ASR Dutch Core Residential Fund

annual report 2016

a.s.r. real estate investment management

Cover: **Vathorst**, Amersfoort

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

The ASR Dutch Core Residential Fund annual report 2016 is only available in a soft copy version. The report contains several interactive elements. Pop-ups will guide you to additional information.

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ASR Dutch Core Residential Fund

annual report 2016

Contents

ASR Dutch Core Residential Fund ('the Fund') offers a diversified and mature residential real estate portfolio with a value of € 1.0b. The Fund has a core strategy and focuses on investing in high-quality apartments and single-family houses in economically and demographically strong locations in the Netherlands.

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

Overview

As at 31 December 2016

€ 1.0b
portfolio size

€ 47.5m
annual rent

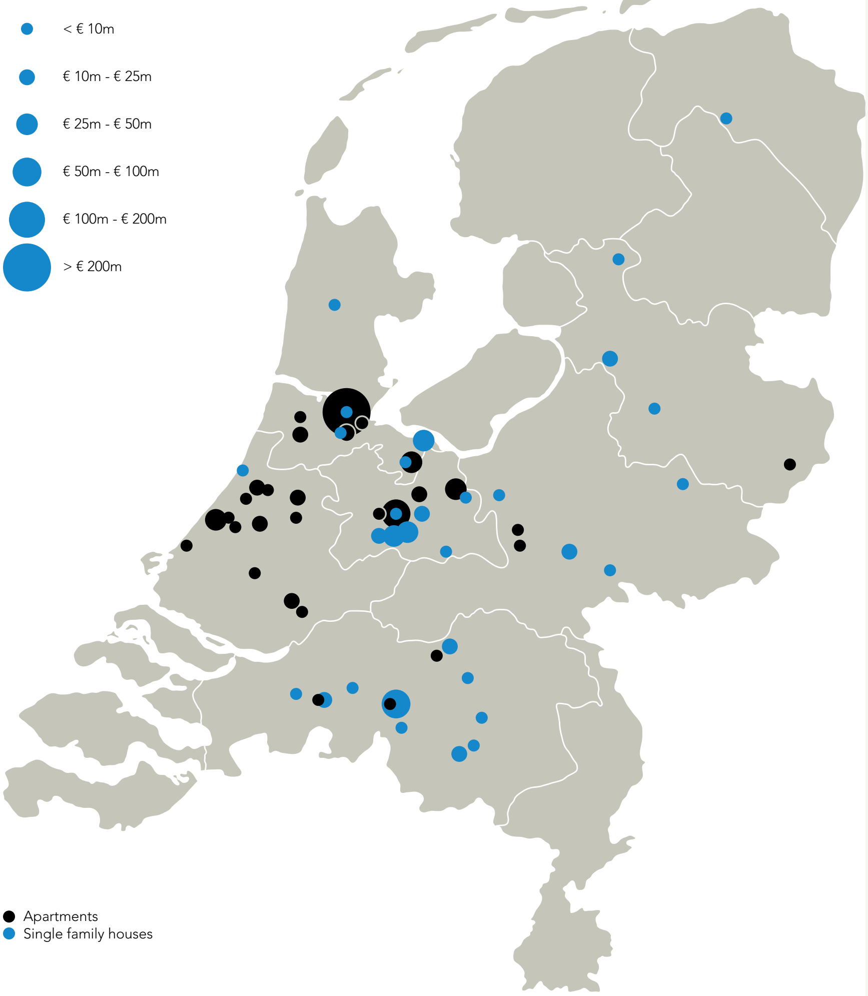
4,772
residential units

€ 182m
forward acquisitions (off-balance sheet)

10%
total rent potential

97.8%
occupancy rate

Investment exposure



Performance figures

(amounts €'000, unless otherwise stated)

Performance

For the year	2016	2015
Total return	14.5%	12.7%
- Income return	4.6%	4.4%
- Capital growth	9.9%	8.3%
Internal rate of return (since first closing at 1 January 2015)	13.3%	12.4%

Performance per unit

For the year	2016	2015
AMOUNTS IN €		
Operational result	29	27
Net result	121	95
Distributable result	37	33

As at	31 December 2016	31 December 2015
AMOUNTS IN €		
IFRS Net Asset Value	893	811
INREV Net Asset Value	903	819
INREV Net Asset Value (after distributions)	893	811
Number of Units	1,101,823	1,013,126

Financial figures

For the year	2016	2015
Results		
Operating result	30,137	26,999
Net result	127,217	96,697
Distributable result	39,438	33,764

As at	31 December 2016	31 December 2015
Balance		
Investment properties in operation	922,873	804,136
Investment properties under construction	56,239	7,059
Investment properties held-for-sale	1,893	8,541
Total assets	1,003,753	837,953
Capital	984,336	821,665

Performance figures

Financial ratios

As at	31 December 2016	31 December 2015
Loan-to-value ratio	0%	0%
Weighted average cost of debt	n/a	n/a
Payout ratio of distributable result	100%	100%

Portfolio figures

For the year	2016	2015
Results		
Gross rental income	47,508	45,964
Net rental income	35,831	31,952
Current gross yield [1]	5.5%	5.9%
Current net yield [1]	4.2%	4.1%
Revaluation properties	9.9%	8.3%

As at	31 December 2016	31 December 2015
Balance		
Investment properties	981,005	819,736
Forward acquisitions (off-balance sheet)	182,200	131,100
Number of properties	103	93
Number of dwellings	4,772	4,665
Occupancy rate [2]	97.8%	97.7%

1) Calculated as four-quarter rolling-average rental income divided by the average fair value of investment properties in operation.

2) Occupancy as a percentage of theoretical rental income.

"Through active asset management, pro-active acquisition management in a competitive environment, increasing focus on sustainability and investment in the current portfolio, the Fund will be able to optimally profit from the economic recovery."

Robbert W.Y. van Dijk

Foreword 2016

Dear investors,

We are pleased to present the ASR Dutch Core Residential Fund 2016 annual report. We trust that it gives you a clear overview of the performance and management of the Fund.

During 2016, the Fund grew substantially from approximately € 0.8b to € 1.0b. This was due to the positive capital growth of the portfolio, successful addition of properties Stadshagen in Zwolle and Schuytgraaf in Arnhem, as well as the purchase of the Hoogvliet portfolio. These additions increased the quality and diversification of the portfolio, and enabled our current investors to increase their stakes in the Fund.

The Fund realized a total return of 14.5% in 2016, which is the result of both a high income return of 4.6% and strong capital growth of 9.9%. Capital growth in 2016 was the result of the continuing recovery of the Dutch residential market, especially in the Fund's focus areas. The overall steady income return is mainly attributable to the quality of the portfolio and active asset management, which focuses on increasing rent, keeping occupancy level high and individual unit sales, while reducing operating expenses. Compared to 2015, lowering costs and the positive individual unit sales result especially contributed to the Fund's ability to distribute well above the targeted income return of 4.0%.

Consumer sentiment, housing market transaction activity and housing prices all continued to increase again in 2016, driven by economic tailwinds and a low interest rate environment. Transaction volumes in 2016 are 20% higher than in the previous year and even 35% higher than two years ago. This resulted in an average house price growth of 5.0% in 2016, which fueled the individual unit sales strategy and capital appreciation.

All these factors also contributed to an increased demand for affordable rental housing in economically strong regions in the Netherlands, while supply is constrained. Despite the increased demand, the lack of new supply is a challenge for the Fund's growth. While the demand is strong, housing shortages persist due to low figures of housing construction, which keep supply relatively limited. In order to meet the Dutch population's increasing demand for housing, local municipalities must play a more active role in enabling housing development by issuing land. The number of building permits did increase in 2016, indicating a recovery of new construction. The Dutch housing sector's positive outlook has maintained interest from large investors, especially Dutch pension funds and insurance companies, exemplified by a record-high investment volume of over € 4 billion for Dutch residential real estate.

Foreword 2016

Residential remained a stable real estate asset class in 2016 and the outlook is favorable for 2017, which is an election year in the Netherlands. With recent regulatory changes such as rent liberalization, reassessment of the social housing sector, and mortgage market regulation, drastic housing reform is not expected. However, the increasing housing shortage has driven the topic of affordable housing higher up on the agenda of most parties. This had led to increased political attention for certain demographic groups such as first-time buyers, renters or senior citizens. Whichever direction public discourse leads, the outcome seems almost certainly geared towards a larger role for the liberalized rental sector as an established institution, alongside the owner-occupied and social housing sectors.

As demand for mid-priced rental housing – the segment on which the Fund focuses – continues to grow, we were able to maintain the portfolio's high occupancy rate at 97.8% as at year-end 2016, compared to 97.7% in 2015. In addition, gross rent increased by 3.4% in 2016, while property-specific costs showed a decrease of 16.7%.

Alongside growing the Fund, the number of forward acquisitions also grew significantly in 2016. Five projects were added to the total number of forward acquisitions, of which De Hoge Regentesse in The Hague, The Beacons in Amsterdam, and Terwijde in Utrecht were the most prominent. The Fund's forward acquisitions consisted of 12 projects, which amounted to a total commitment of € 182.2m, as at year-end 2016. All forward acquisitions are expected to enhance the core quality of the portfolio and are in line with the portfolio strategy by focusing on high-quality residential properties within economically and demographically strong regions. The Fund's continued aim is to maintain a diversified range of forward acquisitions with apartments and single-family houses with a core risk profile and long-term focus.

Alongside growing the Fund and its forward acquisitions in 2016, the Fund has undertaken increased efforts in optimizing the quality of the portfolio. Through the acquisition of the Hoogvliet portfolio, several forward acquisitions, and the sustainable renovation of assets, the portfolio's technical quality and longevity has been substantially increased. The investment in property Couwenhoven in Zeist, which concerned the refurbishment and energy label upgrade (from E/F to A) of 46 residential units, was completed in 2016. As at 31 December 2016, the Fund has another three investments with a total commitment amounting to € 21.6m.

Through these efforts the portfolio's average technical year of construction, measured through the NEN standard, has improved from an average year of construction of 1991 to an average technical year of construction of 1997. Based on forward acquisitions and scheduled renovations, the average technical construction year of the portfolio is expected to improve further in the coming years.

Corporate Social Responsibility (CSR) found its way higher on the political and social agendas, as well as becoming increasingly important for investors. This is not only from a CSR standpoint, but also increasingly from a risk management perspective. In order to strengthen our commitment to sustainability, the Fund has further elaborated on its formal Corporate Social Responsibility policy in 2016, which focuses on the sustainability of its property, engaged partners, contribution to nature, society and environment, and engagement of employees. Multiple initiatives, launched in 2016, such as sustainable conversions, energy monitoring and investing in local communities, will be implemented on a larger scale in 2017. Up to 2016, the Fund has successfully renovated a total of 175 units in a sustainable manner. In 2017, another 450 units will be sustainably converted.

The Fund's CSR performance is measured annually and made transparent in the form of the Global Real Estate Sustainability Benchmark (GRESB). In 2016, our efforts were rewarded with a Green Star ranking, the highest award in this area.

Foreword 2016

As a.s.r. reim continues its commitment to create a full service fund platform, the Dutch Mobility Office Fund was launched in 2016, complementing the existing residential and retail fund. Alongside this development, a.s.r. reim established a fund management team, with a head of fund management and a dedicated associate fund management.

With the economy and housing market having reached full recovery, prospects for investing in residential real estate are positive. Through active asset management, pro-active acquisition management in a competitive environment, and increasing focus on sustainability and investment in the current portfolio, the Fund can optimize efforts to profit from this recovery. Further growth in forward acquisition and sustainability remain key elements of the portfolio strategy in 2016, while political developments will also be closely monitored in this election year 2017. We are confident that the portfolio will continue to prove its worth by generating solid returns for our investors.

Fund Management Team, ASR Dutch Core Residential Fund
Robbert W.Y. van Dijk, *Fund Director*
Luc Joosten, *Head of Fund Management*
Johan Kamminga, *Fund Controller*

Stadshagen, Zwolle

Fund profile

The ASR Dutch Core Residential Fund ('the Fund') was launched on 1 January 2013. On that date, the Anchor Investor, ASR Levensverzekeringen N.V. and ASR Nederland Vastgoed Maatschappij N.V., transferred its properties to the Fund.

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

The Fund is a contractual investment fund (beleggingsfonds) and is reserved for professional investors ('professionele beleggers') as defined in Section 1:1 of the Dutch Financial Markets Supervision Act ('Wet op het financieel toezicht' or 'FMSA') or a non-professional investor who is designated as a professional investor pursuant to Section 4:18c of the FMSA. Further to Section 2:65 of the FMSA, the AIF Manager has been licensed for the management of the Fund and the offering of Units; therefore, the AIF Manager is supervised by the Dutch Authority for the Financial Markets. Private individuals are excluded from investing in the Fund.

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

Fund for joint account

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

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

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

The principal aim of the Fund is to offer its investors an attractive return on investment. This is done by investing in, managing and adding value to the portfolio's assets. The Fund invests in direct real estate only. The Fund does not operate in the field of research and development. The Fund has no personnel employed. The (direct) return on investment is distributed to the investors on a quarterly basis.

Three-year business plan

The Fund has an investment policy which meets the Fund's investment objectives and strategy, investment criteria and investment restrictions, as set out in the Fund Agreement. Each year, the

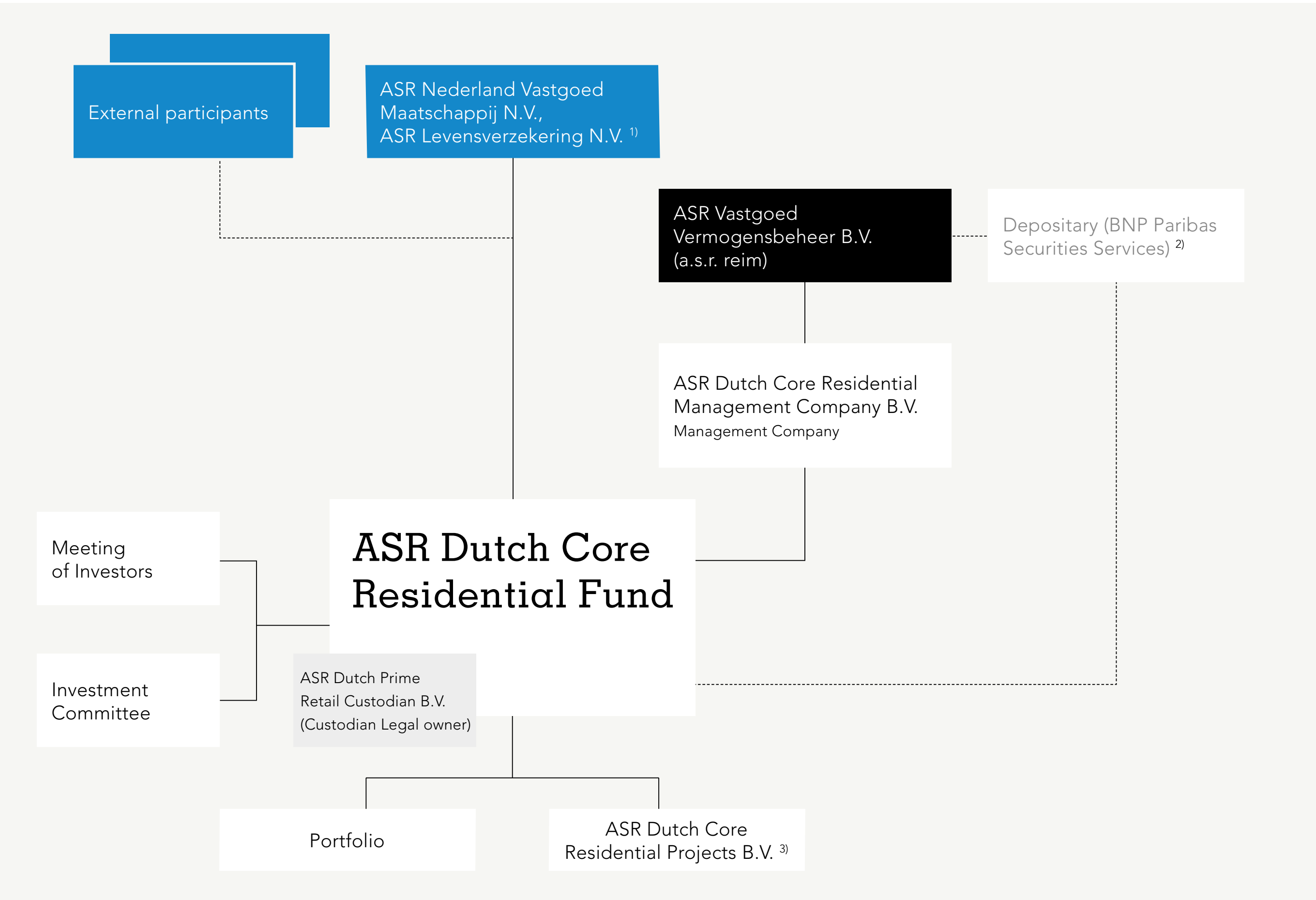
Fund profile

Management Company presents the investment policy in a three-year business plan. This three-year business plan is presented at the Meeting of Investors, after it has been discussed with the Investment Committee.

The Meeting of Investors is held as often as required. However, at least one physical Meeting of Investors is held each year. At the annual meeting, the three-year business plan and the annual report are presented for consideration and approval. Each investor has a number of votes equal to the number of units held in the Fund, with the exception of the Anchor Investor in certain cases. In 2016, two meetings of the Meeting of Investors were held.

The Investment Committee is responsible for ensuring that the Management Company manages the Fund in accordance with the Fund Agreement. Furthermore, the Investment Committee may advise the Management Company whenever the approval or advice of the Investment Committee is required or requested pursuant to the Fund Agreement. The Investment Committee meets as often as required. In 2016, three Investment Committee meetings were held.

Figure 1 ASR Dutch Core Residential Fund - simplified fund structure



1) At 27 March 2017, Anchor Investors ASR Nederland Vastgoed Maatschappij N.V. and ASR Levensverzekering N.V. merged. As a result of this merger, ASR Nederland Vastgoed Maatschappij N.V. redeemed its units in the Fund. These redeemed units were subsequently issued to ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. Therefore, ASR Schadeverzekering N.V. also became part of the Anchor Investor, as of 27 March 2017.

2) a.s.r. reim acquired the license from the Dutch Authority for the Financial Markets (AFM) in the first quarter of 2015. A contract has been signed with BNP Paribas Securities Services to act as depositary as of 1 June 2014.

3) ASR Dutch Core Residential Projects B.V. is established as per 6 September 2016.

Fund profile

Project BV

The Fund qualifies as a tax transparent fund for joint account for Dutch corporate income tax purposes and for Dutch dividend withholding tax purposes, providing all relevant parties act in accordance with the Fund Agreement. The Dutch tax authorities have confirmed the transparency of the Fund for corporate income tax and Dutch dividend withholding tax purposes. In order to maintain this tax status, no development activities should take place in the Fund. As a consequence, ASR Dutch Core Residential Projects B.V. (Project BV) was set up as a subsidiary of the Fund for maintenance, renovation and extension activities that might qualify as development activities for Dutch tax purposes.

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

Report of the Management Company

For the period 1 January - 31 December 2016

Market developments

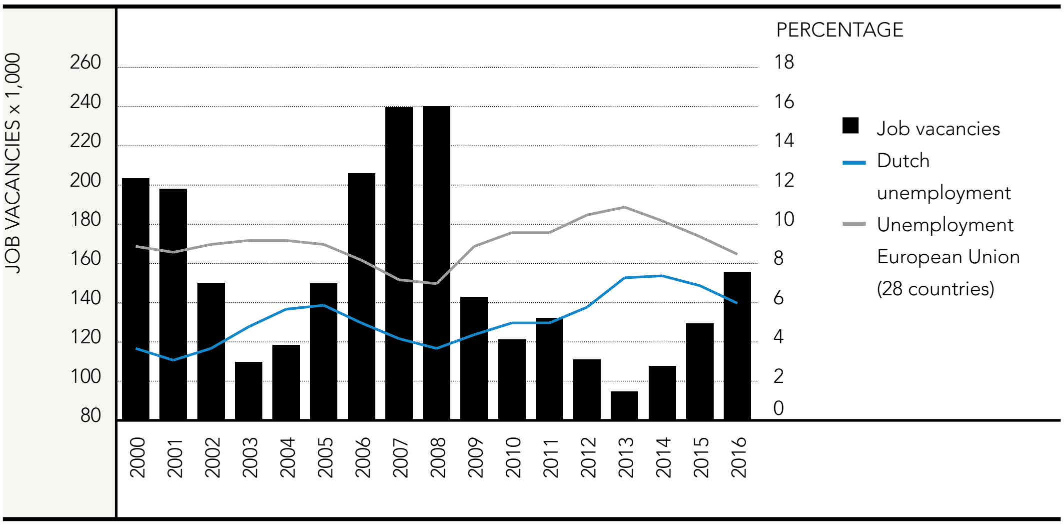
The Dutch economy and the international macro-economic situation

Dutch economy continues its recovery
The recovery of the Dutch economy continued during 2016, with economic growth of 2.1%; about the same level of growth as in 2015 (2.0%). This recovery is well above the Eurozone's average growth rate of 1.7%. Expectations for the coming years are also quite positive, although below growth rates of the past two years. In 2017, an increase of 2.1% is anticipated in the Dutch economy, continuing in 2018 with an increase of 1.8% (CPB, 2017).

Unemployment drops sharply, while job vacancies show steep increase
Last year's unemployment rate in the Eurozone was 8.5%, a considerable decrease compared to 9.4%, at the end of 2015. This was the third consecutive year to show a decline. Dutch unemployment has been relatively low for several years in a row (Eurostat, 2017) and, at its current figure of 6.0%, Dutch unemployment is still substantially lower than the European average and almost 100 basis points lower than in 2015. Unemployment is expected to decline further in the Netherlands, down to 4.9% by the end of 2017 and 4.7% by the end of 2018 (CPB, 2017).

According to Statistics Netherlands (CBS), the number of job vacancies has increased steeply for the third consecutive year. Between the ends of 2015 and 2016, job vacancies in the Netherlands rose strongly by 20%, representing approximately 156,000 jobs. In three years, the total number of job vacancies increased by no less than 65%. During 2016, all sectors showed an upward trend. As in 2015, the largest contributor was the commercial services sector, which accounted for approximately 13,000 more vacancies compared to the previous year. The commercial sector was followed by the non-commercial services sector (approximately 9,000) and the trade, logistics and leisure sector (approximately 8,000). The increase in job vacancies had a dampening effect on the level of unemployment, which is – as already mentioned above – expected to continue to decline throughout the years ahead.

Figure 2 Job vacancies and the unemployment rate



SOURCE: EUROSTAT, CBS 2017

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A historical low inflation level in 2016

Starting in early 2014, year-on-year inflation began to cool down. By 2016, it was at a historically low rate of 0.3% (CBS, 2017). Dutch annual inflation is now at its lowest point in 26 years and most products and services have hardly risen in price. Further falls in gasoline prices were especially important in mitigating last year's inflation rate. In 2017 and 2018, it is expected that the inflation rate will rise again to 1.3% and 1.6% respectively (Consensus Forecast, 2017).

