

# Setting up a successful Impact Investing Strategy



PROJECT:  
Impact investing at fund level



COMPANY:  
a.s.r. real estate



LOCATION:  
Utrecht, The Netherlands

## Challenge

Setting up a successful Impact Investing Strategy for two of our funds and ensuring a positive measurable social impact, alongside generating a financial return.

## Solution / Approach

In 2020, the ASR Dutch Core Residential Fund and the ASR Dutch Science Park Fund made a critical assessment of their ability to make a societal impact. This led to both funds expanding their strategies with a clearly defined and accredited approach to impact investing.

The ASR Dutch Core Residential Fund has a clear focus on affordability in its standing portfolio. To keep affordable dwellings in the standing portfolio affordable in future, the Fund:

- Implements moderated (yearly) rental increases;
- Caps rents in line with the current market rents;

- Actively lowers living costs by implementing energy-saving measures (PV panels, LED lights and the maintenance programme).

The ASR Dutch Science Park Fund is dedicated to making a positive and measurable impact on the quality of science park ecosystems in the Netherlands by investing in real estate for the broad range of functions which are needed for science park ecosystems to realise their full potential.

## Results / Impact

1. Both funds received a “reasonable assurance” on these strategies from auditor KMPG.
2. The Funds’ impact investment strategies and goals align with the INREV (European Association for Investors in Non-Listed Real Estate Vehicle) and GIIN (Global Impact Investing Network) standards for impact investing.

3. a.s.r. real estate is currently looking at other business activities that could qualify as impact investing and how their impact could be quantified.

## The project

The ASR Dutch Core Residential has developed an impact investment strategy that focuses on the addition of affordable dwellings to its portfolio.

The Fund defines the affordable rental range in the Netherlands as follows:

- Lower limit: €752 (based on the liberalised rental threshold);
- Upper limit: €1,250 (based on a modal income as defined by Statistics Netherlands, an average household of 1.0 and 1.5 persons, servicing mid-incomes from €35,000 to €60,000 and taking into account our allocation criteria of between 3.75 and 4.0 times the monthly rent).

As at 31 December 2020, 87% of the portfolio meets these affordability criteria. To make a measurable impact, the Fund monitors the addition of assets under management within the affordable range, as defined above. The objective is to add at least 1,200 affordable dwellings to the portfolio by the end of 2023. The ASR Dutch Science Park Fund aims to invest at least 50% of its Portfolio in real estate that makes a clearly defined impact on its local ecosystem. As at 31 December 2020, 72% of the Fund's Portfolio fits the determined criteria.

The Fund also invests through partnerships with public and semi-public entities, most notably universities and local governments. These partnerships create the low risk environment which allows the Fund to invest in a broader range of real estate and work towards the further development of science parks in which the Fund and its partners have a shared interest.

The Fund not only reports on its direct positive impact on science park ecosystems, but also on the impact its tenants make in terms of the UN Sustainable Development Goals. The Fund does this using the UN PRI Impact Investing Market Map, which provides investors with a practical link between the broad ambitions of the SDGs and real-world impact investment opportunities.

**a.s.r. real estate's definition of impact investing is based on the GIIN definition, and aligns with the INREV definition, resulting in:**

'[real estate] investments made with the intention to generate positive social and environmental impact alongside a financial return'

In line with this definition, impact investments should encompass the following key elements:

- **Intentionality:** The intention to have a positive social or environmental impact through investments.
- **Measurability:** The commitment to measure and report the social and environmental performance and progress of underlying investments, ensuring transparency and accountability.
- **Additionality:** A positive impact which would not have occurred without the investment.

For further insight into the impact strategies of the ASR Dutch Core Residential Fund and the ASR Dutch Science Park Fund, please see the [CSR policy](#) of our Residential Fund and the [Impact Policy](#) of our Science Park Fund.

#### About a.s.r real estate

a.s.r. real estate has been investing in real estate on behalf of institutional investors and managing real estate portfolios for over 125 years. As part of a.s.r., one of the largest insurance companies in the Netherlands, a.s.r. real estate has always felt responsible for delivering long-term returns on invested assets. Forward thinking and sustainability is part of our DNA.