemployment rate ILO unemployment rate, quarterly average	**3.5%**	4.2%	↘
Private consumption y-o-y consumer spending	**6.7%**	2.9%	↗
Producer confidence Average balance	**3.3**	10.2	↘

Source: Statistics Netherlands (CBS), Eurostat, 2023

The arrows refer to the experienced change over the comparison period.

Dutch household consumption remained high, supporting relatively strong economic growth

In line with the eurozone, the Dutch economy continued 2021's positive momentum during the first half of 2022. However, the third quarter showed a different picture when consumer prices peaked and consumer confidence dropped to its lowest level ever (-59 in September). However, this did not have an immediate impact on household consumption. While energy and food prices saw a considerable increase throughout the year, consumer spending kept growing at an average of 6.7% (Statistics Netherlands, 2023). This was mostly driven by a steep increase in spending on services such as dining out and other forms of recreation, compared to the year before. This was not unexpected as Dutch consumers last year were still experiencing periods of lockdowns and were therefore unable to collectively spend large amounts of money on (recreational) services. That said, spending on goods did contract by 0.6% in 2022 compared to the year before, mostly driven by lower consumption of food and beverages and households cutting down on energy consumption as a result of the steep price increases. Furthermore, company investments remained relatively stable, especially in construction where 2023 is still expected to be a difficult year due to rising interest rates and construction costs. As a result, the economic growth for 2022 remained remarkably high in the Netherlands at 4.5% (Statistics Netherlands, 2023), significantly outperforming the expected eurozone average of 3.5% (Eurostat, 2023).

Labour market keeps getting tighter

While economic uncertainty was looming throughout the year, the labour market remained extremely tight. The unemployment rate again showed record lows throughout the year, ending the year at 3.5% on average, considerably lower than the eurozone average of 6.7% (Eurostat, 2023).

Meanwhile, the Dutch labour force kept increasing in parallel throughout 2022, with net labour participation reaching 72.2%, coming from 70.4% in 2021. In addition, the number of vacancies remained high and peaked at almost 480,000 in the second quarter, which means that there were around 140 vacancies for every 100 unemployed (Statistics Netherlands, 2023).

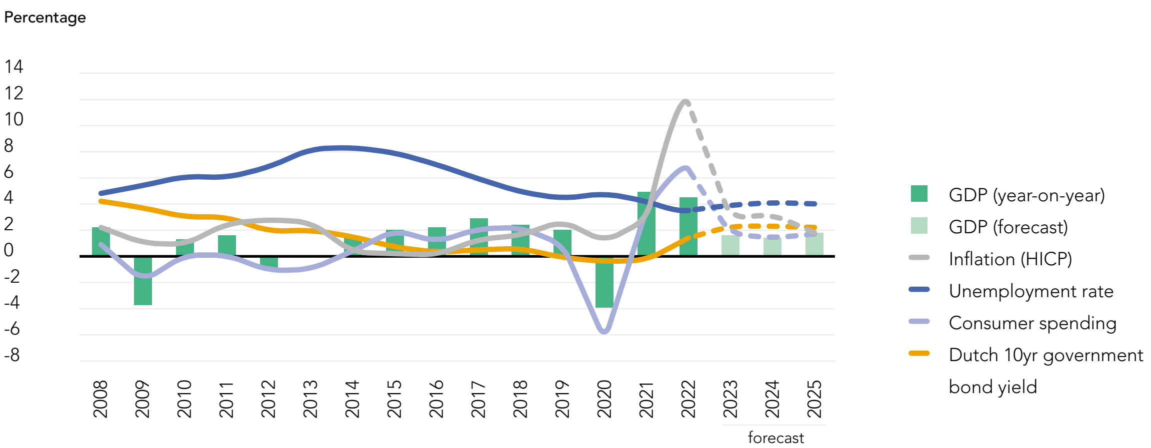
Inflation reached its highest level in years, but is cooling down

Since the second half of 2021, consumer prices have surged, reaching 17.1% in September 2022 and cooling down somewhat in the fourth quarter, ending the year at an 11% increase compared to the end of 2021 (Eurostat, 2022). Beside general price increases, the result of China's zero-COVID policy, energy prices (especially fuels and natural gas) were the main driver of this sharp rise, resulting in increased transportation and production costs, and the subsequent higher food prices. The Netherlands was one of the countries with the highest year-on-year price increases within the eurozone with 17.1% in September. The highest eurozone average of the HICP rate stood at 10.6% in October, while the annual average was 8.4%, lower than the Dutch average of 11.6% (Eurostat, 2023).

Worldwide interest rate policies changed drastically in 2022

To tackle surging inflation in the eurozone and cool down the economy, the European Central Bank (ECB) increased its key interest rates by 250 bps in the second half of 2022, following the Fed that already announced interest rate hikes in the first half of 2022. As a result, the yield of Dutch government bonds increased considerably in 2022. While the yield was still negative at the start of the year, it stood at 2.43% by the end of December, resulting in an annual average of 1.38%. This increase is in line with the annual eurozone average, although at 1.86%, the eurozone rate was notably higher (ECB, 2023).

Figure 3 Dutch economic indicators



Source: Statistics Netherlands, Eurostat, CPB, Consensus Forecast, ECB, 2023

The Dutch real estate investment market

Real estate investment volume slows down as economic climate shifts

The first quarter of 2022 marked the definitive reopening of Dutch society after two years of multiple pandemic lockdowns. The general view on how we live, travel, work and shop saw some changes throughout the pandemic which had its effect on the real estate investment market. In addition, most real estate subsectors face their own specific challenges further impacting the behaviour of real estate investors.

- Offices: office employees gradually found a balance between working from home and at the office; i.e. hybrid working. In general, large corporations have not yet taken rigorous action in reshaping their corporate real estate strategy, but small and medium-sized enterprises have already taken more action to adapt their business operations to hybrid working.
- Residential: the accumulation of measures by the government to increase affordability on the housing market has caused hesitancy among, especially, opportunistic and value-add investors.
- Retail: the conflict in Ukraine led to rising energy costs and general price increases of daily consumer goods, which made consumers more selective. However, an eagerness to visit shops after the pandemic led to more footfall in the high streets compared to 2021, while consumers further embraced the many facets of e-commerce and the advantages of omni-shopping (BNP Paribas, 2022).
- Focus on healthcare, senior housing and life sciences increased as a result of the pandemic.

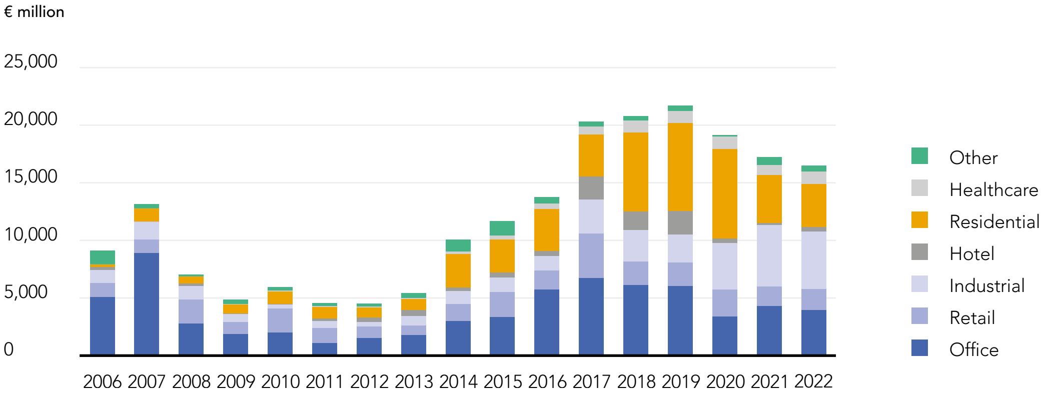
In general, rate hikes by central banks in the second half of 2022 led to a narrowing of the yield spread between real estate returns and the risk-free rate, which subsequently led to devaluations across most real estate sectors and especially in logistics, offices and residential real estate market. As a result, investors became even more cautious, which resulted in decreased transaction volumes in 2022 (see figure 4).

Overall investment volumes decreased by 4.1% in 2022 compared to the year before, most notably due to decreased volumes in residential (-10%), offices (-8.3%) and logistics (-6.9%). By contrast, hotel investment doubled in volume, while healthcare and retail investments increased by 23.9% and 9% respectively. Since 2021, logistics has the largest share of investment volume among real estate sectors (30%). The second and third largest real estate investment volumes were offices and residential (24% and 23% respectively). Retail equalled 11%, while healthcare investments represented 6% of the total real investment volume.

As it seems that the ECB will continue to increase their key interest rates, it is likely that additional price corrections on real estate valuations will take place in 2023. With that in mind, investors are likely to be more selective in their transactions while they wait for price rebalancing in some sectors. As a result, the Dutch real estate investment volume is expected to be lower in 2023 compared to 2022 (CBRE, 2023).

Looking forward, the residential real estate market is facing challenges surrounding the regulations on rental prices. Although this could lead to less appetite for new investments, we expect more sales volumes as opportunistic and private investors are reluctant to keep investing in residential real estate. For offices, investors with ESG ambitions could further increase the trend towards market polarisation. Highly accessible offices with excellent sustainability standards and offices that need little investment to meet these standards will both be in demand. Investment volume for the logistics sector is likely to slow down as a result of price corrections and the scarcity of new assets, partly due to the urban policy on new large-scale logistics. The retail sector, which saw price corrections during the pandemic, has already attracted investors that are re-evaluating their asset allocation and this trend is likely to continue. Finally, more investors will direct their attention towards life sciences and healthcare real estate due to attractive occupier market and impact investing characteristics.

Figure 4 Dutch investment volumes



Source: CBRE, 2023

Performance of the Dutch residential market

Residential investment returns

Table 2 Dutch residential investment market returns

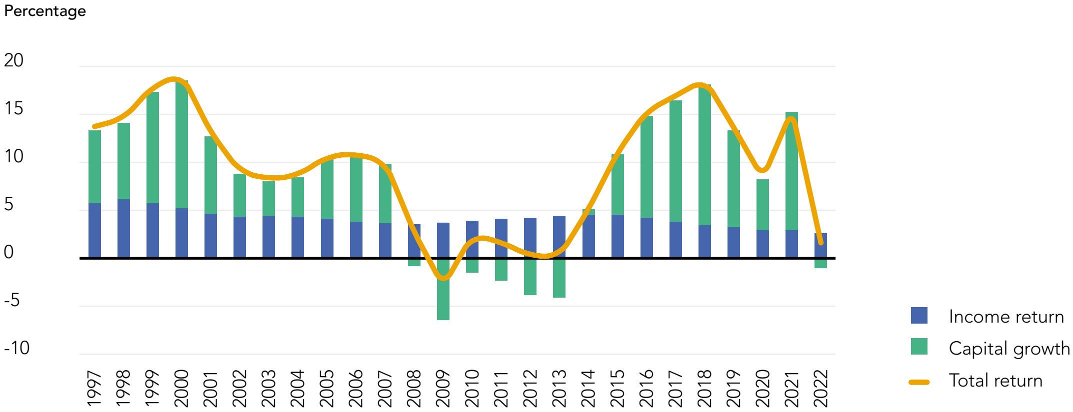
	2022, year-on-year		
	Single-family houses	Apartments	Total
Total return	1.6%	1.7%	1.6%
Capital growth	(1.1%)	(0.9%)	(1.0%)
Income return	2.7%	2.6%	2.6%
Market rental value growth	4.5%	3.1%	3.6%

Source: MSCI, 2023

After a solid first half of 2022, indirect returns of the residential investment market experienced two quarters of contraction as a result of rising interest rates. This ultimately resulted in 1.0% negative capital growth in 2022 (MSCI, 2023). This was a steep correction compared to the year before when capital growth was still 12.3%. In fact, with 13.3%-points, this is the largest annual decrease recorded in the Annual Benchmark.

As a result of 2021's significant capital growth of 12.3%, last year's income return decreased to 2.6% (2021: 2.9%). As a result, the total return for the full year was 1.6%. It is the first time since 2014 that income return was the most important contributor to the total return (see figure 5). The increased interest rate once more indicates an increased pressure on the market towards residential investments, despite the uncertainties raised by the Dutch government's regulatory intervention. Single-family houses and multi-family apartments showed a performance that was roughly equal in terms of capital growth and income return, which is also shown in table 2.

Figure 5 Capital growth and income return Dutch residential investment market (y-o-y % change)

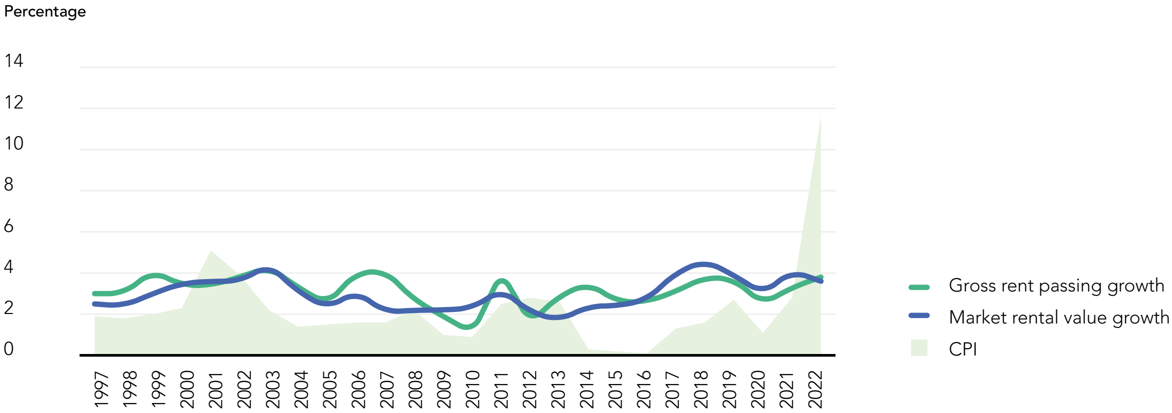


Source: MSCI, 2023

The greatest contributor to negative capital growth has been the upward yield shift: while yields have been decreasing for years and even went below 4.0% by the end of the first half of 2022, the last two quarters saw a combined, upwards yield shift of more than 30 basis points, ending the year at 4.32% (2021: 4.15%) (MSCI, 2023). With the increase of real estate transfer tax (RETT) at the start of 2023 and assuming the ECB is not yet done with raising interest rates, we expect yields to keep increasing in the first half of 2023, followed by a more stable second half of the year.

Market rental value growth remained relatively stable, increasing by 3.6% year-on-year. This is below the 11.6% increase of consumer prices in 2022 (Eurostat, 2023). This is the first time since 2013 that market rental value growth was unable to outperform inflation. As it is likely that inflation rates remain relatively high in 2023 compared to the historical average, rental growth will be unable to catch up under the current circumstances. However, as shown in figure 6, the growth of market rental value has been outpacing the growth of actual passing rents between 2016 and 2021, indicating that there is room for growth in the case of reletting.

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



Source: MSCI, Eurostat, 2023

Table 3 Owner-occupied market indicators

	2022	1-year growth	3-year growth	Forecast 2023
House price (average)	428,600	13.6%	41.1%	(5.0%)
Transactions	193,100	(14.6%)	(11.7%)	(6.5%)

Source: Statistics Netherlands, ABN AMRO, ING, Rabobank, a.s.r. real estate, 2023

House prices increased in 2022, but market turnaround has already occurred

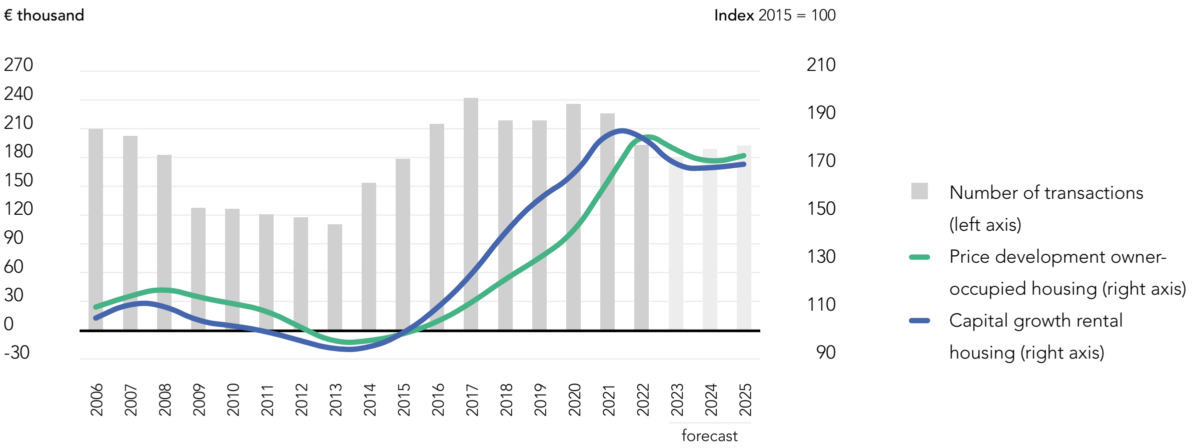
For more than nine years in a row, house prices were increasing and, just as the year before, 2022 saw a year-on-year double-digit price increase in the owner-occupied housing market: 13.6% (Statistics Netherlands, 2023). Still, throughout 2022, the market was already experiencing a turnaround for the first time since 2013. Quarterly data offers a better picture of this: while house prices still increased by more than 20% (year-on-year) in the first quarter of 2022, it was only 5.1% by the end of the fourth quarter. In fact, quarter-by-quarter house prices had decreased in the fourth quarter by 2.4%, which was last seen in 2013. Mortgage rates almost tripled over the course of the year, significantly impacting the lending capacity of Dutch households. In addition, the increased costs of living made households more reluctant to invest in a new home. As a result, less transactions took place as many households became more cautious and adopted a wait-and-see attitude.

At present, mortgage rates have been moving at a relatively stable level since the fourth quarter of 2022, which suggests that the rebalancing of the risk premium of home mortgages is done for now. Still, when looking at consumer confidence, it is unlikely that the market dynamic will increase in the short-term.

Like last year, there were regional differences in house price development, although these were relatively small. The highest price increases were registered in Flevoland (15.6%) and Gelderland (15.2%), and the northern provinces Groningen, Friesland and Drenthe also showed above-average increases. On the other hand, Noord-Holland and Zuid-Holland showed below-average increases, but the province that showed the smallest increase was Limburg (11.7%). None of the four largest cities performed above the national average of 13.6%. Only Rotterdam came close, with a 12.3% price increase, while the other three cities Amsterdam, Utrecht and The Hague registered an 11% price increase (Statistics Netherlands, 2023). On a quarterly basis, the regional data showed the same picture as the national data, with some provinces already recording negative house price growth in the third quarter, as well as Amsterdam and Utrecht, and all regions showed negative growth in the fourth quarter.

Nothing stated above alters the fact that there is still a major tightness within the residential market. Homeowners that still intend to move now want to sell their current house first and the number of homes for sale is not expected to see a considerable increase.

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



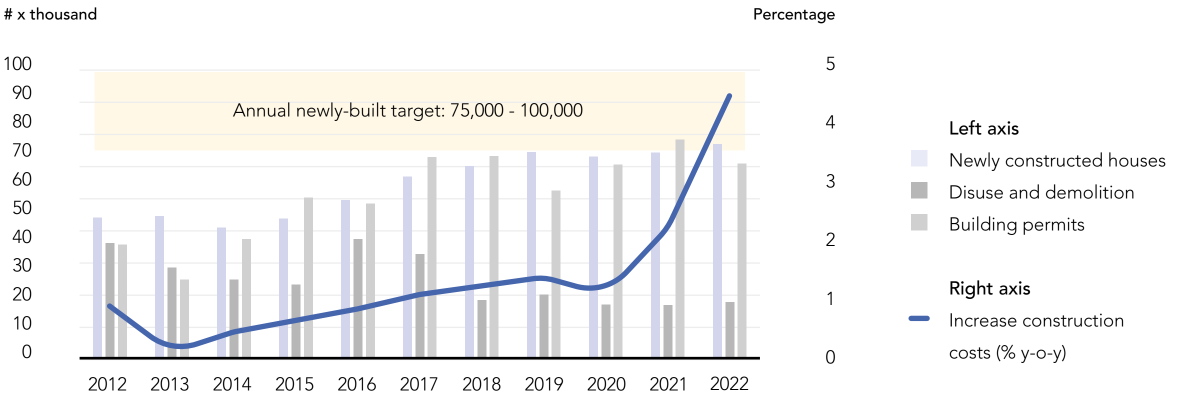
Source: Statistics Netherlands, MSCI, ABN AMRO, ING, Rabobank, a.s.r. real estate, 2023

Newly build homes remain attractive, but pricing is becoming an issue

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

The increase in building costs, already accelerated in 2021, was partly at the root of this increase, together with the fact that the pace of construction was unable to catch up with the demand, and newly built homes remain scarce. Although the number of newly built homes has been going up since 2013, this increase has been slowing down since 2019: approximately 74,200 houses were added to the housing stock in 2022, which is an increase compared to 2021 (4.2%), but still below the lower bound of the government's newly-built target (see figure 8). Both existing developments and new construction projects have suffered long and challenging planning phases, also caused by the regulatory nitrogen and pfas problems, a scarcity of (quality) workforce and increased building costs. The number of building permits issued in 2022 will presumably be lower than the 75,800 permits issued in 2021, again indicating that the actual government target of 100,000 new homes will not be achieved in the following years.

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



Source: Statistics Netherlands, 2023

Government policies aimed at affordability takes shape

Although a market turnaround has already taken place, the residential market still has extremely tight fundamentals. As a result, the cost of living is under enormous pressure, especially since the surge in energy prices. In 2021, the Dutch government introduced new plans to increase affordability within the residential market, and most of these plans were worked out in more detail in 2022. For 2023, the government has already introduced an additional real estate transfer tax increase of 2.4 percentage points for non-owner-occupiers, raising it to 10.4%, mainly affecting investors. This increase in purchasing costs will likely lead to a corresponding decrease in the market value of rental properties in the first quarter of 2023.

One measure that will have a longer-lasting impact on the residential market is the plan to expand the Housing Valuation System (WWS) as of 2024. Currently, this system only applies to social housing (< €808 per month), but it will now also be used for mid-priced rental homes of up to €1,123 per month (Ministry of the Interior and Kingdom Relations, 2023). This measure will affect rental properties within the newly defined range at turnover. Additionally, the annual rent increase will be linked to the average increase in wages in the Netherlands, with a small surplus to avoid excessive rent increases when inflation remains at a level that affects the purchasing power of households.

Although these measures will have an impact on the cashflows of rental housing in the future, they offer positive points of departure for institutional investors. The expansion of the WWS limits the open-market concept for many rental homes, but sustainable homes with a high energy label and sufficient outdoor space are rewarded with additional points. The cap on rent increases may have a negative impact on future cashflows, although the rent increase policy of many institutional investors has already been very conservative over the past two years, anticipating the social turbulence that would come with increased living costs.

Market **outlook**

Economy

For 2023, expectations for the global economy are moderate. A global economic growth of approximately 2% to 2.5% is expected, which is slightly lower than 2022. It now appears that Europe will face the most difficulties. The increase in energy prices and expected decline of purchasing power of European consumers will most likely result in negative economic growth in the first months of 2023. Although the US economy is less vulnerable to high energy prices than the European economy, it is expected that in the course of 2023 sharply rising interest rates will increasingly affect businesses and consumers, while the expensive dollar will put pressure on the US export market.

As for inflation, a gradual decrease towards 3% to 4% is expected in 2023, both in the eurozone and the US. Consumer price increases are likely to not yet reach the 2% targets of the ECB and the Fed, and it is therefore unlikely that both central banks are done with raising their key interest rates. Although 2022 already saw sharp interest rate hikes, additional smaller steps are expected to be taken, at least in the first half of 2023. The question remains, however, whether the central banks will be prepared to put further pressure on the already mediocre economic outlook by raising interest rates (too) much, especially when the inflationary pressure keeps decreasing. An alternative to interest rate hikes could be that, at some point in 2023, the Fed and the ECB will put more emphasis on accelerating balance sheet unwinding – in other words, 'quantitative tightening' rather than the 'quantitative easing' of recent years. It should also be noted that how the conflict in Ukraine will unfold is still highly uncertain, as well as what its further impact on global economies will be.