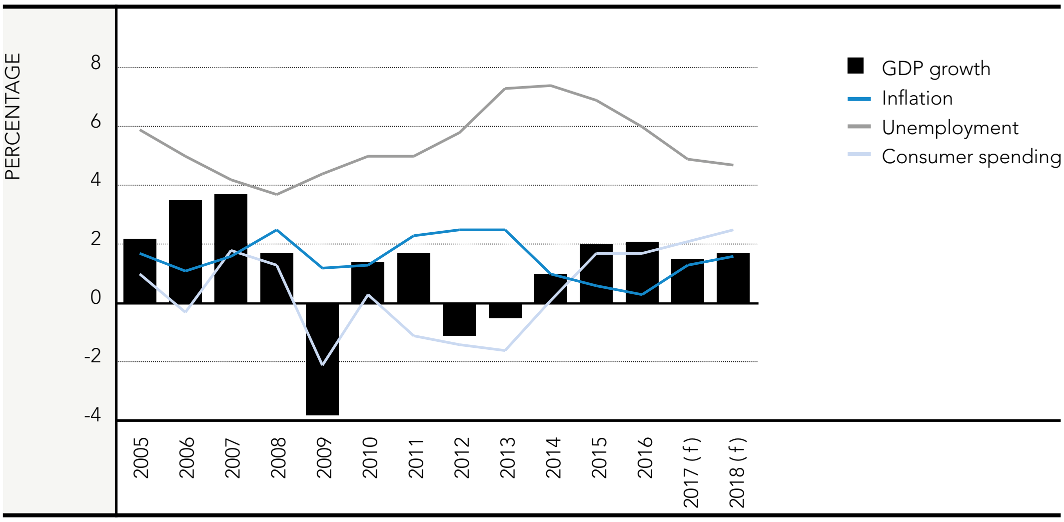
Positive consumer confidence as of Q2 2016

Consumer confidence is an important indicator for residential real estate markets, especially the owner-occupier market. Dutch consumer confidence recovered strongly in the last four years after years of downward movement and negative confidence figures. The confidence index rose from -44 in early 2013 to a quite positive +12 in Q4 2016. As of Q2 2016 onwards, the positive index figure means that the optimists outnumbered the pessimists. Based on current economic figures and outlook, it is expected that confidence will continue to rise next year (CBS, 2017).

Consumption spending shows positive figures in 2016

In 2016, household consumption increased at the same pace as in 2015 (1.7%). This increase was directly influenced by upward trends in job opportunities, disposable income and consumer confidence. Consumers were especially likely to spend more on sustainable products (8.3%), goods (6.8%) and food and nutrition (4.4%) (CBS, 2017). Household consumption is expected to further increase in 2017 and 2018, at 2.1% and 2.5% respectively (CPB, 2016).

Figure 3 Economic key performance indicators for the Netherlands



SOURCE: EUROSTAT/CPB/CONSENSUS FORECAST, 2017

Report of the Management Company

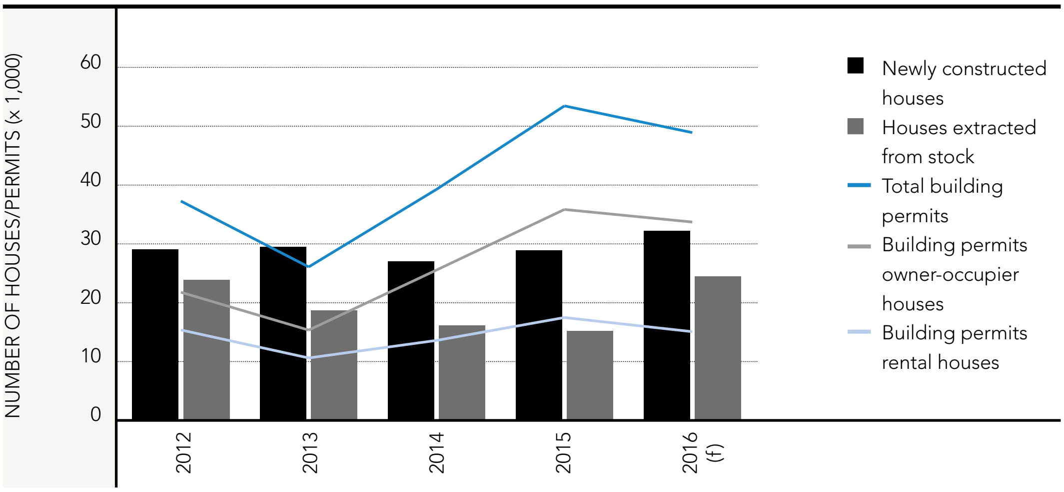
Dutch residential market

Market rental growth continues for residential, especially for apartments
The IPD open market rental value (OMRV) for residential property achieved a growth rate of 2.7% in 2016, which is 40 basis points higher than the OMRV in 2015. This figure demonstrates that market rent growth clearly exceeded last year's inflation rate (0.3%). Growth for apartments in 2016 was significantly higher than for single-family houses (3.1% versus 2.3%).

In comparison to other real estate segments, the residential real estate sector is the only segment that showed positive rental growth throughout the past few years. With a 3-year average of 2.5%, residential is the real estate segment with the highest market rental growth in the Netherlands.

The regional rental housing shortage will continue
The shortage of rental housing is expected to persist the coming years. In the Netherlands, the total number of households is growing at a stable pace and will continue to do so in the future. Due to this growth in households, in combination with a 14% decrease in the number of building permits in 2016, it is expected that the projected production volume of new rental houses will be too low. This will be especially true for the agglomerations of Amsterdam and Utrecht, which will result in a substantial shortage of rental houses. In peripheral regions, where the population is declining, this issue is seen as less likely.

Figure 4 Housing construction and permits



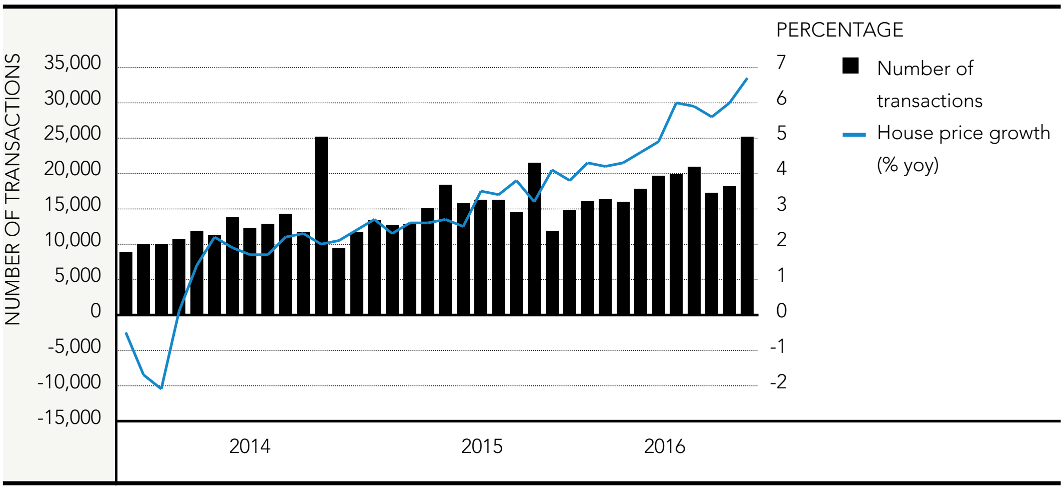
SOURCE: CBS, 2017

Fierce competition on the residential owner-occupier market in 2016
The demand for owner-occupier houses peaked at a high level during 2016, which is mostly due to a continuing improving economy combined with historically very low interest rates. Therefore, the Dutch housing market improved strongly again in 2016. House prices increased by no less than 5.0% on average, compared to 2015 (CBS, 2017), representing the largest price increase since 2006. In some regions, the market is overheated. In Amsterdam prices rose by 13.5% and in Utrecht prices increased by 9.8%. The average price of a property in the Netherlands in 2016 stood at € 244,000 (2015: € 230,000).

Report of the Management Company

The competitiveness of the owner-occupier market led to a sharp increase in number of transactions. The total number of transactions in the owner-occupier market in 2016 amounted to 215,000, which was a substantial increase of 20% compared to 2015 and almost double compared to 2013. The average duration of the sales process sped up to 78 days (a decrease of 23 days compared to 2015) and the number of dwellings for sale dropped by 28% since the end of 2015 (NVM, 2016).

Figure 5 House price growth and transaction volumes



SOURCE: CBS, 2017

Further growth of Dutch residential investment volume

Last year, the total real estate investment volume in the Netherlands grew to € 14.8 billion. This is an increase of 18% compared to 2015, which was already an all time high, and was 27% more than the pre-crisis record of 2007 (Cushman & Wakefield, 2017). The largest investment volume growth occurred in the residential market. Dutch residential investment volume was over € 4 billion at the end of 2016, which is an increase of 33% from 2015 (Capital Value, 2017). Dutch pension funds, representing an overwhelming € 3 billion, invested mostly in new building projects with average monthly rents of between € 710 and €1,000. Due to a serious shortage for this type of rental housing, vacancies are low and rental income stable. Private and international investors focused mostly on standing investments. However, there is also growing interest for new building and renovation projects among private investors (Capital Value, 2017), resulting in more competition. The ongoing appetite for residential products and the lack of (good) products and large residential portfolios resulted in yields sharpening in 2017.

Double digit capital growth

The IPD Index for residential property in the Netherlands rose tremendously across 2016. The total return on all benchmarked assets level amounted to 15.2%, which is an 4.2% increase compared to 2015 and triple the return of 2014. After years of a negative capital growth, values increased substantially again in the last few years. Capital growth increased from 0.6% in 2014, to 6.3% in 2015 to as much as 10.5% in 2016. Income return has remained fairly stable throughout the years, but decreased from 4.5% in 2015 to 4.2% in 2016, which is the result of the rising capital growth (MSCI, 2017).

Increasingly stricter legislation

In 2016, several incentives for the owner-occupier market were reduced. The loan-to-value for new mortgages was reduced from 103% in 2015 to 102% in 2016 and will decline by 1.0% per year to 100% in 2018. Since the cost of buying a home usually exceeds the price of the home by 4% to 6%, first-time buyers will have to make a greater equity contribution when purchasing a home. This means they must

Report of the Management Company

first build up equity, delaying the purchase of their first home, and will probably rent for longer periods and/or extend their stay at their parental home.

There have also been restrictions on mortgage interest deductions since 2014. The maximum tax bracket for mortgage interest deduction for homeowners in the highest tax bracket will drop from 52% to 38% in 28 annual steps of 0.5%. As of 1 January 2017, the maximum rate was reduced to 50% (Tax Authorities, 2017). The highest incomes are partly compensated for this because a greater proportion of their taxable income falls under the lower rate of 42%. The effects will be felt gradually over the years and should not be disruptive, especially when taking the current low mortgage interest rates into account.

The Dutch government adopted the new Fluidity Housing Market law (Doorstroming Huurmarkt) in 2016. This law contributes to a healthier fluidity and therefore a more suitable supply of rental houses in the social and private sector. The legislation was enacted on 1 July 2016 and resulted in yearly income-related rent increases for households with incomes above € 39,000 per year, who rent a social sector dwelling. The maximum rent increase for this group is 4% plus inflation. Tenants who live in a social sector house which, according to the social housing association, is of too high quality compared to rental price can face a maximum rent increase of 2.5% plus inflation (Rijksoverheid, 2016).

Government measures introduced at the end of 2013 have forced social housing corporations to their core businesses. This, in turn, means that commercial activities should be phased out and that the private sector rent can only be a limited part of the social housing corporation's portfolio. In 2014, a few larger social housing corporations (for example, Vestia and WIF) brought large portfolios on the market, partly because of government regulations, but also because of funding issues. However, since then and until now, social housing corporations have been very reluctant to sell their property. Several sources state that the revised Housing Act will not encourage corporations to sell property as investments in the near future. There is no incentive in selling since there is no need for liquidity, the income return of the private sector houses is relatively high, and there is a lack of attractive locations for new buildings.

Another bright year for the residential property market

The Netherlands is showing healthy macro-economic figures. Next year's economic growth forecast is positive, the number of job vacancies is steadily increasing, unemployment will probably decrease again substantially, and Dutch consumer confidence is expected to further improve.

Last year, the Dutch residential market experienced a significantly strong development and this trend is expected to continue throughout 2017. Positive developments in the owner-occupied market in 2016 confirm that the residential market is back at full power. We expect transaction volumes to remain at a high level in the near future, which is likely to have a positive effect on the portfolio's individual unit sales with regard to volumes as well as pricing. Also, a serious shortage of affordable rental houses will most likely persist due to ongoing growth of households and a lack of building permits, especially in the Amsterdam and Utrecht agglomerations.

The general expectation is that the residential housing market will maintain its positive flow. However, there is a strong divergence between regions with demographic and economic growth on one hand and regions with decreasing populations and economic challenges on the other. It is expected that (international) demand for investment in housing will continue. However, the lack of (good) products and large residential portfolios will make it difficult to allocate all of this available capital. This means that competition has heated up for new acquisitions in the largest cities in the Randstad area, as yields sharpen and capital growth continues. Initial yields will decrease further in the year to come as a result of investors' appetite for residential products. Yields below 5% will not be uncommon in the near future. This will be especially true in prime locations and will result in another year with relatively high capital growth.

Burg. Colijnstraat, Boskoop

Report of the Management Company

Fund objectives and strategy

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

Investment objectives

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

The Fund's investment objectives are twofold:

1. Create an attractive return on the investors' investments by investing in, managing and adding value to the portfolio assets
2. Provide a stable distributable return with limited concentration of risk

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

1	2	3	4	5
Drive income growth across the portfolio	Maintain and enhance the core quality of the portfolio	Obtain and retain an optimal size of the portfolio	Continue a successful fundraising campaign & maintain the Fund's low leverage status	Enhance the portfolio's CSR targets
• Focus on active asset management • Maintain tight cost control • Keep vacancy at a low level • Unlock reversionary rent potential • Look for opportunities to enhance assets and improve income profile	• Perform cost-efficient maintenance and renovation plans • Focus on specific target tenant groups • Put emphasis on mid-priced rental segments • Continuously rejuvenate the portfolio	• Invest in properties with favourable location, asset and occupier characteristics • Grow the portfolio in order to lower risk through diversification and be able to employ economies of scale	• Dispose of non-core assets through individual unit sales to capitalize on the vacant possession value premium • Focus on acquisitions that match the portfolio criteria, while maintaining a low-leverage status that best matches the core character of the Fund	• Take Corporate Social Responsibility (CSR) issues into account in order to ensure an optimal return in the long term • Actively develop and execute measures with respect to sustainability and corporate responsibility • Set targets and monitor sustainability and customer satisfaction

Report of the Management Company

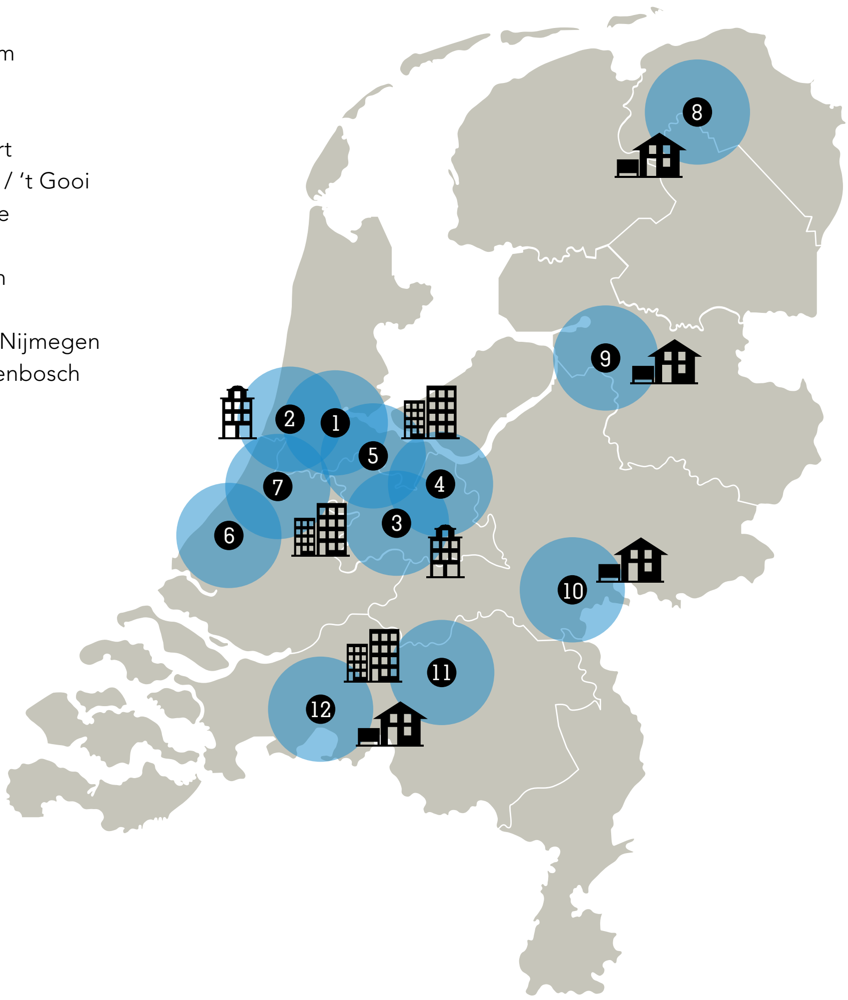
Fund strategy

The Fund's strategy is to invest in core, high-quality apartments and single-family houses in economically and demographically strong locations in the Netherlands and to maintain and drive the core quality of the portfolio, while maintaining a distributable return of at least 4.0% on fund level. A low-leverage profile is also part of the Fund's strategy.

Based in its long-term background and knowledge of the Dutch residential market and the expertise of its research department, a.s.r. reim has identified a strategy which focuses on the best performing cities and agglomerations in the Netherlands. Concentrating on investment opportunities in the identified segments will provide the strongest return due to the strong demand. Indicators, such as population growth, employment opportunities, stock development, vacancy rates and house price volatility have been taken into account in this analysis.

Focus areas

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



The Fund focuses on the mid-priced segment in the non-regulated rental sector. This segment is defined as rents between € 710 and € 1,000. In specific locations, such as Amsterdam, rents up to € 1,250 are considered mid-priced.

Report of the Management Company

The Fund identified nine segments within the Dutch residential market that are interesting for investment, focusing on specific location and target group combinations. The Fund is confident that this strategy meets the criteria of fast urban living (all target groups) and easy suburban living (families and empty nesters) and provides the most favourable risk/return profile. The Fund invests in both apartments and single-family houses. At least 20% of the portfolio is targeted to be invested in single-family houses and at least 50% in apartments.

	Young professionals	Families	Empty nesters
Fast urban living (large cities and metropolitan areas with more than 100,000 inhabitants)	1	2	3
Easy suburban living (suburban residential areas and medium-sized cities with 25,000 to 100,000 inhabitants)		4	5
Quiet village living (villages and small towns with less than 50,000 inhabitants)			

- primary focus segment
- secondary focus segment

Investment restrictions

- No real estate development activities to be undertaken; refurbishments of portfolio assets are permitted, provided that the activities do not qualify as development activities for Dutch tax purposes
- No more than 20% of the NAV of the Fund to be invested in one single asset
- No asset to be invested in if the stake does not allow the Fund to exercise control over the asset
- No investments to be made in any other fund managed by the AIF Manager or its affiliates that results in investors paying duplicative asset-based investment management fees or performance-based fees
- No investments to be made in unregistered collective investment vehicles managed by any other person or entity that results in investors being subject to asset-based fees, performance-based distributions or allocations at a rate greater than the asset-based fee payable to the Management Company
- No investments to be made outside the Netherlands

Report of the Management Company

Financial performance ASR Dutch Core Residential Fund

Year-to-date result 2016

The net result of the Fund in 2016 amounted to € 127.2m (2015: € 96.7m), which equals a net result of € 121 per unit (2015: € 95) and resulted in a distributable result of € 37 per unit (2015: € 33). These results represent a total return of 14.5% (2015: 12.7%), divided into an income return of 4.6% (2015: 4.4%) and a capital growth of 9.9% (2015: 8.3%). The breakdown of the net result is shown in the following figure.

Figure 6 Year-to-date result as at 31 December 2016

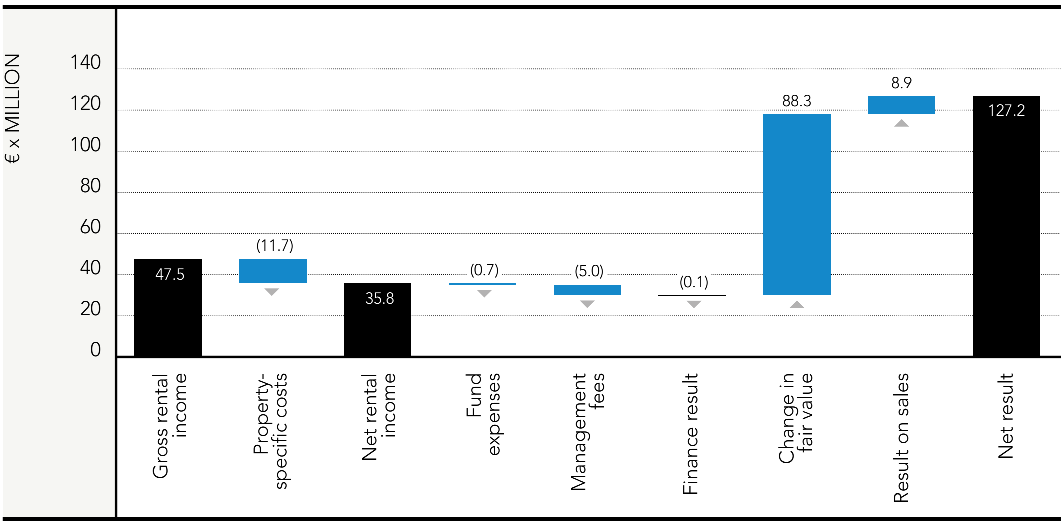


Table 1 Net result per unit

For the year	2016	2015	2014	2013
Gross rental income	45.11	45.37	42.17	48.00
Property-specific costs	(11.09)	(13.83)	(12.07)	(12.81)
Fund expenses	(0.67)	(0.61)	(0.76)	(1.22)
Management fees	(4.73)	(4.28)	(4.13)	(4.60)
OPERATING RESULT PER UNIT	**28.62**	**26.65**	**25.21**	**29.38**
Finance result	(0.12)	(0.05)	(0.09)	0.01
Changes in fair value of investment properties	83.84	62.15	1.37	(78.45)
Result on sales of investment properties	-	-	(0.10)	0.59
Result on individual unit sales	8.46	6.69	4.28	-
NET RESULT PER UNIT	**120.80**	**95.44**	**30.67**	**(48.47)**

The Fund was launched on 1 January 2013. As a result, the figures for the period 2013-2016 are presented in the table above.

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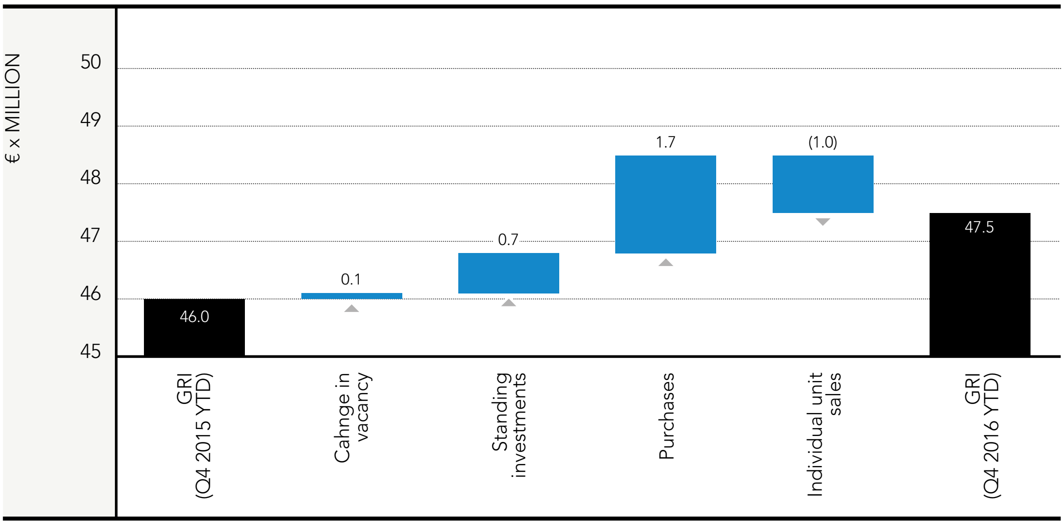
Gross rental income

Gross rental income amounted to € 47.5m in 2016, which is an increase compared to 2015 (€ 46.0m). This increase resulted from the addition of properties Amadeus in The Hague, Schuytgraaf in Arnhem, Stadshagen in Zwolle and the Hoogvliet portfolio, (annual) rent increases and an increased occupancy. The gross rental income growth was mitigated by sales. Financial vacancy stood at -/- € 1.1m year-to-date, as at 31 December 2016, compared to -/- € 1.3m, as at 31 December 2015.

Figure 7 Changes in gross rental income



Property-specific costs

Property-specific costs amounted to € 11.7m in 2016, which corresponds to 24.6% of gross rental income. This is a significant decrease compared to 2015 (€ 14.0m or 30.5%).

Maintenance costs took up the largest share of property-specific costs in 2016 (€ 5.2m or 11.0% of gross rental income) and showed a decrease from 2015 (€ 6.8m or 14.8%). Maintenance costs were in line with the budget in 2016. The decrease from 2015 is mainly the result of additional expenses in 2015 as part of the maintenance work was advanced in order to profit from the lowered VAT-rate in the first half of 2015.

Marketing costs (which includes broker's fees) decreased to € 0.7m in 2016 (2015: € 1.1m). The decrease in marketing costs is predominantly a result of a limited number of new additions to the portfolio in 2016.

Property management fees remained at € 1.9m in 2016 (2015: € 1.9m). As a result of the ruling of the Supreme Court in December 2015, VAT needs to be added to the property management fee from the fourth quarter of 2015. The Manager decided to lower the property management fee accordingly. As from 1 January 2016, the property management fee, including VAT, is set at 4.0% of gross rental income.

The provision for onerous contracts of € 517k was in regard to an onerous contract of forward acquisition Molenstraat in Monster (part of the Hoogvliet portfolio). The Hoogvliet portfolio was added to the portfolio in the second quarter of 2016, except for one property (Molenstraat in Monster) which is expected to be added to the portfolio in the first half of 2017. The property will be added in a later stage as the division in apartment rights needs to be completed before transfer. In order to offer an incentive to the seller to transfer Molenstraat in Monster, the sales price is agreed to exceed the

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fair value and a fine applies in case the transfer is not realized before 1 June 2017. In order to offset this difference, the Hoogvliet portfolio (except Molenstraat in Monster) was added to the portfolio at a price below fair value (equal difference). As Molenstraat in Monster will be transferred at a price higher than fair value, a provision for an onerous contract (ad € 517k) is included in the property-specific costs as at 31 December 2016. The provision of an onerous contract is added to the distributable result, as it concerns a non-cash item.

The steep decrease in the provision for doubtful debt is the result of a claim settlement of € 0.5m on a construction company, due to a disagreement on the quality level of a redevelopment. The matter was settled in the fourth quarter of 2016 and the debtor will pay € 0.5m in installments in the period from March 2017 to July 2018. The amount is expected to be fully recovered and is no longer provided for.

Fund expenses

Fund expenses in 2016 amounted to € 709k or 1.5% of gross rental income (2015: € 617k or 1.3%). The major categories within fund expenses concern valuation fees paid to external appraisers (€ 348k), depositary fees (€ 100k) and audit fees (€ 94k). The overall increase in fund expenses is almost fully attributable to higher administration and secretarial fees in 2016 (€ 83k).

Management fees

Management fees, which amounted to € 5.0m year-to-date, as at 31 December 2016 (2015: € 4.3m), relate to the asset (€ 4.5m) and fund management fee (€ 0.5m), calculated as 0.5% and 0.05% of net asset value respectively.

Finance income and costs

Finance result amounted to -/- € 124k year-to-date, as at 31 December 2016 (2015: -/- € 47k). This decrease is caused by higher finance costs of -/- € 239k (2015: -/- € 127k), partly offset by higher finance income of € 115k (2015: € 80k).

Interest income relates to interest received on term payments of forward acquisitions (€ 108k) and interest received for cash held in the bank account. Interest costs relate to the commitment fee on the credit facility, the interest on the drawn amount of this facility and the negative interest paid for cash held in the bank account. Interest rates for cash held in the bank account turned negative in the course of 2016. The Fund withdrew an amount of € 30m from the credit facility in the second quarter of 2016, in order to finance the acquisition of the Hoogvliet portfolio. This amount was fully repaid in the third quarter of 2016.

Portfolio performance ASR Dutch Core Residential Fund

Portfolio overview

The Fund's portfolio consists of 103 properties, as at 31 December 2016, which comprises 4,772 residential units and 1,721 parking spaces. Approximately 60% of the portfolio's residential units are apartments.

The portfolio mainly concerns investment properties in operation (84%) and properties designated for individual unit sales (16%). The share of investment properties in operation increased to 84% as at 31 December 2016 from 82% as at 31 December 2015. This is the result of the addition of new properties to the portfolio, and a limited number of properties being newly designated as individual unit sales in 2016. Assets earmarked as individual unit sales will be sold to individuals on the owner-occupied market at tenant turnover. Investment properties held-for-sale, which are individual units and properties that are sold in 2016, but will be transferred from the Fund in 2017, are limited. Beside the investment portfolio, the Fund has a total of twelve forward acquisitions (off-balance sheet) with a total commitment amounting to € 182.2m as at 31 December 2016.

Schuytgraaf, Arnhem

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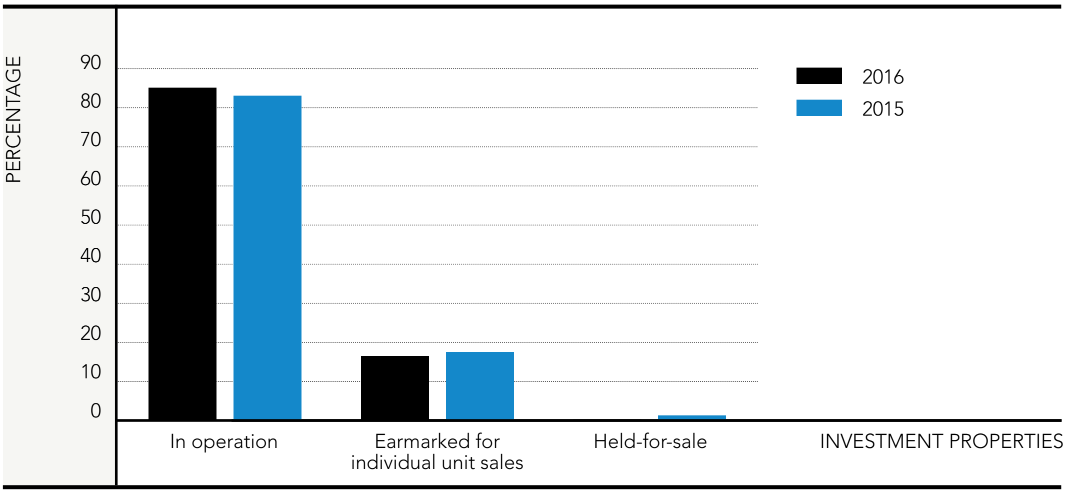
Figure 8 Investment status as percentage of fair value as at 31 December 2016



The portfolio's ten largest properties account for 41.1% of the total portfolio's fair value, as at 31 December 2016. This is a decrease compared to the previous year (42.0%), as a result of revaluations and the individual unit sales strategy. The composition of the top ten overview is largely unchanged, as all properties in the current top ten overview were also in the overview as at 31 December 2015.

Table 2 Overview of largest properties as at 31 December 2016

Property	City	Region	Percentage of total portfolio´s fair value
Wicherskwartier	Amsterdam	Amsterdam	5.9%
Europapoort	Amsterdam	Amsterdam	5.1%
Nachtwachtlaan	Amsterdam	Amsterdam	5.1%
Zuidkwartier	Amsterdam	Amsterdam	4.3%
Terwijde-centrum	Utrecht	Utrecht	4.2%
Staalmeesterslaan	Amsterdam	Amsterdam	3.9%
Lamérislaan	Utrecht	Utrecht	3.6%
Vathorst 1	Amersfoort	Amersfoort	3.3%
Dotterbloemstraat	Nieuwegein	Utrecht	3.2%
RiMiNi	Amstelveen	Amsterdam	2.5%
Total			**41.1%**

The portfolio is spread across different value classes as shown in the table below. Changes in the composition of this overview are mainly the result of revaluations, individual unit sales and the additions of properties Amadeus in The Hague, Schuytgraaf in Arnhem, Stadshagen in Zwolle and the Hoogvliet portfolio.

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Table 3 Property values as at 31 December 2016

Fair value	2016 Properties	2016 Percentage of total portfolio's fair value	2015 Properties	2015 Percentage of total portfolio's fair value
< € 1m	11	0.6%	9	0.7%
€ 1m - € 5m	39	11.9%	38	13.9%
€ 5m - € 10m	25	18.6%	21	17.6%
€ 10m - € 15m	11	14.2%	10	15.2%
€ 15m - € 20m	5	8.9%	5	10.6%
> € 20m	12	45.7%	10	42.0%
Total	**103**	**100.0%**	**93**	**100.0%**

Vacancy

The overall portfolio's vacancy rate amounted to 2.2% of theoretical rental income as at 31 December 2016, which is a slight decrease, compared to 31 December 2015 (2.3%).

Residential units in the portfolio had an average vacancy rate of 2.0% and represent 87% of the portfolio's total vacancies, as at 31 December 2016. The remainder of total portfolio vacancies are mainly attributed to parking. Two of ten properties with the largest vacancy are intentionally left partially vacant as these units are offered for sale in the owner-occupied market, as part of the portfolio's active individual unit sales strategy. Property Zuidwartier in Amsterdam ranked first in this overview, as 9 out of the 82 residential units were vacant, as at 31 December 2016. This is mainly due to a concentration of contract terminations around this date. Financial vacancy for property Zuidkwartier over full 2016 was significantly lower (4.7%). Average vacancy rate of the portfolio's properties that are earmarked for individual unit sales was 2.4% of theoretical rental income, compared to 1.9% for the portfolio's standing investments, as at 31 December 2016.

Table 4 Overview largest vacancies as at 31 December 2016

Property name	City	Region	Investment type	Vacancy (in € '000)	Vacancy rate (in %)	Vacancy as % of total portfolio vacancy	Vacancy type
Zuidkwartier	Amsterdam	Amsterdam	Residential	246	14.2%	22.2%	Operational
Staalmeesterslaan	Amsterdam	Amsterdam	Residential	95	5.1%	8.6%	Renovation
Nachtwachtlaan	Amsterdam	Amsterdam	Residential	91	4.3%	8.2%	Individual unit sales
Europapoort	Amsterdam	Amsterdam	Residential	45	2.3%	4.1%	Individual unit sales
De Halte	Ede	Other	Residential	44	8.3%	4.0%	Operational
Kerkstraat	Alphen aan den Rijn	Other	Residential	42	11.0%	3.8%	Operational
Van Randwijkstraat	Leiden	Leiden	Parking	35	2.8%	3.1%	Operational
Dotterbloemstraat	Nieuwegein	Utrecht	Residential	33	1.9%	3.0%	Operational
Terwijde-centrum	Utrecht	Utrecht	Residential	31	1.5%	2.8%	Operational
Wicherskwartier	Amsterdam	Amsterdam	Residential	29	1.2%	2.7%	Operational
Total				**691**		**62.5%**	

Portfolio additions and sales

Additions

A total of eleven properties were added to the Fund in 2016. This includes the acquisition of the Hoogvliet portfolio and the development projects Stadshagen in Zwolle and Schuytgraaf in Arnhem. All additions are elaborated on in the table and text below.

Table 5 Additions in 2016

Property	City	Region	Completion	Number of single-family houses	Number of apartments	Number of parking spaces
Stadshagen	Zwolle	Zwolle	Q2 2016	30	-	-
Schuytgraaf	Arnhem	Arnhem	Q2 2016	42	-	-
Hoogvliet portfolio						
De Halte	Ede	Other	Q2 2016	-	47	50
Vijfhuizerweg	Vijfhuizen	Amsterdam	Q2 2016	-	2	-
Kerkstraat	Alphen aan den Rijn	Other	Q2 2016	-	40	-
Provinciepassage	Alphen aan den Rijn	Other	Q2 2016	-	44	-
Burg. Colijnstraat	Boskoop	Other	Q2 2016	-	30	-
Veurseweg	Voorschoten	The Hague	Q2 2016	-	4	-
Van Geeststraat	's-Gravenzande	The Hague	Q2 2016	-	3	-
Poortwacht	Leiderdorp	Leiden	Q2 2016	-	1	-
Herenstraat	Voorburg	The Hague	Q2 2016	-	2	-
Total additions				**72**	**173**	**50**

Stadshagen in Zwolle

Stadshagen is comprised of 30 single-family houses within expansion district Stadshagen in the northwest of Zwolle. The property concerns 18 units in neighbourhood Breecamp-Oost and 12 units in neighbourhood Frankhuis. The property achieved an energy label A++, mainly as a result of the application of solar panels. Monthly rents vary between € 860 and € 965. Stadshagen in Zwolle is fully let.

Schuytgraaf in Arnhem

This property concerns 42 single-family houses within large-scale expansion district Schuytgraaf, in the southwest of Arnhem. The Schuytgraaf district concerns a total of 6,250 to-be-developed houses of which a large share has already been realized. The 42 units that were added to the Fund have monthly rents between € 780 and € 870, which matches the portfolio strategy to focus on the medium-priced rental segment. The property has an energy label A++ and is situated close to train station Arnhem-Zuid. Schuytgraaf in Arnhem is fully let.

Hoogvliet portfolio

The Hoogvliet portfolio concerns 10 properties comprised of 195 apartments and 50 parking spaces in total. One property of the Hoogvliet portfolio (Molenstraat in Monster) will be added the portfolio at a later stage (ultimately June 2017), as the division in apartment rights needs to be completed before transfer. The Hoogvliet portfolio consists of a five relatively large properties (ranging from 22 to 47 apartments) in Alphen aan den Rijn, Ede, Boskoop and Monster. The remaining five properties are comprised of 1 to 4 apartments and located in 's-Gravenzande, Vijfhuizen, Voorburg, Voorschoten and Leiderdorp. All residential units are situated above Hoogvliet supermarkets and are centrally located. Energy labels of the Hoogvliet portfolio range from A to C. Average monthly rent amounts to € 819, which fits the portfolio strategy to target the mid-priced rental market.

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Sales

Total proceeds from sales amounted to € 34.9m in 2016, which was 34% above the fair value of € 26.0m.

In order to achieve additional return for investors, the Fund utilizes an active individual unit sales strategy. Approximately 16% of the portfolio is currently earmarked as individual unit sales, which means that when tenants vacate a residential unit, it will be sold to individuals on the owner-occupied market. As part of this individual unit sales strategy, 138 residential units and 46 parking spaces were transferred in 2016.

Table 6 Sales in 2016

Property	City	Proceed of sales (€ '000)	Fair value (€ '000)	Result on sales (€ '000)	Investment/ indivual unit sale	Number of single-family houses	Number of apart-ments	Number of parking spaces
Europapoort	Amsterdam	11,979	9,211	2,768	Individual	-	34	6
Nachtwachtlaan	Amsterdam	11,155	8,081	3,074	Individual	-	40	40
Benctincklaan	Barneveld	522	442	80	Individual	3	-	-
Pottenbakkerstraat	Breda	806	567	239	Individual	4	-	-
Frankendaal	Eindhoven	2,310	1,609	701	Individual	10	1	-
Zilvermeeuw-hoog	Etten-Leur	708	493	215	Individual	4	-	-
Zilvermeeuw-laag	Etten-Leur	1,502	1,065	437	Individual	9	-	-
Ereprijsweg	Haren Gn	567	391	176	Individual	3	-	-
Dinkel	Heerhugowaard	162	118	44	Individual	1	-	-
Koedijk	Lochem	207	173	34	Individual	1	-	-
Korenmolenweg	Lochem	424	295	129	Individual	2	-	-
Pelmolenerf	Lochem	181	132	49	Individual	1	-	-
Beukensingel	Raalte	501	393	108	Individual	3	-	-
De Havezathe	Raalte	162	133	29	Individual	1	-	-
Colijnstraat	Son En Breugel	353	268	85	Individual	2	-	-
Broekhuizenstraat	Tilburg	307	240	67	Individual	2	-	-
Dr. H.T.S. Jacoblaan	Utrecht	469	360	109	Individual	1	-	-
Boeg	Wijk Bij Duurstede	175	134	41	Individual	1	-	-
Kompas	Wijk Bij Duurstede	535	408	127	Individual	3	-	-
Voorsteven	Wijk Bij Duurstede	359	278	81	Individual	2	-	-
Nijenheim	Zeist	621	450	171	Individual	3	-	-
Zonegge	Zevenaar	929	785	144	Individual	7	-	-
Total sales		**34,934**	**26,026**	**8,908**		**63**	**75**	**46**

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Forward acquisitions (off-balance sheet)

The Fund has twelve forward acquisitions (off-balance sheet) with a total commitment amounting to € 182.2m, as at 31 December 2016. All current forward acquisitions are elaborated on in the table and text below.

Table 7 Forward acquisitions (off-balance sheet) as at 31 December 2016

Property	City	Region	Type	Expected year of completion	Number of single-family houses	Number of apartments	Number of parking spaces	Commercial space (sq.m.)	Commitment (€ '000)	Under construction (€ '000)
Malburgen	Arnhem	Arnhem	Turnkey project	2017	36	-	-	-	6,400	2,530
Marie Louise	Ede	Other	Turnkey project	2017	-	32	34	-	6,600	2,130
Molenstraat	Monster	Other	Part of Hoogvliet portfolio	2017	-	22	-	-	4,700	-
Van Reeshof	Nieuwegein	Utrecht	Turnkey project	2017	-	40		-	7,400	5,985
Terwijde	Utrecht	Utrecht	Turnkey project	2017	21	49	66	-	13,000	3,085
Vathorst Centrum (blok 12)	Amersfoort	Amersfoort	Turnkey project	2018	5	16	-	-	3,600	-
Wibautstraat	Amsterdam	Amsterdam	Turnkey project	2018	-	162	68	-	54,500	37,000
Rijndijk	Hazerswoude-Rijndijk	Other	Turnkey project	2018	18	-	-	-	3,600	-
Nieuw Mariënpark	Leidschendam	The Hague	Turnkey project	2018	-	36	36	-	8,700	2,580
The Beacons	Amsterdam	Amsterdam	Turnkey project	2019	-	41	31		14,100	-
De Hoge Regentesse	The Hague	The Hague	Turnkey project	2019	-	128	102	292	24,500	-
Cruquiuswerf	Amsterdam	Amsterdam	Turnkey project	2020	-	122	78	160	35,100	-
Total					**80**	**648**	**415**	**452**	**182,200**	**53,310**

Malburgen in Arnhem

This acquisition concerns the development of 36 single-family houses situated within an existing residential area Malburgen, in the southeast of Arnhem. The development is located in a child-friendly neighbourhood. A shopping centre for daily amenities is located within walking distance and the area is easily accessible by car and public transport. The residential units will have monthly rents of around € 790, which fits the portfolio strategy. Completion is planned for 2017.

Marie Louise in Ede

Project Marie Louise is located near the city centre of Ede. This project is comprised of 32 apartments, 34 parking places and a communal bicycle storage facility in the underlying parking garage. The realization of Marie Louise is the last phase of a proposed plan with a total of three phases. The other two phases, which have already been realized, are single-family houses and apartments for a younger demographic. Average monthly rents are € 975 and completion is planned for 2017.

Molenstraat in Monster

This acquisition is part of the Hoogvliet portfolio. Molenstraat in Monster will be added to the portfolio at a later stage, as the division in apartment rights needs to be completed before transfer.

Van Reeshof in Nieuwegein

This development is located in an existing residential area on the site of a former primary school at the Van Reeslaan. The project, which consists of 40 apartments, is located within walking distance to City Plaza shopping centre and well accessible by public transport. Nearby facilities make the property

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appealing to a wide target group. In view of the ageing population, the municipality of Nieuwegein welcomes this redevelopment and it is expected that Van Reeshof will be popular with the elderly. With an average rent price of € 825, these apartments are well matched to the portfolio strategy. Completion is planned for 2017.

Terwijde in Utrecht

Near shopping centre Terwijde Utrecht, the Fund acquired 70 residential units, consisting of 49 apartments and 21 single-family houses. Terwijde is part of residential area Leidsche Rijn Utrecht, which is easily accessible by car and public transport facilities. Terwijde is a very popular residential area due to its many facilities (shops, restaurants, doctor, dentist, etc.). With an average rent of € 785 for 65 sq.m for the apartments and € 1,000 for 127 sq.m for the single-family houses, the units are suitable for a broad target group. The project is expected to be completed at the end of 2017.

Vathorst Centrum (blok 12) in Amersfoort

Residential district Vathorst is an important designated growth area in the Amersfoort region, with a target population of 30,000 residents. The existing Vathorst shopping centre, where the Fund has already invested in 166 apartments, is planned to be extended by another 16 apartments, 5 single-family houses and retail space. The retail space will not be added to the Fund. Monthly rental prices vary from approximately € 800 to € 1,200. Completion is planned for 2018.

Wibautstraat in Amsterdam

Forward acquisition Wibautstraat concerns the transformation of the former Hogeschool van Amsterdam building. The Wibautstraat is a central axis to and from the city centre of Amsterdam and is quickly and easily accessed from the A10 ring road. The popularity of this area has been growing steadily in recent years. The location is easily accessible by public transport and just a few minutes away (by metro) from the central train station of Amsterdam. An Albert Heijn supermarket (not part of the forward acquisition) is and will continue to be situated on the ground floor. The former school building will be transformed into an apartment building containing 162 apartments, 68 parking spaces, 121 storage rooms and a communal bicycle storage facility. The apartments will have energy label A and monthly rental prices vary from approximately € 900 to € 1,700. This project is expected to be completed in 2018.

Rijndijk in Hazerswoude-Rijndijk

In combination with the acquisition of project Cruquiuswerf in Amsterdam, the Fund acquired project Rijndijk, which is a small-scale project with a total of 18 single-family houses located near the centre of Hazerswoude-Rijndijk. With monthly rents between € 890 and € 925, these single-family houses match the portfolio strategy and have a positive effect on the portfolio diversification. Completion is planned for 2018.

Nieuw Mariënpark in Leidschendam

Project Nieuw Mariënpark in Leidschendam is an integral part of a larger development which is comprised of housing and healthcare. A total of 36 apartments and 36 parking spaces will be added to the portfolio. Nieuw Mariënpark is situated between the Leidschenhage shopping centre and the city centre of Leidschendam. The target group for the high-quality apartments are affluent one- and two-person households, which are well-represented in Leidschendam. With an average rent of around € 1,100, this project is positioned in an above-average rental range, but given the demographics in Leidschendam, it is considered to be well-marketable and a positive addition to the Fund. The project is expected to be completed in 2018.

The Beacons in Amsterdam

The Beacons consists of 41 high-quality apartments in Amsterdam Zeeburgereiland. This location in the northeast of Amsterdam has grown extensively in popularity in the last few years. This project

Impression Wibautstraat, Amsterdam

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consist of two towers with 63 owner-occupied (not acquired by the Fund) and 41 rental apartments. A main feature of the apartments are the spacious balconies. It is easily accessible by public transport and road. The underground communal parking garage has 31 parking spaces. Average rent (excluding parking) is € 1,380 per month. Completion is planned for 2019.

De Hoge Regentesse in The Hague
De Hoge Regentesse is situated to the south of the city centre of The Hague. This area feels like a city centre location, due to dynamic streams of pedestrians and traffic and is easily accesible by public transport. The residential tower is comprised of 23 floors with 128 comfortable apartments varying from 70 to 93 sq.m, 102 parking spaces and 292 sq.m of commercial space. Monthly rents will vary from € 775 to € 975 per month. Part of this development is the realization of 1,500 sq.m of commercial space, which will not be acquired by the Fund. Completion is planned for 2019.

Cruquiuswerf in Amsterdam
This project is located in the north-east of Amsterdam. The Cruquiuswerf area is undergoing a transition from a predominantly industrial area to a residential area. Several plans are being developed in this area at the moment that mainly concern residential developments for the rental and owner-occupied market. This acquisition consists of 122 apartments, 78 parking spaces and 160 sq.m of commercial space. Monthly rental prices vary from approximately € 880 to € 1,300. This project is expected to be completed in 2020.

Investments in current portfolio
The Fund has three investments in the current portfolio with a total commitment amounting to € 21.6m, as at 31 December 2016. These investments comprise 520 residential units, which is 11% of the total portfolio, and are elaborated on in the table below.

The investment in property Couwenhoven in Zeist was completed in 2016. This investment concerned the refurbishment and energy label upgrade (from E/F to A) of 46 single-family houses.