For the Netherlands, the economy is expected to grow by 1.6% in 2023 (CPB, 2023), which is notably higher than the average eurozone forecast of 0.7% (IMF, 2023). Household consumption will remain relatively positive in 2023, as the government's temporary measure to fix the price for electricity and gas will significantly dampen the CPI outlook for 2023. This in turn will ease the effect of global energy price increases on the purchasing power of Dutch consumers. Apart from the energy ceiling, the Dutch government's economic policy is still very expansive. In fact, the Dutch economy has proven itself to be highly adaptive in times of crisis and the favourable debt-to-GDP ratio gives the government room to support the economy if necessary. Consumer spending is also expected to remain positive as salaries have increased more than expected and the minimum wage has also been raised considerably. Furthermore, taxes on labour have been lowered. It is also worth noting that the Netherlands can still rely on a tight labour market. Even so, rising production prices and general economic uncertainties will most likely cause the unemployment rate to slightly increase, to 4.1% in 2024 (CPB, 2023).

In general, the uncertainties that economies face worldwide also apply to the Dutch economy. The geopolitical tensions will keep pressure on the energy market and, in combination with higher interest rates, slow down investments. Furthermore, the situation in China after their sudden easing of COVID-19 measures will reverberate for a while on an international scale.

Residential real estate

Since 2014, the Dutch residential real estate sector has experienced eight positive consecutive years in terms of occupational demand and investment returns. However, with increased consumer prices, among them the steep increase in energy costs and subsequent rise in interest rates, the market has turned around over the course of 2022.

At present, consumer confidence is still moving slightly above its historic low and consumer price increases are not expected to normalise in 2023. The ECB has not yet stopped increasing its interest rates and so the residential market is expected to experience further price corrections over the coming two years. In addition, the residential investment market is faced with the impact of the envisaged government regulations on rent control and the cap on annual indexation. This impacts the short-term appetite for residential real estate among value-add and opportunistic investors, as well as smaller ‘buy-to-let’ investors that will have to cope with additional wealth tax regulations aimed specifically at them. That said, long-term core investors are expected to remain active, especially equity-only investors and those willing to invest in newly-built in order to improve the technical side of their portfolios whilst still aiming for affordable rents.

Apart from the less positive market sentiment expected for the coming period, the fundamentals of the residential market remain strong from a valuation perspective. While demographic growth has accelerated in 2022 and is likely to remain at a relatively high level, the production of newly built homes is not yet accelerating. In fact, with tightening environmental regulations, again due to the nitrogen emissions issue and steep increases in construction costs, many development projects face difficulties at different stages. Furthermore, development projects for the owner-occupier market are suffering from a lack of interest from potential homebuyers, especially those in the higher price tiers.

For the residential investment market, we expect capital values to decrease by approximately 8.0% (a.s.r. real estate, 2023). The yield gap between residential real estate investments and the risk-free 10-year government bond rate has tightened, making residential investments less attractive to investors searching for high returns, despite the robust fundamentals. In addition, the impending government regulations and market interference designed to improve the affordability of rental housing will likely impact market rents and rent increases. However, this does increase opportunities for core investors willing to invest in newly-built properties.

Our forecast for the residential investment market is that capital values will stabilize in 2024 as a result of stabilizing yields in the latter half of 2023, general market tightness as the demand for rental housing increases, and the short supply of newly-built homes that will limit the possibilities for interested households. Indeed, from an occupier’s perspective, the residential rental market will remain attractive and highly sought after.

The owner-occupier market might experience two years of negative price growth as we expect mortgage rates to remain at their current level for a longer period of time. Many households will stay where they are, and market dynamics will need time to catch up with the new reality of increased interest rates, what that means for a household’s lending capacity, and their willingness to free up additional savings for a new home. As a result, prices are expected to decrease by approximately 5% in 2023, followed by a decrease of around 3% in 2024 (a.s.r. real estate, 2023).

Fund **objectives and strategy**

Investment objectives

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

Key objectives

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

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

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

Affordable Housing
Focus on the mid-priced rental segment: average monthly rents between € 808 and € 1,250

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

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

Investment policy

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

Investment strategy

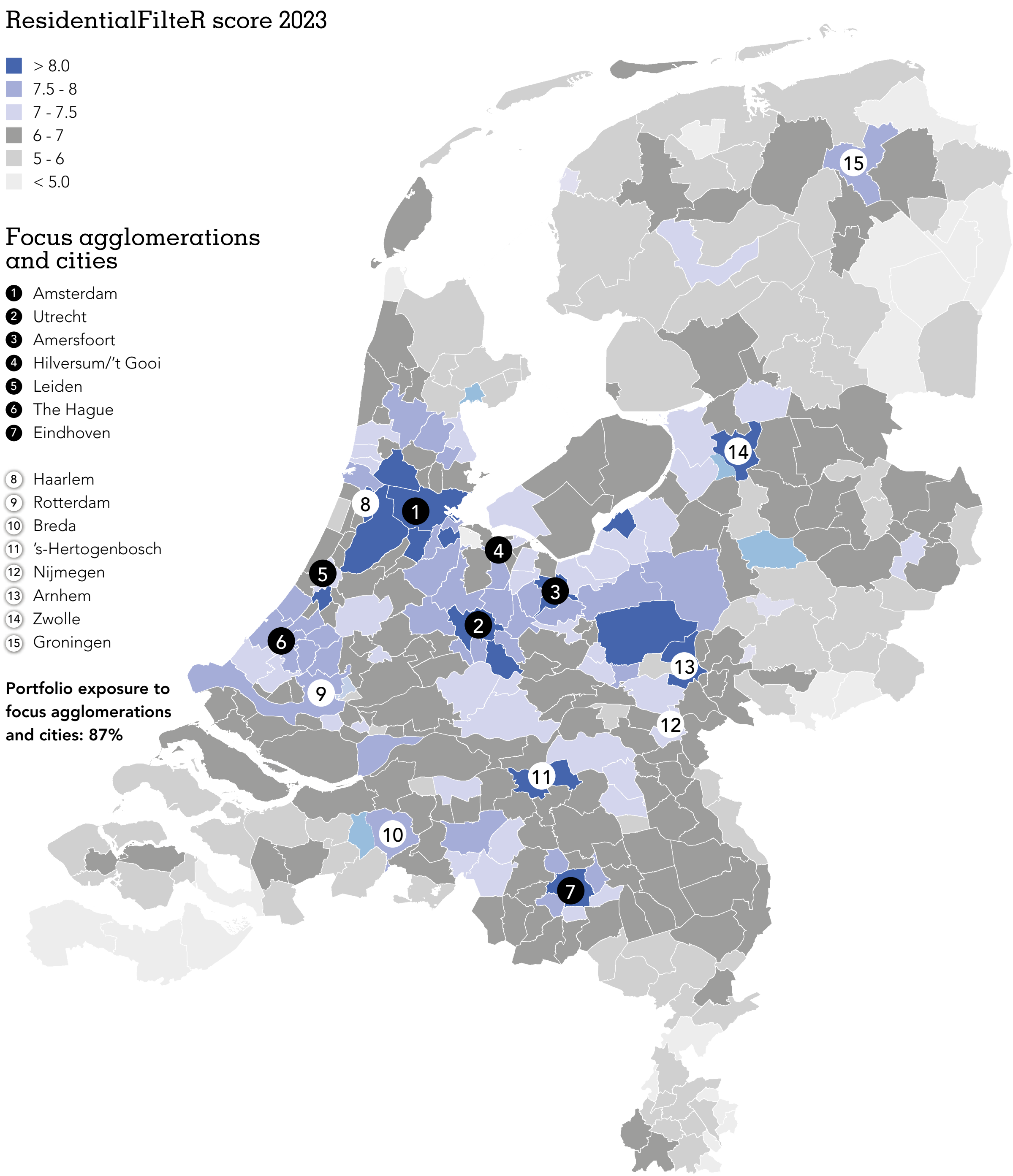
The investment strategy is predominantly to buy, hold and unlock reversionary potential of residential (rental) real estate in the Netherlands. The focus of the portfolio is on investing in apartments and single family houses in the strongest economic and demographic agglomerations and cities in the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

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

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

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

Figure 9 ResidentialFilteR



Source: a.s.r. real estate, 2022

- **Target groups:** based on a research-driven approach, a.s.r. real estate has defined three main residential market segments (by location) and three main target groups, resulting in nine product/market sub-segments. Defining separate segments based on location and target groups allows for:
- - A selective investment approach that recognises different tenant preferences.
- - A focus on those areas in which the resulting long-term residential demand is expected to further increase. The Fund will focus on five of these sub-segments when investing, as highlighted below.
- **Affordable housing in a non-regulated segment:** the Fund's focus is on investing in the mid-priced rental segment. This segment is defined as housing with rents between € 808 and € 1,250 per month. By focusing on this, the Fund builds up a lettable portfolio and fulfils its social responsibility. The Fund has developed an impact investing strategy, focused on the addition of affordable dwellings to the portfolio.
- **Sustainability:** Sustainability has become an essential precondition of a core portfolio. A sustainable portfolio ensures long-term value for both investors and tenants. Sustainable dwellings are attractive to tenants for many reasons, such as lower energy costs and a healthier indoor climate. They are also attractive to investors, since a sustainable portfolio adds value over time and helps to mitigate risks. The Fund aims to achieve a carbon-neutral portfolio by 2045.
- **Dedicated organisation:** The foundation upon which the strategy is built is as important as the strategy itself. The exclusive residential vehicle of a.s.r. real estate has an in-house team dedicated to focusing only on this asset category.

Segment diversification as at 31 December 2022

	Urban • Large key cities in metropolitan areas • Population > 100,000	**Suburban** • Suburban residential municipalities and medium sized cities • Population 25,000 - 100,000	**Peripheral** • Villages and small towns • Population < 50,000
Young professionals • Age 20 - 40 • Household size 1 - 2	€ 1,003m Current: 54%	€ 68m Current: 4%	€ 0m Current: 0%
Families • Age 30 - 55 • Household size 3 - 5	€159m Current: 8%	€ 224m Current: 12%	€ 90m Current: 5%
Empty nesters & Seniors • Age 55+ • Household size 1 - 2	€ 62m Current: 3%	€ 252m Current: 13%	€ 21m Current: 1%

Source: a.s.r. real estate, 2022

Financial performance

Result for 2022

The net result was € 14.3m in 2022 (2021: € 233.1m), which corresponds to a net result of € 10 per unit (2021: € 171) and resulted in a distributable result of € 29 per unit (2021: € 29).

The total return for 2022 was 0.7% (2021: 12.8%), which is composed of an income return of 1.9% (2021: 2.2%) and capital growth of -/-1.2% (2021: 10.6%). The decrease of capital growth is explained by negative valuations in Q3 and Q4 as a result of inflation, negative market sentiment and increased interest rates.
A slight decrease of income return (-/-0.3%) can be explained by payments of acquisition expenses for development projects and the addition of The Roofs to the portfolio since Q3 2022. For this participation, no income was yet received as dividend income is expected only when all payments for construction are made, which will occur during the course of 2023. Furthermore, there has been a slight increase in (maintenance) expenses and a somewhat lower result on individual unit sales in 2022 compared to 2021 (this can be explained by number of units sold: 35 residential units sold in 2021 versus 23 in 2022).

Figure 10 Net result as at 31 December 2022

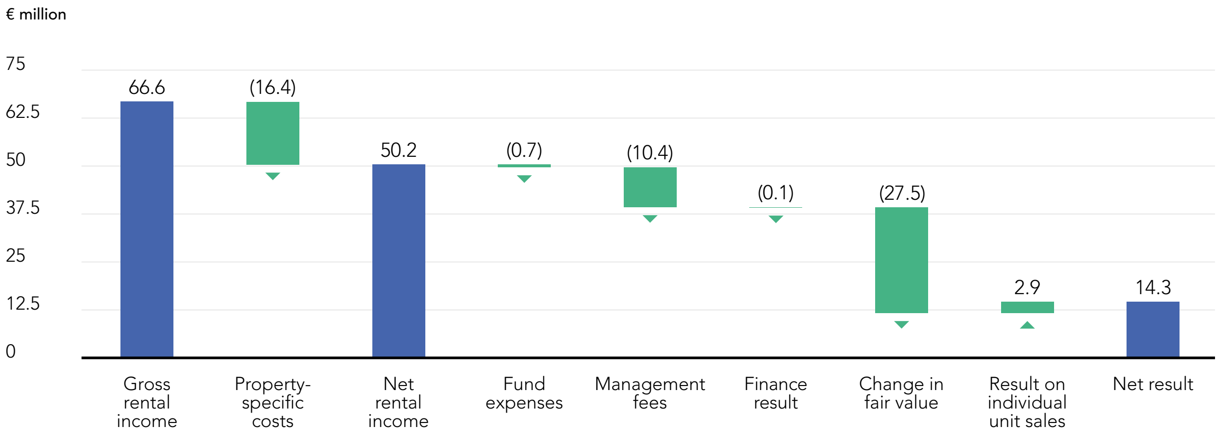


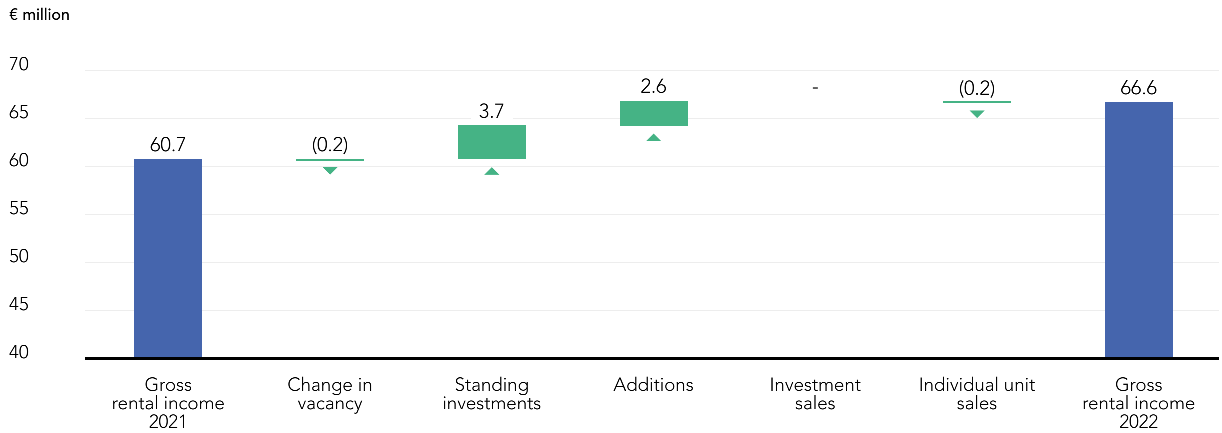
Table 4 Net result per unit (in €)

For the year	2022	2021	2020	2019	2018
Gross rental income	45.97	44.56	44.77	46.22	45.18
Property-specific costs	(11.33)	(11.03)	(10.22)	(10.33)	(10.31)
Fund expenses	(0.49)	(0.50)	(0.65)	(0.54)	(0.59)
Management fees	(7.18)	(6.46)	(6.44)	(6.49)	(5.81)
Operating result per unit	**26.97**	**26.57**	**27.46**	**28.85**	**28.47**
Finance result	(0.10)	(0.39)	(0.32)	(0.05)	(0.15)
Changes in fair value of investment properties	(17.53)	131.17	82.95	123.52	114.57
Changes in fair value of right-of-use contracts	(0.05)	(0.05)	(0.06)	(0.05)	-
Changes in fair value of participations	(1.40)	11.16	4.21	5.92	4.82
Result on sales of investment properties	-	-	1.27	4.18	0.97
Result on individual unit sales	1.98	2.66	2.35	2.27	4.24
Net result per unit	**9.87**	**171.12**	**117.86**	**164.65**	**152.93**

Gross rental income

Gross rental income was € 66.6m in 2022, which is an increase of 9.6% compared to 2021 (€ 60.7m). This increase is the result of the completed development of (forward) acquisitions, investments and (annual) rent increases. Like-for-like theoretical rental growth amounted to 4.3%. Financial vacancy amounted to -/- € 1.1m in 2022, compared to -/- € 0.9m in 2021.

Figure 11 Changes in gross rental income



Property-specific costs

Property-specific costs amounted to € 16.4m in 2022, which corresponds to 24.6% of gross rental income. Based on absolute numbers, this is an increase compared to 2021 (€ 15.0m or 24.8%), which is mainly attributable to higher maintenance costs.

Maintenance costs took up the largest share of property-specific costs and amounted to € 8.8m or 13.2% of gross rental income in 2022, compared to € 7.8m or 12.9% in 2021. This increase in maintenance costs in 2022 is largely explained by an increase in prices for materials and labour, although this effect was diminished because long-term contracts are in place with selected maintenance companies.

Property management fees increased slightly from € 2.4m in 2021 to € 2.7m in 2022, as a result of an increase in gross rental income. The property management fee, including VAT, is set at 4.0% of gross rental income.

Fund expenses
Fund expenses amounted to € 706k or 1.1% of gross rental income in 2022 (2021: € 679k or 1.1%). The major categories within fund expenses concern valuation fees paid to external appraisers (€ 300k), depositary fees (€ 146k) and audit fees (€ 118k).

Management fees
Management fees, which amounted to € 10.4m in 2022 (2021: € 8.8m), relate to the asset (€ 9.3m) and fund management fee (€ 1.1m), calculated as 0.42% and 0.05% respectively of the average NAV for the quarter.

Finance income and costs
Finance result amounted to -/- € 149k in 2022 (2021: -/- € 534k) and mainly concerns interest costs. These interest costs amounted to -/- € 284k in 2022, which was partly offset by interest income for the amount of € 135k, compared to -/- 537k in 2021. Interest costs relate to the negative interest paid for cash held in the Fund's bank account. For the first three quarters there was negative interest and in Q4 2022, the interest rate was positive.

Portfolio

Portfolio performance

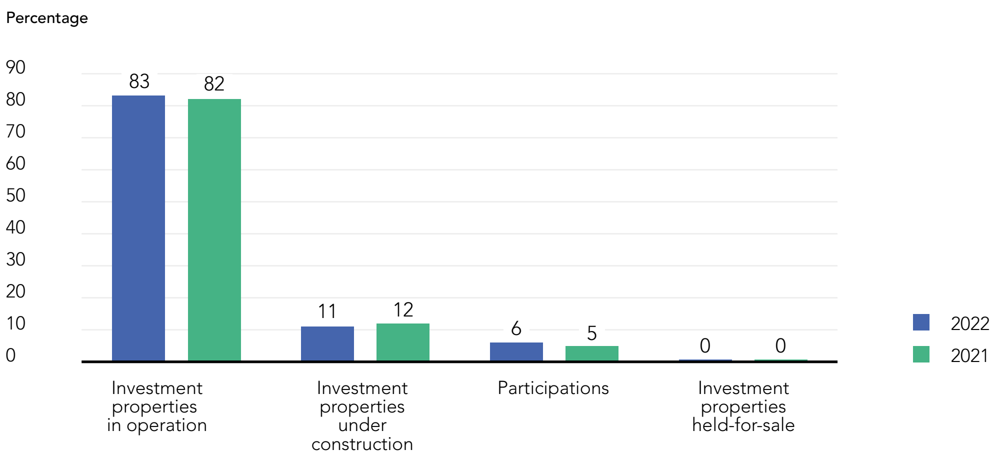
Portfolio overview

The Fund's portfolio consisted of 90 properties (2021: 87), as at 31 December 2022, comprising 5,520 residential units (2021: 4,938) and 2,528 parking spaces (2021: 2,179). The number of properties and residential units showed an increase, compared to the previous year, as a result of the (partial) completion of forward acquisitions in the course of 2022.

Approximately 70% of the portfolio's residential units concerns apartments (2021: 66%). The majority (83%) of the portfolio concerns investment properties in operation, of which 7% has been designated for sale. The total percentage designated for sale (7%) can be split in approximately 5% designated for complex sale and 2% designated for individual unit sale only. However, buildings earmarked for complex sale are also earmarked for individual unit sale, as long as these have not been sold yet. As the portfolio's buildings designated for complex sale were already used for individual unit sales, the units from these assets are also sold to individuals in the owner-occupied market at tenant turnover.

The share of investment properties under construction decreased from 12% in 2021 to 11% in 2022, due to term payments paid with regard to forward acquisitions and The Roofs The Hague (participation) being in operation since Q3 2022. Aside from the Fund's investment properties under construction, the Fund has a total off-balance sheet commitment of € 186m, as at 31 December 2022.

Figure 12 Investment status as percentage of fair value as at 31 December 2022



The portfolio's ten largest properties account for 36.7% of the total portfolio's fair value, as at 31 December 2022. This is a decrease compared to the previous year (37.1%) and is the result of additions, sales and revaluations. The completed forward acquisition of The Roofs in The Hague was a new entry in the overview. The portfolio figures of The Roofs have been included at 50%, since the Fund owns 50% of the shares in Grotiusplaats Den Haag C.V. (The Roofs).

Table 5 Overview of the ten largest properties as at 31 December 2022

Property	City	Region	Percentage of total portfolio's fair value
The Roofs	The Hague	The Hague	6.5%
Wibautstraat	Amsterdam	Amsterdam	4.2%
Staalmeesterslaan	Amsterdam	Amsterdam	4.1%
Wicherskwartier	Amsterdam	Amsterdam	4.1%
Terwijde-centrum	Utrecht	Utrecht	3.5%
Lamérislaan	Utrecht	Utrecht	3.4%
Cruquiuswerf	Amsterdam	Amsterdam	2.9%
Zuidkwartier	Amsterdam	Amsterdam	2.8%
Vathorst 1	Amersfoort	Amersfoort	2.7%
Dotterbloemstraat	Nieuwegein	Utrecht	2.5%
Total			**36.7%**

Occupancy

The portfolio's overall occupancy rate amounted to 98.7% of theoretical rental income as at 31 December 2022, which is a small improvement compared to 31 December 2021 (98.3%).

Residential units in the portfolio were characterised by an average occupancy rate of 98.7% and represent 77% of the portfolio's total vacancies. The remainder of total portfolio vacancies are mainly attributed to parking spaces.

Table 6 Overview of the top ten vacancies as at 31 December 2022

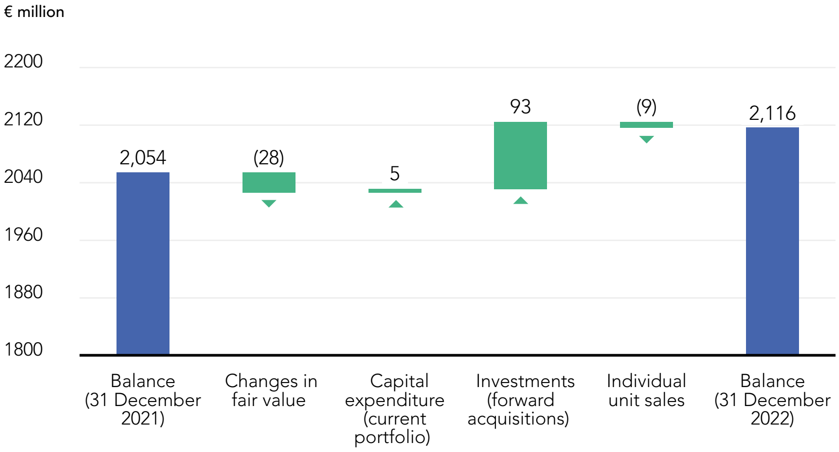
Property	City	Region	Total contract rent (€ '000)	Vacancy (€ '000)	Vacancy rate (%)	Vacancy as percentage of total portfolio vacancy	Property status
Bonifaciuslaan 2	Hilversum	Hilversum	898	76	7.8%	7.7%	Operational
Enkhuizerzand	Huizen	Hilversum	919	74	7.5%	7.5%	Operational
The Roofs	The Hague	The Hague	4,494	71	1.6%	7.2%	Operational
Van Randwijkstraat	Leiden	Leiden	1,407	66	4.5%	6.7%	Operational
Nachtwachtlaan	Amsterdam	Amsterdam	1,139	65	5.4%	6.5%	Investment sale
Bonifaciuslaan 1	Hilversum	Hilversum	1,345	61	4.3%	6.1%	Operational
Willem van Oranjelaan II	Breda	Breda	235	47	16.7%	4.8%	Operational
Lamérislaan	Utrecht	Utrecht	2,491	40	1.6%	4.1%	Operational
Wibautstraat	Amsterdam	Amsterdam	3,089	38	1.2%	3.8%	Operational
Europapoort	Amsterdam	Amsterdam	1,284	37	2.8%	3.7%	Investment sale
Totaal top 10			**17,301**	**575**		**58.1%**	

Portfolio additions and sales

Assets under management

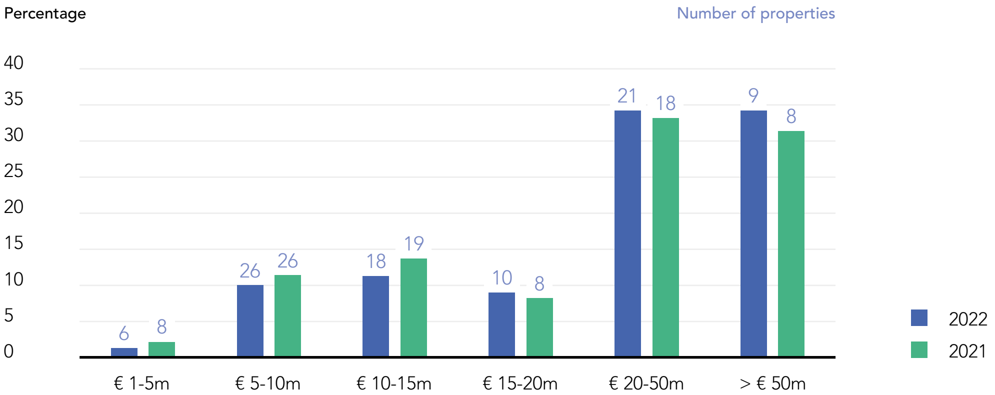
The Fund's assets under management (investment properties and participations) increased by € 62 million in 2022 to € 2,116 million, as at 31 December 2022. This increase is mainly the result of changes in fair value and investments, which mainly concern term payments of off-balance sheet commitments. The growth in assets under management is partly offset by individual unit sales.