Table 8 Investments in current portfolio as at 31 December 2016

Property	City	Region	Number of residential units	Year of completion	Commitment (€ '000)	Under construction (€ '000)	Description
Staalmeesterslaan	Amsterdam	Amsterdam	180	2017	9,900	1,985	Refurbishment and energy label upgrade (from F to A)
Bonifaciuslaan	Hilversum	Hilversum	250	2017	8,200	1,985	Refurbishment and energy label upgrade (from F to A)
Dotterbloemstraat	Nieuwegein	Utrecht	90	2017	3,500	3,015	Refurbishment and energy label upgrade (from D/E to A)
Total			**520**		**21,600**	**6,985**	

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Portfolio analysis

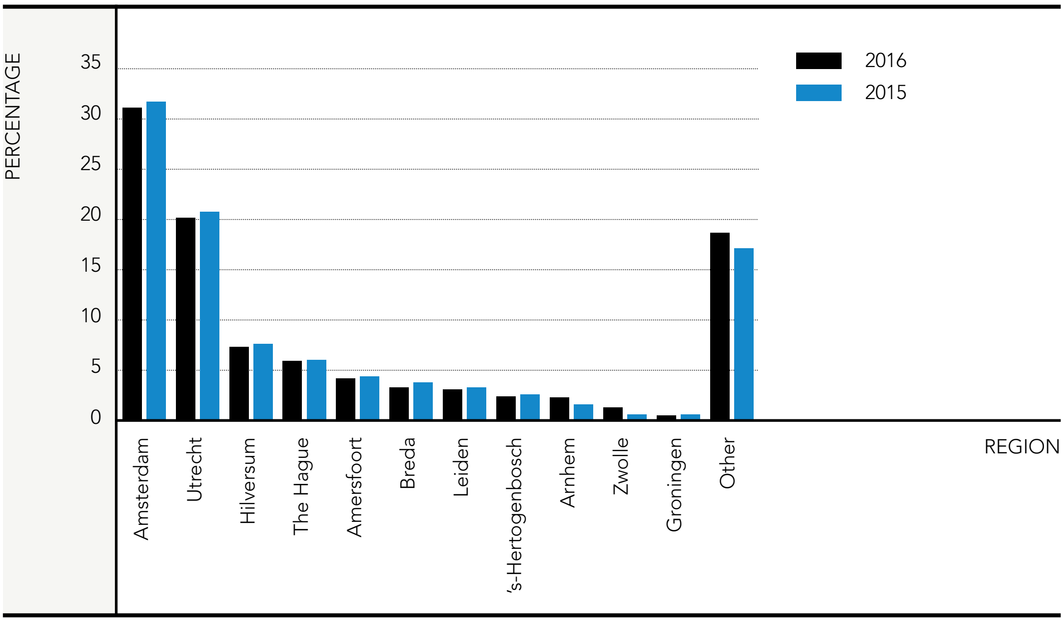
Regional focus

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

In addition to Amsterdam and Utrecht, the portfolio is well-represented in the Randstad area and other demographically and economically strong regions, such as Hilversum, Amersfoort and The Hague. The portfolio strategy actively targets these residential markets with an above-average market outlook. Over 80% of the properties were situated in the Fund's focus regions, as at 31 December 2016.

The allocation to Arnhem, Zwolle and Other regions showed a mild increase in 2016 as a result of the addition of the Hoogvliet portfolio and the projects Stadshagen in Zwolle and Schuytgraaf in Arnhem to the Fund.

Figure 9 Geographical spread as at 31 December 2016



Housing market segmentation

Three different housing market segments have been distinguished by the Fund, based on a combination of target group and location type (please also refer to page 21 of this report).

- Fast urban living: young professionals, families and empty-nesters with a preference for living in large cities and metropolitan areas with a population exceeding 100,000 residents
- Easy suburban living: Families with a preference for living in suburban residential areas and medium-sized cities with a population between 25,000 and 100,000 residents
- Quiet village living: Families with a preference for living in villages and small towns with a population below 50,000 residents

The portfolio strategy's emphasis is to invest in residential real estate that meets the criteria of fast urban living. To a lesser extent, investments in easy suburban living environments are deemed interesting for the portfolio, but these investments should predominantly aim for families and empty nesters as their target group. The portfolio is currently well-represented in the fast urban living segment. Changes in market segmentation were marginal in 2016.

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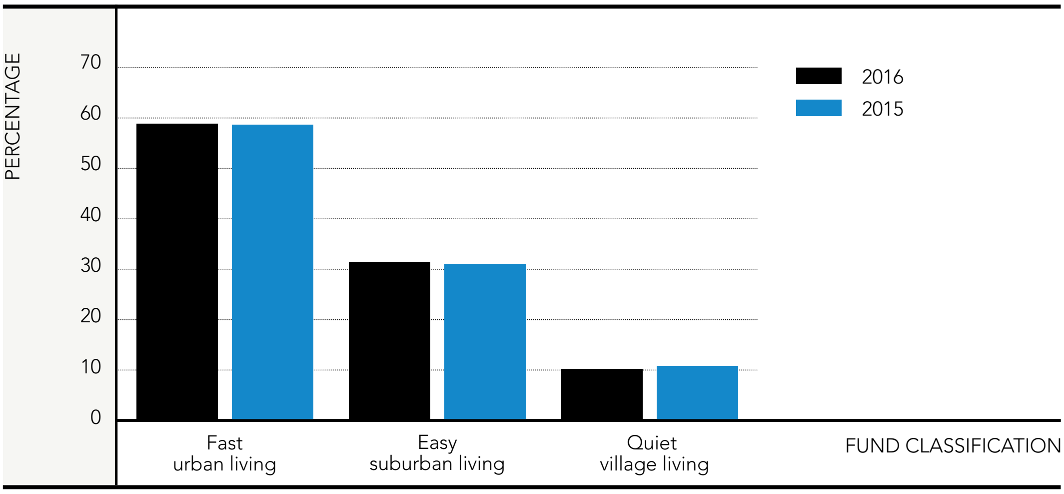
Figure 10 Market segmentation as at 31 December 2016



Property age

The Fund seeks to continuously rejuvenate the portfolio in order to reduce property expenses in the long term and to build a sustainable investment portfolio, through renovation strategies and its acquisition and sales policy. Average property age of the portfolio was 19.2 years, as at 31 December 2016, which is a slight increase from 2015 (19.0 year). The increase in average age is mainly the result of another year having passed, partly offset by the additions of the Hoogvliet portfolio (average age of 13.1 years), Schuytgraaf in Arnhem and Stadshagen in Zwolle, the renovation of property Couwenhoven in Zeist and individual unit sales.

Property age is measured from the original year of construction, corrected for renovations and investments. In cooperation with external advisors, the NEN 2767 guidelines are used to rate the property's technical qualities and assess the technical age of the different parts of a property (for example, foundation, casco and installations). The technical age is a good reflection 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 the original year of construction, was 25.9 years as at 31 December 2016 (2015: 25.9 years).

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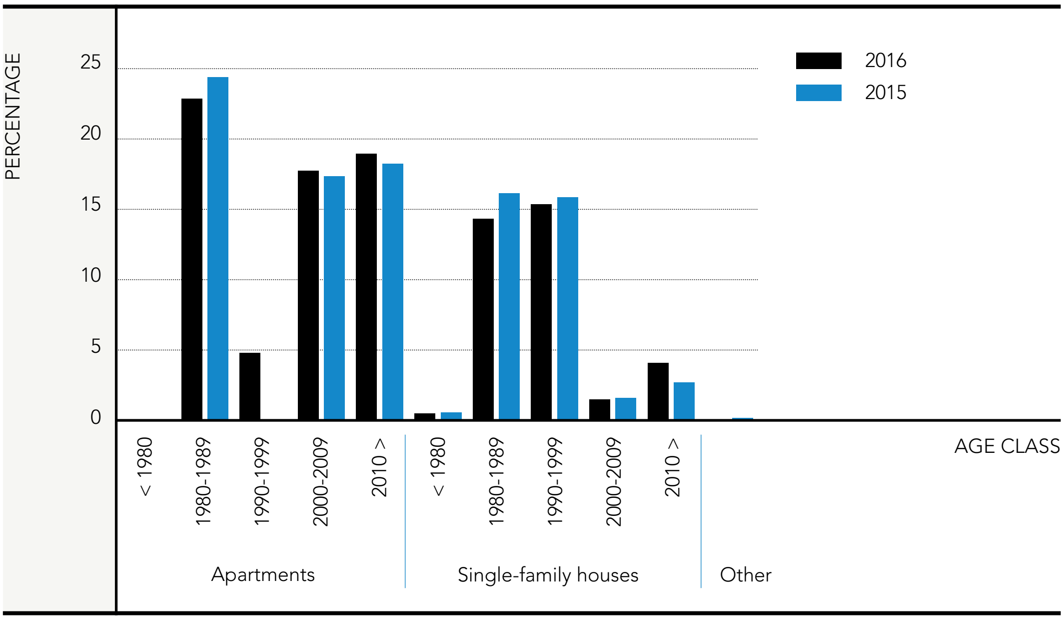
Figure 11 Age classes as at 31 December 2016



Average monthly rent

The portfolio's strategy focuses on residential investments in the mid-priced rental segment and is dominant (68% of total portfolio) in the € 710 to € 1,000 rental range. Non-regulated properties with average monthly rents higher than € 710 per month are favoured by the Fund in the long term. In the short term, the current governmental rental policy enables the Fund to implement rent increases that keep up with or even exceed inflation, in particular for regulated dwellings. Approximately 50% of the residential units with monthly rents below € 710 can be liberalised and achieve a monthly rent above € 710 at tenant turnover. The other half is considered structurally regulated. The Fund partially reduces this share through its individual unit sales strategy.

The share of units with rental prices below € 800 declined, whereas the share of units with rental prices between € 800 and € 1,000 showed a significant increase. This is due to (annual) rent increases as well as the additions of new properties to the portfolio in 2016. Average monthly rents for units in the Hoogvliet portfolio (€ 820), Schuytgraaf in Arnhem (€ 800) and Stadshagen in Zwolle (€ 912) were all well within the portfolio's targeted bandwidth.

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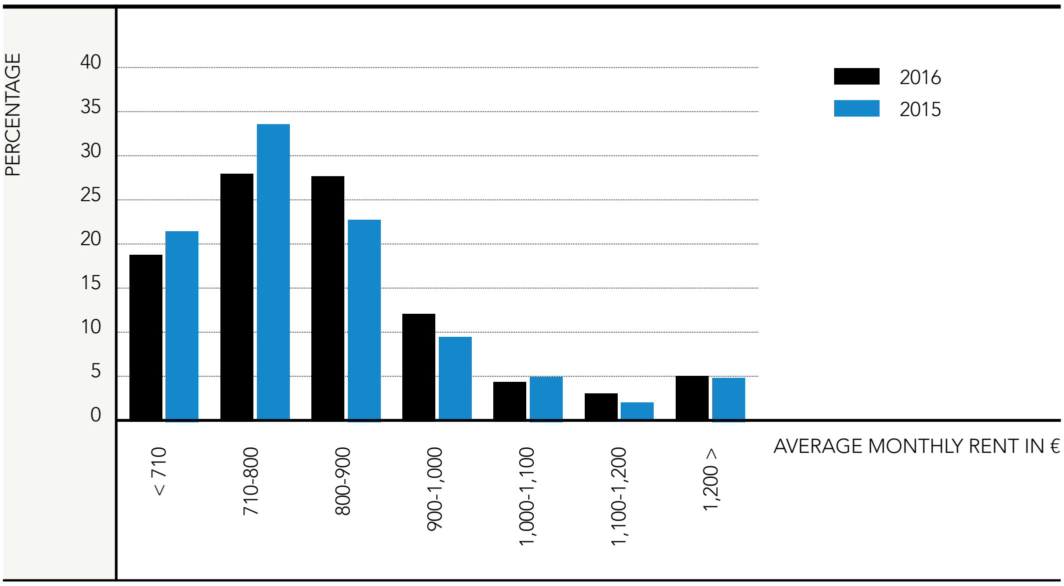
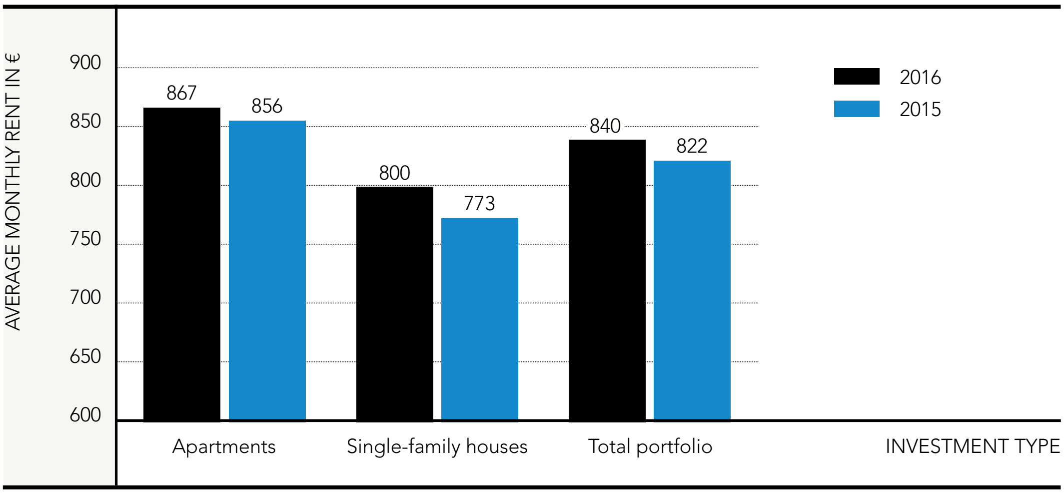
Figure 12 Rental price composition as at 31 December 2016



The average monthly rent of a residential unit in the portfolio was € 840, as at 31 December 2016, which is higher compared to 2015 (€ 822). This growth the result of (annual) rent increases, rent increases after renovation, portfolio additions and individual unit sales. Single-family houses have a lower average monthly rent (€ 800), whereas the portfolio's apartments have an higher average rent (€ 867). This difference in rental level is explained not only by residential type, but also by aspects such as location type and property age.

Figure 13 Average monthly rent per market segment as at 31 December 2016



Rent potential

Rental income of the portfolio can be increased by reducing vacancy, as well as by bringing current rent up to market rent through annual rent increases and by tenant turnover. Total portfolio's market rent potential is on average 8.1%, which is an increase compared to 2015 (5.5%). This is mainly the result of market rent reviews in 2016. In particular single-family houses have significant market rent potential. Average portfolio vacancy rate was 2.2% as at 31 December 2016. Average vacancy rates of apartments are higher compared to single-family houses.

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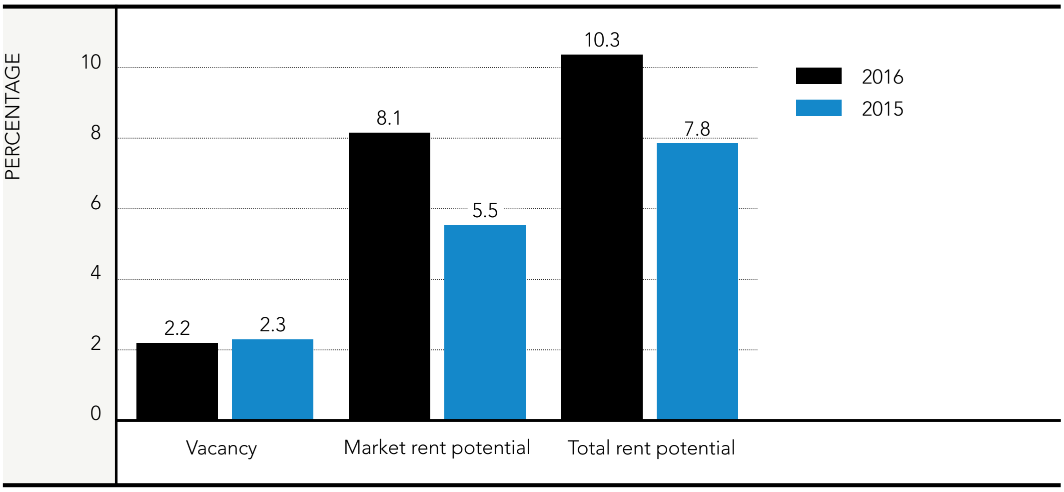
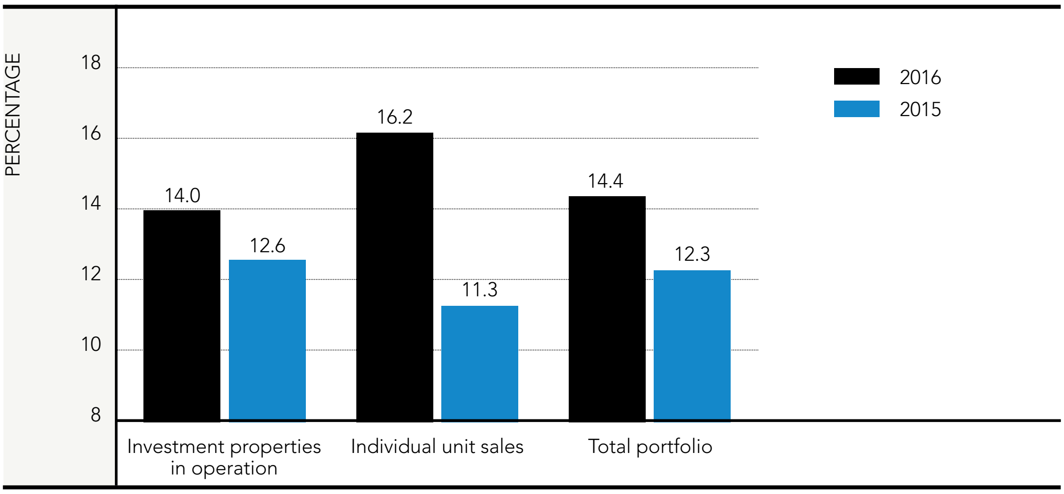
Figure 14 Vacancy and market rent potential as at 31 December 2016



Turnover rate

The portfolio's turnover rate is defined as the percentage of residential contract terminations, within a period, of the total number of residential units at the start of that period. Average portfolio turnover rates amounted to 14.4%, which is a significant increase compared to 2015 (12.3%). In particular properties earmarked for individual unit sales showed an increase from 11.3% to 16.2%, which is also reflected in the 30% growth of the number of individual unit sales in 2016 (138) compared to 2015 (107). This increase is mainly attributable to the further recovery of the owner-occupied market in 2016, which was accompanied by rising transaction activity in the overall housing market.

Figure 15 Average turnover rates in 2016



Performance of Fund versus IPD benchmark

The ASR Dutch Core Residential Fund outperformed the IPD Dutch residential benchmark in 2016. Total return (all benchmarked assets level) for the Fund amounted to 16.0%, compared to 15.2% for the benchmark. This outperformance is both attributable to capital growth (11.2% versus 10.5%) and income return (4.3% versus 4.2%). On a 3-year average, the Fund showed a similar outperformance compared to its benchmark (11.6% versus 10.4%).

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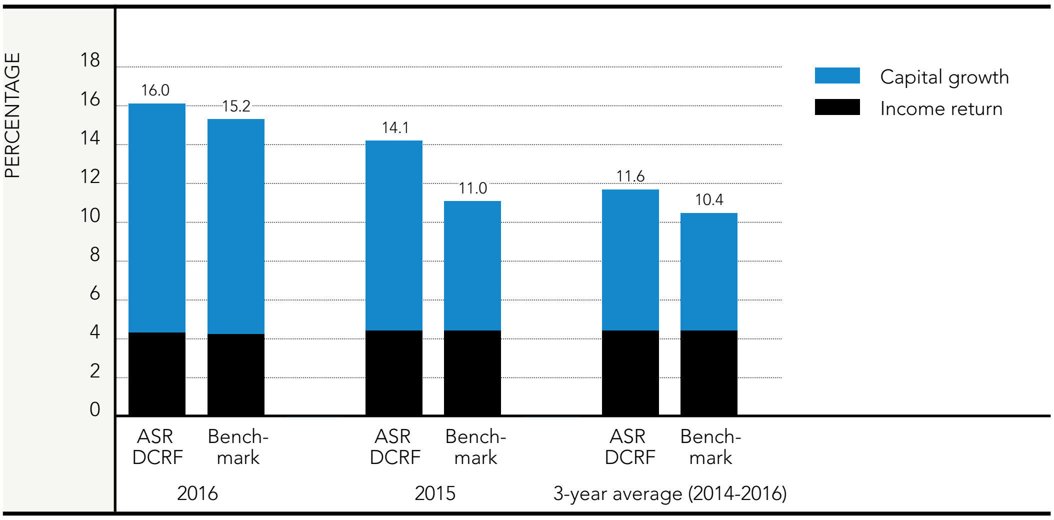
Total return on standing investments level for the Fund and the IPD Dutch residential benchmark were in line in 2016 (both 14.4%), while, on a 3-year average, the Fund outperformed its benchmark (10.3% versus 10.0%). Returns on standing investments level are considered less representative for the Fund's relative performance as they exclude the effect of the active acquisition, investment and individual unit sales strategy of the Fund.

Figure 16 Performance figures ASR DCRF versus IPD Dutch residential benchmark



Realized and unrealized gains and losses

All properties were externally valued on a quarterly basis in 2016 by either MVGM or Cushman & Wakefield. Every quarter, 25% of the valuations concerns full valuations, whereas 75% concerns desktop review update valuations.

Total value of the properties increased by € 88.3m or 9.9% in 2016, compared to € 63.0m or 8.3% in 2015. Amsterdam and Utrecht contributed the most to the portfolio's total appreciation, due to their dominant share in the portfolio and positive revaluation.

Capital

Capital amounts to € 984.3m as at 31 December 2016, compared to € 821.7m as at 31 December 2015. On 1 January 2013, the Anchor Investor, consisting of ASR Nederland Vastgoed Maatschappij N.V. and ASR Levensverzekering N.V. acquired units of the Fund, by transferring its properties to the Fund. The percentage of units obtained (89.1 % and 10.9% respectively) per 1 January 2013, related to the fair value of the properties as at 31 December 2012. In total, 1,000,001 units were issued. From this number, 1,000,000 units are entitled for dividend (Units A) and 1 unit is not entitled for dividend (Unit B).

From the number of 1,000,000 units issued, ASR Nederland Vastgoed Maatschappij acquired 891,000 units and ASR Levensverzekering acquired 109,000 units. The Unit B (not entitled for dividend) is acquired by the ASR Dutch Core Residential Management Company B.V. As of 1 January 2015, unit B has been withdrawn, in line with the amended Fund Agreement.

Capital increased in 2015 as a result of positive valuations (€ 63.0m) and as a result of the first closing (+ € 9.8m), in which a total of 13,126 new units were issued. In the second, third and fourth closing (all in 2015) no new units were issued , as the Anchor Investor redeemed an equal number of units.

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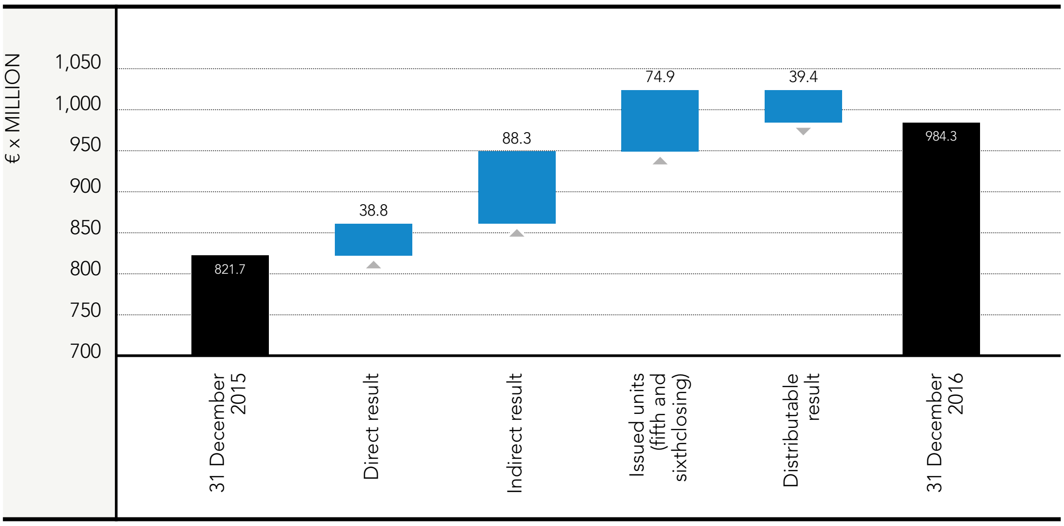
Capital increased in 2016 as a result of positive valuations (€ 88.3m and the issuance of new units as a result of the fifth closing (€ 59.9m) and sixth closing (€ 15.0m). As at 31 December 2016, capital is spread across 1,101,823 units, resulting in an IFRS NAV of € 893 per unit and an INREV NAV of € 903 per unit. The movements in capital are shown in the following figure.

Figure 17 Movements in capital



Corporate Social Responsibility

Our vision

The Fund's vision of Corporate Social Responsibility (CSR) is to offer the best possible facilitation of tenants and investors' interests by creating homes that have long-term value from both a financial and a social perspective. We do this in a sound and responsible manner with engaged and aware partners and employees.

A residential portfolio with long-term value – that is our aim. Long-term value requires future-proof homes in attractive locations. Homes that are comfortable, meet the current and future wishes of consumers, and which are sustainable. Homes in a residential environment that are and will continue to be highly valued. In short, places where our tenants both are and feel at home.

To materialize this vision, the Fund composed a formal CSR policy last year which focused on the sustainability of its property, engagement of its partners, contribution to nature, society and environment and engagement of its employees. To embed its policy, the Fund published it on its website, started a companywide CSR working group, appointed a CSR manager, and drew up an action plan.

The Fund's CSR policy is based on four P's which cover the entire spectrum of Corporate Social Responsibility. Each P represents a different perspective of the CSR policy, but is each equally essential in realizing our vision. They are; *Property, Partners, Planet* and *People*. Each P has its own strategic goals, the results of which are discussed in this report. The Fund wishes to achieve the objectives set out below by 2020.

Property

Sustainable portfolio

- Reduce average Energy Index to at least 1.35
- Reduce ownership of properties with an Energy Index of > 2.4 to under 3% of portfolio
- Annual energy-saving measures in 10% of properties
- Deliver property with GB certificate once every three years

Partners

Engaged partners

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

Planet

Contribution to society and the environment

- Reduce energy consumption and carbon emissions by 10% compared to 2015
- Maximum use of measuring options
- Investing in neighbourhoods
- Contribution to opportunities and development of pupils and students

People

Committed organization

- Informed and engaged employees
- Optimal organizational anchoring of CSR
- Employee satisfaction rating of > 75% (a.s.r. reim)
- Personal development of employees (a.s.r. reim)

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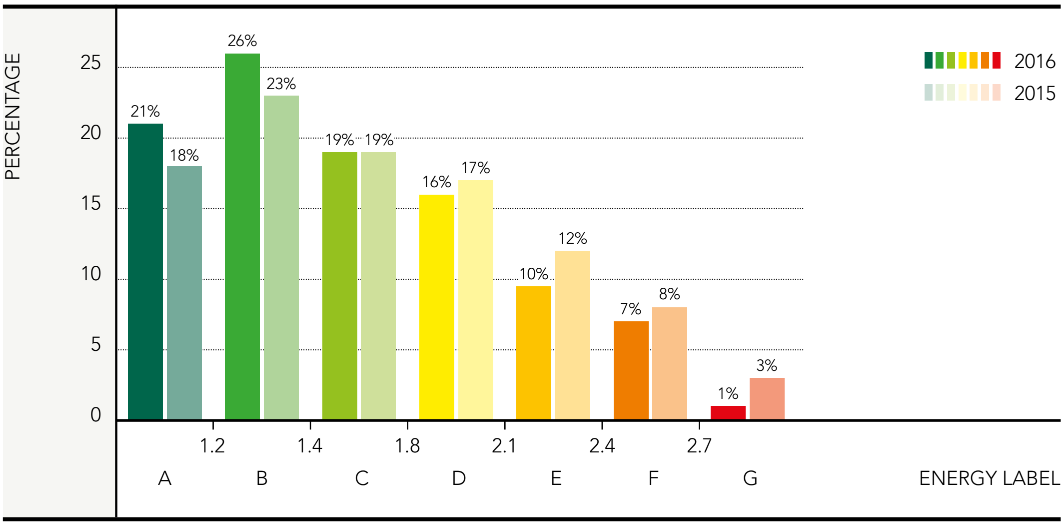
Property

Property naturally occupies a central role in the Fund. The main aim of the Fund is to continuously increase the sustainability of its portfolio in various ways.

Figure 18 Energy labels (EPA) as at 31 December 2016



Reduce average Energy Index to at least 1.35

- In 2016, the average Energy Index of the Fund's portfolio improved from 1.60 to 1.52. There are two main reasons for this improvement: enhancing the sustainability of standing investments and acquiring highly sustainable dwellings.
- In 2016, the Fund started carrying out their ambitious sustainability plans. In Zeist and Nieuwegein, 101 dwellings were renovated to make them more sustainable. In Zeist the Energy Index of 46 units were lowered from 2.33 to 0.76. In Nieuwegein, the Energy-Index of 55 units were lowered from 1.86 to an expected <1.0. In 2016, plans were made to renovate an additional 44 single-family homes in Nieuwegein and 430 apartments in Amsterdam and Hilversum, lowering their Energy Index to <1.2. This will take place in 2017.
- In 2016, 72 new single-family homes were completed with low Energy Indices: 0.78 in Arnhem and in 0.70 Zwolle. The Fund also acquired almost 200 dwellings of the Hoogvliet portfolio. These dwellings have an average Energy Index of 1.20.
- In 2016, we started to improve our program of requirements in terms of CSR. For example, we added provisions on solar panels and heat & cold storage systems.

We have a large pipeline of standing investments that will be enhanced to be sustainable and also a large pipeline of new sustainable projects. Together, they will contribute towards further improvement of the Energy Index. Where possible, the Fund plays a role in transforming old or outdated buildings. Compared to our CSR policy 2016-2018, we have higher expectations with regard to improving the Energy Index. So the aim concerning the Energy Index will be refined from 1.35 to 1.30 (EPA label B).

Reduce ownership of properties with an Energy Index of > 2.4 to under 3% of portfolio

- In 2015, 12% of the portfolio had an Energy Index of > 2.4. In 2016, this was lowered by 8.5% as a result of acquisitions, renovations and sale of less sustainable units.
- The Fund formulated a sustainability ambition for every individual asset, describing proposals to increase sustainability of the units, especially for those assets with an Energy Index above 2.4. The Fund aims to renovate (at least) 100 of these units to become sustainable in the coming years.

Couwenhoven, Zeist

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Annual energy-savings measures in 10% of the properties
- In 2016 the Fund executed sustainable renovations in 10% of the portfolio (standing investments).
- 101 units in Nieuwegein and Zeist were comprehensively improved to an EPA-label A.
- In 200 additional units water saving faucets were installed in bathroom, toilets and kitchen as well as water saving flush systems.
- New, high-efficiency central heaters were installed in 50 dwellings.
- In Utrecht, 30 households participated in a project, initiated by a.s.r. reim and the municipality of Utrecht, to encourage sustainable living.

Deliver an asset with a Green Building Certificate once every three years
- In 2016, the feasibility of obtaining a BREEAM-certificate for two properties (renovation and new delivery) was assessed. In 2017, the Fund aims to deliver a project complying to BREEAM standards..
- Property Futura in Zoetermeer currently has a BREAAM certificate with the rating 'very good'.

Partners
Optimal engagement of partners in chain
- CSR was a regular point on the agenda of the meetings with our direct partners, real estate managers and maintenance contractors. The Fund's sustainability policy was discussed with investors in the Meeting of Investors.
- The Fund organized various CSR workshops and seminars in 2016 for various events and organizations, such as Provada, Dutch Green Building week and Vogon.

Continuous check for compliance with CSR requirements and objectives
- In 2016, new CSR targets were formulated which were added to the Framework agreement with our property managers, starting 1 January 2017. The managers' performance regarding the targets are discussed with them on a quarterly basis.
- Starting 1 January 2017, CSR is part of the assessment of our real estate managers. They are assessed on their own sustainability policies (quality/quantity, transparency, benchmarking and reporting), as well as the contribution of the manager to a.s.r. reim's CSR targets.
- In 2016, our CSR targets were further embedded in documents used for purchases, sales and investments.

Tenant satisfaction rating of at least 7.5 (out of 10)
- The Fund's overall average tenant satisfaction score in 2016 was 7.1 out of 10, which was in line with the results of the previous two years (7.2 and 7.3 respectively) and the benchmark (7.1). The results were extensively discussed with the managers.
- All managers have provided an improvement plan with regard to tenant satisfaction. An important aspect in improving tenant satisfaction is to direct complaints, questions or wishes from the tenants survey immediately to the manager so that he/she can respond immediately.
- In 2016, we improved, in cooperation with several partners, two tenant processes: a more client-focussed process of dealing with repair requests and a more legible service costs bill, which is sent by 1 July at the latest.

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Active participation program tenants

- As of 2016, all tenants received a CSR newsletter. This (first) letter contained general information about the Fund's CSR policy and recent developments, as well as several tips and tricks for using their homes in a sustainable manner. Sustainable tips and tricks can also be found on the a.s.r. reim website.
- In cooperation with the municipality of Utrecht, a project was launched in Utrecht Terwijde and De Meern which advises households on their energy use. During this project, a group of unemployed people advised our tenants on more than 80 options for saving energy (and as a result, money).
- Tenants are actively engaged in sustainable renovation projects through a survey which focuses on their wishes, a discussion group which acts as a sounding board for various choices, and an information market where all participating partners of the project give a presentation. All tenants also have a vote in various aspects such as the look of the asset and the units' heating systems.

GRESB 2016

Global Real Estate Sustainability Benchmark (GRESB)
The Fund's CSR performance is measured annually and made transparent through GRESB. GRESB is an independent, scientific benchmark that assesses the sustainability policies of real estate funds worldwide and the implementation of their policies. The Fund's efforts have been rewarded in the past year with the high distinction of Green Star (two stars). Since 2014, its score has improved by 40%. The Fund's aim is to improve its score still further.

Planet

Reduce energy consumption and carbon emissions by 10% from 2014

- As at 1 January 2014, the average theoretical CO_2 emission was 3,086 kg per dwelling. This was reduced by 2.5% in 3 years, towards 3,009 kg by the end of 2016. The reduction is the result of our new, more sustainable dwellings and the renovation of standing investments.
- The development in energy use and greenhouse gas emissions is shown in the following table. These figures are checked by INNAX.

	Absolute			Like-for-like		
	2016	2015	2014	2016	2015	2014
Energy						
Total energy (kWh)	1,938,048	1,900,528	1,285,144	1,321,509	1,259,396	1,285,144
Number of properties	25	25	22	22	22	22
Data coverage	100%	100%	100%			
Total energy consumption from fuels (in m³)	836,890	791,202	736,879	836,890	791,202	736,879
Number of properties	6	6	6	6	6	6
Data coverage	100%	100%	100%			
Greenhouse gas						
Total direct greenhouse gas emissions[1]	1,579,211	1,492,998	1,390,491	1,579,211	1,492,998	1,390,491
Total indirect greenhouse gas emissions[2]	5,678	5,568	3,765	3,871	3,689	3,765
Total greenhouse gas emissions	**1,584,889**	**1,498,566**	**1,394,256**	**1,583,083**	**1,496,688**	**1,394,256**

1) Emissions from sources that are owned or controlled by the organization, such as combustion of fossil fuels

2) Emissions from the consumption of purchased electricity, steam, or other sources of energy (such as chilled water) generated upstream from the organization

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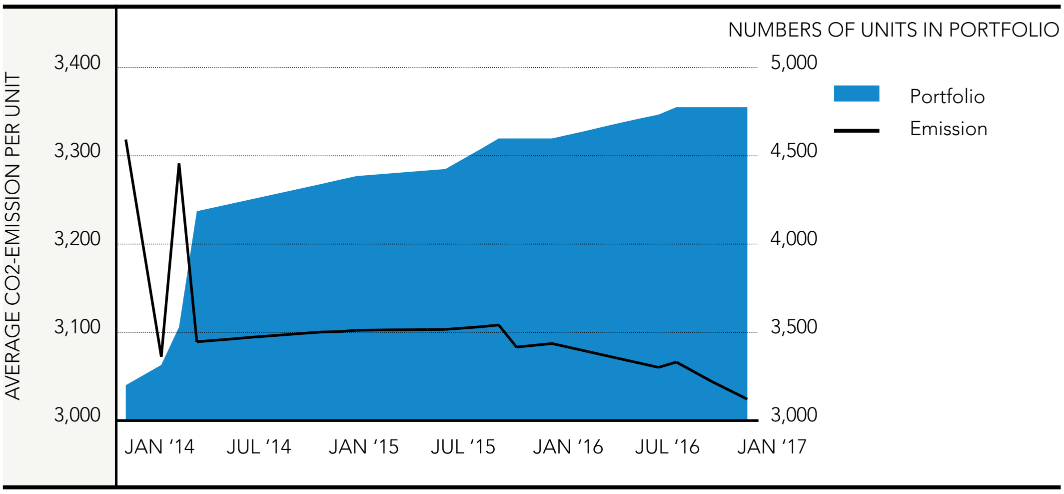
- The renovation to make existing real estate sustainable, which was started in 2016 and will take further flight in 2017, has had a large impact. For example, the renovation of 46 units in Zeist caused a CO_2 reduction of 85%.
- In 2016, we started collecting actual usage from the individual units. In 2017, this data will be analyzed, providing insight into the reduction of individual energy usage over the last few years.
- Up to 2016, electronic meters provided insights into natural gas and electricity usage for communual areas. Last year, the like-for-like energy use and greenhouse gas emissions rose slightly compared to 2015. Further investigation into the reasons for this increase is an important goal for 2017.
- In 2016, a formal cooperation for three years with Vandebron was signed. Vandebron offers consumers 100% sustainable energy, enlarging the share of sustainable energy which is used in the portfolio. Through this cooperation, a.s.r. reim and Vandebron aim to make tenants conscious of their choices and contribute to a more sustainable, livable and environmentally friendly society. In 2017, Vandebron will start a pilot in several hundred of the Fund's units, informing tenants on the options available in switching to an environmentally-friendly energy provider

Figure 19 Average CO_2 emission per unit



Maximum use of measuring options

- In 2016, we started collecting data from the individual units, through the energy companies who provided the data. Based on this data, starting from 2017, we will have insights into individual energy usage in both communal areas, as well as homes. Based on this data, tenants can be in informed of their energy use and encouraged to save energy.
- In 2016, tenants in three properties were given insights into their collective energy usage from a central heating system. Through a mobile app, they received insight into the energy usage per individual unit. The goal is to provide tenants with insights into their personal energy usage, stimulating them to lower their consumption. In 2017, this system will be employed in at least five other apartment buildings.

Investing in neighborhoods

- In 2016, a.s.r. reim signed a cooperative agreement with IVN, a national institute for nature education and sustainability. They will assist a.s.r. reim in investing in new developments and renovations, in a sustainable manner.
- In 2016, a.s.r. reim planned the planting of a "tiny forest" in Utrecht. This "little forest in the city" of 200 - 400 sq. m. will be placed directly next to the Fund's units in the Terwijde neighborhood. a.s.r. reim is the main financier and provided the co-investors. The tiny forest will be planted in 2017.
- The Fund invested in a children's playground in the area development of Arnhem Schuytgraaf.

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Contributing to the opportunities and development of students

- The Fund organized two seminars on December 2016 at the yearly real estate symposium of FRESH, the network of academic real estate students.
- a.s.r. reim employees participated in a sustainability project at several primary schools in Utrecht in which children were informed on various aspects of sustainability.
- Two interns were employed at the residential business line of a.s.r. reim in 2016 and a.s.r. reim employees assisted two graduate students with their master thesis.

People

Informed and engaged employees

- All a.s.r. reim employees are kept up to date on CSR developments through a monthly digital newsletter.
- In 2016, two CSR-seminars were organized at the a.s.r. office for a.s.r. reim employees by Ahold and BAM. The BAM seminar discussed the sustainable renovations which they had performed for the Fund.
- All employees in the residential business line of a.s.r. reim have a personal annual sustainability objective.
- In 2016, several a.s.r. reim employees participated in the project "helping by taking action" by maintaining the garden of a local retirement home and accompanying a group of mentally disabled children to Blijdorp zoo in Rotterdam.

Optimal organizational anchoring of CSR

- In 2016, the a.s.r. reim Green Team, including employees of a.s.r. reim dedicated to ASR DCRF, held a meeting once every two weeks.
- Sustainability is a fixed agenda point in the Fund's asset management meetings as well as a.s.r. reim's management team meetings.
- All units in the Fund's portfolio have a valid EPA-label.

Employee satisfaction rating of > 75% (a.s.r. reim)

- For 2016, the target in terms of employee satisfaction was to achieve a rating of at least 75%. In the most recent Great Place To Work survey a.s.r. reim achieved a rating of more than 80%. With this result a.s.r. reim was declared "one of the best employers" of the Netherlands. Our objective is to sustain a rating of at least 80%.

Personal development of employees (a.s.r. reim)

- Several colleagues of a.s.r. reim were invited to an employee development program. This program includes courses to enable them to develop themselves professionally and personally..

Tenant satisfaction survey

The Fund aims to continuously improve their services and tenant satisfaction rating. In order to monitor this, the Fund annually organizes a tenant satisfaction survey together with the benchmark of a number of Dutch professional real estate funds (IVBN). This benchmark allows us to monitor market developments and compare these results with the Fund's performance. The survey is performed (mainly by e-mail) by an independent research agency.

As in previous years, tenants were interviewed about their satisfaction regarding their home, living environment and property management services. The Fund's overall average tenants satisfaction rating for 2016 was 7.1 out of 10, which is in line with the results of the previous two years (7.2 and 7.3 respectively) and the benchmark (7.1). Both house and living environment remain at a relatively high score of 7.6 and 7.7 out of 10. This implies a positive experience among tenants with the 'hardware' in

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the Fund's portfolio. Provision of services by the property management organizations were ranked just below the benchmark (6.4 and 6.6), follow ups were addressed and will be part of the business plans of 2017. Tenant satisfaction is part of the external property manager's annual rating and results and improvements will be discussed during their quarterly meetings with the Fund.

	House	Living environment	Services external property manager	Service internal property management	Overall
2016	7.6	7.7	6.4	6.6	7.1
Δ Benchmark	+0.1	+0.1	-0.2	-0.2	-0.1
2015	7.6	7.6	6.3	7.1	7.2
2014	7.5	7.7	6.6	7.2	7.3

AIFMD

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

The AIFM Directive also requires a 'depositary' to be appointed to act as custodian and monitor of the Fund. This is to safeguard against fraud, book-keeping errors and conflicts of interest. Therefore, a contract has been signed with BNP Paribas Securities Services to act as depositary as of 1 June 2014. As of that date, the Fund Manager keeps the depositary informed of cash flows and of the safekeeping of assets. The depositary has three main objectives:
1. Safekeeping the assets
2. Daily monitoring of the cash flows
3. General oversight.

An information platform has been set up to provide the depositary with the appropriate information in an effective way. Regarding the general oversight objective, the depositary performed an onsight due diligence as part of their general oversight duties. The work of the depositary, together with their responsibilities, are expressed by them through a depositary statement.

As the Netherlands Authority for Financial Markets (AFM) granted a.s.r. reim the AIFMD license in the first quarter of 2015, the Fund is under an obligation to submit comprehensive reports on risks and restrictions. The Fund Manager now makes quarterly reports to the Dutch Central Bank (DNB) on results and risks, starting from 31 March 2015.

In this report, the main finance restrictions, subscription and redemption restrictions, and investment restrictions that govern the Fund, are described. They are summarized below.

1. Finance restrictions

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

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2. Subscription and redemption restrictions

Subscription and redemption restrictions are as follows:

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

3. Investment restrictions

- Focus on core, residential assets in the Netherlands
- Maximum of 20% of GAV invested in a single asset.
- The Fund needs to be in control of the assets
- Avoid development risk

During 2016 and 2015 the Fund met the finance restrictions, the subscription and redemption restrictions, and the investment restrictions.

Depositary Statement

Considering that:

- BNP Paribas Securities Services is appointed to act as depositary of ASR Dutch Core Residential Fund ("The Fund") in accordance with subsection 21(1) of the Directive 2011/61EU (the "AIFM Directive");
- Such appointment and the mutual rights and obligations of the fund manager, title holder and depositary of the fund are agreed upon in the depositary agreement dated 05-05-2014 (amendment 09-02-2015) 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, 2016 (the relevant year hereafter referred to as "the period").

Responsibilities of the Depositary

The Depositary acts as a depositary within the meaning of the AIFM Directive ("AIFMD") and shall provide the services in accordance with the AIFMD, EU implementing regulation, relevant Dutch laws and the policy rules issued by the European Securities and Markets Authority ("ESMA") or the Dutch Authority for Financial Markets ("AFM"). The responsibilities of the Depositary are described in the agreement and include, in addition to the Safekeeping, Recordkeeping and Ownership Verification (as described in article 21(8) AIFMD, also a number of monitoring and supervisory responsibilities as defined through article 21(7) and 21(9) of the AIFMD, namely:

- Cash flow monitoring, including the identification of significant and inconsistent cash flows and the reconciliation of cash flows with the administration of the fund;
- Ensuring that the sale, issue, re-purchase, redemption, cancellation of units or shares of the fund and valuation are carried out in accordance with the applicable national law and the fund rules or instruments of incorporation;
- Ensuring that investment transactions of the fund are timely settled;
- Monitor and check that the total result of the fund is allocated in accordance with the applicable national law and the fund rules or instruments of incorporation;
- Monitor and check that the Alternative Investment Manager ('AIFM") performs its investment management duties within the fund rules or instruments of incorporation;

Report of the Management Company

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

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

Amsterdam, 31-12-2016
BNP Paribas Securities Services

Risk management

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

ASR Dutch Core Residential Fund Management Company B.V. (the Management Company) has an agreement (Management Agreement) with a.s.r. reim (the Manager). In the agreement is stated that the Manager will provide fund management services, asset management services and property management services to the Management Company. Under the fund management services the following items are included (not limitative): legal and structuring, compliance, business and financial advisory, human resource, risk management, communication and marketing and finance and tax. The ASR Dutch Core Residential Management Company B.V. has outsourced all its responsibilities to a.s.r. reim, the Manager. Also under the AIFMD requirements a.s.r. reim acts as the Manager of the Fund. The risk management is therefore described from perspective of the Manager, a.s.r. reim.

The Manager reviews its key processes through ISAE 3402 and ISAE 3000. The internal control system (Type II) according to the International Standard of Assurance Engagements (ISAE) 3402, regarding property and asset management processes, is in place since 2013. The reporting period encompassed a period of nine months, from 1 January 2013 to 30 September 2013. For 2014 and 2015, the ISAE controls continued to be in place. In 2016 there was a testing period again in which a.s.r. wanted to obtain a Type II report. The Fund received an ISAE 3402 certification without imperfections in March 2017.

The internal control system according to the International Standard of Assurance Engagements (ISAE) 3000, regarding fund specific controls, is tested for a period of nine months, from 1 January 2015 to 30 September 2015. The Fund received an ISAE 3000 certification without imperfections in 2015 and continues to strive for an update every two years Every other year, compliance to the ISAE framework is audited by an external accountant. Please refer to Appendix 2 for more detailed information on ISAE.

Report of the Management Company

Strategic risk

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

The Fund Manager mitigates strategic risk by drawing up a three-year business plan every year. By doing so, market opportunities and threats are analyzed 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 Fund qualifies as a tax transparent fund for joint accounts for Dutch corporate income tax purposes and Dutch dividend withholding tax purposes, providing all relevant parties act in accordance with the Fund Agreement. The Dutch tax authorities have confirmed the transparency of the Fund for corporate income tax and Dutch dividend withholding tax purposes. In order to maintain its tax status, no development activities should take place in the Fund. The Fund Manager continuously monitors its forward acquisitions.