Figure 13 Assets under management as at 31 December 2022



Throughout 2021, the Fund's standing investments portfolio (excluding investment properties under construction) grew from € 2,054m to € 2,116m. The portfolio is spread across different value classes as shown in the figure below. Changes in the composition of this overview are mainly the result of additions, sales and revaluations. The number of properties with a value of € 50 million and above increased, as a result of forward acquisition The Roofs in The Hague. Below figure states the percentage per asset value classes, the numbers shown represent the number of properties in each asset value class.

Figure 14 Property values as at 31 December 2022



Additions

The construction of five forward acquisitions were (partially) completed and transferred to the Fund in 2022. This concerns Lapis Lazuli in Heerhugowaard, Sniepkwartier (second phase) in Diemen, Laurierkwartier (second phase) in Utrecht, Energiek in Groningen and The Roofs in The Hague. These additions are discussed in more detail in the table and text below.

Table 7 Additions in 2022

Property	City	Region	Number of apartments	Number of single-family houses	Number of parking spaces
Lapis Lazuli	Heerhugowaard	Other	50	-	30
Sniepkwartier (second phase)	Diemen	Amsterdam	64	-	54
Laurierkwartier (second phase)	Utrecht	Utrecht	50	36	86
Energiek	Groningen	Groningen	78	-	60
The Roofs	The Hague	The Hague	327	-	123
Total additions			**569**	**36**	**353**

Lapis Lazuli in Heerhugowaard

Lapis Lazuli concerns a newly developed property comprising 207 apartments in total, of which the Fund acquired 50 apartments and 30 parking spaces in the parking garage. The property is situated in the centre of Heerhugowaard, just next to the recently redeveloped shopping centre Middenwaard, and includes more than 150 retail units. Each apartment is comprised of two to three rooms, with total sizes ranging from 62 to 108 sq.m., and are situated on the ground floor up to the fifth floor. Monthly rents range from € 850 to € 1,060 (parking excluded).

Sniepkwartier in Diemen

This project is part of a larger development of 207 apartments and 154 parking spaces, of which the Fund acquired 102 apartments and 87 parking spaces. This location in Diemen is easily accessible by car and public transport. The city of Amsterdam is within close range and can be reached by bicycle or public transport within 25 minutes. Diemen's popularity has greatly increased, partly due to the pressure on Amsterdam's residential market. This is likely to have a positive effect on the rentability of the apartments in Sniepkwartier. The apartments range in size from 50 to 115 sq.m. Monthly rents range from € 900 to € 1,550, with an average rent of € 1,250 (rents upon completion, parking excluded).

Laurierkwartier in Utrecht

In the Hoge Weide district, near the Leidsche Rijn shopping centre in Utrecht, the Fund acquired 97 residential units, consisting of 50 apartments and 47 single-family houses. The Hoge Weide is part of residential area Leidsche Rijn Utrecht and is easily accessible by car and public transport. With regard to both architecture and sustainability, the project is considered high-quality, with much attention paid to architectural detail and the use of renewable resources. Municipal regulations apply to all apartments and 19 single-family houses, which means that while rents for these residential units were initially maximised, annual rental growth is capped at CPI plus 1% and the units cannot be sold (as individual units) during the first 20 years following completion. For the other 28 single-family houses, no municipal restrictions apply, except that the sale of individual units is not allowed during the first 10 years following completion. Monthly rents for the regulated residential units vary between € 830 and € 1,005 (parking excluded), while rents for the non-regulated single-family houses vary between € 1,310 and € 1,410 (parking excluded). The size of the regulated units range from 60 to 104 sq.m. and the non-regulated units have an average size of 126 sq.m

Energiek in Groningen

This project concerns two apartment buildings with 78 apartments and 60 parking spaces in total. It is situated at the Boumaboulevard, which is the central axis of Europapark. This area is being redeveloped as a mixed environment, with residential, office, education and leisure facilities. The attractive city centre of Groningen is within a short distance and the area has its own train station (Europapark). The size of the apartments varies from 70 to 90 sq.m. Monthly rents will range from € 990 to € 1,180, with an average rent of € 1,080 (rents upon completion, parking excluded).

The Roofs in The Hague

This project concerns a 50% participation in a Dutch limited partnership which developed the Grotiusplaats C.V. in The Hague. The other 50% participation was acquired by a single Dutch residential fund, with only institutional investors. The Roofs in The Hague concerns two residential towers of 100 and 120 metres high, comprising a total of 655 apartments, 247 parking spaces, a communal bicycle storage facility for 1,520 bicycles and 698 sq. m. of commercial space on the ground floor. The property is located in the Beatrixkwartier neighbourhood, which is near the central train station of The Hague, the A12 motorway and the city centre. Although the area is already considered attractive for living and working, The Roofs and its direct surroundings are under large-scale redevelopment, which will result in the area becoming an even more attractive city centre residential environment. Out of the 655 apartments, a total of 541 are one- to three-bedroom apartments with sizes varying from 50 to 140 sq. m., averaging 67 sq. m. These apartments are for rent in the unregulated rental segment, with monthly rents ranging from € 910 to € 2,650; the average monthly rent is € 1,165 (parking excluded). The other 114 apartments are smaller apartments, ranging from 35 to 50 sq. m., with regulated rents. As of July 2022, both residential towers have been completed and rented out.

Sales

A total of approximately 7% of the Fund's portfolio has been designated for sale, and approximately 5% has been designated for complex sale. As part of the Fund's active individual unit sales strategy, individual units may be sold, as long as a property earmarked for complex sale has not been sold yet. This means that when tenants vacate a residential unit, it can be sold to individuals on the owner-occupied market. In 2022, 23 residential units, 6 parking spaces and 1 retail unit were transferred from the Fund.

The total proceeds from sales amounted to € 12.1m in 2022, which was 31% above the fair value of € 9.2m. Whereas the total proceeds from individual unit sales decreased compared to 2021 (€ 14.7m) and the average result on sales slightly decreased (2021: 33%), the sales results has been positive for 2022 nonetheless. Despite a decline in both price levels and the number of transactions on the general residential market since Q3 2022, the demand for residential units is still well above the residential units offered in the market (especially for well-priced units in popular urban areas), which explains the positive sales result.

Table 8 Sales in 2022

Property	City	Proceeds from sales (€ '000)	Fair value (€ '000)	Result on sales (€ '000)	Investment/ individual unit sale	Number of single-family houses	Number of apartments	Number of parking spaces	Number of retail units
Nachtwachtlaan	Amsterdam	4,500	3,296	1,204	Individual	-	8	5	-
Europapoort	Amsterdam	3,899	2,904	995	Individual	-	6	1	-
Ereprijsweg	Haren (Gr.)	1,330	1,125	205	Individual	4	-	-	-
Ambachtenlaan	Breda	684	525	159	Individual	2	-	-	-
Nijenheim	Zeist	438	332	106	Individual	1	-	-	-
Cruquiuswerf	Amsterdam	511	430	81	Individual	-	-	-	1
Claverenbladstraat	Leusden	383	318	65	Individual	1	-	-	-
Dotterbloemstraat	Nieuwegein	369	314	55	Individual	1	-	-	-
Total sales 2022		**12,114**	**9,244**	**2,870**	**-**	**9**	**14**	**6**	**1**

Commitments (off-balance sheet)

The Fund had seven forward acquisitions with an original commitment of € 397.0m, as at 31 December 2022 (the Edge project not included). Of this total commitment, € 210.5m concerns settled term payments. As a result, the off-balance sheet commitment with regard to forward acquisitions amounts to € 186.5m. The settled term payments and changes in fair value of forward acquisitions added up to a total amount of € 238.0m of assets under construction, as at 31 December 2022.

Project Ridderhof in Wassenaar was added to the commitments in the fourth quarter of 2022. The land purchase for this development as well as for the Kop Watergraafsmeer in Diemen were completed in December 2022. Detailed descriptions of these forward acquisitions can be found in table 9.

Forward acquisition Edge in Eindhoven became subject to (an additional) approval in the first quarter of 2022, since the original development is likely to be amended considerably. The forward acquisition included as a condition the precedent that the building permit should be irrevocable by 15 February 2022 at the latest. As the building permit was not irrevocable at that date, the developer decided to suspend the contract. The irrevocable building permit is expected to be obtained during the first quarter of 2023. The involved parties intend to proceed with the deal, even under these altered conditions.

Former expected acquisitions Coolsingel Rotterdam and Schoemakertoren in Delft have been removed from this schedule in the fourth quarter as these developments are no longer viable. This is due to material changes in construction costs; as a result, the expected returns no longer meet the required thresholds. Moreover, the building permits are not in place at this point and they are not expected to be granted anytime soon.

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

Table 9 Commitments (off-balance sheet) as at 31 December 2022

Property	City	Region	Type	Expected year of completion	Number of apart-ments	Number of parking spaces	Commercial space (sq.m.)	Original commitment (€ '000)	Under construction (€ '000)	Off-balance sheet commitment (€'000)
Haave	Haarlem	Haarlem	Turnkey	2023	61	47	50	19,200	16,583	2,617
The Minister	Rijswijk	The Hague	Turnkey	2023	220	220		64,300	63,037	1,263
Wonderwoods	Utrecht	Utrecht	Turnkey	2024	248		1,898	93,100	55,361	37,739
Plesman Plaza	Amsterdam	Amsterdam	Turnkey	2024	327	86	850	128,450	63,023	65,427
Ridderhof	Wassenaar	The Hague	Turnkey	2024	44			18,210	8,062	10,148
Kop Watergraafs-meer	Diemen	Amsterdam	Turnkey	2024	51	20		18,500	4,396	14,104
Tree House	Rotterdam	Other	Turnkey	2026	168			55,200		55,200
Change in fair value of forward acquisitions									**27,494**	
Total forward acquisitions					**1,119**	**373**	**2,798**	**396,960**	**237,956**	**186,498**
Subject to approval										
Edge	Eindhoven	Eindhoven	Turnkey	2025	175	52	378	50,700		

Haave in Haarlem

Project Haave in Haarlem concerns 61 apartments, 47 parking spaces and 50 sq.m. of commercial space. The apartments are spread across two buildings near a park and a small canal. There is one commercial space which is designated for small-scale commercial activities (e.g. lunch café) and it includes an open-air patio. Haarlem is an attractive residential city and one of the Fund's focus cities. The development project is located on the north side of the Schalkwijk district in Haarlem. This is mainly a residential district with a large shopping centre.

Haarlem city centre can be reached in fifteen minutes by public transport or bicycle. Amsterdam and Schiphol Airport are also within easy reach. The size of the apartments varies from 65 to 90 sq.m. Monthly rents will range from € 825 to € 1,250, with an average rent of € 1,115 (rents upon completion, parking included). Completion is scheduled for 2023.

The Minister in Rijswijk

TThe Minister in Rijswijk is located in the south-east of The Hague, near Delft, right next to shopping centre 'In de Bogaard'. This development project concerns a former office building, which will be transformed into a high-quality residential property offering a total of 310 rental and owner-occupied apartments. The Fund acquired all 220 rental apartments in the development, which are one- and two-bedroom apartments ranging from 67 to 93 sq.m. in size. The Fund also acquired a total of 220 parking spaces. Monthly rents will range from € 955 to € 1,265, with an average rent of € 1,070 (rents upon completion, parking excluded). Completion is scheduled for 2023.

Wonderwoods in Utrecht

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

Plesman Plaza in Amsterdam

Project Plesman Plaza in Amsterdam is located in the Nieuw-West residential district, which is just outside the western ring road of Amsterdam. Vondelpark and the Amsterdam city centre are relatively close-by and accessibility by car and public transport is excellent, as the development is situated right by the ring road and a metro station. The development is part of a larger redevelopment project comprised of five apartment buildings, a parking garage and a former telephone exchange building, which will be transformed into commercial space. The Fund acquired three of the five apartment buildings, comprising a total of 327 apartments and 850 sq.m. of commercial space, as well as the parking garage with a total of 86 parking spaces. The other two apartment buildings will be developed by a social housing association. The former telephone exchange was not acquired by the Fund. The apartments vary in size from studios to three-bedroom apartments, with total sizes ranging from 40 to 80 sq.m.; the average size is 55 sq.m. Monthly rents will range from € 737 to € 1,400, with an average rent of € 1,425 (rents upon completion, parking included). About 80% of the apartments will be rented out in the affordable segment, with monthly rents of up to € 1,250. Completion is scheduled for 2024.

Ridderhof in Wassenaar

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

Kop Watergraafsmeer in Diemen

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

Tree House in Rotterdam

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

Government regulations may be applied upon completion, meaning that rents for these residential units will initially be maximised, annual rental growth will be capped and the units cannot be sold (as individual units) in the first 15 years following completion. The regulated apartments are one-bedroom apartments with an average size of 52 sq.m., for which monthly rents will be maximised at € 1,000 (price level 2019). For the other apartments no regulation is expected. These apartments are one- and two-bedroom apartments with sizes varying from 55 to 70 sq.m. and monthly rents ranging from € 1,125 to € 1,265. Completion is scheduled for 2026.

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

Portfolio analysis

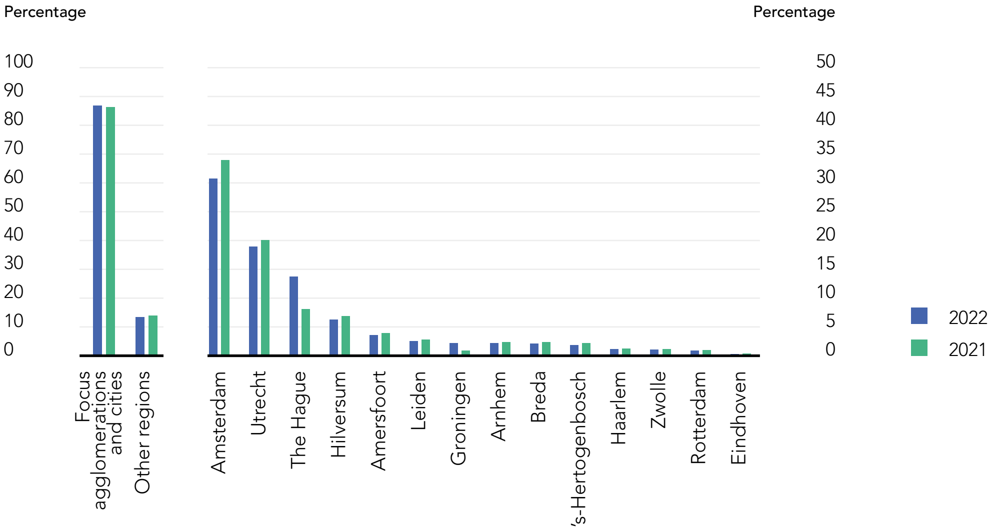
Regional focus

Amsterdam and Utrecht are the most dominant agglomerations in the portfolio and account for approximately 50% of the portfolio's total fair value. This is also reflected in the overview of the ten largest assets, with only The Roofs in The Hague and Vathorst 1 in Amersfoort being located outside the Amsterdam and Utrecht agglomerations.

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

The exposure to The Hague showed an increase in 2022, as a result of the completion of forward acquisition The Roofs in The Hague. However, the exposure with regard to the other focus agglomerations and cities decreased somewhat compared to the larger stake of The Hague. The Amsterdam region showed a slightly greater decline due to individual unit sales and revaluations.

Figure 15 Geographical spread as at 31 December 2022



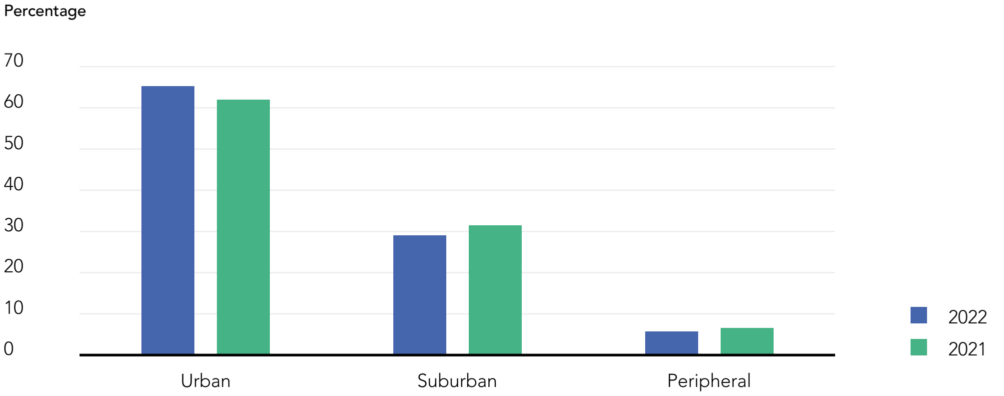
Residential market segmentation

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

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

The emphasis of the portfolio strategy is to invest in residential real estate that meets the criteria of urban living. Investments in suburban living environments are also deemed interesting, but these investments should predominantly aim for families, empty-nesters and seniors as their target group. Investing in peripheral living environments is not a primary focus of the portfolio strategy. The portfolio is currently well-represented in the urban and suburban living segments. Due to some forward acquisitions being added in 2022, the percentage of urban living units has increased by 3.3%.

Figure 16 Market segmentation as at 31 December 2022

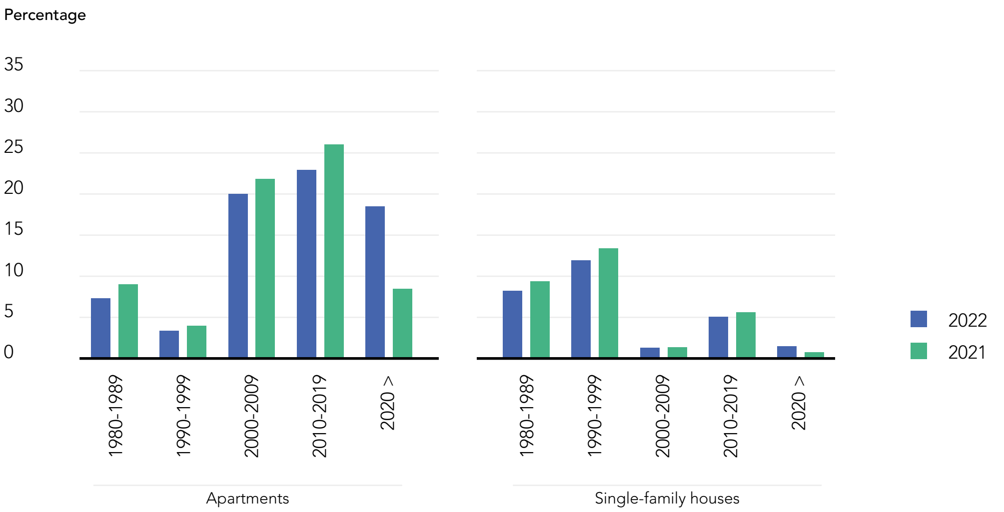


Property age

The Fund continuously invests in the portfolio in order to improve the portfolio's quality and expected long-term returns, while building a sustainable investment portfolio. This is achieved through renovation strategies and the acquisition and sales policy. The average property age of the portfolio was 16.4 years, as at 31 December 2022, which is a significant lower age compared to the previous year (17.7 years). This is mainly due to the completion of forward acquisitions.

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 (e.g. 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 21.9 years as at 31 December 2022 (2021: 23.8).

Figure 17 Age classes as at 31 December 2022

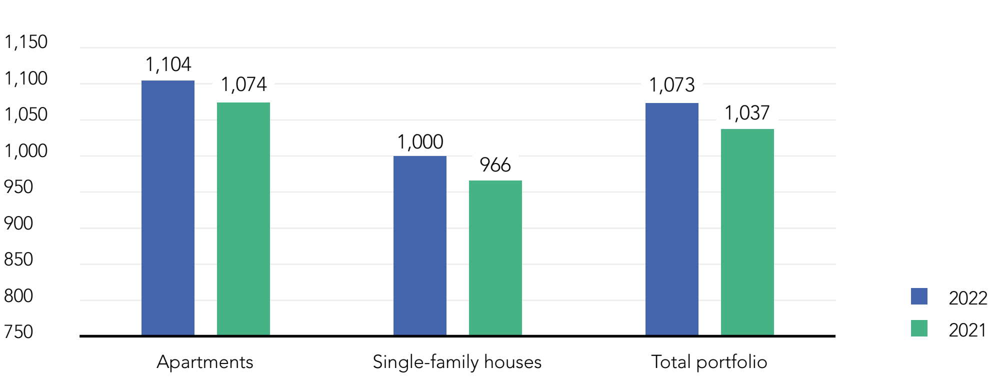


Average monthly rent

The portfolio strategy focuses on residential investments in the mid-priced rental segment and is dominant in the € 808 to € 1,250 rental range. Non-regulated properties with average monthly rents higher than € 808 per month are favoured by the Fund in the long term.

The average monthly rent of a residential unit in the portfolio was € 1,073, as at 31 December 2022, which is an increase compared to 31 December 2021 (€ 1,037). This growth is explained by (annual) rent increases, completion of forward acquisitions and individual unit sales. Single-family houses have a lower average monthly rent (€ 1,000), compared to the portfolio's apartments (€ 1,104). This difference in rental level is explained not only by residential type, but also by aspects such as location type and property age.

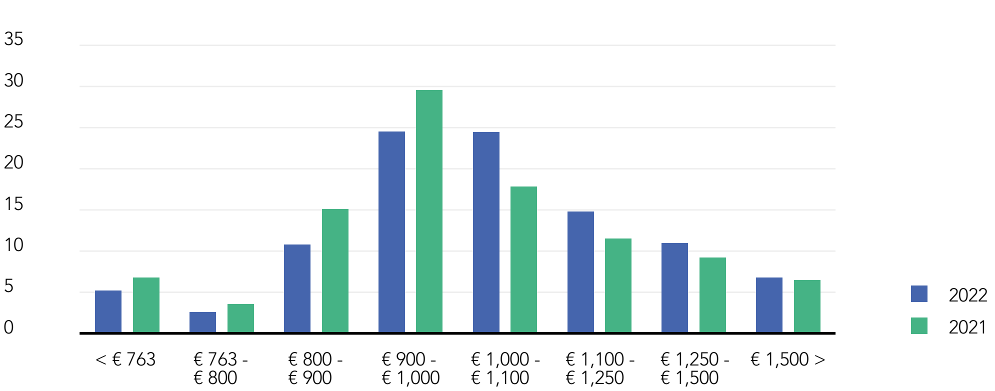
Figure 18 Average monthly rent per market segment as at 31 December 2022



The share of units with rental prices below € 1,000 declined strongly, whereas the share of units with rental prices higher than € 1,000 showed an overall increase. This is mainly due to the completion of forward acquisitions and (annual) rent increases for the portfolio in 2022. For the majority of the portfolio, rents were increased per 1 July 2022. Although rents for regulated rental units were frozen due to governmental rent regulation, rents were increased for approximately 72% of the portfolio's residential units, per 1 July 2022. The average rent increase for these units amounted to 2.3% (2021: 2.0%). Like-for-like theoretical rental growth for the entire portfolio amounted to 4.3% in 2022 (2021: 2.5%).