Investment objective and strategy, investment criteria and investment restrictions

The investment objective and strategy, investment criteria and investment restrictions, as set out in the Fund Agreement, are monitored on a quarterly basis and on a case-by-case basis for acquisitions and sales. The Fund's investment restrictions relate to the following criteria:

- There is a focus on core, residential assets in the Netherlands
- A maximum of 20% of GAV can be invested in a single asset
- The Fund needs to be in control of the assets
- The Fund must avoid development risk

The Fund Manager continuously monitors portfolio deviation and the consequences of potential acquisitions and sales on the investment restrictions. During 2016 and 2015, the Fund meets all investment objectives and strategy, investment criteria and investment restrictions.

Operational risk

Operational risk is the risk that errors are not observed in a timely manner or that fraud can take place as a result of the failure or inadequacies of internal processes, human and technical shortcomings, and unexpected external events. The Fund Manager has, as described above, an extensive risk management framework to mitigate operational risk. For quantitative analysis (if relevant), we refer to the risk management paragraph in note 3 of the annual report (page 66 and further).

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. The Fund Manager continuously monitors market rents and their movements. The occupancy rate of the portfolio is considered to be high and stable. Asset managers and our external property managers are in constant contact with tenants and their developments. Furthermore, the Fund Manager's organization has a research department that analyzes 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.

Report of the Management Company

Value development of the portfolio

The portfolio's fair values are affected by market rents and general economic developments. Lower market values affect capital growth returns. The Fund Manager carefully monitors transactions in the market and the development of vacant possession values. The portfolio's fair value development is also monitored closely. Every quarter, the entire portfolio is valued by independent external appraisers. Properties are valued at market value and according to International Valuation Standards, recommendations of the Platform Valuers and Accountants (PTA), AIFMD and RICS standards.

Legislation and regulation risk

Legislation and regulation risk is the risk that changes to laws and regulations will influence the results of the Fund. The Fund Manager cannot influence or change amendments to legislation and regulation. However, such risk can be mitigated by anticipating upcoming (possible) amendments in a timely manner.

A wide variety of laws and regulations apply to the Dutch (residential) real estate market. The Fund continuously monitors regulatory developments, in order to ensure compliance with the latest standards and regulations. Failing to do so could have the following implications:

- The Fund might suffer reputational damage if it is unable to implement new requirements promptly.
- Fines and legal action may be imposed on the Fund if it is unable to implement new requirements promptly.

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

Please refer to the notes to the financial statements for more extensive information on risk management by the Fund.

Financial risk

Financial risk is divided into the following categories:

- Real estate risk
- Interest rate risk
- Credit risk
- Liquidity risk
- Funding Risk
- Capital risk management

These risks and the approach that the Fund Manager takes in dealing with these risks are described extensively in the section on accounting principles in the notes to the financial statements.

Corporate governance

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

Report of the Management Company

Outlook 2017

The outlook for investing in Dutch residential real estate is again positive, as the economy and housing market are in full recovery. The Fund will be able to optimally profit from this recovery through active asset and acquisition management. In addition, the Fund increased its focus on sustainability through investments in the current portfolio.

Further growth of the forward acquisitions and sustainability remain key elements of the portfolio strategy, while political developments are also closely monitored in this election year 2017. We are confident that the Fund continues to be able to generate solid returns, while maintaining its core risk profile.

Utrecht, the Netherlands, 9 May 2017

ASR Vastgoed Vermogensbeheer B.V. (a.s.r. reim)
On behalf of the ASR Dutch Core Residential Management Company B.V.
Dick Gort, *CEO*
Henk-Dirk de Haan, *CFRO*

Financial statements

Statement of income and comprehensive income

(amounts €'000, unless otherwise stated)

For the year	NOTES	2016	2015
Gross rental income	5	47,508	45,964
Service charge income	5	3,374	3,474
Total operating income		**50,882**	**49,438**
Property-specific costs	6	(11,677)	(14,012)
Service charge expenses	5	(3,374)	(3,474)
Fund expenses	7	(709)	(617)
Management fees	8	(4,985)	(4,336)
Total operating expenses		**(20,745)**	**(22,439)**
OPERATING RESULT		**30,137**	**26,999**
Finance income	9	115	80
Finance costs	9	(239)	(127)
Finance result		**(124)**	**(47)**
Changes in fair value of investment properties	11	88,296	62,970
Result on sales of investment properties	10	-	-
Result on individual unit sales	10	8,908	6,775
Realized and unrealized gains and losses		**97,204**	**69,745**
NET RESULT		**127,217**	**96,697**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		**127,217**	**96,697**
In €			
Direct result per unit (distributable result per unit)		37	33
Indirect result per unit		84	62
NET RESULT PER UNIT		**121**	**95**

Click on a note reference to display the note

Statement of financial position

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

As at	NOTES	31 December 2016	31 December 2015
ASSETS			
Non-current assets			
Investment properties in operation	11	922,873	804,136
Investment properties under construction	11	56,239	7,059
		979,112	**811,195**
Current assets			
Trade receivables	12	1,257	623
Cash and cash equivalents	13	21,491	17,594
		22,748	**18,217**
Investment properties held-for-sale	11	1,893	8,541
TOTAL ASSETS		**1,003,753**	**837,953**
CAPITAL AND LIABILITIES			
Capital			
Issued capital	14	1,102	1,013
Additional paid-in capital		909,111	834,308
Revaluation reserve		151,539	67,208
Retained earnings		(77,416)	(80,864)
		984,336	**821,665**
Non-current liabilities			
Borrowings	15	(6)	(31)
		(6)	**(31)**
Current liabilities			
Trade and other liabilities	16	17,861	15,274
Provisions	17	1,562	1,045
		19,423	**16,319**
TOTAL CAPITAL AND LIABILITIES		**1,003,753**	**837,953**

Statement of changes in capital

(amounts €'000, unless otherwise stated)

For the period 1 January 2015 - 31 December 2016	Issued capital	Additional paid-in capital	Retained earnings	Revaluation reserve [1]	Total
Balance as at 1 January 2015	1,000	824,486	(79,301)	2,712	748,897
Total comprehensive income					
- Profit for the year	-	-	96,697	-	96,697
Total comprehensive income	**-**	**-**	**96,697**	**-**	**96,697**
Movement arising from market valuations	-	-	(65,785)	65,785	-
Movement arising from divestments	-	-	1,289	(1,289)	-
Transactions with the owners of the Fund					
Contributions and distributions:					
- Issue of ordinary units	13	9,822	-	-	9,835
- Distributable result	-	-	(33,764)	-	(33,764)
Total transactions with owners of the Fund	**13**	**9,822**	**(33,764)**	**-**	**(23,929)**
BALANCE AS AT 31 December 2015	**1,013**	**834,308**	**(80,864)**	**67,208**	**821,665**
Total comprehensive income					
- Profit for the year	-	-	127,217	-	127,217
Total comprehensive income	**-**	**-**	**127,217**	**-**	**127,217**
Movement arising from market valuations			(88,832)	88,832	-
Movement arising from divestments			4,501	(4,501)	-
Transactions with the owners of the Fund					
Contributions and distributions:					
- Issue of ordinary units	89	74,803	-	-	74,892
- Distributable result	-	-	(39,438)	-	(39,438)
Total transactions with owners of the Fund	**89**	**74,803**	**(39,438)**	**-**	**35,454**
BALANCE AS AT 31 December 2016	**1,102**	**909,111**	**(77,416)**	**151,539**	**984,336**
In €					
NAV per unit					893
Distributable result per unit					37

Distributable result

For the year	2016	2015
Operating result	30,137	26,999
Finance result	(124)	(47)
Result on individual unit sales	8,908	6,812
Provision for onerous contracts	517	-
DISTRIBUTABLE RESULT	**39,438**	**33,764**

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

Statement of cash flows

(amounts €'000, unless otherwise stated)

For the year	NOTES	2016	2015
Net result		127,217	96,697
Adjustments for:			
Interest result	9	124	47
Provision for doubtful debt	6	(386)	87
Change in fair value of investment properties	11	(88,296)	(62,970)
Result on sales	10	(8,908)	(6,775)
Amortized provision on borrowings	7	25	25
Change in working capital		619	813
Cash flows from operating activities		*30,395*	*27,924*
Interest paid	9	(239)	(127)
Interest received	9	115	80
Net cash from operating activities		**30,271**	**27,877**
Cash flows from or used in investing activities			
Investment properties in operation	11	(38,195)	(15,494)
Investment properties under construction	11	(60,803)	(7,110)
Divestments	10	34,934	33,711
Net cash flow from or used in investing activities		**(64,064)**	**11,107**
Cash flows from or used in financing activities			
Issuance of ordinary units		74,892	9,835
Proceeds form borrowings [1)]	15	(31)	(106)
Distributed result		(37,171)	(33,770)
Net cash from or used in financing activities		**37,690**	**(24,041)**
NET MOVEMENT IN CASH		**3,897**	**14,943**
Cash and cash equivalents as at the beginning of the period		17,594	2,651
Net increase in cash and cash equivalents		3,897	14,943
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**21,491**	**17,594**

1) The Fund withdrew an amount of € 30m from the credit facility in the second quarter of 2016, in order to finance the acquisition of the Hoogvliet portfolio. This amount was fully repaid in the third quarter of 2016.

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 Seed portfolio of prime quality residential properties in the Netherlands. The intention is to deliver a stable income return while preserving a balanced risk structure.

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

These financial statements have been prepared by the Management Company and approved for issue by the Meeting of Investors on 9 May 2017.

2 Summary of significant accounting principles

2.1 Basis for preparation

Statement of compliance

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

Income and cash flow statement

The Fund has elected to present a single statement of income and presents its expenses by nature.

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

Preparation of the financial statements

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

Notes to the financial statements

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 recognized prospectively.

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

Functional and presentation currency

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

Subsidiaries

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

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

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

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

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

2.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Fund

The following standards and amendments have been adopted by the Fund for the first time for the financial year beginning on 1 January 2016:

- Amendments to IFRS 11, 'Accounting for acquisitions of interests in joint operations'
- Amendments to IAS 16 and IAS 38, 'Clarification of acceptable methods of depreciation and amortization'
- Annual improvements to IFRSs 2012 – 2014 cycle, and
- Amendments to IAS 1, 'Presentation of Financial Statements'.

The adoption of these amendments did not have any impact on the financial statements of the Fund for the current period or any prior period and is not likely to affect future periods.

Notes to the financial statements

(b) New standards, amendments and interpretations issued, but not yet effective

The following new and amended standards and interpretations have been issued and are mandatory for the Fund's accounting periods beginning on or after 1 January 2017 or later periods and are expected to be relevant to the Fund:

Standard/Interpretation	Content	Applicable for financial years beginning on/after
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 16	Leases	1 January 2019

IFRS 9, 'Financial instruments – classification and measurement'

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI (Other Comprehensive Income) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI with no recycling. There is a new credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. The Fund expects IFRS 9 to have an immaterial impact on the accounting for the Fund's financial assets and liabilities.

IFRS 15, 'Revenue from contracts with customers - revenue recognition'

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts and related interpretations'. The standard is effective for annual periods beginning on or after 1 January 2018. The Fund expects IFRS 15 to have an immaterial impact on the provision of services and management income that fall under the scope of IFRS 15.

IFRS 16, 'Leases - distinction between operating and finance leases'

IFRS 16 was issued in January 2016. For lessees, it will result in almost all leases being recognized on the statement of financial position, as the distinction between operating and finance leases will be removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. The Fund expects IFRS 16 to have an immaterial impact on its current accounting practices.

Notes to the financial statements

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

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

Standard/Interpretation	Content	Applicable for financial years beginning on/after
IFRS 9	Amendments to IFRS 9, 'Financial Instruments'	1 January 2018
IFRS 10	Amendments to IFRS 10, 'Consolidated Financial Statements'	n/a
IFRS 15	Amendments to IFRS 15, 'Revenue from Contracts with Customers'	1 January 2018
IFRS 16	IFRS 16, 'Leases'	1 January 2019
IAS 7	Amendments to IAS 7, 'Disclosure Initiative'	1 January 2017
IAS 12	Amendments to IAS 12, 'Recognition of Deferred Tax Assets for Unrealized Losses'	1 January 2017
IAS 28	Amendments to IAS 28, 'Investments in Associates and Joint Ventures'	n/a

(c) Early adoption of standards
The Fund did not early adopt any new or amended standards in 2016.

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

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

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

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

Investment properties under construction for which the fair value cannot be determined reliably, but for which the Management Company expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost until the fair value becomes reliably determinable or construction is completed - whichever is earlier.

Prepayments on turnkey projects, as part of investment properties under construction, are initially recognized at fair value.

Notes to the financial statements

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 recognized and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. These valuations form the basis for the carrying amounts in the financial statements. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:
- The provisions of the construction contract;
- The stage of completion;
- Whether the project is standard (typical for the market) or non-standard;
- The level of reliability of cash inflows after completion;
- The development risk specific to the property;
- Past experience with similar constructions;
- Status of construction permits.

Market value property valuations will be prepared in accordance with the RICS Valuation Standards, 7th Edition (the 'Red Book'). The relevant variables in the valuation methods are net, gross actual rents, theoretical rent, estimated rental value (huurherzieningswaarde), remaining rental period, voids and rental incentives. The net capitalization 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 capitalized 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 derecognized.

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 recognized in the statement of income and other income. Investment properties are derecognized 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 recognized in the statement of income and other income in the year of derecognizing.

2.4 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 recognized in profit or loss.

Notes to the financial statements

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

2.6 Financial instruments
Financial assets
The Fund determines the classification of its financial assets at initial recognition. When financial assets are recognized initially, they are measured at fair value.

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

Cash and cash equivalents are subsequently measured at amortized 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 derecognized 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 recognized, the previously recognized impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date. Any subsequent reversal of an impairment loss is recognized in the statement of income and comprehensive income.

Financial liabilities
Liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other liabilities at amortized cost, as appropriate. A financial liability is derecognized 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 amortized cost using the effective interest method (see Note 2.10 for the accounting policy on borrowings).

Financial liabilities included in trade and other payables are recognized initially at fair value and subsequently at amortized 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.

2.7 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.

Notes to the financial statements

2.8 Capital
Capital is classified as equity. External costs directly attributable to subsequent issue capital are deducted from the proceeds. When capital recognized as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognized as a change in the other reserves in capital. Repurchased units are classified as treasury units and deducted from total capital. Distributabe results are recognized as a liability in the period in which they are declared.

2.9 Current assets and liabilities
Loans and receivables are initially recognized at fair value and subsequently measured at amortized 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.

2.10 Borrowings
Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized as finance costs (Note 2.14) over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized 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 capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position.

2.11 Provisions
Provisions are recognized 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.

2.12 Distributable result
Distributable result to the investors is recognized as a liability in the Fund's financial statements. The distributable result for Q4 2016 is paid in February 2017.

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

Notes to the financial statements

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

Gross rental income
Gross rental income is the actual rents charged to tenants.

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

Rent incentives and premiums
All (rent) incentives for contracts of a new or renewed operating lease are recognized as an integral part of the net considerations, irrespective of the incentive's nature or form or the timing of the payments. The Fund recognizes 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 recognized as an integral part of the net consideration and added to the rental income over the lease term, on a straight-line basis.

2.14 Finance income and finance costs
Interest income and expense are recognized within 'finance income' and 'finance costs' in the statement of income and comprehensive income using the effective interest rate, except for amortized costs relating to qualifying assets, which are capitalized as part of the cost of that asset. The Fund has chosen to capitalize amortized 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 amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.15 Fund expenses and management fee expenses
Fund expenses include legal, accounting, auditing and other fees. Management fee expenses include fund, asset and property management fees, but also performance fees. Fund expenses and management fees are recognized in the period in which they are incurred (on an accruals basis).

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

Notes to the financial statements

3 Risk Management

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

3.1 Introduction to investment risks

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

3.2 Risk management model

The Fund Manager, a.s.r. reim, and the Fund's Investment Committee attach great importance to sound risk management. Such an approach helps a.s.r. reim 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. reim and of the funds that it manages follows the principles of The Committee of Sponsoring Organizations of the Treadway Commission II-Enterprise Risk Management (hereafter called COSO II-ERM). These principles provide a standard and common framework that is generally accepted in the market for internal control and audit purposes. The framework comprises the following components:

1. The objectives of the Fund with respect to risk management
2. The tasks and responsibilities of the Risk Manager
3. The planning of the risk management model within the Fund Manager's organization 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. reim on 9 February 2015. From this date continuous maintenance, if necessary, is carried out to the existing system to improve risk management in the organization a.s.r. reim. The Fund Manager set out the risk policy in a policy document and the organization employed an independent risk manager as required by the Act on Financial Supervision (Wft) and AIFMD.

The Fund Manager has integrated the risk management system into the organization's processes and procedures. The aim is to effectively manage the risks of the organization'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 e-line.

3.3 Responsibility for risk management within a.s.r. reim

Ultimate responsibility for risk management tasks within a.s.r. reim lies with the Chief Finance and Risk Officer (CFRO). Portfolio management tasks come under the responsibility of the Chief Executive Officer (CEO). This structure ensures that risk management and portfolio management are hierarchically and functionally segregated.

The CFRO is supported by four senior members of staff and one team:

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

Notes to the financial statements

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 organization's decision-making processes. Risk management entails:

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

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

Risk management objectives

The Fund Manager (a.s.r. reim) believes that the quality and status of its risk management must be evident internally and externally and that the property funds and associated responsibilities that it manages must be accounted for. The objectives of risk management are to:

- Promote a risk management culture that enables a.s.r. reim 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. reim
- 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
- Optimize the risk profile of a.s.r. reim 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. reim and the Fund
- Reduce the chance of operational losses and make better use of opportunities
- Demonstrate that the Fund Manager is 'in control'
- Ensure that all relevant risks to which the Fund is exposed can be effectively identified, mitigated, monitored and reported. In addition, support supervisory bodies in their efforts to ensure that legislation, rules and policies are observed
- Show that risk management is a 'licence 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. reim. In addition, the Fund established an Investment Committee (IC). 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 Control Risk Self-assessment action points, compliance issues, data protection and company continuity reviews, operational loss recordings and the Non-Financial Risk Dashboard. The RC meets once a quarter.

Beleggingscomité (BC)

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

Notes to the financial statements

Investment Committee (IC)
The IC constitutes of three to five representatives of the investors in the Fund, of which the Anchor Investor is one of the representatives. The meetings are event-driven and assess/approve investment and divestments with a value exceeding € 25m. In addition, each year the IC provides a written advice on the Fund's three-year business plan, to be approved in the Fund's Meeting of Investors.

3.4 Risk management system
Control Risk Self-Assessment (CRSA)
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 CRSA. This strategy is then translated by the Executive Board of a.s.r. reim into objectives for a.s.r. reim and for the funds that it manages. The BRM also assists the Executive Board of a.s.r. reim in conducting an annual CRSA, which ascertains the risks of new and existing objectives of the management organization and of the investment funds.

Any policy amendments based on findings that emerge during the annual CRSA are processed into the risk management policy of a.s.r. reim and submitted to the Executive Board of a.s.r. reim 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. reim.

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

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

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

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

Notes to the financial statements

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. reim strives to ensure that risk awareness is transparent and measurable throughout the organization, embedded in procedures, and embraced by employees. This means that decision-making at all levels in the organization 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 Defence model
The Three Lines of Defence model is used within a.s.r. reim to implement risk management. In other words, different parts and levels of an organization play different roles in risk management. The organization's managers are responsible for the effectiveness of standardized internal control procedures.

Key controls (first line of defence)
A number of controls designed as first line of defence are documented within a.s.r. reim. 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 withn a.s.r. reim 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 team of a.s.r. reim.

The third line of defence (internal audit and depositary) gives an objectified judgement on the operation of the standards system. Furthermore, the risk management system of a.s.r. reim and the Fund is audited every other year by the external auditor.

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

In the execution of their respective tasks, a.s.r. reim 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;

Notes to the financial statements

e) Monitor and check that the Alternative Investment Manager ('AIFM") performs its investment management duties within the fund rules or instruments of incorporation;

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

Legal issues
Legal expertise has been guaranteed in the first and second line of defence. For its first line of defence, a.s.r. reim 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 defence. 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. reim.

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

Compliance report
Every quarter the Compliance Officer of a.s.r. reim 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. reim and discussed separately with members of the Executive Board of a.s.r. The report is then presented to the Audit and Risk Committee. In effect, the Compliance Officer reports directly to the Executive Board and/or the Audit and Risk Committee.

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

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

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:

Notes to the financial statements

The Compliance Officer of a.s.r. reim 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. reim.

Internal audit

Audit a.s.r. is the internal audit department of a.s.r. It acts as a third line of defence by appraising independently the quality of the organization's management and its processes and by making solicited and unsolicited recommendations for improving the organization'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. reim.

Manager's declaration

At the end of 2016 the Executive Board of a.s.r. reim issued a management control statement on risks in the financial reports and the risk management model (including compliance risk) at a.s.r. reim. 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

Financial risks can be divided into several risks:

- Real estate risk
- Interest rate risk
- Credit risk
- Liquidity risk
- Funding risk
- Capital risk management
- Project risk

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

The following describes the involved risks and applied risk management.

Real estate risk

The yields 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 revenues sufficient 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 of 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 realization strategy proposed for each investment which could be adversely affected by a variety of risk factors. Realization of the Fund's assets, for instance in connection with full redemption requests, on termination or otherwise could be a process of uncertain duration.

Notes to the financial statements

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

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

The properties are valued by independent valuers. In 2016 the two independent valuers were Cushman & Wakefield and MVGM. 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 4 (unaudited) of this annual report.

For further sensitivity analyses we refer to Note 11.

Interest-rate risk

As the Fund's interest-bearing assets do not generate significant amounts of interest, changes in market interest rates do not have any significant direct effect on the Fund's income.

The Fund's interest rate risk principally arises from long-term borrowings (Note 15). Borrowings issued at floating rates expose the Fund to cash flow interest rate risk. At 31 December 2016 the Fund has a credit agreement with NIBC containing an facility amounting to € 50m. The Fund does not have borrowings at fixed rates. The Fund's interest rate risk is assessed continually. As at 31 December 2016 the Fund's interest rate risk is not significant.

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.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. 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.

Notes to the financial statements

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 2016 the debtor's position amounts to € 0.7m, 1.5% of gross rental income. The outstanding amount can be divided into the following aging categories.

As at 31 December 2016	Debtor's position (in € m)	Debtor's provision (in € m)
0-60 days	€ 0.3m	€ 0.1m
61-180 days	€ 0.1m	€ 0.0m
181-365 days	€ 0.1m	€ 0.1m
>365 days	€ 0.2m	€ 0.2m
	€ 0.7m	**€ 0.4m**

The total debtor's provision amounts to € 0.4m as per 31 December 2016.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the management of the Fund, which has made a liquidity risk management framework for the management of the Fund's liquidity management requirements. The Fund manages liquidity risk by maintaining adequate reserves, obtaining loan facilities if applicable by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Fund has an agreement with NIBC for a credit facility of € 50m (undrawn per 31 December 2016). It faces very low solvency risk, since 0.0% of the Fund's GAV is financed with borrowings, as at 31 December 2016..

The exposure to risk mainly relate to the obligation to finance forward acquisitions. All direct result is paid out to the investors on a quarterly basis, therefore the loan facility will be used to finance forward acquisitions Afterwards such loan facility will be converted into new equity, to keep the equity character of the Fund. In the years thereafter the identified forward acquisitions plus additional acquisitions are expected to be financed by loan facilities first, after which this debt will be converted into new equity. Therefore a certain amount of debt due to loan facilities will be applicable in the Fund the upcoming years due to forward acquisitions.

Funding risk

The Fund may enter into loan facilities in order to finance either; the committed forward acquisitions, acquisition of new properties, short term working capital requirements or liquidity for redemptions requests. Although the use of leverage may enhance returns and increase the number of investments that can be made, it also may increase the risk of loss. This includes the risk that available funds will be insufficient to meet required payments and the risk that possible future indebtedness will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of possible future indebtedness.

Subject to the expected future trends of the interest rates and the nature of real estate, the policy of the Fund is to make use of a certain level of debt financing. The loan facility as per 31 December 2016 results in a loan-to-value ratio of 0 % (2015: 0 %). The Fund wants to keep its low leverage status to support the equity character of the Fund.