The share of residential units with monthly rents exceeding € 1,250 increased from 15.6% in 2021 to 17.7% in 2022. Approximately 68% of all residential units with monthly rents above € 1,250 are located in the Amsterdam agglomeration, where demand is relatively strong and higher market rents can be achieved. The share of residential units in the regulated segment (for 2022: monthly rents below € 763) decreased to 5.3%, compared to 6.8% in 2021.

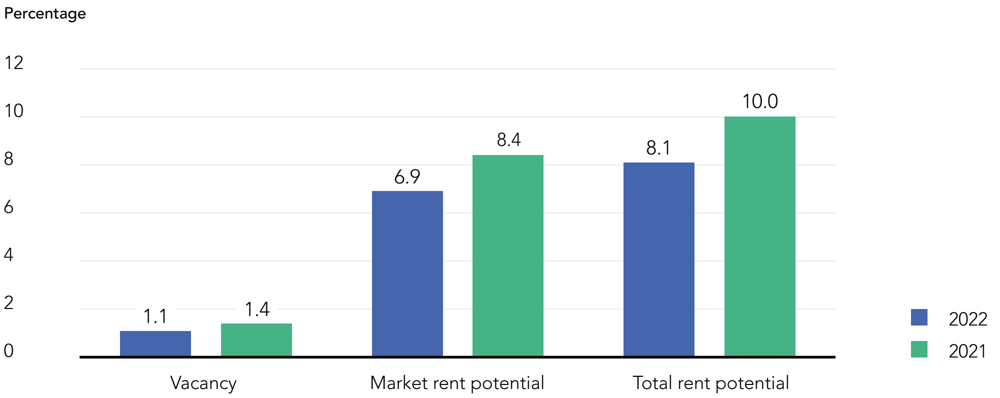
Figure 19 Rental price composition as at 31 December 2022



Rent potential

Rent potential is calculated by deducting the annual rental income from the total annual market rent divided by the total annual rental income. Rental income of the portfolio can be increased by reducing vacancy, as well as by bringing current rents up to market rent through annual rent increases and at tenant turnover. Please note the calculation is done for the residential units only, not including parking places and retail units. The total market rent potential of the portfolio's residential units is on average 8.1% (2021: 10.0%). The average vacancy rate in the portfolio's residential units decreased to 1.1% in 2022 (2021: 1.4%).

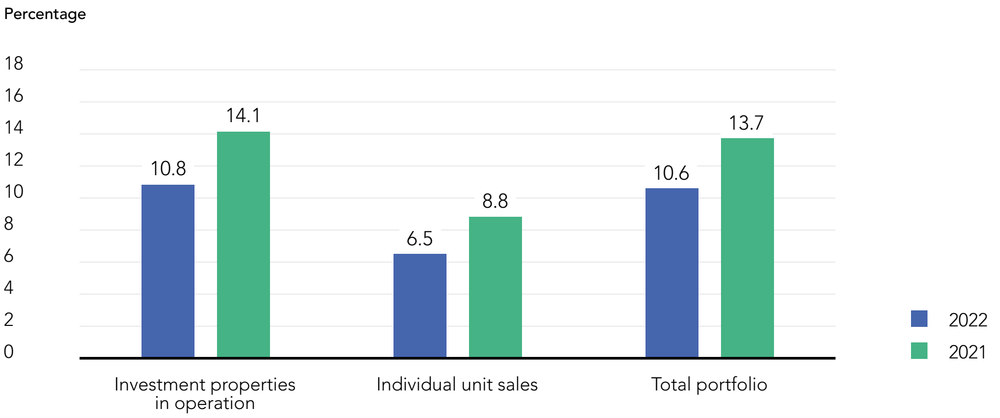
Figure 20 Vacancy and market rent potential as at 31 December 2022



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 10.6% in 2022, which is lower compared to 2021 (13.7%). Turnover rates for properties that are designated for individual unit sales are significantly below those of investment properties in operation.

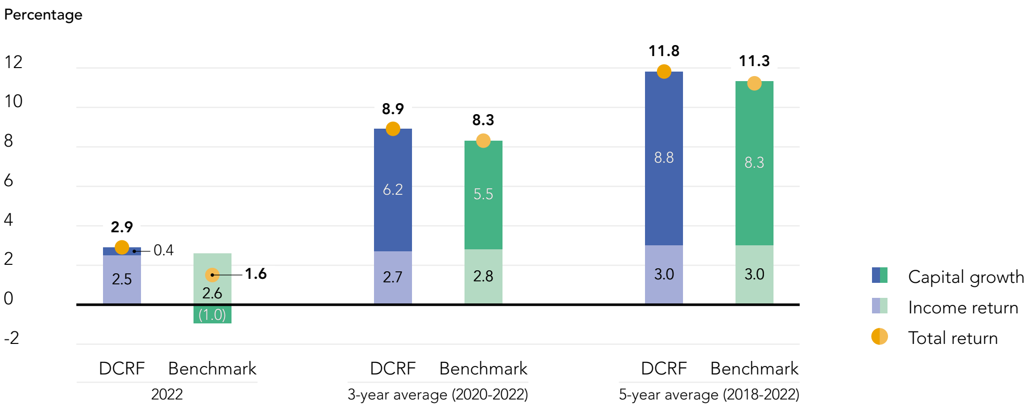
Figure 21 Average turnover rates



Performance of Fund versus MSCI Netherlands Residential Annual Property Index

Total return (all benchmarked assets level) for the Fund amounted to 2.9%, outperforming the benchmark with 130 bps (1.6% for the benchmark) in 2022. This difference in performance is attributable to capital growth (0.4% versus -/-1.0%) scoring above the benchmark, while the Fund's income return was slightly below the benchmark (2.5% versus 2.6%). Comparing the 3-year annualised returns, the Fund showed an outperformance compared to its benchmark (8.9% versus 8.3%), while the 5-year annualised returns also showed an outperformance (11.8% versus 11.3%).

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



Capital growth can be determined by changes in yield and market rental value growth. The outperformance on capital growth in 2022 is mostly attributable to a smaller yield increase compared to the benchmark. The average gross reversionary yield for the Fund showed an increase of 10 bps in 2022, to end the year at 4.2%, while the gross reversionary yield for the benchmark increased with 16 bps to a yield of 4.3%.

The Fund's income return is slightly lower compared to the benchmark (2.5% versus 2.6%). The slightly lower income return is a result of the Fund's attributions to several development projects, which will yield returns on a longer term.

Regarding total returns of the standing investments only, the Fund showed an underperformance in 2022 (1.7% versus 1.9%), while on a 3-year average (8.4% versus 8.3%) and on 5-year average (11.0% versus 10.9%), the Fund showed an outperformance compared to the benchmark. Returns on standing investments level exclude the effect of acquisitions, investments and sales.7

Realised and unrealised gains and losses

All properties were externally valued in 2022 by either MVGM Vastgoedtaxaties, Cushman & Wakefield or Capital Value. Every quarter, 25% of the valuations are full valuations, whereas 75% concern desktop review update valuations.

As a result of a negative revaluation, the value of the portfolio dropped by € 123.8m (5.5%) in the fourth quarter of 2022. This includes the revaluation of the Fund's participation in Grotiusplaats Den Haag C.V. (The Roofs), which caused a drop in value by € 2.8m (-/-2.3%) in the fourth quarter of 2022.

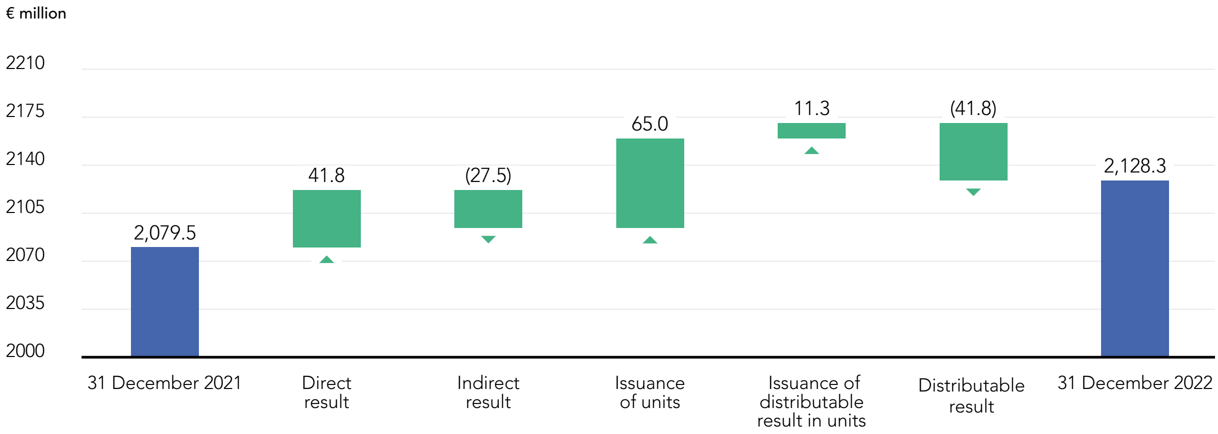
Capital growth was positive in the first two quarters of 2022 but became negative in the 3rd and 4th quarter, as interest rates increased, transaction activity cooled down and prices showed a negative trend in the Dutch residential market from Q3 2022. The overall capital growth figures apply to a wide range of properties in the portfolio and was in line with the owner-occupied market, in which prices showed a similar trend.

Capital

Changes in capital

Total capital amounted to € 2,128.3m as at 31 December 2022, compared to € 2,079.5m as at 31 December 2021. Capital increased as a result of the issuance of ordinary units (€ 65m in total) and the issuance of distributable results in units (€ 11.3m in total), which was partly offset by a negative indirect return (-/-€ 27.5m). The 26th, 27th, 29th and 31st closings relate to the distributable results being paid out in units for seven investors.
As at 31 December 2022, capital was spread across 1,460,585 units, resulting in an IFRS NAV of € 1,457 per unit.

Figure 23 Movements in capital

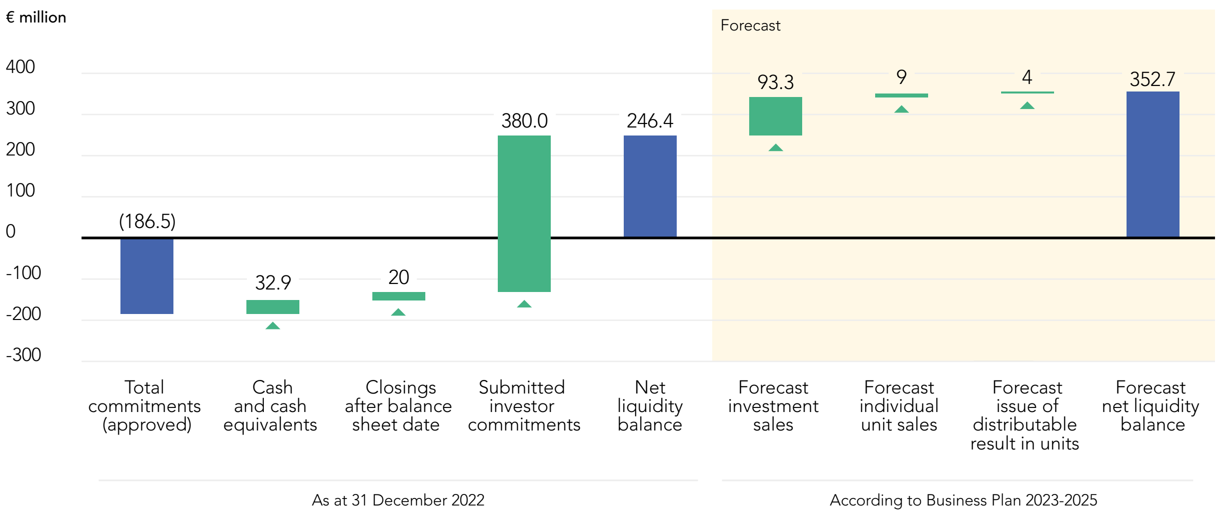


Liquidity management

The total off-balance sheet commitment for (approved) forward acquisitions and participations amounted to € 186.5m, as at 31 December 2022. This commitment is spread over time until 2026 and will be mainly funded through the current cash balance and submitted investor commitments. This resulted in a current net liquidity surplus of € 246.4m, as at 31 December 2022. The net liquidity forecast is further supplemented by results from investment sales, individual unit sales and the issuance of distributable result in units.

New investor commitments in 2023 and/or further loans have not been included in this overview. The Fund does intend to remain a full-equity fund and does not expect to use leveraged financing in the medium term. The Fund has received primary redemption requests of a total of € 146m in the fourth quarter of 2022.

Figure 24 Net liquidity balance, as at 31 December 2022



Environmental, Social and Governance (**ESG**)

Responsible investment management is top priority of the Fund. We believe that we can only guarantee long-term returns if properties are sustainable attractive to users and society. Our focus is therefore on sustainable value development of our investment portfolio. This is how we contribute to a viable society – for now and for future generations. a.s.r. real estate signed the Paris Proof Commitment of the Dutch Green Building Council (DGBC) dedicating itself to achieving a GHG (Greenhouse gas)-neutral portfolio by 2050. In 2022 we raised our ambition and aim to achieve this goal before 2045.

The Fund's Environmental, Social and Governance policy is to accommodate the interests of tenants and investors in the best possible way by creating and maintaining residential properties that have long-term value from both a financial and a social perspective, and to achieve this in a sound and responsible manner with engaged and aware partners and employees. The investment objective of the Fund is to provide stable, sustainable and attractive returns by investing in high-quality assets and by actively managing and adding value to the existing portfolio. Future-proof dwellings are an essential part of this strategy. Dwellings must be comfortable, sustainable and affordable for different types of households, and must meet the current and future needs and preferences of tenants. Sustainable dwellings are attractive to tenants for many different reasons, such as lower energy costs and a healthier indoor climate. They are also attractive to investors, since a sustainable portfolio adds value over time and helps to mitigate risks.

The Fund adheres to the EU Sustainable Finance Disclosure Regulation (SFDR) and has published the SFDR statement on its website. Under this disclosure regulation, the Fund is classified as a financial product that promotes environmental characteristics within the meaning of Article 8(1) of Regulation (EU) 2019/2088. As of 1 January 2023, the second set of rules is disclosed for the Level 2 SFDR. The Fund is compliant with this regulation and will keep up with new regulations. Details about the EU Taxonomy regulation can be found in the Fund's Prospectus.

ESG goals & results 2022

The Fund has developed a strategic ESG policy, which translates into objectives as set out in the Three Year Business Plan. These objectives relate to four themes (4 Ps): Planet, Property, Partners and People. Each P comes with strategic objectives, which are presented in the table below.

Strategic objectives 2022

		Objective 2022	Actuals 2022
1	**Planet**		
	Energy intensity (kWh per sq.m / year)	≤ 100	In progress
	GHG Intensity (kg CO_2 per sq.m/ year)	≤ 20	In progress
	Renewable energy (# of PV panels)	≥ 13,000	12,484
	Resource efficiency (# of projects / year)	≥ 5	6
	Invest in neighbourhood and sustainable mobility (# of projects / year)	≥ 6	6
	Climate adaption and improvement (greening measures / year)	≥ 500 sq.m.	584 sq.m.
2	**Property**		
	Green labels	≥ 95%	93%
	Energy-saving measures (excl. projects, yearly)	≥ € 250k	€ 461,500
	Coverage of Green Building Certificates	100%	100%
3	**Partners**		
	Tenant satisfaction	≥ 7.0 / ≥ benchmark	7.0
	Active tenant participation programme (# of projects / year)	≥ 7	8
	Addition of affordable dwellings (#)	≥ 400	455
4	**People**		
	Employee satisfaction rating	≥ 94/100	92
	Personal development		
	- Training (% annual salaries)	≥ 1%	2.1%
	- Sustainable employability (% annual salaries)	≥ 1%	1.0%
	Health & Well being	Improvement of vitality score	7.4
	Diversity & Inclusion	Execute diversity, equity and inclusion policy	Improved Score in Denison Organisational Success Survey: 66 (2021: 48)
	Sound business practises: implementation sustainability in risk control framework	Further implementation of SFDR	Compliant with current implementation targets

Planet

Energy intensity

The 2022 figures for energy intensity are not yet available. The energy intensity figures will be published in the ESG annual report, which is expected to be published in May 2023.

Energy intensity
(average yearly reduction)

Objective
≤ 100

Realisation
Not available yet

GHG intensity (kg CO_2 per sq.m / year)

The 2022 figures GHG intensity are not yet available. The GHG intensity figures will be published in the ESG annual report, which is expected to be published in May 2023.

GHG intensity
(kg CO_2 per sq.m / year)

Objective
≤ 20

Realisation
Not available yet

Renewable energy (# of PV panels)

At the end of 2021 8,176 PV-panels were installed in the ASR DCRF portfolio. In 2022, 4,408 PV-panels were added, an increase of 54%. The expansion was realised via four types of projects:

- Newly completed apartment blocks and single family houses, fitted with PV-panels, for the projects Sniepkwartier in Diemen, Lapis Lazuli in Heerhugowaard, Energiek in Groningen, Laurierkwartier in Utrecht and The Roofs in The Hague (1,289 PV-panels);
- The further roll-out for the PV-panel project in single family houses together with Zonneplan, for instance in Tilburg, De Meern and Leusden (2,051 PV-panels);
- The roll-out of PV-panels in the apartment blocks of Terwijde (Utrecht), together with LENS (438 PV-panels); and
- The renovation project for Huizen where the first part of the project was completed in the last months of 2022 (630 PV-panels).

Although there was a considerable increase, the Fund did not achieve the objective of 13,000 PV-panels. A larger expansion of PV-panels in apartment blocks was expected. However, this kind of installation is complicated.

Renewable energy
(# of PV panels)

Objective
≥ 13,000

Realisation
12,584

Resource efficiency (# projects / year)

In 2022 the Fund realised six projects focused on resource efficiency:

- **The Energy Box.** A project focused on energy reduction by tenants, in Lamérislaan (Utrecht);
- **Water-saving taps.** Water-saving taps were installed as standard for both newly completed projects and the existing portfolio, both in kitchens and bathrooms;
- **Energy-efficiency lighting.** In Terwijde (Utrecht), the previous lighting system was exchanged for energy-efficiency lighting that operates on sensors;
- **I-well.** I-well batteries were placed in Floriande (Hoofddorp) and RiMiNi (Amstelveen). These large batteries can store energy in order to maintain a balance with the energy network and can also reduce energy costs;
- **Newsletter.** The Fund launched a digital bi-monthly newsletter for all tenants. This newsletter includes a regular feature on resource efficiency and also contains tips and tricks on sustainable living; and
- **Sharing.** For the Roofs project in The Hague, tenants are invited to take part in the Tulu service concept. Tulu offers a range of appliances and objects that tenants can use in their homes, such as a vacuum cleaner or a drill. Instead of purchasing these appliances, tenants can rent them, which encourages a sharing economy rather than ownership.

Resource efficiency
(# projects / year)

Objective
≥ 5

Realisation
6

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

The Fund initiated six projects in 2022, in order to invest in attractive neighbourhoods and sustainable mobility:

- **Large wall painting.** In the third quarter, a large wall painting was unveiled at the front of an apartment block in Lamérislaan (Utrecht). The wall painting is the highest in Utrecht and was made to mark the 900-year anniversary of the city of Utrecht;
- **a.s.r. real estate bench.** In the first quarter of 2022, the a.s.r. real estate bench was placed in the communal garden at Parkzicht, IJmuiden. With this bench, the Fund hopes to encourage social contact between tenants;
- **Birdhouses.** The Fund placed birdhouses in Veldhoven to provide more shelter for birds and to strengthen biodiversity in the environment;
- **Greening gardens.** To stimulate the greening of front gardens at the Laurierkwartier, Utrecht, the Fund offered vouchers to tenants on the condition that they use them for greening their gardens;
- **Electric car charging stations.** 36 electric car charging stations were placed for the projects for Sniepkwartier (Diemen, 4) Energiek (Groningen, 12), Cruquiuswerf (Amsterdam, 10) and Laurierkwartier (Utrecht, 10); and
- **Electric bicycle charging points.** Several charging points were installed in several apartment blocks to stimulate the use of electric bicycles.

Invest in neighbourhoods and sustainable mobility
(# projects / yea)

Objective
≥ 6

Realisation
6

Climate adaption and improvement (greening / year)

In 2022 the Fund greened a total of 584 sq.m., via four projects:

- **Greening of parking area.** In Dianaplantsoen (Arnhem), part of the parking area was given over to grass and plants (32 sq.m.);
- **Facade gardens.** In Wicherskwartier (Amsterdam), the Fund carried out a project to realise 14 small facade gardens. The maintenance of these gardens was primarily allocated to tenants (who have given their previous commitment to the project) (52 sq.m.);
- **100 trees 'Trees for All'.** The Fund bought 100 trees for the project 'Trees for All'. These trees were planted in several areas of the Netherlands (250 sq.m.); and
- **100 trees for 'Trees for Amsterdam'.** The Fund bought 100 trees for the project 'Trees for Amsterdam'. For this project, more than 3,000 trees in total were made available for free for people living in Amsterdam. All our tenants in Amsterdam were invited to collect a tree for their garden or terrace (250 sq.m.)

Climate adaption and improvement
(# projects / year)

Objective
≥ 500 sq.m

Realisation
584 sq.m

Property

Green labels

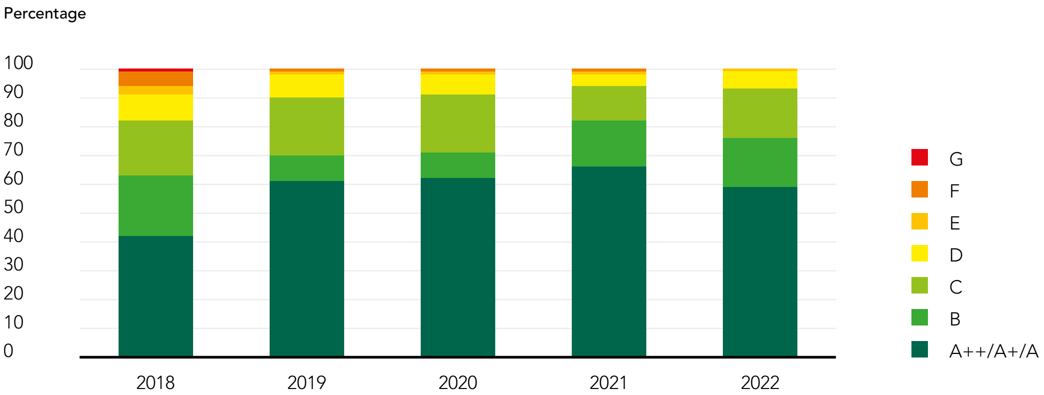
The final share of green labels in the portfolio was 93%, which is lower than the objective of 95%. The reason for this lower percentage was that the measurements up to 2021 were based on a different measurement method (NEN 7120) and the majority of energy labels for 2022 are based on a new measurement method (NTA 8800), for which the outcome is somewhat less positive. In the third quarter, the Fund received the actualised and definitive Energy Label results for the majority of the portfolio. Some objects got lower labels than expected, but every object that has not yet received a green label is being prepared or under consideration for a sustainable renovation in the coming years.

Green labels (%)

Objective
≥ 95%

Realisation
93%

Figure 25 Energy labels (EPA) for ASR DCRF as at 31 December 2022



Energy-saving measures (excl. projects, yearly)

In 2022 the Fund installed:

- 87 energy efficient kitchens. These kitchens have water-saving taps and low-energy appliances;
- 50 more sustainable central heating systems; and
- PV-panels for 272 dwellings, with projects for Zonneplan and LENS.

Energy-saving measures (excl. projects, yearly)

Objective
≥ € 250k

Realisation
€ 461,5k

Coverage of Green Building Certificates

Every building in the Fund's portfolio is certified with the BREEAM NL in-Use certificate, which means that coverage is 100%. The newly completed buildings in 2022 were not included in this score because they could not yet get a certificate. To achieve a BREEAM NL in-Use certificate, a building must be in use for at least one year. In 2023, these buildings will also be receiving the BREEAM NL in-Use certificate.

Energy-saving measures (excl. projects, yearly)

Objective
100%

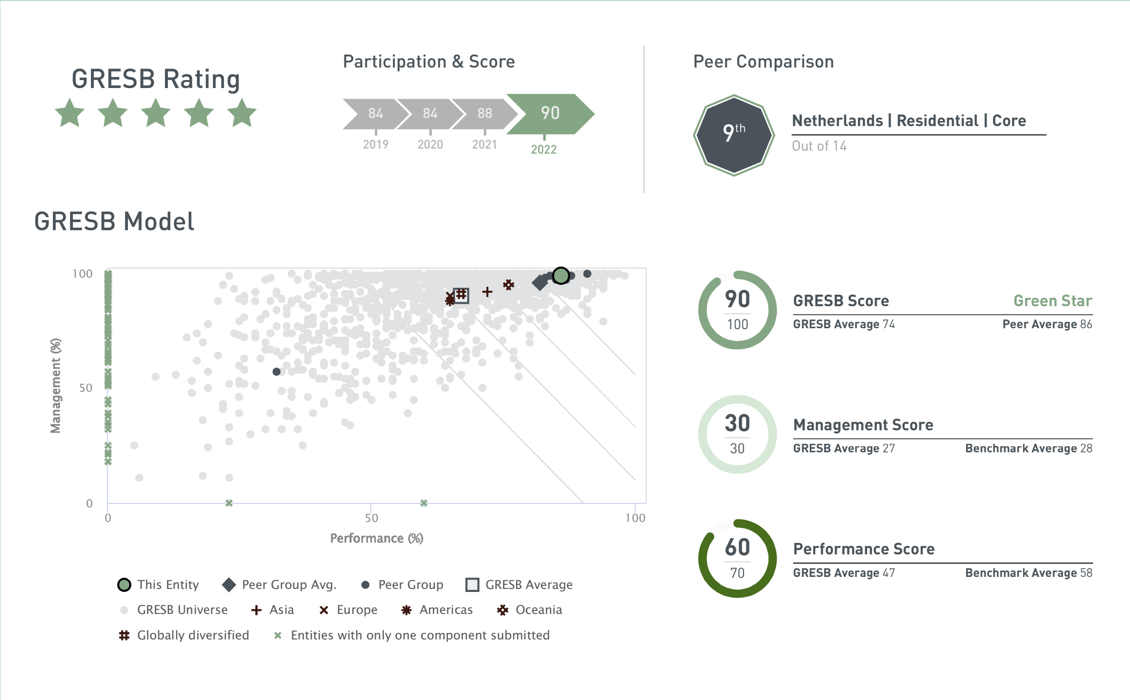
Realisation
100%

GRESB rating

GRESB - Five stars for ASR DCRF

The Fund's improved GRESB score was mainly achieved through its continuous improvements in tenant engagement and the portfolio's full BREAAM-NL In-Use Residential certification. The Fund achieved a GRESB rating of five stars, making it one of the 20% best-performing GRESB funds in the world. This year the Fund's GRESB score rose to 90 points, up from 88 points in 2021, scoring above both the GRESB average (74 points) and the peer group average (86 points).

GRESB Model

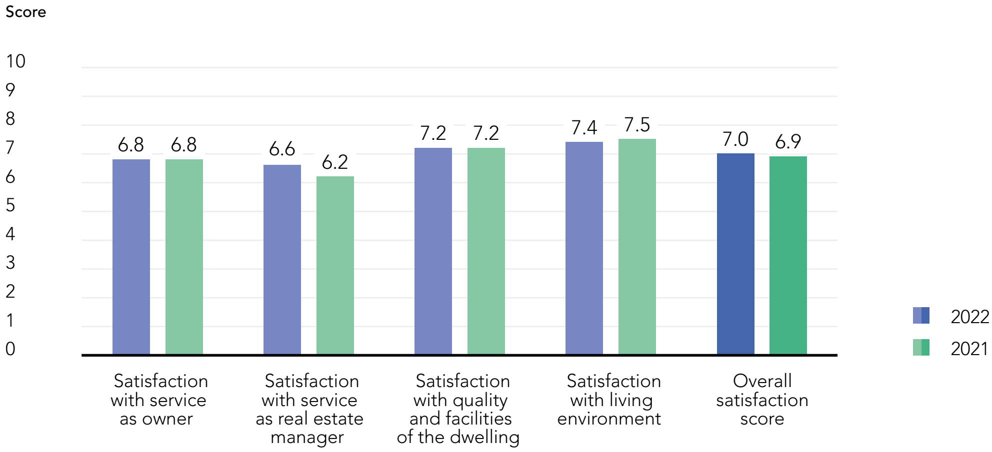


Partners

Tenant satisfaction

The average overall score in the annual tenant satisfaction survey is 7.0. This score is equal to the Fund's (minimum) objective and higher than the score in 2021 (6.9). It is also equal to the benchmark score. About 38% of the Fund's tenants participated in this year's survey. The average score is composed of below mentioned elements:

Figure 26 Tenant satisfaction scores for ASR DCRF as at 31 December 2022



During the past two years, a.s.r. real estate insourced most of its real estate management activities.

Active tenant participation programme

Awareness around sustainability:

- **New tenant associations.** New tenant associations were started in Parkzicht (IJmuiden), Wibautstraat (Amsterdam), Lapis Lazuli (Heerhugowaard), Energiek (Groningen), Vrouwenpolder (Amersfoort) and Laurierkwartier (Utrecht);
- **Information and community.** In several apartment buildings, we installed narrow casting. The Fund doesn't send physical newsletters anymore, only digital ones. The online tenant portal was further rolled out and almost 65% of our tenants now has an account for the portal;
- **Green gifts.** New tenants of properties Sniepkwartier (Diemen), Cruquiuswerf (Amsterdam), Laurierkwartier (Utrecht), Lapis Lazuli (Heerhugowaard) and Energiek (Groningen) received a green gift for their balcony, terrace or garden. This was in the form of a box with flowers, a miniature tree, a plant or a 'green' voucher;
- **Tenant participation in refurbishment of entrance halls.** The entrance halls in De Stadswachter (Leiden), Hagendonk (Prinsenbeek) and Wibautstraat (Amsterdam) have been refurbished. Tenants had an active role in some of the decisions for the refurbishment;
- **CSR bags.** In 2022, a.s.r. real estate gave about 500 of its new tenants a CSR bag, filled with sustainable articles;
- **Participation in renovation projects.** For the renovation projects for Huizen, Houten and Veldhoven, tenants were actively involved in the plans for making their homes more sustainable and comfortable;
- **Tenant events.** The Fund organised tenant events in several objects, such as in Laurierkwartier (Utrecht), Mariënpark (Leidschendam), Futura (Zoetermeer), Lapis Lazuli (Heerhugowaard) and Wicherskwartier (Amsterdam); and
- **Interview sessions with 55+ tenants.** The Fund conducted interview sessions with tenants of Lapis Lazuli in Heerhugowaard to better understand their living requirements and their views on senior housing. The target group for these interviews were tenants aged 55 years and older.

Addition of affordable dwellings (#)

In 2022, the Fund added 455 affordable dwellings to the portfolio, well above the target of 400. According to ASR DCRF, an affordable dwelling is a house with a rent of under € 1,250 a month. The dwellings were completed for the following projects:

- Sniepkwartier in Diemen (53 properties);
- Laurierkwartier in Utrecht (69);
- Lapis Lazuli in Heerhugowaard (50);
- Energiek in Groningen (78);
- The Roofs in The Hague (205).

Addition of affordable dwellings (%)

Objective

≥ 400

Realisation

455

People

Employee satisfaction rating

Every year, a.s.r. real estate conducts the Denison Organisational Success Survey for all its employees. This survey measures the success of an organisation on several dimensions, such as employee satisfaction, engagement and company mission. The results are compared to a global benchmark of other organisations that use the survey.

In 2022, the overall score of the survey was 88.6% and the employee satisfaction score was 91.3%. The employee satisfaction score represents a sum of empowerment, core values and behaviour, strategic direction and vision. The current score is slightly below our goal, therefore the topic will receive extra attention in the coming year.

Employee satisfaction rating
(Denison survey, score out of 100)

Objective
94

Realisation
91

Personal development of employees

The personal development of employees in terms of professional expertise, competences and skills remains the main focus of a.s.r. human resource management. In 2022, a.s.r. real estate spent 2.1% of annual salaries on employee learning and development. This largely exceeded the target of 1.0% of annual salaries, which shows ample attention for learning and development.

Next to training, there is a yearly target for sustainable employability. A dedicated HR team provides guidance for employees who wish to move to another position. In 2022, a.s.r. real estate spent 1.0% of annual salaries on sustainable employability. a.s.r. offers employees the opportunities to develop themselves in order to increase their chances on the labour market, both inside and outside a.s.r.

Training and sustainable employment
(% of annual salaries)

Objective
≥ 1%
≥ 1%

Realisation
2.1%
1.0%

Health and wellbeing

Health and wellbeing, as well as avoiding stress in the workplace, are important issues. During COVID-19, a.s.r. introduced the 'eMood', a weekly survey to determine work happiness, vitality and productivity. Because of its success, it has now become standard practice.

In 2022, a.s.r. real estate employees scored an eMood average of 7.6 and a vitality score of 7.4. This is an improvement on the eMood average (7.5) and the vitality score (7.1) in 2021. Based on these outcomes, targeted actions are being taken to improve the vitality of employees. Examples include the provision of fruit at the workplace and work-out challenges in the a.s.r. Vitality app.

Health and wellbeing
(eMood® vitality score))

Objective
≥ 7.1

Realisation
7.4

Diversity and inclusion

a.s.r. stands for equal opportunities for all and strives towards having a diverse and inclusive culture. Different perspectives, backgrounds, knowledge and experiences contribute to the realisation of a.s.r.'s objectives and we use these positively and sustainably. It is important to create the space to express these differences.

The aforementioned annual Denison Survey contains a Diversity & Inclusion module in which the perception and progress of this issue is measured. In 2022, the diversity and inclusion score was 66. This was an improvement on the score (48) in 2021. The focus is on fair and equal chances for all and providing opportunities to learn about diversity and inclusion.

In 2022, a diversity, inclusion and equality working group was launched. The working group membership reflects the organisation and it aims to raise awareness and gives colleagues the space to introduce areas for improvement. Since the introduction of the working group, there is more room for dialogue and the expression of personal preferences.

Diversity and inclusion
(Denison survey, score out of 100)

Objective
Execute policy

Realisation
Improved score (66)

Further implementation of SFDR

The Fund adheres to the EU Sustainable Finance Disclosure Regulation (SFDR) and is classified as a financial product that promotes environmental characteristics within the meaning of Article 8 (1) of Regulation (EU) 2019/2088. As of the first of January 2023, the Fund complies with the second set of rules for the Level 2 SFDR and EU Taxonomy Regulation.

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

For more information on the SFDR and EU Taxonomy, please refer to Appendix 2 on page 122, (Annex 4, SFDR periodic disclosure).

SFDR

Objective
Further implementation

Realisation
Compliant

Strategic objectives 2023-2025

Strategic objectives	Target 2023	Target 2025
Environment		
Energy intensity (kWh per sq.m. / year)	≤ 125	≤ 115
GHG intensity (kg CO_2 per sq.m. / year)	≤ 26	≤ 23
Renewable energy (# PV panels)	≥ 14,000	≥ 17,000
Resource efficiency (# projects / year)	≥ 5	≥ 5
Plan for properties with a high climate risk profile (#)	5	All properties
Climate adaptation (sq.m. greening / year)	≥ 500	≥ 1,000
Enhance local biodiversity	Design plan	Execute plan
Coverage of green labels (%)	≥ 96%	≥ 99%
Coverage of green building certificates (%)	100%	100%
Social		
Community & Tenants		
Tenant satisfaction	≥ 7	≥ 7
	> benchmark	> benchmark
Tenant engagement (# projects / year)	≥ 8	≥ 12
Senior housing (# dwellings, rented out with priority to seniors)	≥ 400	≥ 600
Addition of affordable dwellings (#)	≥ 200	≥ 850[1]
Invest in neighbourhoods and sustainable mobility (# projects / year)	≥ 7	≥ 9
AED coverage (% of portfolio)	≥ 93%	100%
Our employees		
Employee satisfaction rating (eMood® score)	≥ 7.5	≥ 7.5
Personal development		
- Training (% of annual salaries)	≥ 1%	≥ 1%
- Sustainable employability (% of annual salaries)	≥ 1%	≥ 1%
Health & well-being (eMood® vitality score)	≥ 7.5	≥ 7.5

Governance	Compliant
Alignment with sustainability guidelines	✓
- SDGs	✓
- GRESB (annual survey rating)	★★★★★
Sound business practices	✓

AIFMD

The Fund is an Alternative Investment Fund (AIF). In accordance with Alternative Investment Fund Managers Directive (AIFMD), the Fund Manager is obliged to apply for an AIFMD licence from the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten, or AFM). The licence was issued in February 2015.

The AIFM Directive requires a depositary to be appointed to monitor the Fund. This is to safeguard against fraud, book-keeping errors and conflicts of interest. To this end, a contract was signed with BNP Paribas SA to act as depositary as of 1 June 2014. An information platform was set up to provide the depositary with the appropriate information in an effective way.

As the Netherlands Authority for the Financial Markets (AFM) granted a.s.r. real estate the AIFMD licence, the Fund is under an obligation to submit comprehensive reports on risks and restrictions. As of the first quarter of 2015, the Fund Manager reports to the Dutch Central Bank (DNB) on results and risks on a quarterly basis.

The Fund's strategy as described in the Fund Agreement is subject to strategic risks as well as financial restrictions, subscription and redemption restrictions, and investment restrictions. Operational risks apply directly to operating activities and financial risks apply to developments in the financial and real estate markets. These financial risks are monitored on a continuous basis.

The Fund Agreement sets out the Fund's investment objectives and strategy, investment criteria and investment restrictions. These requirements, which are monitored on a quarterly basis and on a case-by-case basis for acquisitions and sales, relate to:

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

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

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

As at 31 December 2022, the Fund complied with the financial restrictions, the subscription and redemption restrictions, and the investment restrictions.

Depositary statement

Considering that:
- BNP Paribas S.A. is appointed to act as depositary for ASR Dutch Core Residential Fund ('the Fund') in accordance with subsection 21(1) of the Directive 2011/61EU (the 'AIFM Directive');
- Such appointment and the mutual rights and obligations of the Fund Manager, title holder and depositary of the Fund are agreed upon in the depositary agreement dated 11 June 2015, between such parties, including the schedules to that agreement ('the agreement');
- The depositary delivers this statement to the Fund Manager in relation to the activities of the Fund Manager and the title holder and this statement refers to the year ended December 31, 2022 (the relevant year hereafter referred to as 'the period').

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

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

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

Utrecht, 22 February 2023

BNP Paribas Security Services

Risk management

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

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

The AIF Manager reviews key processes according to ISAE 3402 Type II. A Type II report not only includes the service organisation's description of controls, but also includes the detailed testing of the service organisation's controls. Every year, compliance to the ISAE framework is audited by an external auditor. In 2023, a.s.r. real estate received an ISAE 3402 Type II statement without remarks for the year 2022.

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

Financial risks

Risk	Risk appetite	Risk mitigating aspects	Impact
Rental risk	The Fund strives to obtain stable rental income. Furthermore, a high occupancy rate is a core objective.	The Fund focuses on the best performing agglomerations and cities. There is continuous monitoring of market rents and their movements. Standard lease terms state that rent must be paid in advance.	The vacancy as a percentage of theoretical rent was 1.3% in 2022.
Market risk	Market risk is the result of a variety of trends, such as the impact of global macro-economic shifts or the impact of a pandemic that cannot be fully mitigated. Disease outbreaks, such as COVID-19, bring to light a critical threat (pandemic risk) that should be proactively addressed.	The monitoring of market transactions and developments. The portfolio is valued by independent appraisers.	Capital growth has had an impact on total return.
Interest rate risk	The Fund is predominantly intended to be an equity fund. Therefore, interest rate risk is limited.	The Fund's interest rate risk is continually assessed.	The Fund maintains a low leverage status, with an LTV ratio of 0%.
Credit risk	The Fund's policy is to only deal with creditworthy counterparties and to obtain sufficient collateral. The Fund has opted not to insure against credit risk.	There is a high number of individual tenants. No single tenant or group under common control contributes more than 1% of the Fund's revenues. Standard lease terms are paid in advance. A deposit is required within the standard lease terms.	Bad debt provision increased by 11% from € 478k in 2021 to € 531k in 2022. Bad debt provisions as a percentage of gross income increased to 0.80% as at 31 December 2022, compared to 0.79% in 2021.
Liquidity risk	The Fund strives to obtain an adequate cash position in order to fund future investments. Units in the Fund represent an illiquid investment as the Fund can accept Redemption Requests quarterly. The Fund is a closed-end investment company under AIFMD definitions.	The Fund maintains adequate reserves and obtain loan facilities if applicable, monitoring forecasted 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 an agreement with one or more (prospective) Investor(s).	In 2022, the Fund secured a new participant, bringing in €250 million.

Risk	Risk appetite	Risk mitigating aspects	Impact
Funding risk	The Fund wants to keep its low leverage status in order to support the equity character of the Fund.	The Fund may enter into loan facilities in order to finance committed forward acquisitions, acquisition of new properties, short-term working capital requirements or liquidity for redemptions requests. The use of leverage may enhance returns and increase the number of investments that can be made, but it could also increase the risk of loss.	LTV ratio was 0%, as at 31 December 2022.
Project risk	The Fund may undertake the maintenance, renovation and/or extension of an asset or invest in an asset that requires maintenance, renovation and/ or extension prior to acquiring the asset 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 permission and other regulatory approvals.	The ASR Dutch Core Residential Projects B.V. was set up in order to mitigate the risk regarding projects.	The ASR Dutch Core Residential Projects BV did not perform any activities during 2022.
Contract risk	The Fund is exposed to the possibility of loss arising from tenants reneging on their contracts.	The probability of loss arising from failure in contract performance by contractors, vendors or any other third party is mitigated by the AIF Manager's risk management framework on outsourcing risk.	No major events occurred in 2022.
Uninsured risk	The Fund is exposed to certain risks that are uninsurable or not generally insured against because it is not economically feasible to insure against such losses.	Extreme scenarios such as war, terrorism, etc. are uninsurable or economically not feasible. The Fund understands that tail risks may occur.	No major events occurred in 2022.

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 occurred in 2022.

Strategic risks

Risk	Risk appetite	Risk mitigating aspects	Impact
Strategic risks	Strategic risk relates to the risk that the Fund's objectives are not achieved because of the management's poor decision-making, incorrect implementation and/or insufficient response to changes in the environment. However, the risk appetite for such risks is very low. The Fund's investment restrictions relate to the following criteria: • There is a focus on core, residential assets in the Netherlands; • A maximum of 20% of GAV can be invested in a single asset; • The Fund needs to be in control of the assets; and • The Fund must avoid development risk The Fund Agreement sets out the Fund's investment objectives & strategy, investment criteria and investment restrictions.	The Management Company mitigates strategic risk by annually drawing up a Three Year Business Plan. The investment objectives and strategy, investment criteria and investment restrictions, as set out in the Fund Agreement, are monitored on a quarterly basis and on a case-by-case basis for acquisitions and sales. The Management Company continuously monitors portfolio deviation and the consequences of potential acquisitions and sales on the investment restrictions.	The Fund has fulfilled its strategy and objectives as defined in the Three Year Business Plan 2022-2024. During 2022, the Fund met all investment objectives and strategy, investment criteria and investment restrictions.

Risk	Risk appetite	Risk mitigating aspects	Impact
Sustainability risk	Sustainability risks arise in relation to general market conditions that are changing and could have a negative impact on the future letting potential and marketability of buildings in the portfolio if no action is taken.	The main sustainability risks for the sustainability targets will be mitigated in accordance with the other Fund objectives by an integrated risk management system based on a risk control matrix and enterprise risk management. Furthermore, sustainability targets are incorporated in the Fund's Three Year Business Plan.	In 2022, most of the Fund's climate & adaptation objectives were met.
Country risk	The Fund holds investments solely in the Netherlands.	a.s.r. real estate has a research department to closely monitor the developments that are relevant for the property markets in which the Fund operates.	No major events occurred in 2022.
Dossier, information and consultancy risks	Factors limiting the Fund's ability to assert or enforce statutory or contractual warranty obligations could leave the Fund without recourse to third parties for potentially significant liability for property defects.	The Fund uses an extensive investment process and benefits from the vast expertise within a.s.r. real estate.	No major events occurred in 2022.
Maintaining the Fund's tax status	The risk of losing the status of a tax transparent fund for joint accounts for Dutch corporate income tax purposes and for Dutch dividend withholding tax purposes. The Fund does not accept any risk of losing its tax status.	The Dutch tax authorities have confirmed the transparency of the Fund for corporate income tax and Dutch dividend withholding tax purposes. In order to maintain this tax status, no development activities should take place within the Fund. As a consequence, the Management Company continuously monitors its pipeline projects.	No major events occurred in 2022.
Relative performance risk	Risk that the performance falls behind the Fund's targets and peers.	Quarterly monitoring	The performance is closely monitored on a quarterly basis.
Concentration risk	Investments in Dutch residential properties.	This risk factor is mitigated by establishing fifteen focus agglomerations and cities. Within this strategy, concentration risk is further mitigated by diversifying asset types, such as apartments, single-family houses and different types of tenants.	The Fund has acted in line with the terms and restrictions.

Risk	Risk appetite	Risk mitigating aspects	Impact
Valuation risk	The valuation of the Portfolio Assets depends on the valuation methods used. The value of the assets in the portfolio is determined by market value.	The market value property valuations are prepared in accordance with the generally accepted international valuation standards, currently regarded to be the RICS Valuation Standards, (the "Red Book"). These standards are in line with IAS and IFRS. Assurance that the proper fair value for the Assets is reflected in the Financial Statements the Fund relies on independent valuers. In order to further mitigate the valuation risk, the Fund has assigned three independent valuers who will be replaced after a maximum assignment period of three years.	The valuers did not make any claims about material uncertainty during 2022.

Operational risk

Risk	Risk appetite	Risk mitigating aspects	Impact
Operational risk	Operational risk is the risk that errors are not observed in a timely manner or that fraud can take place as a result of the failure or inadequacies of internal processes, human and technical shortcomings, and unexpected external events.	The Operational Risk Framework is in place. The ORF controls are monitored and reported to the management on a monthly base by business risk management. An annual ISAE 3402 audit is performed with certification by an external auditor.	In 2023, a.s.r. real estate received an ISAE 3402 Type II statement without remarks for the year 2022.
Risk factors on Asset Management and Property Management	The Fund considers sustainable investments to be a prerequisite.	The Fund acts as an active asset manager, closely monitoring the technical quality, readiness and representation level of the properties to assure the value of the real estate assets in the portfolio to its users.	No major events occurred in 2022.
Continuity risk	Continuity risk is the risk that the management organisation discontinues as a result of, for example, bankruptcy or failing IT systems. In such situations, the agreements made with principals can no longer be carried out.	This risk is mitigated by maintaining service level agreements with subcontracting partners, drawing up and maintaining the business continuity plan, and pursuing a data protection policy.	No specific issues occurred during 2022. The AIFM has a Business Continuity Plan in place.

Compliance risks

Risk	Risk appetite	Risk mitigating aspects	Impact
Integrity risk	The unethical behaviour of employees, internal managers and business partners can damage or prevent the realisation of the Fund's objectives and yield. The AIF Manager does not tolerate this kind of behaviour.	A whistleblower policy, CDD, pre-employment screening and COI policy are in place.	No major events occurred in 2022.
Financial reporting risk	The Fund faces the risk that erroneous reports present an inaccurate representation of the Fund's financial situation.	The quality of the Fund's financial reports is guaranteed by the performance of periodic internal and external audits.	No major events occurred in 2022.
Safety, Health, Environmental risk issues (SHE risk)	The Fund may face substantial risk of loss from environmental claims based on environmental problems associated with its assets, as well as from occupational safety issues and third-party liability risks.	A Due Diligence is part of the investment process. The identification of potential environmental risks is always part of the independent risk analysis of each investment process.	No major events occurred in 2022.
Legislation and regulation risk	The Fund cannot influence or change amendments to legislation and regulations. The Fund is well aware that changes in laws and regulations may influence the results of the Fund.	Legislation and regulation risk can be mitigated by anticipating upcoming (possible) amendments in a timely manner. The Management Company has designated a Compliance Officer who is charged with supervising the Fund's compliance with legislation and regulation.	No major events occurred in 2022.
Tax and legal risk	The Fund avoids any incorrect legal or fiscal assessments.	This risk is mitigated by obtaining, when necessary, advice from external tax advisors and lawyers from reputable organisations.	No major events occurred in 2022.
Depositary Risk	The Fund will only accept a financially solid depositary that has an excellent reputation. The Fund's Depositary will be liable to the Fund for losses suffered by the Fund as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations under such agreement and under the relevant rules and regulations under and further to the AIFMD, in accordance with the requirements and limitations of Book 6 of the Dutch Civil Code (Burgerlijk Wetboek).	Besides the depositary's performance regarding the fulfilment of its AIFMD obligations, the financial stability and integrity of the depositary is monitored by the AIF Manager on a quarterly basis.	No major events occurred in 2022.