Capital risk management

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for participants and benefits for other stakeholders; and to maintain an optimal capital structure to reduce the cost of capital.

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In order to maintain or adjust the capital structure, the Fund may adjust the amount of distributable result paid to participants, return capital to participants, issue new units or sell assets to reduce debt.

The Fund monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated by the Fund as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.

Project risk

Since some may qualify planned activities of the Fund as "activities that exceed normal asset", a separate ASR Dutch Core Residential Projects B.V. was set up. This Project BV taxes profits and corporate income tax is paid to the tax authorities. The work carried out by the Project BV, exclusively for the Fund. To this end, an agreement (Real Estate Project Agreement, dated 6 September 2016) was arranged between a.s.r. reim and the Fund in which a.s.r. reim 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.

If such work needs to be performed, there are procedures, to control the risks regarding projects. After a significant analysis for each investment project, it is decided whether such activity should be performed by either the Fund directly or ASR Dutch Core Residential Projects B.V., to mitigate the risk of losing the tax status of the Fund. In case ASR Dutch Core Residential Projects B.V. should perform the project, the Fund gives a formal appointment to ASR Dutch Core Residential Projects B.V. to carry out the requested work. If ASR Dutch Core Residential Projects B.V. performs the work, a fee is paid by the Fund for the applicable project.

The investment projects include several risks such as planning and timing risks, commercial risks, cost overrun risks and license risks.

Planning and timing

Based on an internal investment proposal analysis, the Fund decides on the amount to be spent and on the timing of the required work. After internal approval, each project is administered in the Project Module of the SAP system, including budget and timing. Both budget and timing are monitored during the investment activities.

Commercial risks

The commercial terms of new contracts are monitored afterwards in order to follow whether they meet the terms out of the investment project proposals which were the basis to perform the investment project.

Cost overrun

On a monthly basis all budgets are monitored by controllers and discussed with the asset managers. In case cost overruns are foreseen, approval for the overrun need to be obtained.

Licenses

In some cases, licenses from the government or city council need to be obtained to be able to perform required projects. Asset management monitors the requirements of such licenses, and in case of delay, informs the Fund.

Notes to the financial statements

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 the threats and opportunities in the market or when insufficient resources are made available to pursue the strategy effectively.

The Fund Manager mitigates strategic risk by drawing up every year a three-year investment policy plan. In doing so, market opportunities and threats are analysed and amendments are made to the policy, if necessary.

Operational risk
Operational risk is the risk that errors are not observed in a timely manner or that fraud can take place as a result of the failure or inadequacies of internal processes, human and technical shortcomings, and unexpected external events. The Fund Manager has, as described above, an extensive risk management framework to mitigate operational risk.

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.

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

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

Tax and legal risk
Any changes to (the interpretation of) fiscal or other legislation and regulations may have a positive or negative effect on the tax position of the unitholder. Yields can be influenced by an incorrect legal or fiscal assessment. This risk is mitigated by obtaining, when necessary, advice from external tax advisors and lawyers of reputable organizations.

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.

Integrity risk
Integrity risk is the risk that the unethical behaviour of employees, internal managers and business partners can damage or prevent the realization of the Fund's objectives and yield. These risks are monitored by the Compliance Department by ensuring adherence to the following policies:

Notes to the financial statements

- Whistleblower policy: The Whistleblower policy of a.s.r. conforms to the objective of guaranteeing the confidence in and the reputation of a large organization in sound corporate governance.
- Incident management: The management of a.s.r. reim 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. reim is to create an internal control environment that gathers sufficient knowledge of the customer in order to mitigate the risk of reputational and financial damage.
- Pre-employment screening (PES): a.s.r. 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.

Continuity risk

Continuity risk is the risk that the management organization discontinues as a result of, for example, bankruptcy or failing IT systems. In such situations the agreements with principals can no longer be carried out. This risk is mitigated by maintaining service level agreements with subcontracting partners, drawing up and maintaining the business continuity plan, and pursuing a data protection policy.

Quality risk

Quality risk is the risk that the management organization delivers insufficient quality, as a result of which investor agreements and the Fund's objectives cannot be correctly executed. The Fund Manager mitigates this risk by using an internal (process) control framework and by following business incidents procedures.

Relative performance risk

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

Transparency risk

Transparency risk is the risk that the management organization cannot give a timely and/or adequate account after quarterly closures of the Fund's activities, as agreed with investors and supervisory bodies. This risk is mitigated by issuing informative reports of a high standard in good time.

Notes to the financial statements

4 Critical judgements in applying the Fund's accounting policies

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

An external valuer bases his fair value valuations on his own market knowledge and information. The valuation made by the valuer is verified by the asset managers of a.s.r. reim. The fair value is based on net yield calculation, where market rents are capitalized 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

For the year	2016	2015
Theoretical rental income	48,638	47,342
Vacancy	(1,100)	(1,265)
Straight lined rent incentives	(30)	(113)
	47,508	**45,964**

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

For the year	2016	2015
No later than 1 year	4,119	3,931
Later than 1 year and no later than 5 years	268	360
Later than 5 years	5	16

Net rental income

For the year	2016	2015
Gross rental income	47,508	45,964
Service charge income	3,374	3,474
Service charge expenses	(3,374)	(3,474)
Property operating expenses	(11,677)	(14,012)
	35,831	**31,952**

For quantitative analysis on gross rental income we refer to page 22.

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6 Property-specific costs

For the year	NOTES	2016	2015
Maintenance		5,248	6,811
Marketing costs		690	1,068
Non recoverable service costs		7	112
Property insurance		336	335
Property management fee		1,900	1,936
Provision for doubtful debt	13	(386)	87
Provision for legal claims		-	379
Provision for onerous contracts		517	-
Taxes		2,502	2,594
Other property specific costs		863	690
		11,677	**14,012**

For quantitative analysis on property specific costs we refer to page 23. All direct operating expenses (including repair and maintenance) relate to investment properties that generated rental income during the period.

7 Fund expenses

For the year	2016	2015
Administration and secretarial fees	83	-
Amortized provision on borrowings	25	25
Audit fees	94	91
Bank charges	9	5
Depositary fees	100	100
Publication fees	50	47
Valuation fees	348	349
	709	**617**

8 Management fees

For the year	2016	2015
Asset management fee	4,532	3,942
Fund management fee	453	394
	4,985	**4,336**

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

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

Notes to the financial statements

The Fund has no employees in 2016 (2015; nil). 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. reim and the HR-department of ASR Nederland N.V. Between ASR Nederland N.V. and a.s.r. reim a cost-allocation agreement is in place. Allocation of personnel expenses to a.s.r. reim occurs based on fte-driven cost allocation-keys. The total costs of a.s.r. reim amount to € 22.2m for 2016 (2015: € 18.7m) and are recognized in the statement of income and comprehensive income in the period in which they are incurred (on an accruals basis). These costs exist of total personnel expenses of € 13.5m (2015: € 11.8m), based on an average of 134 FTE, including 2 directors. Of the total personnel expenses € 0.4m (2015: € 0.4m) can be allocated to the directors of the Manager. The rest of the personnel expenses is related to the other staff. As at 31 December 2016, the total number of FTE in a.s.r. reim is 141 (2015: 124). The other costs, consisting of e.g. ICT-, business support-, advisory- and marketing costs, amount to € 8.7m (2015: € 6.9m).

The total remuneration of the employees involved in the Fund is included in the management fees as shown above, which fees are in favor of a.s.r. reim. The number of employees that are fully or partly involved in the Fund is estimated at 30 FTE. This estimation is based on the assets under management of the Fund in relation to the total assets under management of a.s.r. reim.

The total remuneration for the employees of a.s.r. reim involved in the Fund is € 2.9m (2015: € 2.2m). This amount was fully charged by the Manager of the Fund. The following table shows the composition of the remuneration of the employees involved in the Fund:

2016 remuneration	Number of employees	Fixed remuneration	Variable remuneration	Total remuneration	Percentage of remuneration
Executive Board	2	85	-	85	3%
Identified staff	-	-	-	-	0%
Other staff	28	2.765	-	2.765	97%
Total	**30**	**2.850**	**-**	**2.850**	**100%**

2015 remuneration	Number of employees	Fixed remuneration	Variable remuneration	Total remuneration	Percentage of remuneration
Executive Board	2	76	-	76	3%
Identified staff	-	-	-	-	0%
Other staff	22	2.166	-	2.166	97%
Total	**24**	**2.242**	**-**	**2.242**	**100%**

There are no staff whose actions the Fund's risk profile significantly affect (identified staff), who can be allocated directly to the Fund. Consequently, the employees who perform work for the Fund are classified as other staff. In accordance with Article 1: 120 paragraph 2 sub a of the Wft, we report that no person has received a compensation exceeding € 1.0 m.

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9 Finance result

For the year	2016	2015
Interest income	115	80
Finance income	**115**	**80**
Interest costs borrowings	(239)	(127)
Finance costs	**(239)**	**(127)**
	(124)	**(47)**

Interest income relates to interest received on term payments of forward acquisitions (€ 108k) and interest received for cash held in the bank account. Interest costs relate to the commitment fee on the credit facility, the interest on the drawn amount of this facility and the negative interest paid for cash held in the bank account. Interest rates for cash held in the bank account turned negative in the course of 2016. The capitalization rates used to determine the amount of amortized costs are 2%.

10 Result on sales

For the year	2016	2015
Net proceeds of sales	34,934	33,711
Historical costs of properties sold	(21,540)	(25,558)
Realized gains on historical costs	**13,394**	**8,153**
Cumulative changes in fair value of properties sold	(4,486)	(1,378)
	8,908	**6,775**

Notes to the financial statements

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 2016:

2016	Apartments			Single-family houses			Other	Total
	In operation	Under construction	Held-for-sale	In operation	Under construction	Held-for-sale	In operation	
Fair value hierarchy	3	3	3	3	3		3	
Balance as at the beginning of the period	497,263	-	7,027	296,307	7,059	1,514	10,566	819,736
Movements								
- Transfer from Investment properties under construction	-	-	-	13,457	(13,457)	-	-	-
- Transfer to Investment properties held-for-sale	(1,116)	-	1,116	(777)	-	777	-	-
- Investments	32,401	51,875	-	5,195	8,928	-	599	98,998
- Positive changes in fair value	63,907	1,976	-	21,849	-	-	849	88,581
- Negative changes in fair value	(40)	(108)	-	-	(34)	-	(103)	(285)
- Divestments	(10,261)	-	(7,027)	(7,222)	-	(1,514)	(1)	(26,025)
Balance as at the end of the period	**582,154**	**53,743**	**1,116**	**328,809**	**2,496**	**777**	**11,910**	**981,005**
- Historical costs	477,509	51,767	781	290,365	2,530	544	10,236	833,732
- Cumulated changes in fair value	104,645	1,976	335	38,444	(34)	233	1,674	147,273
Balance as at the end of the period	**582,154**	**53,743**	**1,116**	**328,809**	**2,496**	**777**	**11,910**	**981,005**

The following table analyzes the Fund's investment properties for the year ended at 31 December 2015:

2015	Apartments			Single-family houses			Other		Total
	In operation	Under construction	Held-for-sale	In operation	Under construction	Held-for-sale	In operation	Held-for-sale	
Fair value hierarchy	3	3	3	3	3		3	3	
Balance as at the beginning of the period	456,757	-	8,905	285,171	-	-	9,713	545	761,091
Movements									
- Transfer from Investment properties under construction	-	-	-	-	-	-	-	-	-
- Transfer to Investment properties held-for-sale	(7.027)	-	7,027	(1,515)	-	1,515	-	-	-
- Investments	13,803	-	-	1,686	7,110	-	5		22,604
- Positive changes in fair value	43,294	-	-	19,779	-	-	863		63,936
- Negative changes in fair value	(668)	-	-	(224)	(51)	(1)	(15)		(959)
- Divestments	(8,896)	-	(8,905)	(8,590)	-	-	-	(545)	(26,936)
Balance as at the end of the period	**497,263**	**-**	**7,027**	**296,307**	**7,059**	**1,514**	**10,566**	**-**	**819,736**
- Historical costs	453,921	-	4,919	278,907	7,110	1,060	9,621	-	755,538
- Cumulated changes in fair value	43,342	-	2,108	17,400	(51)	454	945	-	64,198
Balance as at the end of the period	**497,263**	**-**	**7,027**	**296,307**	**7,059**	**1,515**	**10,566**	**-**	**819,736**

All the investment properties are valued as at 31 December 2016 by independent professional valuers. Valuations are based on current prices on an active market for all properties.

Notes to the financial statements

The carrying values of investment property at 31 December 2016 and 31 December 2015 agree to the valuations reported by the external valuers. The investment properties under construction are recognized at their initial cost. If a market value is not available, the investment properties under construction is stated at cost. This includes cost of construction, equipment, non-refundable purchase taxes, development fee and any attributable costs of bringing the asset to its working condition and location for its intended use.

The assets are presented as held-for-sale following the decision of the Fund's management. The remaining assets have been delivered in January / February 2017. 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 analyzed at each reporting date.

There were no transfers between levels 1 and 2 during the year.
The Fund's policy is to recognize 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.

2016	Unobservable inputs used in determination of fair value				Sensitivities in yield and rental value (in € '000)			
Investment properties in operation	Fair value 31 Dec 2016	Valuation technique	Gross rental value (in € '000)	Gross initial yield (in %)	Change in yield	Change in rental value -5%	0%	+5%
Netherlands - Apartments - Level 3	583,270	DCF	2,067 max	8,3% max	-5%	-	30,698	61,397
			398 mean	5,1% mean	0%	(29,163)	-	29,163
			5 min	2,7% min	+5%	(55,550)	(27,775)	-
Netherlands - Single-family houses - Level 3	329,586	DCF	1,648 max	7,7% max	-5%	-	17,347	34,693
			303 mean	5,4% mean	0%	(16,479)	-	16,479
			8 min	1,5% min	+5%	(31,389)	(15.695)	-
Netherlands - Other - Level 3	11,910	DCF	145 max	13,8% max	-5%	-	627	1,254
			47 mean	6,1% mean	0%	(596)	-	596
			12 min	3,5% min	+5%	(1,134)	(567)	-
	924,766							

Notes to the financial statements

2015	Unobservable inputs used in determination of fair value				Sensitivities in yield and rental value (in € '000)			
Investment properties in operation	Fair value 31 Dec 2015	Valuation technique	Gross rental value (in € '000)	Gross initial yield (in %)	Change in yield	Change in rental value -5%	0%	+5%
Netherlands - Apartments - Level 3	508,119	DCF	2,027 max	7,4% max	-5%	-	26,743	53,486
			426 mean	5,7% mean	0%	(25,406)	-	25,406
			8 min	2,1% min	+5%	(48,392)	(24,196)	-
Netherlands - Single-family houses - Level 3	297,822	DCF	1,600 max	7,8% max	-5%	-	15,675	31,350
			300 mean	5,7% mean	0%	(14,891)	-	14,891
			10 min	1,9% min	+5%	(28,364)	(14,182)	-
Netherlands - Other - Level 3	6,736	DCF	146 max	13,1% max	-5%	-	355	709
			38 mean	6,3% mean	0%	(337)	-	337
			11 min	3,8% min	+5%	(642)	(321)	-
	812,677							

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, 7th Edition (the 'Red Book')
- The International Valuations Standards Council (IVS), in accordance with the international valuation Standards from June 2013, valid from January 1, 2014
- The Alternative Investment Fund Managers Directive (AIFMD), in accordance with Directive 2011/61/EU dated 8 June 2011 and a supplement dated 19 December 2012
- The 28 recommendations of the Platform Taxateurs en Accountants as stated in the publication 'Goed gewaardeerd Vastgoed' dated 27 May 2013

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

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

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

Valuation techniques underlying management's estimation of fair value

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

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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 Trade and other receivables

As at	31 December 2016	31 December 2015
- Rent receivables from tenants	690	963
- Tax receivables	413	3
- Other receivables	540	619
Less: provision for doubtful debt	(386)	(962)
	1,257	**623**

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

The other receivables contain a claim of € 0.5m on a construction company, as a result of a disagreement on the quality level of a redevelopment. The matter was recently settled and the debtor will pay € 0.5m in installments in the period from March 2017 to July 2018. The amount is expected to be fully received and is not provided for.

There is no concentration of credit risk with respect to trade receivables, as the Fund has a large number of tenants, dispersed around the Netherlands.

Provision for doubtful debt

The bad debt write-off relates to bankrupt tenants, from which no money will 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.

As at	NOTES	31 December 2016	31 December 2015
Balance as at the beginning of the period		962	1,012
Movements			
- Transfer of initial provision for doubtful debt			
- Bad debt write-off		(190)	(137)
- Movement of provision for doubtful debt	6	(386)	87
Balance as at the end of the period		**386**	**962**

Notes to the financial statements

13 Cash and cash equivalents

As at	31 December 2016	31 December 2015
Cash	21,491	17,594
	21,491	**17,594**

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

14 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:

As at	31 December 2016	31 December 2015
Number of units as at the beginning of the period	1,013,126	1,000,001
Movements in number of units		
- Issued units closings	88,697	192,525
- Redeemed units closings	-	(179,399)
- Redeemed unit B	-	(1)
Number of units as at the end of the period	**1,101,823**	**1,013,126**

Ownership in number of units is as follows:

As at	31 December 2016	31 December 2015
Units - Entitled for distributable result		
ASR Levensverzekering N.V.	92,036	89,446
ASR Nederland Vastgoed Maatschappij N.V.	752,327	731,155
Other investors	257,460	192,525
	1,101,823	**1,013,126**

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.

Notes to the financial statements

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.

As at	31 December 2016	31 December 2015
Equity attributable unit holders (in € '000)	984,336	821,665
Number of units as per reporting date	1,101,823	1,013,126
Net asset value per unit (in €)	893	811

15 Borrowings

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

As at	Principal 1 April 2015	Amortized expenses	Repayments < 1 year	End date	Effective interest	Effective interest
NIBC Bank N.V. - Credit facility	50,000	(6)	-	31 March 2017	N/A	floating

The Fund has access to a current account credit facility of € 50m, which can be used to finance future forward acquisition obligations and meet temporary liquidity needs. As at 31 December 2016, the credit facility has not been partially or wholly drawn by the Fund. The credit agreement has no mortgage and the margin on 3-months Euribor amounts to 1.0%. The upfront fee amounts to € 75k, which will be amortized over the maturity of the facility. In addition, a commitment fee of 0.25% is charged.

As at	31 December 2016	31 December 2015
Capitalized provisions, non-current	(6)	(31)
	(6)	**(31)**

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

The exposure of the Fund's borrowings to interest rate changes and contractual repricing dates at the end of the reporting period are as follows:

As at	31 December 2016	31 December 2015
3 months or less	-	-
3 - 12 months	-	-

The Fund has the following undrawn floating rate borrowing facilities:

As at	31 December 2016	31 December 2015
Expiring within one year	50,000	-
Expiring beyond one year	-	50,000
	50,000	**50,000**

Notes to the financial statements

16 Trade and other liabilities

As at	31 December 2016	31 December 2015
Accrued expenses	1,986	1,474
Distributable result to be paid	10,111	7,847
Management fees	1,333	1,107
Prepaid rent	565	581
Property management fees	486	551
Rent deposits	2,041	1,808
Service payables	655	1,011
Trade payables	684	895
	17,861	**15,274**

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

17 Provisions

The following table shows the Fund's provisions:

As at	31 December 2016	31 December 2015
Balance as at the beginning of the period	1,045	666
Movements		
- Additional provisions – charged to statement of income and comprehensive income	517	379
Balance as at the end of the period	**1,562**	**1,045**

A total provision of € 1,562k is in place, as at 31 December 2016, of which € 1,045k relates to the VAT on property management fees. According to the Supreme Court in December 2015, VAT is applicable for property management services. As a result, VAT will be added to the property management fee from the fourth quarter of 2015. In expectation of this ruling, the Fund recognized a provision for VAT, since the inception of the Fund (1 January 2013). It is still under discussion whether VAT is applicable for the period between fund inception and the court ruling. The current provision is therefore maintained.

The additonal provision of € 517k concerns the provision for an onerous contract of forward acquisition Molenstraat in Monster (part of the Hoogvliet portfolio).

18 Earnings per unit

Results per unit are calculated by dividing the net result attributable to participants by the weighted average number of units outstanding during the year, 1,053,122 average units over 2016 (1,013,126 average units over 2015).

For the year	2016	2015
Direct result	37	33
Indirect result	84	62
Net result per unit	**121**	**95**

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

Notes to the financial statements

19 Contingencies and commitments

The capital commitments of the Fund exists of twelve turnkey projects for a total amount of € 182.2m as at 31 December 2016. Of these commitments, € 53.3m have been paid as at 31 December 2016, and therefore presented under investment properties under construction in the statement of financial position.

20 Related-party transactions

The Anchor Investor, ASR Levensverzekering N.V. and ASR Nederland Vastgoed Maatschappij N.V owns 76,6% 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. reim, the Manager. Also under the AIFMD requirements a.s.r. reim acts as the Manager of the Fund) and charges management fees to the Fund. These management fees are at arm's length;
- ASR Dutch Core Residential Custodian B.V. is the legal owner of the investment properties;
- The Fund acquired investment properties from the ASR Levensverzekering N.V. and ASR Nederland Vastgoed Maatschappij N.V. at inception of the Fund (1 January 2013). The investment properties are acquired at fair value. The fair value is based on the appraisals from external valuers.

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

There were no other transactions carried out or balances outstanding with related parties except for distributable result (€ 10.1m to be paid (Note 16) and the following:

For the year	NOTES	2016	2015
Property management fee	6	1,900	1,936
Fund management fee	8	453	394
Asset management fee	8	4,532	3,942
		6,885	**6,272**

21 Audit fees

As a result of the mandatory audit firm rotation it was decided to appoint EY as the independent external auditor with effect from the financial year 2016, to replace KPMG.

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

For the year	NOTES	2016	2015
Audit of the financial statements	7	94	91
Fiscal advice		-	-
Other audit engagements		-	-
Other non-audit services		-	-
		94	**91**

Notes to the financial statements

22 Appropriation of result

Distributable result attributable to the divestment of a portfolio asset can be allocated to reinvestments, redemption of units, or paid out to all investors. The distributable result to the investors is calculated in relation to their number of units in the Fund as per the applicable reporting date. The fourth quarter distributable result of € 10.1m is recognized as a liability as at 31 December 2016 and paid to the investors in February 2017.

Ownership in number of units is as follows:

As at	31 December 2016	31 December 2015
Units - Entitled for distributable result		
ASR Levensverzekering N.V.	92,036	89,446
ASR Nederland Vastgoed Maatschappij N.V.	752,327	731,155
Other investors	257,460	192,525
	1,101,823	**1,013,126**

23 Subsequent events

On 1 January 2017, the Fund had its seventh closing. One existing investor expanded its share in the Fund for a total amount of € 15m. The Anchor Investor holds 75.5% of the units from 1 January 2017.

At 27 March 2017, Anchor Investors ASR Nederland Vastgoed Maatschappij N.V. and ASR Levensverzekering N.V. merged. As a result of this merger, ASR Nederland Vastgoed Maatschappij N.V. redeemed its units in the Fund. These redeemed units were subsequently issued to ASR Levensverzekering N.V. and ASR Schadeverzekering N.V. Therefore, ASR Schadeverzekering N.V. also became part of the Anchor Investor, as of 27 March 2017.

Property De Waag in Dordrecht was sold in the first quarter of 2017 and is expected to be transferred from the Fund at the end of the second quarter of 2017.

Utrecht, the Netherlands, 9 May 2017

ASR Vastgoed Vermogensbeheer B.V. (a.s.r. reim)
On behalf of the ASR Dutch Core Residential Management Company B.V.
Dick Gort, *CEO*
Henk-Dirk de Haan, *CFRO*

Other information

Independent auditor's report

To: the Meeting of Investors of ASR Dutch Core Residential Fund

Report on the audit of the financial statements 2016 included in the annual report

Our opinion
We have audited the financial statements 2016 of ASR Dutch Core Residential Fund, based in Utrecht.

In our opinion the accompanying financial statements give a true and fair view of the financial position of ASR Dutch Core Residential Fund as at 31 December 2016, and of its result and its cash flows for 2016 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code and the requirements set with regard to the financial statements by or pursuant to the Dutch Financial Supervision Act.