Risk	Risk appetite	Risk mitigating aspects	Impact
Custody Risk	The Legal Owner shall hold the legal title (juridisch eigendom) of the Assets on behalf of the Fund only. The Legal Owner's balance sheet is sound.	This risk is limited and mitigated by the fact that the Legal Owner has no activities other than acting as the legal owner of the assets of the Fund. The Legal Owner's balance sheet strength and liquidity position is constantly monitored by the AIF Manager.	No major events occurred in 2022.

Fund **outlook**

The escalation of the conflict in Ukraine at the end of February 2022 has created new, greater economic and social uncertainties worldwide. Rising energy costs and the lagging recovery of global supply chains due to COVID-19 has caused inflation rates to rise throughout the eurozone. The degree to which the economy (both globally and in the Netherlands) will be impacted is uncertain, mainly because the duration, course and outcome of the Ukrainian-Russian conflict and the related EU and global sanctions are very difficult to predict. The economic uncertainties impacted the results in 2022, which was reflected, for instance, in the negative 3rd and 4th quarter revaluations. We also expect these uncertainties to have an adverse effect on residential real estate valuations in the upcoming quarters in 2023, which will be further impacted by the increased Dutch transfer tax from 8% to 10.4%. On a positive note, employment rates and the pressure on the residential market remain favourable, which will have a positive effect on the Dutch residential market in the long term.

With regard to the Fund's portfolio, high demand for mid-priced rental housing, high occupancy rates, market rent potential and sound cost control remain the foundation for a stable operating result. The Fund will continue to focus on further strengthening the portfolio, either by investing and making existing assets more sustainable or by adding new (sustainable) properties to the portfolio, as well as by adding more affordable housing to the Dutch residential market. One example of making existing properties more sustainable is 'Buikhei' in Veldhoven, where the Fund expects to improve isolation, add heat pumps and solar panels, in order to take the energy label upwards from C/D to A+. Furthermore, the Fund will focus on further improving the portfolio's ESG characteristics and continue working towards a Paris Proof portfolio by 2045.

The outline of government regulations on prices for the mid-priced rental sector have been announced in December 2022. Although the exact impact of the measures can only be calculated when all the details of the regulations are known, a preliminary study has shown that the impact for the Fund will be very limited as the Fund has already been focusing on providing affordable and sustainable housing. We expect that investments in Dutch residential real estate will remain attractive for institutional investors due to the strong fundamentals.

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

Utrecht, the Netherlands, 11 April 2023

ASR Real Estate B.V.
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	2022	2021
Gross rental income	5	66,565	60,707
Service charge income	5	3,276	2,981
Total operating income		**69,841**	**63,688**
Property-specific costs	6	(16,408)	(15,032)
Service charge expenses	5	(3,276)	(2,981)
Fund expenses	7	(706)	(679)
Management fees	8	(10,395)	(8,795)
Total operating expenses		**(30,785)**	**(27,487)**
Operating result		**39,056**	**36,201**
Finance result	9	**(149)**	**(534)**
Changes in fair value of investment properties	11	(25,384)	178,709
Changes in fair value of right-of-use contracts	12	(73)	(71)
Changes in value of participations	13	(2,030)	15,202
Result on individual unit sales	10	2,868	3,622
Realised and unrealised gains and losses		**(24,619)**	**197,462**
Net result		**14,288**	**233,129**
Other comprehensive income		-	-
Total comprehensive income		**14,288**	**233,129**
In €			
Direct result per unit (distributable result per unit)		29	29
Indirect result per unit		(19)	142
Net result per unit		**10**	**171**

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

Statement of financial position

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

Statement of financial position

As at	Notes	31 December 2022	31 December 2021
ASSETS			
Non-current assets			
Investment properties in operation	11	1,756,287	1,689,611
Investment properties under construction	11	237,955	253,591
Right-of-use assets	12	1,219	1,202
		1,995,461	**1,944,404**
Participations			
Grotiusplaats	13	120,786	**109,761**
		120,786	**109,761**
Current assets			
Trade and other receivables	14	822	331
Cash and cash equivalents	15	32,866	43,327
		33,688	**43,658**
Other current assets			
Investment properties held-for-sale	11	768	1,322
		768	**1,322**
Total assets		**2,150,703**	**2,099,145**
CAPITAL AND LIABILITIES			
Capital	16		
Issued capital		1,461	1,410
Additional paid-in capital		1,350,222	1,274,023
Revaluation reserve		718,277	758,157
Retained earnings		58,334	45,941
		2,128,294	**2,079,531**
Non-current liabilities			
Lease liabilities	17	1,219	1,202
		1,219	**1,202**
Current liabilities			
Trade and other liabilities	18	21,190	18,412
		21,190	**18,412**
Total capital and liabilities		**2,150,703**	**2,099,145**

Statement of changes in capital

(amounts in € '000, unless otherwise stated)

Statement of changes in capital

For the period 1 January 2021 - 31 December 2022	Issued capital	Additional paid-in capital	Retained earnings	Revaluation reserve [1]	Total
Balance as at 1 January 2021	**1,326**	**1,158,321**	**15,457**	**594,801**	**1,769,905**
Transactions of the comprehensive income					
- Profit for the year	-	-	233,129	-	233,129
- Movement arising from market valuations	-	-	(154,004)	154,004	-
- Movement arising from participations	-	-	(15,202)	15,202	-
- Movement arising from divestments	-	-	5,850	(5,850)	-
Total comprehensive income	**-**	**-**	**69,773**	**163,356**	**233,129**
Transactions with the owners of the Fund					
Contributions and distributions:					
- Issue and redemption of ordinary units	78	107,849	-	-	107,927
- Issue of distributable result in units	6	7,853	-	-	7,859
- Distributable result	-	-	(39,289)	-	(39,289)
Total transactions with the owners of the Fund	**84**	**115,702**	**(39,289)**	**-**	**76,497**
Balance as at 31 December 2021	**1,410**	**1,274,023**	**45,941**	**758,157**	**2,079,531**
Comprehensive income					
- Profit for the year	-	-	14,288	-	14,288
- Movement arising from market valuations	-	-	32,848	(32,848)	-
- Movement arising from participations	-	-	2,030	(2,030)	-
- Movement arising from divestments	-	-	5,002	(5,002)	-
Total comprehensive income	**-**	**-**	**54,168**	**(39,880)**	**14,288**
Transactions with the owners of the Fund					
Contributions and distributions:					
- Issue and redemption of ordinary units	44	64,910	-	-	64,954
- Issue of distributable result in units	7	11,289	-	-	11,296
- Distributable result	-	-	(41,775)	-	(41,775)
Total transactions with the owners of the Fund	**51**	**76,199**	**(41,775)**	**-**	**34,475**
Balance as at 31 December 2022	**1,461**	**1,350,222**	**58,334**	**718,277**	**2,128,294**
In €					
NAV per unit					1,457
Distributable result per unit					29

Distributable result

For the year	2022	2021
Operating result	39,056	36,201
Finance result	(149)	(534)
Result on individual unit sales	2,868	3,622
Distributable result	**41,775**	**39,289**

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	2022	2021
Net result		14,288	233,129
Adjustments for:			
Interest result	9	149	534
Change in fair value of investment properties	11	25,384	(178,709)
Change in value of participation	13	2,030	(15,202)
Result on sales	10	(2,868)	(3,622)
Changes in working capital	14, 18	509	1,591
Cash flows from operating activities		**39,492**	**37,721**
Interest paid	9	(284)	(537)
Interest received	9	135	3
Net cash flows from operating activities		**39,343**	**37,187**
Cash flows from or used in investing activities			
Investment properties in operation	11	(25,285)	(3,738)
Investment properties under construction	11	(59,831)	(128,640)
Investment properties participations	13	(13,055)	(21,939)
Divestments	10	12,114	14,739
Net cash flows from or used in investing activities		**(86,057)**	**(139,578)**
Cash flows from or used in financing activities			
Issue of ordinary units		64,954	107,927
Distributed result (excluding distribution in units)		(28,701)	(31,506)
Net cash flows from or used in financing activities		**36,253**	**76,421**
Net movement in cash		**(10,461)**	**(25,970)**
Cash and cash equivalents as at the beginning of the period		43,327	69,297
Net increase in cash and cash equivalents		(10,461)	(25,970)
Cash and cash equivalents at end of the period		**32,866**	**43,327**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Notes to the financial statements

(amounts €'000, unless otherwise stated)

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

1 General

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

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

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

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

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

2 Summary of significant accounting principles

2.1 Basis for preparation

Statement of compliance

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

Income and cash flow statement

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

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

Preparation of the financial statements

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

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

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

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

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

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

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

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

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

2.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Fund
In 2022, no changes in EU endorsed published IFRS Standards and Interpretations are relevant to the Fund.

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

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

Significant accounting policies

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

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

An item of investment property that qualifies for recognition as an investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value. Investment property under construction is measured at fair value if the fair value is considered to be reliably determinable.

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

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

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

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

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

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

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

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

2.5 Investment properties held-for-sale

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.9 Capital
Capital is classified as equity.

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

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

2.10 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 2.15) over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs if it is not probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position. Currently the Fund has no borrowings.

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

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

2.13 Dividend distribution
The distributable result to the investors is recognised as a liability in the Fund's financial statements. The distributable result for the fourth quarter of 2022 has been paid in February 2023.

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

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

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

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

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

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

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 statement of income and other comprehensive income in the period in which they are incurred (on an accruals basis).

2.17 Income tax
The Fund is transparent with respect to corporate income tax, therefore no corporate income tax is applicable for the Fund. The corporate income tax presented in the consolidated statement of income and comprehensive income relates to the Project BV. Corporate income tax in 2022 amounted to nil, as no activities took place in Project BV during 2022.

3 Risk management

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

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

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

The risk management system of a.s.r. real estate and of the funds it manages follows the principles of The Committee of Sponsoring Organisations of the Treadway Commission II-Enterprise Risk Management (hereafter called COSO II-ERM). These principles provide a standard and common framework that is generally accepted in the market for internal control and audit purposes. The framework comprises the following components:
1. The objectives of the Fund with respect to risk management
2. The tasks and responsibilities of the Risk Manager
3. The planning of the risk management model within the AIF Manager's organisation so that procedures and measures guarantee the functional and hierarchical separation of those tasks concerning risk management and those tasks conducted by the operating units

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

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

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

Ultimate responsibility for risk management tasks within a.s.r. real estate lies with the Chief Finance and Risk Officer (CFRO). Portfolio management tasks fall under the responsibility of the Chief Executive Officer (CEO). This structure ensures that risk management and portfolio management are hierarchically and functionally segregated. The CFRO is supported by four senior members of staff and one team:
1) The Business Risk Manager (BRM);
2) The IT Risk Officer (IRO);
3) The Compliance Officer (CO);
4) The Fund Controller (FC); and
5) The Internal Control Team (Team IC).

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

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

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

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

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

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

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

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

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

3.4 Risk management system

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

AIF Manager's declaration
At the beginning of 2022, the Executive Board of the Manager issued a management control statement on risks in the financial reports and the risk management model (including compliance risk) at the AIF Manager. The Executive Board is responsible for sound risk management and effective internal control systems.

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

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

The following describes the involved risks and applied risk management.

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

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

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

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

The properties are valued by independent valuers. In 2022, the independent valuers were MVGM Vastgoedtaxaties, Cushman & Wakefield and Capital Value. The whole portfolio is valued each quarter. Every property is valued by a full valuation once a year, and three times a year by a desktop review. The market value (fair value) of the Fund's portfolio as determined by the valuers is reflected in the financial statements, while a complete overview of all properties in the Fund's portfolio is provided in Appendix 3 of this annual report.

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

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

Impact on change in rent (sensitivity analysis)

	Change in rental income		
	(5.0%)	0.0%	5.0%
Impact on direct return Fund	(0.3%)	0.0%	0.3%

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

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

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

The Fund's interest rate risk is assessed continually. As at 31 December 2022 the Fund's interest rate risk is not significant.

Impact of interest rate change (sensitivity analysis)

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

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

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

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

Impact of yield change (sensitivity analysis)

	Change in yield		
	+50bps	0bps	-50bps
Impact on indirect return Fund	(13.6%)	0.0%	18.8%
Impact on direct return Fund	0.3%	0.0%	(0.3%)

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

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

At the reporting date there are no significant concentrations of credit risk. The carrying amount reflected in the financial statements represents the Fund's maximum exposure to credit risk for tenants. As at 31 December 2022 the debtor's position amounts to € 1.0m, 1.5% of gross rental income. The outstanding amount can be divided into the following aging categories.

Rent receivables from tenants

	December 2022 (in €'000)	December 2021 (in €'000)
< 30 days	265	274
31-60 days	62	50
61-180 days	110	105
180-365 days	234	138
> 365 days	354	239
Total rent receivables from tenants	**1,025**	**806**
% of gross rental income	1.5%	1.3%
Total > 30 days	760	532
Provision for doubtful debt	532	478

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

The issuance and redemption of Units in respect of a trade on the Secondary Market shall not be valid or effective - and accordingly the same shall not be recognised by the Management Company - unless the prior written consent of the Management Company for such trade has been obtained.

The Fund is exposed to liquidity risk due to the illiquid nature of the portfolio assets. Liquidity risk implies that the Fund may not be able to sell a portfolio asset, for instance in connection with full redemption requests, on favorable terms.

Ultimate responsibility for liquidity risk management rests with the Management Company, which has made a liquidity risk management framework for the management of the Fund's liquidity management requirements. The Fund manages liquidity risk by maintaining adequate reserves, obtaining loan facilities if applicable by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Fund faces very low solvency risk, since 0.0% of the Fund's GAV is financed with borrowings, as at 31 December 2022.

The exposure to risk mainly relate to the obligation to finance forward acquisitions. All direct result is paid out to the investors on a quarterly basis, therefore the loan facility will be used to finance forward acquisitions Afterwards such loan facility will be converted into new equity, to keep the equity character of the Fund. No specific issues have occurred during 2022.

Funding risk

The Fund may enter into loan facilities in order to finance either; the committed forward acquisitions, acquisition of new properties, short term working capital requirements or liquidity for redemptions requests. Although the use of leverage may enhance returns and increase the number of investments that can be made, it also may increase the risk of loss. This includes the risk that available funds will be insufficient to meet required payments and the risk that possible future indebtedness will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of possible future indebtedness. No specific issues have occurred during 2022.

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 2022 results in a loan-to-value ratio of 0%). The Fund wants to keep its low leverage status to support the equity character of the Fund.

Closed-end structure under AIFMD definitions

The Fund is a closed-end investment company under AIFMD definitions. This means that the Fund's capital is fixed at the initial offer. Afterwards the Fund may issue new units, or purchase existing units, but this is neither an obligation of the Fund nor a right of the unit holders. No specific issues have occurred during 2022.

Project risk

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

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

As the Fund may invest in maintenance, renovation and/or extension, it will be subject to the risks normally associated with such activities. Such risks include, without limitation, (i) risks relating to the availability and timely receipt of planning and other regulatory approvals, (ii) the cost, quality and timely completion of construction (including risks beyond the control of the Fund, such as weather or labor conditions or material shortages, or discovery and legally required preservation work of archaeological or historic sites), (iii) general market and lease-up risk such as inability to rent or inability to rent at a rental level sufficient to generate profits, (iv) cost overruns and (v) the availability of both construction and permanent financing on favorable terms. A license is usually required to commence construction of a project. There can be no guarantee when and if such licenses will be obtained. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of refurbishment activities once undertaken, any of which could have an adverse effect on the financial condition and results of operations of the Fund and on the amount of funds available for distribution or redemption. No specific issues have occurred during 2022.

Contract risk
Contract risk is defined as the Fund's exposure to the probability of loss arising from the tenants reneging on the contract. The probability of loss arising from failure in contract performance by contractors, vendors or any other third party is mitigated by the AIF Manager's risk management framework on outsourcing risk. In summary a.s.r. real estate only deals with competent parties that understand our business needs and regulatory requirements and we remove poor or perverse incentives from our contracts as integrity is a key asset to our reputation. Any outsourcing partner is contractually obliged to verifiably provide the level of operational excellence serving time to market flexibility and quality consistency, (data) integrity, and business continuity at a cost that is a benefit to our clients. No specific issues have occurred during 2022.

Uninsured risk
Although it is intended that the investments (to be) made by the Fund will have the benefit of insurance cover against risks such as fire and/or accident and liabilities to third parties, there are certain types of losses that are uninsurable or not generally insured against because it is not economically feasible to insure against such losses. Examples of losses that are generally not insured against include war or acts of terrorism and certain natural phenomena such as tornados, earthquakes, flooding and any other natural disasters. Any such event will adversely impact the value of the property. No specific issues have occurred during 2022.

General risks for the Fund
Certain fund characteristics entail risks for the Fund and subsequently for its investors. The Fund is a fund for joint account (fonds voor gemene rekening) under Dutch law. This means that for the purposes of Dutch law the Fund is not a legal entity (rechtspersoon), but is a contractual arrangement sui generis between the Management Company and the Legal Owner, subject to the terms and conditions that relate to the Fund and the parties involved (such as the Management Company, Investors and the Depositary) included in the Fund Agreement (reference is also made to the Governance chapter of this Prospectus). The Fund Agreement expressly states that the Fund does not constitute or qualify as a partnership (maatschap), general partnership (vennootschap onder firma) or limited partnership (commanditaire vennootschap) and is not deemed to constitute a cooperation agreement (samenwerkingsovereenkomst) among the Management Company, the Legal Owner and the Investors, or among the Investors within the meaning of Dutch law. Any obligation of an Investor to make contributions to the Fund only creates an obligation between that individual Investor and the Legal Owner. Consequently, neither the Management Company nor the Investors shall be deemed to be partners (maten/vennoten) in the Fund. On that basis, the Fund seeks to limit the liability of each Investor to the amount of their investment. It should be noted that the Dutch Supreme Court (Hoge Raad) ruled that in certain circumstances a fund for joint account (fonds voor gemene rekening) may be considered to be a partnership (maatschap) with the effect of imposing joint or several liability on each of the partners (depending on the type of partnership), which includes the Investors. This could be the case when the FGR is structured or behaves in such a way that, from a material point of view, the Fund should be qualified as a partnership (maatschap). The AIF Manager and the Management Company have taken all actions to prevent the Fund from qualifying as a partnership but cannot rule out any risks in this respect. No specific issues have occurred during 2022.

3.6 Other risks

The most significant risks that remain are explained below.

Strategic risk

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

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

Maintaining the Fund's tax status

The risk of losing the status as a tax transparent fund for joint accounts for Dutch corporate income tax purposes and for dividend withholding tax purposes. The Dutch tax authorities have confirmed the transparency of the Fund for corporate income tax and Dutch dividend withholding tax purposes. In order to maintain its tax status, no development activities should take place in the Fund. The AIF Manager continuously monitors its forward acquisitions. No specific issues have occurred during 2022.

Country risk

The Fund solely holds investments in the Netherlands. Returns achieved on these investments are likely to be materially affected by the general economic, political and social conditions in the Netherlands or by particular conditions within the Dutch real estate market or fund industry. In particular, changes in landlord/tenant and planning law could materially affect the investment returns. Market institutions and regulation are important for the residential market. Different types of government intervention, such as supply regulation and the protection of tenants may have an adverse effect on the profitability of the Fund. Taxes, subsidies and legislation on the residential market affect the performance of residential property investments as well. A.s.r. real estate has a Research department to closely monitor the developments that are relevant for the property markets in which the Fund operates. No specific issues have occurred during 2022.

Risk of acquisition failing to meet expectation

In accordance with the investment strategy of the Fund, the Fund intents to acquire properties to the extent that they can be acquired on advantageous terms and meet certain investment criteria. Acquisitions of such properties entail general investment risk associated with any real estate investment, including the risk that investments will fail to perform in accordance with expectations or that estimates of the costs of refurbishments to bring acquired Portfolio Assets up to the Fund's standards may prove inaccurate. To mitigate this risk the Fund relies on the professional judgment of the members of the Investment Committee and of the Risk Committee. No specific issues have occurred during 2022.

Dossier, information and consultancy risks

Reports upon which the Fund may rely whilst carrying out due diligence regarding (new) investments may contain inaccuracies or deficiencies due to limitations on the scope of inspections or technologies used in producing such reports. Moreover, statutory or negotiated representations and warranties made by the sellers of properties that the Fund acquires may not protect against liabilities arising from property defects. The seller may make contractual representations and warranties however the Fund may not be able to negotiate for such representations or warranties, and accordingly the Fund may be unable or limited in an ability to bring a claim against the initial seller under any such representations or warranties. The Fund's ability to enforce claims under representations and warranties may also be subject to contractual and statutory limitations, including with respect to properties purchased from an insolvent owner. The initial owner's financial condition and the fact that the Fund may only be able to assert a claim against a limited liability special purpose entity with immaterial assets in the case where the seller of a property is a special purpose entity, may also limit the Fund's protection under statutory and contractual warranty obligations. These factors limiting the Fund's ability to assert or enforce statutory or contractual warranty obligations could leave the Fund without recourse to third parties for potentially significant liability for property defects. No specific issues have occurred during 2022.

Concentration Risk
The Fund solely invests in residential properties in the Netherlands. The geographic investment focus increases the risk exposure to any factors having an impact on the residential sector in these areas. This risk factor is mitigated by establishing fifteen focus areas. Within the strategy concentration risk is further mitigated by diversifying asset types such as apartments, single family houses and different types of tenants. No specific issues have occurred during 2022.

Relative performance risk
Relative performance risk is the risk that the Fund's results fall behind its targets and, as a result, investors decide to sell the Fund's certificates and/or new investors do not want to join the Fund. This risk is mitigated by comparing the Fund's performance to its targets on a monthly basis and by holding asset managers accountable and directing them if necessary. No specific issues have occurred during 2022.

Valuation Risk
The value of the Portfolio Assets is inherently subjective due to the individual nature of each Asset. The value depends on various circumstances, which may change over time and that may not be in the Fund's control. As a result, valuations are subject to uncertainty. The valuation of the Portfolio Assets depends on the valuation methods used. The value of the assets in the portfolio is determined by market value. The market value property valuations will be prepared in accordance with the generally accepted international valuation standards, currently regarded to be the RICS Valuation Standards, (the 'Red Book'). These standards are in line with IAS and IFRS. There can be no assurance that valuations of Portfolio Assets will be reflected in actual sale prices even where any such sales occur shortly after the relevant valuation date. Furthermore, if a revaluation of Portfolio Assets at any time shows decreases in the value of the Portfolio Assets compared to previous valuations, the Fund will incur revaluation losses with respect to these Portfolio Assets. To assure the proper fair value for the Assets is reflected in the Financial Statements the Fund relies on independent valuers. In order to further mitigate the valuation risk the Fund has assigned three independent valuers who will be replaced after a maximum assignment period of three years. Over a three years period (twelve quarters) every property will have one full valuation, two reappraisals and nine desktop updates. No specific issues have occurred during 2022.

Operational risk
Operational risk is the risk that errors are not observed in a timely manner or that fraud can take place as a result of the failure or inadequacies of internal processes, human and technical shortcomings, and unexpected external events. The AIF Manager has, as described above, an extensive risk management framework to mitigate operational risk. For quantitative analysis (if relevant), we refer to the risk management paragraph in Note 3 of the annual report. No specific issues have occurred during 2022.

Risk factors on asset management and property management
Sustainability is an absolute prerequisite. The Fund therefore acts as an active asset manager and property manager, closely monitoring the technical quality, readiness and representation level of the properties to assure the value of the real estate assets in the portfolio to its users. As properties age they require greater maintenance and refurbishment costs. Numerous factors, including the age of the relevant building, the materials and techniques used at the time of construction or currently unknown building code violations, could result in substantial unbudgeted costs for refurbishment, modernisation and decontamination required to remove and dispose of any hazardous materials (e.g. asbestos). If the Fund does not carry out maintenance and refurbishment activities with respect to its properties, these properties may become less attractive to tenants and the Fund's rental income may decrease, affecting the results and financial condition of the Fund. Assets in which the Fund invests may have (hidden) design construction or other defects or problems which may require additional significant expenditure despite due diligence investigations prior to acquisition by the Fund. No specific issues have occurred during 2022.

Continuity risk
Continuity risk is the risk that the management organisation discontinues as a result of, for example, bankruptcy or failing IT systems. In such situations the agreements with principals can no longer be carried out. The Fund believes that its success will depend partly upon the skill and expertise of the Fund's management team and there can be no assurance that such individuals will continue to be employed by or represent such entities or to provide services to the Fund. Changes in the staffing of the Fund's management team (such as the leave of a Key Man or another important individual connected to the management of the Fund) may therefore have an adverse effect on the profitability of the Fund. This risk is mitigated by maintaining service level agreements with subcontracting partners, drawing up and maintaining the business continuity plan, and pursuing a data protection policy. No specific issues have occurred during 2022.

Financial reporting risk
Financial reporting risk is the risk that erroneous reports present an inaccurate representation of the Fund's financial situation. The quality of the Fund's financial reports is guaranteed by the performance of periodic internal and external audits. The procedures for financial reporting have been documented, and internal audits take place on the basis of samples and ad hoc inspections. No specific issues have occurred during 2022.

Safety, Health, Environmental risk issues (SHE risk)
As is the case with any holder of property investments, the Fund would assume all ownership rights and liabilities relating to its acquired Portfolio Assets and could face substantial risk of loss from environmental claims based on environmental problems associated with such Asset, as well as from occupational safety issues and third party liability risks. Despite due diligence, environmental liabilities in relation to the asset in which it intends to invest may not be ascertainable or fully ascertained prior to acquisition and the Fund may therefore be exposed to clean-up and other remedial costs with respect to Assets it currently owns or owned in the past. The cost of any remedy and the owner's liability for such remediation work in relation to any affected Portfolio Asset may not be limited under the applicable environmental laws and could exceed the value of the Portfolio Assets. Further, the presence of hazardous substances or the failure to properly remedy contamination from such substances may adversely affect the Fund's ability to sell the relevant Portfolio Asset and may also affect their ability to borrow using the affected Portfolio Asset as collateral. Furthermore contaminated Portfolio Assets may experience decreases in value. No specific issues have occurred during 2022.

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

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

Regulation risk also concerns the risk that the AIF Manager does not retain its AIFMD license, in the case of its not complying with license obligations. The AIF Manager strictly adheres to license obligations and actively monitors changes in AIFMD regulation and guidelines in order to mitigate this risk. No specific issues have occurred during 2022.

Tax and legal risk
Any changes to (the interpretation of) fiscal or other legislation and regulations may have a positive or negative effect on the tax position of the unitholder. Yields can be influenced by an incorrect legal or fiscal assessment. This risk is mitigated by obtaining, when necessary, advice from external tax advisors and lawyers of reputable organisations. No specific issues have occurred during 2022.

Integrity risk
Integrity risk is the risk that the unethical behaviour of employees, internal managers and business partners can damage or prevent the realisation of the Fund's objectives and yield. These risks are monitored by the Compliance Department by ensuring adherence to the following policies:
- Whistleblower policy: The Whistleblower policy of a.s.r. real estate conforms to the objective of guaranteeing the confidence in and the reputation of a large organisation in sound corporate governance.
- Incident management: The management of a.s.r. real estate is responsible for the sound internal management of the company's procedures. The Operational Incidents policy is a component of the Integrated Risk Management framework.
- Customer Due Diligence policy (CDD): The aim of the CDD policy of a.s.r. real estate is to create an internal control environment that gathers sufficient knowledge of the customer in order to mitigate the risk of reputational and financial damage. Part of the CDD policy is the annual Systemic Risk Analysis (SIRA). The SIRA is performed in accordance with the Dutch Central Bank's SIRA policy in order to identify potential integrity risks.
- Pre-employment screening (PES): a.s.r. real estate screens all new employees. The screening comprises an internal and external test. Employees applying for an integrity-sensitive position are subject to additional screening. Employees are recruited only if they pass the screening.

No specific issues have occurred during 2022.

Depositary risk
The Fund's Depositary will be liable to the Fund for losses suffered by the Fund as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations under such agreement and under the relevant rules and regulations under and further to the AIFMD, in accordance with the requirements and limitations of Book 6 of the Dutch Civil Code (Burgerlijk Wetboek). Consequently, there are risks as a result of insolvency, negligence or fraudulent actions of the Depositary. This risk is mitigated by the risk appetite of the Fund. The Fund will only accept a financially solid depositary that is of excellent reputation. Next to the performance with regard to the depositary's AIFMD obligations, the financial stability and integrity of the depositary is monitored by the AIF Manager on a quarterly basis. The Depositary will not be liable for losses which are the result of circumstances or events for which the Depositary is not liable within the meaning of Article 6:75 of the Dutch Civil Code (Burgerlijk Wetboek). This risk is mitigated by the internal control system of the AIF Manager. No specific issues have occurred during 2022.

Custody risk
The Legal Owner shall hold legal title (juridisch eigendom) of the Assets on behalf of the Fund. Consequently, there are risks as a result of insolvency, negligence or fraudulent actions of the Legal Owner. These risks are limited and mitigated by the fact that the Legal Owner has no activities other than acting as the legal owner of the assets of the Fund. Furthermore, the Legal Owner's balance sheet strength and liquidity position is constantly monitored by the AIF Manager. No specific issues have occurred during 2022.

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

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

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

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

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

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

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

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

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

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

4.2 Estimates and assumptions
The assets of the Fund mainly consist of the investment portfolio. The market value of these assets cannot be assessed using quotations or listings. A valuation based on fair value is a time- and place-based estimate. The fair value is based on a price level on which two well informed parties under normal market conditions would make a transaction for that specific property on that date of valuation. The fair value of a property in the market can only be determined with certainty at the moment of the actual sale of the property.
An external valuer bases his fair value valuations on his own market knowledge and information. The valuation made by the valuer is verified by the asset managers of a.s.r. real estate. The fair value is based on net yield calculation, where market rents are capitalised and normative property expenses (such as maintenance costs, insurance and expenses) are deducted. The yields are specific for the location, 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	2022	2021
Theoretical rental income	67,647	61,608
Vacancy	(1,050)	(857)
Straight lined rent incentives	(32)	(44)
	66,565	**60,707**

Net rental income

For the year	2022	2021
Gross rental income	66,565	60,707
Service charge income	3,276	2,981
Service charge expenses	(3,276)	(2,981)
Property-specific costs	(16,408)	(15,032)
	50,157	**45,675**

For quantitative analysis on gross rental income we refer to page 32.

6 Property-specific costs

Property-specific costs

For the year	Notes	2022	2021
Maintenance		8,762	7,845
Marketing costs		979	867
Non recoverable service costs		33	28
Property insurance		653	648
Property management fee		2,658	2,424
Provision for doubtful debt	14	137	179
Taxes		2,458	2,259
Other property specific costs		728	782
		16,408	**15,032**

For quantitative analysis on property specific costs we refer to page 32. All direct operating expenses (including repair and maintenance) relate to investment properties that generated rental income during the period.

7 Fund expenses

Fund expenses

For the year	2022	2021
Administration and secretarial fees	73	72
Audit fees	118	114
Bank charges	26	11
Depositary fees	146	128
Publication fees	43	57
Valuation fees	300	297
	706	**679**

8 Management fees

Management fees

For the year	2022	2021
Asset management fee	9,290	7,860
Management Fee Grotiusplaats	80	240
Management Fee Compensation Grotiusplaats	(80)	(240)
Asset management fee	**9,290**	**7,860**
Fund management fee	1,105	935
Fund management fee	**1,105**	**935**
	10,395	**8,795**

For quantitative analysis on management fees we refer to page 33.

9 Finance result

Finance result

For the year	2022	2021
Interest costs	(149)	(534)
Finance costs	**(149)**	**(534)**

10 Result on sales

Result on sales

For the year	2022	2021
Net proceeds of sales	12,114	14,739
Minus historical costs of properties sold	4,244	5,267
Realised gains on historical costs	**7,870**	**9,472**
Minus cumulative changes in fair value of properties sold	5,002	5,850
	2,868	**3,622**

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 2022:

Investment properties for the year ended at 31 December 2022

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	
2022										
Balance as at the beginning of the period	**1,184,511**	**253,591**	**973**	**494,754**	**-**	**349**	**10,346**	**-**	**-**	**1,944,524**
Movements										
- Transfer from Investment properties under construction	81,094	(83,499)	-	-	-	-	2,405	-	-	-
- Transfer to Investment properties held-for-sale	-	-	-	(768)	-	768	-	-	-	-
- Investments	20,160	59,832	-	3,892	-	-	1,233	-	-	85,117
- Positive changes in fair value	27,616	10,951	-	4,269	-	-	356	-	-	43,192
- Negative changes in fair value	(50,920)	(2,919)	-	(13,479)	-	-	(1,258)	-	-	(68,576)
- Divestments	(5,217)	-	(973)	(2,278)	-	(349)	(429)	-	-	(9,246)
Balance as at the end of the period	**1,257,244**	**237,956**	**-**	**486,390**	**-**	**768**	**12,653**	**-**	**-**	**1,995,011**
- Historical costs	817,702	210,425	-	270,267	-	768	11,129	-	-	1,310,291
- Cumulated changes in fair value	439,542	27,531	-	216,123	-	-	1,524	-	-	684,720
Balance as at the end of the period	**1,257,244**	**237,956**	**-**	**486,390**	**-**	**768**	**12,653**	**-**	**-**	**1,995,011**

The following table analyses the Fund's investment properties for the year ended at 31 December 2021:

Investment properties for the year ended at 31 December 2021

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	
2021										
Balance as at the beginning of the period	**1,019,528**	**179,961**	**1,348**	**436,965**	**-**	**1,602**	**5,150**	**-**	**-**	**1,644,554**
Movements										
- Transfer from Investment properties under construction	76,866	(78,993)	-	-	-	-	2,127	-	-	-
- Transfer to Investment properties held-for-sale	(973)	-	973	(349)	-	349	-	-	-	-
- Investments	1,438	128,640	-	1,150	-	-	1,150	-	-	132,378
- Positive changes in fair value	94,265	30,665	-	58,774	-	-	2,188	-	-	185,892
- Negative changes in fair value	(232)	(6,682)	-	-	-	-	(269)	-	-	(7,183)
- Divestments	(6,381)	-	(1,348)	(1,786)	-	(1,602)	-	-	-	(11,117)
Balance as at the end of the period	**1,184,511**	**253,591**	**973**	**494,754**	**-**	**349**	**10,346**	**-**	**-**	**1,944,524**
- Historical costs	718,148	217,168	973	267,978	-	349	7,878	-	-	1,212,494
- Cumulated changes in fair value	466,363	36,423	-	226,776	-	-	2,468	-	-	732,030
Balance as at the end of the period	**1,184,511**	**253,591**	**973**	**494,754**	**-**	**349**	**10,346**	**-**	**-**	**1,944,524**

All the investment properties are valued as at 31 December 2022 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 2022 and 31 December 2021 agree to the valuations reported by the external valuers. The investment properties under construction are recognised at their initial cost. If a market value is not available, the investment properties under construction is stated at cost. This includes cost of construction, equipment, non-refundable purchase taxes, development fee and any attributable costs of bringing the asset to its working condition and location for its intended use.

The assets are presented as held-for-sale following the decision of the Fund's management. The remaining assets have been delivered in January and February 2023. The disposal assets were valued at their sales price less selling expenses.

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

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

The Fund's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. All the investment properties of the Fund are classified as Level 3. For Residential and Other valuations, the significant inputs are the discount rate and market rental value. These inputs are verified with the following market observable data:
- Market rent per sq.m. for renewals and their respective re-letting rates;
- Reviewed rent per sq.m.;
- Investment transactions of comparable objects.

Sensitivities in yield and rental value

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

2021	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 2021	Valuation technique	Gross rental value (in € '000)	Gross initial yield (in %)	Change in yield	-5%	0%	+5%
Netherlands -			2,875 max	5.4% max	(5%)	-	62,394	124,788
Apartments -	1,185,484	DCF	468 mean	3.5% mean	0%	(59,274)	-	59,274
Level 3			11 min	0.9% min	5%	(112,903)	(56,452)	-
Netherlands -			1,269 max	4.4% max	(5%)	-	26,058	52,116
Single-family houses -	495,103	DCF	433 mean	3.8% mean	0%	(24,755)	-	24,755
Level 3			23 min	3.1% min	5%	(47,153)	(23,576)	-
Netherlands -			96 max	9.3% max	(5%)	-	545	1,089
Other -	10,346	DCF	44 mean	4.3% mean	0%	(517)	-	517
Level 3			5 min	0.7% min	5%	(985)	(493)	-
	1,690,933							

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

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

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

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

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

Valuation techniques underlying management's estimation of fair value
For investment properties the following method is in place to determine the fair value by the valuers for disclosure purposes:

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

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

Right-of-use assets

As at	31 December 2022	31 December 2021
Balance as at the beginning of the period	**1,202**	**1,222**
Movements		
- Negative changes in fair value	(73)	(71)
- Remeasurement	90	51
Balance as at the end of the period	**1,219**	**1,202**

13 Participations

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

Fund's share of profit for the period

As at	31 December 2022	31 December 2021
Current assets, including cash & cash equivalents of Grotiusplaats	3,196	8,668
Non-current assets –investment property	245,440	216,584
	248,636	**225,252**
Current liabilities including tax payable of Grotiusplaats	6,358	5,731
Non-current liabilities including long term borrowings of Grotiusplaats	706	-
	7,064	**5,731**
Equity	241,572	219,521
Proportion of the Fund's interest	50%	50%
Fund's carrying amount of the investment	**120,786**	**109,761**

Fund's share of profit for the period	2022	2021
Rental income	4.660	-
Property expenses	(1.328)	-
Other expenses	(167)	-
Profit on valuation of investment property	(7,225)	30,403
Profit for the year	**(4,060)**	**30,403**
Proportion of the Fund's interest	50%	50%
Fund's share of profit for the period	**(2,030)**	**15,202**

The Fund has no capital commitment towards Grotiusplaats as at 31 December 2022, however Grotiusplaats still needs to fulfill the final term payments (€ 6 million) toward the construction development company. These term payments have been and will be deducted from the operational result until these have been fully paid. As such the Fund has not received any (dividend) income from the participation yet.

14 Trade and other receivables

Trade and other receivables

As at	31 December 2022	31 December 2021
Rent receivables from tenants	1,025	806
Other receivables	329	3
Less: provision for doubtful debt	(532)	(478)
	822	**331**

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 2022	31 December 2021
Balance as at the beginning of the period		478	369
Movements			
- Bad debt write-off		(84)	(70)
- Movement of provision for doubtful debt	6	137	179
Balance as at the end of the period		**531**	**478**

15 Cash and cash equivalents

Cash and cash equivalents

As at	31 December 2022	31 December 2021
Cash	32,866	43,327
	32,866	**43,327**

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

16 Issued capital

The capital called per unit amounts to € 1 per participation. All issued units are fully paid.

A further breakdown is shown in the statement of changes in capital. Movements in the units issued are as follows:

Changes in the units issued

As at	31 December 2022	31 December 2021
Number of units as at the beginning of the period	1,409,757	1,325,615
Movements in number of units		
- Issued units closings	43,440	78,352
- Issue of distributable result in units	7,388	5,790
Number of units as at the end of the period	**1,460,585**	**1,409,757**

Ownership in number of units is as follows:

Ownership in number of units

As at	31 December 2022	31 December 2021
Units - Entitled for distributable result		
ASR Levensverzekering N.V.	616,248	604,583
ASR Schadeverzekering N.V.	115,128	126,793
Other investors	729,209	678,381
	1,460,585	**1,409,757**

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 2022	31 December 2021
Equity attributable unit holders (in € '000)	2,128,294	2,079,531
Number of units as per reporting date	1,460,585	1,409,757
Net asset value per unit (in €)	1,457	1,475

17 Lease liabilities

Lease liabilities

As at	31 December 2022	31 December 2021
Balance as at the beginning of the period	**1,202**	**1,222**
Movements		
- Amortised interest	13	20
- Remeasurement	72	51
- Lease payment	(68)	(91)
Balance as at the end of the period	**1,219**	**1,202**

18 Trade and other liabilities

Trade and other liabilities

As at	31 December 2022	31 December 2021
Accrued expenses	2,107	1,445
Distributable result to be paid	10,745	8,967
Management fees	2,577	2,383
Prepaid rent	758	720
Property management fees	682	625
Rent deposits	3,938	3,744
Service payables	349	390
Tax payables	19	57
Trade payables	15	81
	21,190	**18,412**

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

19 Earnings per unit

Results per unit are calculated by dividing the net result attributable to participants by the weighted average number of units outstanding during the year, 1,447,974 average units over 2022 (1,362,372 average units over 2021).

Earnings per unit

For the year	2022	2021
Direct result	29	29
Indirect result	(19)	142
Net result per unit	**10**	**171**

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

20 Contingencies and commitments

The capital commitments of the Fund exists of 7 turnkey projects for a total original amount of € 397.0m as at 31 December 2022. Of this total commitment, € 210.5m concerns settled term payments. Cumulative changes in fair value of forward acquisitions amount to € 27.5m, resulting in € 238.0 of assets under construction, as presented under investment properties under construction in the statement of financial position as at 31 December 2022.

21 Related-party transactions

The Anchor Investor, ASR Levensverzekering N.V. and ASR Schadeverzekering N.V owns 50.1% 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 AIF Manager. Also under the AIFMD requirements a.s.r. real estate acts as the AIF 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	2022	2021
Subsidiary			
ASR Dutch Core Residential Projects B.V.	The Netherlands	100%	100%
Joint venture			
Grotiusplaats Den Haag C.V.	The Netherlands	50%	50%
Grotiusplaats Den Haag B.V.	The Netherlands	50%	50%

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

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

Related-party transactions

For the year	Notes	2022	2021
Asset management fee	8	9,290	7,860
Fund management fee	8	1,105	935
Property management fee	6	2,658	2,424
		13,053	**11,219**

22 Audit fees

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

Audit fees

For the year	Notes	2022	2021
Audit of the financial statements	7	118	114
Other audit engagements		-	-
		118	**114**

23 Appropriation of result

Distributable result attributable to the divestment of a portfolio asset can be allocated to reinvestments, redemption of units, or paid out to all investors. The distributable result to the investors is calculated in relation to their number of units in the Fund as per the applicable reporting date. The fourth quarter distributable result of € 10.7m is recognised as a liability as at 31 December 2022 and paid to the investors in February 2023.

24 Subsequent events

- On 2 January 2023, the Fund had its 32nd closing. One investor gained a new share in the Fund for a total amount of € 20.0m.
- On 27 January 2023, the Fund had its 33rd closing, relating to the pay-out of the distributable result in units for the fourth quarter (€ 3.2m). The Anchor Investor has held 49.5% of the units since 27 January 2023.

Utrecht, the Netherlands, 11 April 2023

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

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

Other Information

Appropriation of result

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

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

Independent **auditor's report**

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

Report on the audit of the accompanying financial statements

Our opinion

We have audited the financial statements 2022 of ASR Dutch Core Residential Fund (hereafter the 'Fund'), based in Utrecht.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the ASR Dutch Core Residential Fund as at 31 December 2022 and of its result and its cash flows for the year 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- the statement of financial position as at 31 December 2022;
- the following statements for the year 2022: the statement of income and comprehensive income, the statement of changes in capital and the statement of cash flows; and
- 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 designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of fraud and non-compliance with laws and regulations and going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

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

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

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

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

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

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

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

Based on the above, we identified one fraud risks that is relevant to our audit, which is the presumed risk laid down in the auditing standards in relation to management override of controls.

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

Responses:

- We evaluated the design, the implementation and tested the operating effectiveness of internal controls, as stated in the ISAE 3402 type II report of ASR Real Estate B.V., that mitigate fraud and non-compliance risks, such as processes related to journal entries;
- We performed data analysis of high-risk journal entries (manual adjustments to initially recorded fair value of investment property and manual adjustments to revenue) and evaluated the key estimates valuation of investment property and judgments for bias by the Board of Directors including retrospective reviews of prior years' estimates; and
- We incorporated elements of unpredictability in our audit, including attending valuation meetings with external appraisers.

We communicated our risk assessment, audit responses and results to the management.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

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

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

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

Report on the other information included in the annual report

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

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

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

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

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

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

Description of the responsibilities for the financial statements

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

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

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

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

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

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

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

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

Utrecht, 11 April 2023

KPMG Accountants N.V.

M. H. T. Hamers-Bodifee RA

Appendices

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

Appendix 1:

INREV financial statements (unaudited)

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

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

The following items are adjusted for the INREV accounts:

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

INREV Guidelines Compliance Statement (unaudited)

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

INREV provides an Assessment Tool to determine a vehicles compliance rate with the INREV Guidelines as a whole and its modules in particular. The overall INREV Guidelines Compliance Rate of the ASR Dutch Core Residential Fund is 98%, based on 8 out of 8 assessments. The compliance rate for each completed module is:

Compliance rate per module

	Percentage
Corporate Governance	99
Fee and Expense Metrics	100
INREV NAV	100
Liquidity	96
Performance Measurement	87
Property Valuation	100
Reporting	98
Sustainability Reporting	100

INREV fee metrics (unaudited)

In order to give investors a clear overview of the fee and cost structure, the Fund publishes both its Total Global Expense Ratio (TGER) 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		2022	2021
Fund management fee (% of NAV)		0.05%	0.05%
Asset management fee (% of NAV)[1]		0.42%	0.42%
Management fees	a	10,395	8,795
Fund expenses (incl. amortisation)	b	706	679
Vehicle fees and costs before performance fees	c	**11,101**	**9,474**
Performance fees	d	-	-
Vehicle fees and costs after performance fees	e	**11,101**	**9,474**
Property fees and costs	f	16,408	15,032
Average INREV NAV	g	2,190,434	1,876,985
Average INREV GAV	h	2,201,781	1,888,902
NAV Total Global Expense Ratio (before performance fees)	c/g	0.51%	0.50%
GAV Total Global Expense Ratio (before performance fees)	c/h	0.51%	0.50%
NAV Total Global Expense Ratio (after performance fees)	e/g	0.51%	0.50%
GAV Total Global Expense Ratio (after performance fees)	e/h	0.51%	0.50%
NAV Real Estate Expense Ratio	f/g	0.75%	0.80%
GAV Real Estate Expense Ratio	f/h	0.75%	0.80%

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

INREV NAV calculation (unaudited)

INREV NAV calculation

		Total (in €'000)	Per share (in €)
	NAV as per the financial statements	2,128,294	1,457
	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)	10,745	7
	NAV after reclassification of equity-like interests and dividends not yet distributed	**2,139,039**	**1,465**
	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	251	0
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	**2,139,290**	**1,465**
	Distributable result (current quarter)	(10,745)	(7)
	INREV NAV (after distributions)	**2,128,545**	**1,457**
	Number of shares / units issued	1,460,585	

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

B The fourth quarter 2022 distributable result.

M The acquisition expenses of all acquisitions by the Fund which are depreciated in five years.