The financial statements comprise:
- The statement of financial position as at 31 December 2016
- The following statements for 2016: the statement of income and comprehensive income, changes in capital and cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information.

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

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

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

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:
- The management board's report, consisting of:
- The foreword
- The performance figures
- The fund profile
- The report of the Management Company
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code and the requirements set by or pursuant to the Dutch Financial Supervision Act.

Independent auditor's report

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The manager of the investment entity is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code and the requirements set by or pursuant to the Dutch Financial Supervision Act.

Description of responsibilities for the financial statements

Responsibilities of the manager for the financial statements

The manager of the investment entity is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code and the requirements set with regard to the financial statements by or pursuant to the Dutch Financial Supervision Act. Furthermore, the manager is responsible for such internal control as the manager determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

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

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

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

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included, among other procedures:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the investment entity's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the manager
- Concluding on the appropriateness of the manager's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the investment entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an investment entity to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

The Hague, 9 May 2017

Ernst & Young Accountants LLP

Signed by M.J. Knijnenburg

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.

Appendix 1

Financial statements

in accordance with INREV principles (unaudited)

Financial Statements in accordance with INREV principles (unaudited)

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:

	IFRS	INREV
Set-up costs	Directly into the statement of income and comprehensive income	On statement of financial position and depreciated in five years
Acquisition expenses	Directly into the statement of income and comprehensive income	On statement of financial position and depreciated depreciated in five years
Effect of not yet distributable result recorded as a liability (not included in equity)	Recognized as a liability on statement of financial position	Recognized in equity

INREV fee metrics

In order to give investors a clear overview of fee structures and provide a fairer comparison of costs between funds, the Fund publishes both its Total Expense Ratio (TER) and Real Estate Expense Ratio (REER) in line with INREV guidelines. The table below shows the Fund's annual operating costs in proportion to the value of its assets.

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

	2016 % GAV	2016 % NAV	2015 % GAV	2015 % NAV
Fund management fee	-	0.05%	-	0.05%
Asset management fee	-	0.50%	-	0.50%
Total Expense Ratio	0.64%	0.65%	0.62%	0.64%
Real Estate Expense Ratio	1.28%	1.30%	1.70%	1.76%

INREV NAV calculation (unaudited)

		Total (in €'000)	Per unit (in €)
	NAV as per the financial statements	984,336	893
	Effect of exercise of options, convertibles and other equity interests	-	-
	Effect of not yet distributed results recorded as a liability (not included in equity) [1]	10,111	9
	Diluted NAV, after the exercise of options, convertibles and other equity interests and the effect of not yet distributed results	**994,447**	**903**
a)	Revaluation to fair value of investment properties	-	-
b)	Revaluation to fair value of self-constructed or developed investment property	-	-
c)	Revaluation to fair value of property intended for sale	-	-
d)	Fair value of property that is leased to tenants under a finance lease	-	-
e)	Transfer taxes and purchaser's costs	-	-
f)	Revaluation to fair value of fixed rate debt	-	-
g)	Deferred tax	-	-
h)	Set-up costs	143	0
i)	Acquisition expenses	-	-
j)	Contractual fees	-	-
k)	Tax effect of the adjustments	-	-
l)	Minority interest effects on the above adjustments	-	-
	DILUTED INREV NAV	**994,590**	**903**
	Number of units issued	1,101,823	-
	Number of units issued taken dilution effect into account	1,101,823	-

1) Relates to the fourth quarter 2016 distributable result.

Statement of income and comprehensive income in accordance with INREV principles (unaudited)

(amounts €'000, unless otherwise stated)

For the period		2016			2015		
	NOTES	IFRS	Adjustments	INREV	IFRS	Adjustments	INREV
Gross rental income	5	47,508	-	47,508	45,964	-	45,964
Service charge income	5	3,374	-	3,374	3,474	-	3,474
Total operating income		**50,882**	**-**	**50,882**	**49,438**	**-**	**49,438**
Property-specific costs	6	(11,677)	-	(11,677)	(14,012)	-	(14,012)
Service charge expenses	5	(3,374)	-	(3,374)	(3,474)	-	(3,474)
Fund expenses	7	(709)	-	(709)	(617)	-	(617)
Management fees	8	(4,985)	-	(4,985)	(4,336)	-	(4,336)
Total operating expenses		**(20,745)**	**-**	**(20,745)**	**(22,439)**	**-**	**(22,439)**
OPERATING RESULT		**30,137**	**-**	**30,137**	**26,999**	**-**	**26,999**
Finance income	9	115	-	115	80	-	80
Finance costs	10	(239)	-	(239)	(127)	-	(127)
Finance result		**(124)**	**-**	**(124)**	**(47)**	**-**	**(47)**
Amortization on intangible assets		-	(143)	(143)	-	(141)	(141)
Total amortization		**-**	**(143)**	**(143)**	**-**	**(141)**	**(141)**
Changes in fair value of investment properties	11	88,296	-	88,296	62,970	-	62,970
Result on sales of investment properties	10	-	-	-	-	-	-
Result on individual unit sales	10	8,908	-	8,908	6,775	-	6,775
Realized and unrealized gains and losses		**97,204**	**-**	**97,204**	**69,745**	**-**	**69,745**
NET RESULT		**127,217**	**(143)**	**127,074**	**96,697**	**(141)**	**96,556**
Other comprehensive income							
TOTAL COMPREHENSIVE INCOME		**127,217**	**(143)**	**127,074**	**96,697**	**(141)**	**96,556**
Result per unit in €							
Direct result				37			33
Indirect result				84			62
NET RESULT PER UNIT				**121**			**95**

Statement of financial position in accordance with INREV principles (unaudited)

(amounts €'000, unless otherwise stated)

As at		31 December 2016			31 December 2015		
		IFRS	Adjustments	INREV	IFRS	Adjustments	INREV
	NOTES						
ASSETS							
Non-current assets							
Investment properties in operation	11	922,873	-	922,873	804,136	-	804,136
Investment properties under construction	11	56,239	-	56,239	7,059	-	7,059
		979,112	**-**	**979,112**	**811,195**	**-**	**811,195**
Intangible assets							
Structuring costs		-	143	143	-	286	286
		-	**143**	**143**	**-**	**286**	**286**
Current assets							
Trade receivables	12	1,257	-	1,257	623	-	623
Cash and cash equivalents	13	21,494	-	21,494	17,594	-	17,594
		22,748	**-**	**22,748**	**18,217**	**-**	**18,217**
Investment properties held-for-sale	11	1,893	-	1,893	8,541	-	8,541
TOTAL ASSETS		**1,003,753**	**143**	**1,003,896**	**837,953**	**286**	**838,239**
CAPITAL AND LIABILITIES							
Capital							
Issued capital	14	1,102	-	1,102	1,013	-	1,013
Additional paid-in capital		909,111	-	909,111	834,308	-	834,308
Revaluation reserve		151,539	-	151,539	67,208	-	67,208
Retained earnings		(77,416)	10,254	(67,162)	(80,864)	8,133	(72,731)
		984,336	**10,254**	**994,590**	**821,665**	**8,133**	**829,798**
Non-current liabilities							
Borrowings	15	(6)	-	(6)	(31)	-	(31)
		(6)	**-**	**(6)**	**(31)**	**-**	**(31)**
Current liabilities							
Trade and other liabilities	16	17,861	(10,111)	7,750	15,274	(7,847)	7,427
Provisions	17	1,562	-	1,562	1,045	-	1,045
		19,423	**(10,111)**	**9,312**	**16,319**	**(7,847)**	**8,472**
TOTAL CAPITAL AND LIABILITIES		**1,003,753**	**143**	**1,003,896**	**837,953**	**286**	**838,239**

Statement of changes in capital in accordance with INREV principles (unaudited)

(amounts €'000, unless otherwise stated)

For the period 1 January 2015 - 31 December 2016	Issued capital	Additional paid-in capital	Retained earnings	Revaluation reserve [1]	Total
Balance as at 1 January 2015	1,000	824,486	(71,019)	2,712	757,179
Total comprehensive income					
- Profit for the year	-	-	96,556	-	96,556
Total comprehensive income	**-**	**-**	**96,556**	**-**	**96,556**
Movement arising from market valuations	-	-	(65,785)	65,785	-
Movement arising from divestments	-	-	1,289	(1,289)	-
Transactions with the owners of the Fund					
Contributions and distributions:					
- Issue of ordinary units	13	9,822	-	-	9,835
- Distributable result	-	-	(33,772)	-	(33,772)
Total transactions with owners of the Fund	**13**	**9,822**	**(33,772)**	**-**	**(23,937)**
BALANCE AS AT 31 December 2015	**1,013**	**834,308**	**(72,731)**	**67,208**	**829,798**
Total comprehensive income					
- Profit for the year	-	-	127,074	-	127,074
Total comprehensive income	**-**	**-**	**127,074**	**-**	**127,074**
Movement arising from market valuations			(88,832)	88,832	-
Movement arising from divestments			4,501	(4,501)	-
Transactions with the owners of the Fund					
Contributions and distributions:					
- Issue of ordinary units	89	74,803	-	-	74,892
- Distributable result	-	-	(37,174)	-	(37,174)
Total transactions with owners of the Fund	**89**	**74,803**	**(37,174)**	**-**	**37,718**
BALANCE AS AT 31 December 2016	**1,102**	**909,111**	**(67,162)**	**151,539**	**994,590**
In €					
NAV per unit					903
Distributable result per unit (previous quarter)					34

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

Appendix 2 - Governance / management structure (unaudited)

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

ISAE 3402

In 2013, a Type II internal control system for a.s.r. reim was put in place in accordance with the International Standard of Assurance Engagements 3402. This globally recognized standard for assurance reporting on service organizations gives the auditor a framework to evaluate the efforts of a service organization at the time of audit to prevent accounting inconsistencies, errors and misrepresentation. It also requires management to provide a description of its 'system' and a written statement of assertion. A Type II report generally incorporates data compiled over a minimum of a six-month period. However, the first reporting period for the Fund covered a period of nine months, from 1 January 2013 to 30 September 2013. The AIF Manager received an ISAE 3402 Type II report for 2016 and continues to strive for an update every two years.

ISAE 3000

Since the Fund has succeeded in attracting external investors, the International Standard of Assurance Engagements (ISAE) 3000 Type II have been adopted to cover specific fund management processes and controls. The internal control system relates to asset and property management activities as well as the finance & risk department and IT management processes. Since the Initial Closing took place on 1 January 2015, a new reporting period covered nine months, from 1 January 2015 to 30 September 2015. The Fund received an ISAE 3000 Type II report for 2015 and continues to strive for an update every two years.

Legal and tax issues

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

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

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

Reporting

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

Investments and divestments

Until 31 December 2014, only two a.s.r. group companies had been investing in the Fund. Therefore, the approval process for investments and divestments has been organized in accordance with internal tables of competences, including the guidance of investments experts from both investing a.s.r. group companies and separate layers of a.s.r. investment committees.

Appendix 2 - Governance / management structure (unaudited)

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

Internal controls

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

Conflict of interests

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

These relationships mean that certain directors and officers of the Management Company and the AIF Manager may have obligations 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 any of its group companies, or an Investor, to the extent that such transactions materially affect the Fund, are not expressly contemplated or approved by the terms of the Private Placement Memorandum or the Fund Agreement. The member of the Investment Committee nominated by the Investor and who has the conflict of interest, is not allowed to vote.

The directors of a.s.r. reim on behalf of the Management Company during 2016 are:

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

The director of the Management Company during 2016 is the Manager.

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

Appendix 3 - Definitions (unaudited)

Amortized cost
The amount at which the financial asset or the financial liability is measured at initial recognition minus principal repayments, plus or minus the accumulated amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or non-collectability.

Asset enhancement
Asset enhancements relate to existing properties out of the portfolio of the Fund in which it is currently investing or will invest in the near future.

Capital growth
Capital growth is the percentage by which the net asset value grows during the year, after distributions have been made.

Current gross yield
The current gross yield is calculated by dividing the gross rental income on a yearly basis with the investment properties in operation.

Current net yield
The current net yield is calculated by dividing the net rental income on a yearly basis with the investment properties in operation.

Distributable result
Distributable result is the amount payable on a quarterly basis to the participants. The distributable result consists of the operational result, finance result and result on individual unit sales.

Fair value
The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing partners in an arm's length transaction.

IFRS
Acronym of International Financial Reporting Standards (previously International Accounting Standards, IAS). As of 1 January 2005, these Standards have been the generally accepted international accounting policies that apply to all listed companies in the European Union. They make annual results easier to compare and offer a better understanding of a company's financial position and performance.

IFRS NAV
The IFRS net asset value, the 'IFRS NAV', is the capital amount of all the participants of the Fund. The IFRS NAV per unit is the IFRS NAV divided by the number of units outstanding at that moment.

Impairment
The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The asset's carrying amount is reduced to its fair value and recognized in profit and loss.

Income return
The income return is the return based on the distributable result. The return is calculated as the amount of distributable result paid divided by the net asset value. INREV uses the term dividend yield, which is the amount of income the Fund distributes to participants as a percentage of the net asset value.

Appendix 3 - Definitions (unaudited)

INREV NAV
The INREV net asset value, the 'INREV NAV' is the IFRS NAV plus adjustments to come to the INREV NAV. The adjustments are predefined and presented in the INREV NAV calculation.

Investment properties held-for-sale
Non-current 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.

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

Investment properties under construction
The investment properties under construction are the properties in which the Fund invests and for which currently amounts are paid in relation to the investment decision.

Loan-to-value
The loan-to-value is calculated by dividing the total outstanding debt amount by the investment property value of the portfolio.

Net result
Net result is the operational result after deduction of the finance income and the realized and unrealized gains and losses.

Occupancy rate
The occupancy rate is calculated by dividing the total market rent of the vacant units by the total theoretical rental income. Theoretical income concerns the sum of gross rent of the let properties and market rent of the vacant properties.

Operating lease
A lease that does not transfer substantially all the risk and rewards incidental to ownership of an asset.

Operational result
Operational result is the result based on the net rental income deducted with fund-specific costs.

Payout ratio of distributable result
The payout ratio of the Fund is the ratio by which the amount available for distribution, the distributable amount, is actually distributed.

Provision
A liability of uncertain timing or amount. Provisions are recognized as liabilities if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations (assuming that a reliable estimate can be made).

Revaluation of properties
The revaluation properties percentage is calculated by dividing the changes in fair value with the investment properties value before adding the changes in fair value.

Total return
Total return is the return on equity, calculated on a yearly basis. Total return is the sum of the income return and the capital growth.

Appendix 3 - Definitions (unaudited)

Weighted average cost of debt
The weighted average cost of debt relates to the interest costs of the loan facility of the Fund. The weighted average cost of debt is calculated depending on the interest rates during the year and depending on the average amount of debt during the year.

Appendix 4 - Portfolio overview (unaudited)

City	Property	Address	Number of apart-ments	Number of single-family houses	Number of parking spaces	Com-mercial space (sq.m.)
Alphen aan den Rijn	Kerkstraat	Julianastraat, Kerkstraat, Paradijslaan	40	-	-	-
Alphen aan den Rijn	Provinciepassage	Provinciepassage	44	-	-	-
Amersfoort	Vathorst 1	Beijerinck, Cruquius, Leemans, Vissering, Wouda	166	-	118	-
Amersfoort	Vathorst 2A	Leeghwater, Vrouwenpolder	23	-	-	-
Amstelveen	Mr. Bardeslaan	Mr. Bardeslaan, Rodenburghlaan	-	3	-	-
Amstelveen	RiMiNi	Missouri, Niagara, Rio Grande	126	-	66	-
Amsterdam	Europapoort	Mensinge, Weerdestein	149	-	20	-
Amsterdam	Mondriaan	Hart Nibbrigstraat, Piet Mondriaanplein, Henk Henriëtstraat	-	24	24	-
Amsterdam	Nachtwachtlaan	Nachtwachtlaan	200	-	200	-
Amsterdam	Sint Nicolaasstraat	Sint Nicolaasstraat	4	-	-	-
Amsterdam	Staalmeesterslaan	Staalmeesterslaan	180	-	180	-
Amsterdam	Wicherskwartier	Donker Curtiusstraat, Wichersstraat.,Visseringstraat, Buyskade	135	-	125	409
Amsterdam	Zuidkwartier	Eosstraat	82	-	82	-
Arnhem	Jonkerwaard	Jonkerwaard, Pachterwaard	-	51	-	-
Arnhem	Schuytgraaf	Daphnestraat, Dianaplantsoen	-	42	-	-
Barneveld	Benctincklaan	Benctincklaan	-	14	-	-
Bennekom	De Barones	Oost-Breukelderweg	24	-	-	-
Bilthoven	Kramsvogel-Spreeuwlaan	Kramsvogel, Spreeuwlaan	128	-	-	-
Boskoop	Burg. Colijnstraat	Burg. Colijnstraat, Torenpad	30	-	-	-
Breda	Ambachtenlaan	Ambachtenlaan, Hovenierstraat, Kolenbranderstraat	-	86	1	-
Breda	Pottenbakkerstraat	Pottenbakkerstraat, Steenhouwerstraat	-	10	-	-
Breda	Prins Alexanderlaan	Prins Alexanderlaan	-	2	-	-
Breda	Willem van Oranjelaan I	Willem van Oranjelaan	16	-	-	-
Breda	Willem van Oranjelaan II	Willem van Oranjelaan	24	-	-	-
De Meern	Bakerlaan	Bakerlaan, Kameniersterlaan	-	36	-	-
Diemen	De Brede HOED	D.J. den Hartoglaan	35	-	37	-
Dordrecht	De Waag	De Waag, Grote Markt	72	-	3	105
Ede	De Halte	De Halte	47	-	50	-
Eindhoven	Frankendaal	Frankendaal, Groeneveld	-	22	-	-
Enschede	Klanderij	Oldenzaalsestraat, H.J. van Heekplein	39	-	-	-
Enschede	Klanderij ppl	Oldenzaalsestraat	-	-	34	-
Etten-Leur	Zilvermeeuw-hoog	Zilvermeeuw	-	28	-	-
Etten-Leur	Zilvermeeuw-laag	Zilvermeeuw	-	37	-	-
Haren	Ereprijsweg	Ereprijsweg, Rozengaard, Sterremuurweg	-	36	-	-
Heerhugowaard	Dinkel	Dinkel, Grift	-	19	-	-
Hendrik-Ido-Ambacht	Perengaarde	Perengaarde, Sophiapromenade	90	-	90	-

Appendix 4 - Portfolio overview (unaudited)

City	Property	Address	Number of apart-ments	Number of single-family houses	Number of parking spaces	Com-mercial space (sq.m.)
Hilvarenbeek	Cantorijstraat	Cantorijstraat	-	19	-	-
Hilversum	Bonifaciuslaan 1	Bonifaciuslaan	150	-	-	10
Hilversum	Bonifaciuslaan 2	Bonifaciuslaan	100	-	29	-
Hilversum	HilversumHuis	Verschurestraat, Letteriestraat, Kremerpad	-	27	-	-
Hoofddorp	Floriande	Aalburgplein, Almkerkplein, Drongelenplein, Meeuwenstraat	120	-	102	-
Houten	De Borchen	Riddersborch, Minstreelborch, Vedelaarsborch	-	45	-	-
Houten	Ploegveld	Ploegveld, Rijfveld, Sikkelveld	-	37	-	-
Houten	Riddersborch	Riddersborch	-	19	-	-
Houten	Wernaarseind	Wernaarseind, Achterom, Rosmolen, Smidsgilde	-	69	-	-
Huizen	Delta	Delta, Eem, Grift, Kuinder, Wedekuil	-	31	-	-
Huizen	Enhuizerzand	Enkhuizenzand, Friesewal, Gooisekust, Hofstede	-	87	-	-
Huizen	Kooizand	Kooizand, Middelgronden, Noordwal	-	26	-	-
Huizen	Middelgronden	Middelgronden, Noordwal	-	25	-	-
IJsselstein	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
Leiderdorp	Poortwacht	Poortwacht	1	-	-	-
Leusden	Claverenbladstraat	Claverenbladstraat, Van Eydenhof	-	26	-	-
Lochem	Koedijk	Koedijk	-	6	-	-
Lochem	Korenmolenweg	Korenmolenweg, Pelmolenerf	-	7	-	-
Lochem	Pelmolenerf	Pelmolenerf	-	6	-	-
Nieuwegein	Dotterbloemstraat	Dotterbloemstraat, Ereprijs, Guldenroede	-	172	9	-
Nootdorp	Laan van Floris de Vijfde	Laan van Floris de Vijfde	32	6	-	-
Raalte	Beukensingel	Beukensingel, Elzenlaan	-	12	-	-
Raalte	De Havezathe	De Havezathe, Langkampweg	-	6	-	-
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	-	-
's-Hertogenbosch	Predikherenpoort	Predikherenpoort	1	-	1	-
Son en Breugel	Colijnstraat	Colijnstraat, Doormanlaan	-	10	-	-
Steenwijk	Paasweide	Paasweide	-	20	-	-

Appendix 4 - Portfolio overview (unaudited)

City	Property	Address	Number of apartments	Number of single-family houses	Number of parking spaces	Commercial space (sq.m.)
The Hague	Amadeus	Kalvermarkt	40	-	40	-
The Hague	Laan van Wateringse Veld-app	Laan van Wateringse Veld	27	-	-	-
The Hague	Laan van Wateringse Veld-toren	Laan van Wateringse Veld	16	-	-	-
The Hague	Middenweg-app	Middenweg	17	-	-	-
The Hague	Middenweg-toren	Middenweg	27	-	-	-
The Hague	Van Geeststraat	Van Geeststraat	3	-	-	-
Tilburg	Bijsterveldenlaan	Bijsterveldenlaan, Hoge Witsie	-	38	-	-
Tilburg	Broekhuizenstraat	Broekhuizenstraat, Bakkumstraat, Bloemendaalstraat	-	14	-	-
Tilburg	Garderenstraat	Garderenstraat, Groedehof, Geesterenstraat	-	40	-	-
Tilburg	Hattemplein	Hattemplein, Hillegomlaan	-	30	-	-
Tilburg	Karrestraat	Karrestraat	19	-	-	-
Tilburg	Karrestraat-Poststraat	Karrestraat, Poststraat	5	-	-	-
Tilburg	Menterwoldestraat	Menterwoldestraat, Mariekerkestraat	-	38	-	-
Tilburg	Ravensteinerf	Ravensteinerf	-	64	-	-
Tilburg	Ruinerwoldstraat	Ruinerwoldstraat	-	57	-	-
Utrecht	Dr. H.T.S. Jacoblaan	Dr. H.T.S. Jacoblaan	-	3	-	-
Utrecht	Lamérislaan	Lamérislaan	216	-	33	-
Utrecht	Lessinglaan	Lessinglaan	-	3	-	-
Utrecht	Oudwijk	Oudwijk	-	1	-	-
Utrecht	Terwijde-centrum	E. Fitzgeraldplein, Jazzboulevard, B. Holidaystraat, Musicallaan, Nat KingColestraat, L. Amstrongboulevard	191	8	209	-
Veldhoven	Buikhei	Bovenhei, Brouwershei, Buikhei, Schepelhei	-	91	-	-
Vijfhuizen	Vijfhuizerweg	Vijfhuizerweg	2	-	-	-
Voorburg	Herenstraat	Herenstraat	2	-	-	-
Voorschoten	Veurseweg	Veurseweg	4	-	-	-
Wijk bij Duurstede	Boeg	Boeg, Voorsteven	-	21	-	-
Wijk bij Duurstede	Kompas	Kompas, Mast	-	24	-	-
Wijk bij Duurstede	Voorsteven	Boeg, Voorsteven	-	19	-	-
Zeist	Couwenhoven	Couwenhoven	-	46	-	-
Zeist	Nijenheim	Nijenheim	-	35	-	-
Zevenaar	Zonegge	Zonegge	-	27	-	-
Zoetermeer	Futura	Dublinstraat, Van Leeuwenhoeklaan	69	-	70	-
Zwolle	Elftkolk	Elftkolk	-	30	-	-
Zwolle	Stadshagen	Bastionstraat, Broderiestraat	-	30	-	-
TOTAL			**2,839**	**1,933**	**1,721**	**866**

Colofon

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