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

			2022			2021
For the year	IFRS	Adjustments	INREV	IFRS	Adjustments	INREV
Gross rental income	66,565	-	66,565	60,707	-	60,707
Service charge income	3,276	-	3,276	2,981	-	2,981
Total operating income	**69,841**	**-**	**69,841**	**63,688**	**-**	**63,688**
Property-specific costs	(16,408)	(84)	(16,492)	(15,032)	(84)	(15,116)
Service charge expenses	(3,276)	-	(3,276)	(2,981)	-	(2,981)
Fund expenses	(706)	-	(706)	(679)	-	(679)
Management fees	(10,395)	-	(10,395)	(8,795)	-	(8,795)
Total operating expenses	**(30,785)**	**(84)**	**(30,869)**	**(27,487)**	**(84)**	**(27,571)**
Operating result	**39,056**	**(84)**	**38,972**	**36,201**	**(84)**	**36,117**
Finance result	**(149)**	**-**	**(149)**	**(534)**	**-**	(534)
Changes in fair value of investment properties	(25,384)	-	(25,384)	178,709	418	179,127
Changes in fair value of right-of-use contracts	(73)	-	(73)	(71)	-	(71)
Changes in value of participations	(2,030)	-	(2,030)	15,202	-	15,202
Result on sales of investment properties	-	-	-	-	-	-
Result on individual unit sales	2,868	-	2,868	3,622	-	3,622
Realised and unrealised gains and losses	**(24,619)**	**-**	**(24,619)**	**197,462**	**418**	**197,880**
Net result	**14,288**	**(84)**	**14,204**	**233,129**	**334**	**233,463**
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	**14,288**	**(84)**	**14,204**	**233,129**	**334**	**233,463**

INREV Statement of financial position (unaudited)

(amounts in €'000, unless otherwise stated)

Statement of financial position in accordance with INREV principles

	31 December 2022			31 December 2021		
As at	IFRS	Adjustments	INREV	IFRS	Adjustments	INREV
ASSETS						
Non-current assets						
Investment properties in operation	1,756,287	251	1,756,538	1,689,611	334	1,689,945
Investment properties under construction	237,955	-	237,955	253,591	-	253,591
Right-of-use asset	1,219	-	1,219	1,202	-	1,202
	1,995,461	**251**	**1,995,712**	**1,944,404**	**334**	**1,944,738**
Participations	**120,786**	**-**	**120,786**	**109,761**	**-**	**109,761**
Current assets						
Trade receivables	822	-	822	331	-	331
Cash and cash equivalents	32,866	-	32,866	43,327	-	43,327
	33,688	**-**	**33,688**	**43,658**	**-**	**43,658**
Investment properties held-for-sale	**768**	**-**	**768**	**1,322**	**-**	**1,322**
Total assets	**2,150,703**	**251**	**2,150,954**	**2,099,145**	**334**	**2,099,479**
CAPITAL AND LIABILITIES						
Capital						
Issued capital	1,461	-	1,461	1,410	-	1,410
Additional paid-in capital	1,350,222	-	1,350,222	1,274,023	-	1,274,023
Revaluation reserve	718,277	-	718,277	758,157	-	758,157
Retained earnings	58,334	10,996	69,330	45,941	9,301	55,242
	2,128,294	**10,996**	**2,139,290**	**2,079,531**	**9,301**	**2,088,832**
Non-current liabilities						
Lease liabilities	1,219	-	1,219	1,202	-	1,202
	1,219	**-**	**1,219**	**1,202**	**-**	**1,202**
Current liabilities						
Trade and other liabilities	21,190	(10,745)	10,445	18,412	(8,967)	9,445
Total capital and liabilities	**2,150,703**	**251**	**2,150,954**	**2,099,145**	**334**	**2,099,479**

INREV Statement of changes in capital (unaudited)

(amounts in €'000, unless otherwise stated)

Statement of financial position in accordance with INREV principles

For the period 1 January 2021 - 31 December 2022	Issued capital	Additional paid-in capital	Retained earnings	Revaluation reserve	Total
Balance as at 1 January 2021	**1,326**	**1,158,321**	**24,500**	**594,801**	**1,778,948**
Comprehensive income					
- Profit for the year	-	-	233,463	-	233,463
- Movement arising from market valuations	-	-	(154,004)	154,004	-
- Movement arising from participations	-	-	(15,202)	15,202	-
- Movement arising from divestments	-	-	5,850	(5,850)	-
Total comprehensive income	**-**	**-**	**70,107**	**163,356**	**233,463**
Transactions with the owners of the Fund					
Contributions and distributions:					
- Issue of ordinary units	78	107,849	-	-	107,927
- Issue of distributable result in units	6	7.853			7,859
- Distributable result	-	-	(39,365)	-	(39,365)
Total transactions with owners of the Fund	**84**	**115,702**	**(39,365)**	**-**	**76,421**
Balance as at 31 December 2021	**1,410**	**1,274,023**	**55,242**	**758,157**	**2,088,832**
Comprehensive income					
- Profit for the year	-	-	14,204	-	14,204
- Movement arising from market valuations	-	-	32,848	(32,848)	-
- Movement arising from participations	-	-	2,030	(2,030)	-
- Movement arising from divestments	-	-	5,002	(5,002)	-
Total comprehensive income	**-**	**-**	**54,084**	**(39,880)**	**14,204**
Transactions with the owners of the Fund					
Contributions and distributions:					
- Issue of ordinary units	44	64,910	-	-	64,954
- Issue of distributable result in units	7	11,289	-	-	11,296
- Distributed result	-	-	(39,996)	-	(39,996)
Total transactions with owners of the Fund	**51**	**76,199**	**(39,996)**	**-**	**36,254**
Balance as at 31 December 2022	**1,461**	**1,350,222**	**69,330**	**718,277**	**2,139,290**
In €					
NAV per unit					1,465

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

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

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

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

Product name:
ASR Dutch Core Residential Fund (the 'Fund')

Legal entity identifier:
724500APOJJCX4UBTO37

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

☐ Yes	☒ No
☐ It made **sustainable investments with an environmental objective: __%** ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ It **promoted Environmental/ Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 79.9% of sustainable investments ☒ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☒ with a social objective
☐ It made **sustainable investments with a social objective: __%**	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

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

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

The Fund promotes various environmental and social characteristics which are set out in its ESG policy. The Fund has developed a strategic ESG policy, which translates into objectives as set out in the Three Year Business Plan. These objectives relate to four themes (Ps): Planet, Property, Partners and People. Each P comes with strategic objectives, which are presented in the table below for the year 2022. As of 2023, the Fund's objectives will relate to three themes: Environmental, Social and Governance (ESG).

How did the sustainability indicators perform?

Strategic objectives 2022

		Objective 2022	Actuals 2022
1	**Planet**		
	Energy intensity (kWh per sq.m / year)	≤ 100	In progress
	GHG Intensity (kg CO2 per sq.m/ year)	≤ 20	In progress
	Renewable energy (# of PV panels)	≥ 13,000	12,484
	Resource efficiency (# of projects / year)	≥ 5	6
	Invest in neighbourhood and sustainable mobility (# of projects / year)	≥ 6	6
	Climate adaption and improvement (greening measures / year)	≥ 500 sq.m.	584 sq.m.
2	**Property**		
	Green labels	≥ 95%	93%
	Energy-saving measures (excl. projects, yearly)	≥ € 250k	€ 461,500
	Coverage of Green Building Certificates	100%	100%
3	**Partners**		
	Tenant satisfaction	≥ 7.0 / ≥ benchmark	7.0
	Active tenant participation programme (# of projects / year)	≥ 7	8
	Addition of affordable dwellings (#)	≥ 400	455
4	**People**		
	Employee satisfaction rating	≥ 94/100	92
	Personal development		
	- Training (% annual salaries)	≥ 1%	2.1%
	- Sustainable employability (% annual salaries)	≥ 1%	1.0%
	Health & Well being	Improvement of vitality score	7.4
	Diversity & Inclusion	Execute diversity, equity and inclusion policy	Improved Score in Denison Organizational Success Survey: 66 (2021: 48)
	Sound business practises: implementation sustainability in risk control framework	Further implementation of SFDR	Compliant with current implementation targets

What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?

The Fund promotes one of the climate and environmental objectives as included in article 9 of the Taxonomy Regulation, being the objective 'climate mitigation'. The Fund promotes this objective in its underlying investments, by promoting the stabilisation of greenhouse gas concentrations in the atmosphere consistent with the long-term temperature goal of the Paris Agreement. The Fund saw its energy intensity increase from 109 kWh/m2 in 2020 to 137 kWh/m2 in 2021 and its GHG intensity increase from 22 kg/CO2 in 2020 to 29 kg/CO2 in 2021. This effect can be explained by an increasing number of people working from home as a result of Covid. The energy intensity and GHG intensity figures will be published in the Fund's ESG annual report.

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

How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?

The Fund did not significantly harm any other of the environmental objectives (i.e. climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems), for the following reasons:

(i) **climate change adaptation:** the activities of the Fund did not lead to an increased adverse impact of the current climate and the expected future climate, on the activity itself or on people, nature or assets;

(ii) **the sustainable use and protection of water and marine resources:** the activities of the Fund were not detrimental to the good status or the good ecological potential of bodies of water or to the good environmental status of marine waters;

(iii) **the transition to a circular economy:** the activities of the Fund did not lead to significant inefficiencies in the use of materials or in the direct or indirect use of natural resources, did not lead to a significant increase in the generation, incineration or disposal of waste and did not lead to the long-term disposal of waste which may cause significant and long-term harm to the environment;

(iv) **pollution prevention:** the activities of the Fund did not lead to a significant increase in the emissions of pollutants into air, water or land, as compared with the situation before the activity started; and

(v) **restoration of biodiversity and ecosystems:** the activities of the Fund were not significantly detrimental to the good condition and resilience of ecosystems or detrimental to the conservation status of habitats and species.

Additionally, the do no significant harm criteria of the SFDR regulation (PAI indicators) can be found in the question below.

How were the indicators for adverse impacts on sustainability factors taken into account?

The following factors have been identified as relevant adverse impacts for the Fund: i) Fossil fuels, ii) Energy efficiency, iii) GHG emissions, iv) Waste production and v) Land artificialisation.

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

ii) **Energy efficiency**
As at 31 December 2022, 24.3% of the Fund's assets are inefficient real estate assets (C-label or lower). The Fund has set the objective for 2023 to obtain a green label (A, B or C) for 82.5% of the portfolio in 2023 and for 85% in 2025.

iii) **GHG emissions**
Coinciding with its Paris Proof target, the Fund has set the objective to reduce its energy intensity and its GHG emissions, measured in kWh per sq.m. and kg of CO2 equivalents per sq. m., achieving GHG neutrality ahead of its 2045 Paris Proof target. The Fund saw its energy intensity increase from 109 kWh/m2 in 2020 to 137 kWh/m2 in 2021 and its GHG intensity increase from 22 kg/CO2 in 2020 to 29 kg/CO2 in 2021. This effect can be explained by an increasing number of people working from home as a result of Covid. The energy intensity and GHG intensity figures will be published in the Fund's ESG annual report.

iv) **Waste production**
The Fund aims to equip its assets with waste sorting facilities and requires that tenants limit and separate their waste as much as possible. Paper, cardboard, metal, green waste, glass, plastic, residual waste and chemical waste are disposed of separately.

v) **Land artificialisation**
The Fund aims to reduce its non-vegetated surface area by greening. In 2022 the Fund executed some greening initiatives, like the greening of a non-vegetated parking area in Arnhem, planting of 17 little city gardens in Amsterdam-Wicherskwartier. Besides the Fund participated in two tree projects: Trees for All and Trees for Amsterdam. In Amsterdam all tenants of the Fund were invited to collect a tree for their balcony, terrace or garden.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:
The Fund did its utmost best to handle in line with the OECD Guidelines for Multinational Enterprises and on the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

How did this financial product consider principal adverse impacts on sustainability factors?
The Fund considers principal adverse impacts on sustainability factors by drawing up its own annual ESG policy which sets out specific sustainability objectives, including the Fund's considered adverse impacts on sustainability factors. The Fund's principal adverse impacts on sustainability are disclosed in the annual report.

What were the top investments of this financial product?

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

Top investments of this financial product

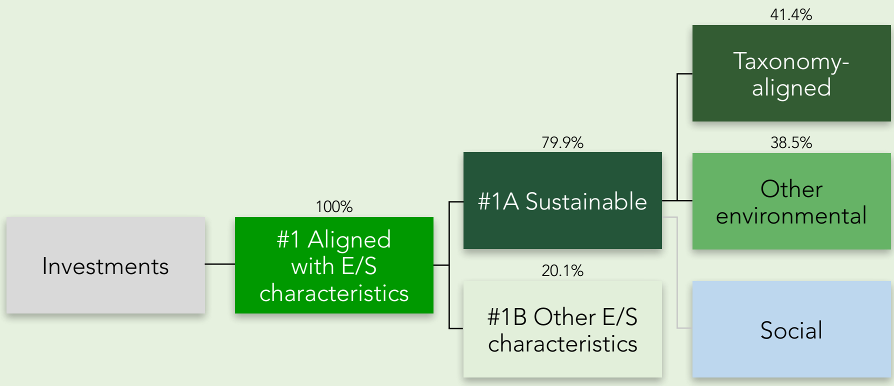
Largest investments[1]	Sector	% Assets	Country
Real estate	Residential	100	The Netherlands

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

Asset allocation describes the share of investments in specific assets.

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

What was the asset allocation?
The asset allocation of the Fund is 100% towards direct real estate assets. All assets of the Fund align with the E/S characteristics, since the Fund's objectives apply to the entire portfolio. As at 31 December 2022, 79.9% of the Fund's investments qualify as sustainable investments under the SFDR (#1A). As at 31 December 2022, 41.4% of the Fund's investments qualify as sustainable under the EU Taxonomy. The Fund's asset allocation towards the different boxes below is calculated as a percentage as the Fund's assets under management.



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

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

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

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

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

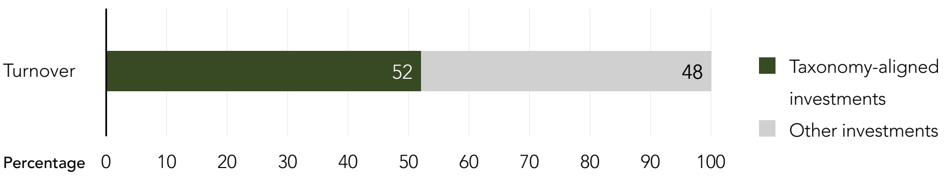
Transitional activities are activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

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

To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?

As at 31 December 2022 48.0% of the Fund's investments are aligned with the EU Taxonomy calculated over the Fund's turnover. The Fund's calculated the percentage based on turnover, which represents the percentage of gross rental income coming from taxonomy-aligned assets. As ESG is an integral part of the Fund's maintenance and capital expenditure plan, no distinction is made between the costs borne in light of taxonomy-alignment and other investments. Calculated over the Fund's assets under management, the Fund's Taxonomy alignment as at 31 December 2022 is 41.4%.

1. Taxonomy-alignment of investments including sovereign bonds



What was the share of investments made in transitional and enabling activities?

These are not applicable for the real estate investments of the Fund, as low-carbon alternatives are readily available (transitional) activitities and there are no relevant targeted enabling activities.

How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?

Not applicable.

What was the share of sustainable investments with an environmental objective not aligned with the EU Taxonomy?

As at 31 December 2022 52.0% of the Fund's investments are classified as sustainable investments that are not aligned with the EU Taxonomy. The Fund calculated the percentage based on turnover, which represents the percentage of gross rental income coming from sustainable investments not aligned with the EU taxonomy. Calculated over the Fund's Assets under Management, the Fund's share of investments with an environmental objective not aligned with the EU Taxonomy as at 31 December 2022 is 58.6%

What was the share of socially sustainable investments?

The Fund has various social objectives for its portfolio. These objectives include the increase of tenant satisfaction, a tenant participation programme, the addition of affordable dwellings and investing in neighbourhoods to create a more attractive environment. In 2022 the Fund facilitated several forms of tenant participation (like new tenant associations, tenant engagement in asset plans and in projects, interview sessions with tenants and resident events). The Fund also invested in a ESG-bag and green presents for tenants, sustainable mobility options and several projects to make the living environment more attractive and sustainable.

What investments were included under 'other', what was their purpose and were there any minimum environmental or social safeguards?

None, as all the investments of the Fund are classified as investments that align with E/S characteristics.

What actions have been taken to meet the environmental and/or social characteristics during the reference period?

Please see the table under the question 'How did the sustainability indicators perform?' To see what actions have been taken to meet the environmental and social characteristics.

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

How did this financial product perform compared to the reference benchmark?

This question is not applicable, as no specific index has been designated as a reference benchmark.

Appendix 3:

Portfolio overview

Portfolio overview

City	Property	Address	Number of apartments	Number of single-family houses	Number of parking spaces	Commercial space (sq.m.)
Alphen a/d Rijn	Kerkstraat	Julianastraat, Kerkstraat, Paradijslaan	40	-	-	-
Alphen a/d Rijn	Provinciepassage	Provinciepassage	44	-	-	-
Amersfoort	Vathorst 1	Beijerinck, Cruquius, Leemans, Vissering, Wouda	166	-	118	-
Amersfoort	Vathorst 2A	Leeghwater, Vrouwenpolder	23	-	-	-
Amersfoort	Vathorst Centrum (blok 12)	Leeghwater, Vrouwenpolder	21	-	-	-
Amstelveen	RiMiNi	Missouri, Niagara, Rio Grande	126	-	66	-
Amsterdam	Cruquiuswerf	Amsterdam Rijnkanaalkade, Brandslangstraat, Cruquiusweg, Vluchtladderstraat	122	-	79	88
Amsterdam	Europapoort	Mensinge, Weerdestein	89	-	13	-
Amsterdam	Mondriaan	Hart Nibbrigstraat, Piet Mondriaanplein, Henk Henriëtstraat	-	24	24	-
Amsterdam	Nachtwachtlaan	Nachtwachtlaan	102	-	102	-
Amsterdam	Staalmeesterslaan	Staalmeesterslaan	180	-	180	-
Amsterdam	The Beacons	Mary van der Sluisstraat	41	-	40	-
Amsterdam	Wibautstraat	Wibautstraat	162	-	68	-
Amsterdam	Wicherskwartier	Donker Curtiusstraat, Wichersstraat.,Visseringstraat, Buyskade	135	-	125	409
Amsterdam	Zuidkwartier	Eosstraat	82	-	82	-
Arnhem	Jonkerwaard	Jonkerwaard, Pachterwaard	-	51	-	-
Arnhem	Malburgen	Van Berkumstraat	-	36	-	-
Arnhem	Schuytgraaf	Daphnestraat, Dianaplantsoen	-	42	-	-
Bennekom	De Barones	Oost-Breukelderweg	24	-	-	-
Boskoop	Burg. Colijnstraat	Burg. Colijnstraat, Torenpad	30	-	-	-
Breda	Ambachtenlaan	Ambachtenlaan, Hovenierstraat, Kolenbranderstraat	-	72	1	-
Breda	Willem van Oranjelaan I	Willem van Oranjelaan	16	-	-	-
Breda	Willem van Oranjelaan II	Willem van Oranjelaan	24	-	-	-
De Meern	Bakerlaan	Bakerlaan, Kameniersterlaan	-	36	-	-
Diemen	De Brede HOED	D.J. den Hartoglaan	35	-	37	-
Diemen	Sniepkwartier	Het Betonijzer, Het Pontveer	102	-	93	-
Ede (Gld.)	De Halte	De Halte	47	-	50	-
Ede (Gld.)	Marie Louise	Topaasstraat	32	-	34	-
Eindhoven	Frankendaal	Frankendaal, Groeneveld	-	15	-	-
Groningen	Ebbingekwartier	Grutmolen, Haverkampsdrift, Langestraat	-	21	-	-
Groningen	Energiek	Boumaboulevard	78	-	60	-
Haren (Gr.)	Ereprijsweg	Ereprijsweg, Rozengaard, Sterremuurweg	-	19	-	-

City	Property	Address	Number of apartments	Number of single-family houses	Number of parking spaces	Commercial space (sq.m.)
Heerhugowaard	Lapis Lazuli	Lapis Lazuli	50	-	30	-
Hendrik-Ido-Ambacht	Perengaarde	Perengaarde, Sophiapromenade	90	-	90	-
Hilvarenbeek	Cantorijstraat	Cantorijstraat	-	19	-	-
Hilversum	Bonifaciuslaan 1	Bonifaciuslaan	150	-	-	-
Hilversum	Bonifaciuslaan 2	Bonifaciuslaan	100	-	29	-
Hilversum	HilversumHuis	Verschurestraat, Letteriestraat, Kremerpad	-	27	-	-
Hoofddorp	Floriande	Aalburgplein, Almkerkplein, Drongelenplein, Meeuwenstraat	120	-	93	-
Houten	De Borchen	Riddersborch, Minstreelborch, Vedelaarsborch	-	45	-	-
Houten	Ploegveld	Ploegveld, Rijfveld, Sikkelveld	-	37	-	-
Houten	Riddersborch	Riddersborch	-	19	-	-
Houten	Wernaarseind	Wernaarseind, Achterom, Rosmolen, Smidsgilde	-	69	-	-
Huizen	Delta	Delta, Eem, Grift, Kuinder, Wedekuil	-	31	-	-
Huizen	Enhuizerzand	Enkhuizenzand, Friesewal, Gooisekust, Hofstede	-	87	-	-
Huizen	Kooizand	Kooizand, Middelgronden, Noordwal	-	26	-	-
Huizen	Middelgronden	Middelgronden, Noordwal	-	25	-	-
IJmuiden	Parkzicht	Radarstraat	63	-	63	-
IJsselstein (Ut.)	Guldenroede	Guldenroede, Morgenster, Valerieaan, Ratelaar	-	82	-	-
Katwijk	Duizendblad	Duizendblad, Slangekruid	-	21	-	-
Leiden	5 Meilaan	5 Meilaan	16	-	-	-
Leiden	Van Randwijkstraat	Van Randwijkstraat	92	-	163	342
Leidschendam	Nieuw Mariënpark	Marienpark	36	-	36	-
Leusden	Claverenbladstraat	Claverenbladstraat, Van Eydenhof	-	12	-	-
Nieuwegein	Dotterbloemstraat	Dotterbloemstraat, Ereprijs, Guldenroede	-	150	9	-
Nieuwegein	Van Reeshof	Van Reeslaan	40	-	-	-
Nootdorp	Laan van Floris de Vijfde	Laan van Floris de Vijfde	38	-	-	-
Prinsenbeek	Hagendonk	Herman Dirvenpark	-	25	30	-
Rijen	Wouwerbroek	Wouwerbroek	-	16	-	-
Rosmalen	Eikakkershoeven	Eikakkershoeven, Tielekenshoeven	-	63	-	-
Rosmalen	Gruttoborch	Gruttoborch, Reigerborch, Kievitborch, Zwaluwborch	-	39	-	-
Rotterdam	Karel Doormanstraat	Karel Doormanstraat	35	-	35	-
Schijndel	Van Beethovenstraat	Van Beethovenstraat, Chopinstraat	-	27	-	-
The Hague	Amadeus	Kalvermarkt	40	-	40	-
The Hague	De Hoge Regentesse	Loosduinsekade	128	-	102	289
The Hague	Laan van Wateringse Veld-app	Laan van Wateringse Veld	27	-	-	-

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-toren	Laan van Wateringse Veld	16	-	-	-
The Hague	Middenweg-app	Middenweg	17	-	-	-
The Hague	Middenweg-toren	Middenweg	27	-	-	-
The Hague	The Roofs	Maria Stuartplein	327	-	123	355
Tilburg	Bijsterveldenlaan	Bijsterveldenlaan, Hoge Witsie	-	38	-	-
Tilburg	Garderenstraat	Garderenstraat, Groedehof, Geesterenstraat	-	40	-	-
Tilburg	Hattemplein	Hattemplein, Hillegomlaan	-	30	-	-
Tilburg	Karrestraat	Karrestraat	19	-	-	-
Tilburg	Menterwoldestraat	Menterwoldestraat, Mariekerkestraat	-	38	-	-
Tilburg	Ravensteinerf	Ravensteinerf	-	64	-	-
Tilburg	Ruinerwoldstraat	Ruinerwoldstraat	-	57	-	-
Utrecht	Lamérislaan	Lamérislaan	216	-	33	-
Utrecht	Laurierkwartier	Laurierweg, Kattenkruidweg	50	47	97	-
Utrecht	Milestones	Jazzsingel, Fletcher Hendersonstraat, Svend Asmussenpad, John Coltranestraat	49	21	66	-
Utrecht	Terwijde-centrum	E. Fitzgeraldplein, Jazzboulevard, B. Holidaystraat, Musicallaan, Nat King Colestraat, L. Amstrongboulevard	199	-	209	-
Veenendaal	Brouwerspoort	Wolweg	43	-	38	-
Veldhoven	Buikhei	Bovenhei, Brouwershei, Buikhei, Schepelhei	-	91	-	-
Waddinxveen	Gouwe Zicht	Binnendoor	25	-	-	-
Zeewolde	Bergkwartier	Braamberg	-	22	-	-
Zeist	Couwenhoven	Couwenhoven	-	46	-	-
Zeist	Nijenheim	Nijenheim	-	27	-	-
Zoetermeer	Futura	Dublinstraat, Van Leeuwenhoeklaan	69	-	70	-
Zwolle	Elftkolk	Elftkolk	-	30	-	-
Zwolle	Stadshagen	Bastionstraat, Broderiestraat	-	30	-	-
Total			**3,803**	**1,717**	**2,528**	**1,483**

Colophon

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

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