Annual Report 2022

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AlterA

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Contents

Highlights of 2022

Key figures 2022

In € million, unless stated otherwise	Residential 2022	Retail 2022
Portfolio (year-end)		
Operational portfolio (excl. IFRS 16)	2,120	642
Secured pipeline	421	-
Equity (IFRS)	2,386	657
Equity per share (in €)	2.231	0.983
Number of property investments in operation	106	39
Number of residential units and leases	5,762	515
Average annual rent per m² (in €)	147	221
Number of years of remaining rental income	N/A	4.5
Gross theoretical annual rent	81	45
Gross initial yield	3.8%	6.9%
Net/gross rental income in financial year	80%	86%
Occupancy rate at year-end	99%	94%
Average occupancy rate	99%	94%

	Residential		Retail	
	2018-2022	2022	2018-2022	2022
Returns				
Income return	2.8%	2.5%	5.8%	5.7%
Capital growth	7.8%	-1.2%	-1.3%	3.5%
Total property return	10.8%	1.3%	4.4%	9.4%
Management and fund costs	-0.4%	-0.4%	-0.4%	-0.4%
Impact of cash and leverage	-0.1%	0.0%	-0.1%	-0.2%
Other effects	0.0%	0.0%	0.0%	0.2%
Fund return (IFRS)	10.3%	0.9%	3.9%	9.0%
Fund return (INREV)	N/A	0.8%	N/A	9.2%
Dividend return	2.4%	2.1%	5.5%	5.2%

5-years total for Altera In € million, unless stated otherwise	2022	2021	2020	2019	2018
Invested capital	3,075	2,873	2,474	2,461	2,206
Theoretical rent	126	114	104	113	116
Number of properties	145	139	140	155	160
Management and fund costs					
Management costs	30.5	29.2	29.2	34.5	31.1
Fund costs	4.8	4.6	6.0	5.3	5.4
Total costs	35.3	33.8	35.2	39.7	36.5

Timeline Altera organisation

01/01/2022
Total assets under management of €3.0 billion

01/01/2022
Jeroen Post starts as Asset Manager Retail

01/02/2022
Charlotte Butzelaar starts as Marketing & Communication Officer

01/02/2022
Jan Bart Bergers starts as Data Specialist

14/04/2022
GMS: Adoption of annual report 2021 by the shareholders

29/04/2022
Maria Molenaar appointed Chair of the Supervisory Board of Altera Vastgoed NV

14-16/06/2022
Altera present at Provada real estate fair with own stand

01/07/2022
Parham Jadidi starts as Acquisition Manager Retail

01/08/2022
Hamida Kallali starts as Technical Manager Residential

09/09/2022
Publication of semi-annual report 2022

13/09/2022
A property tour at The Mayor in Amstelveen for the Dutch Green Building Week

26/09/2022
Jolanda Damsteegt starts as Secretary

26/09/2022
Roderick Vermeer starts as Business Analyst Retail

01/10/2022
Thomas van den Wijngaard starts as Technical Project Manager Residential

01/10/2022
Gelareh Karimpouri starts as Assistant on the Financial Administration

01/10/2022
Tito Perniciaro starts as Risk Manager

01/10/2022
Vivian Premsela starts as Assistant on HR

04-06/10/2022
Altera present at Expo Real fair in Munich

13/10/2022
Visit to our residential project The Mayor with our stakeholders

18/10/2022
Altera Residential and Retail Funds top Dutch sustainability ranking and Residential fund is Global Sector Leader for 3rd year running and Retail 2nd place global

01/11/2022
Simon Uildriks appointed as Head of Acquisition and member of the management team

01/12/2022
Sophie Smits starts as Business Analyst Residential

01/12/2022
Jesse Kolijn starts as Business Controller and Lukas Ekkelkamp as Trainee Data Science

07/12/2022
GMS: Investment Plans Residential and Retail approved by shareholders

€3.1 billion

31/12/2022
Total assets under management of €3.1 billion

Highlights of 2022

Performance of the sectoral funds

- In Residential the total fund return amounted to 0.9% (2021: 15.2%) as a result of a revaluation of -1.2% due to downgrades in the second half of 2022
- In Retail a total fund return of 9.0% (2021: 5.1%) as a result of a revaluation of 3.5%, especially in the first three quarters of 2022
- The occupancy rate in Residential increased from 98% to 99% and in Retail remained stable on 94%
- In the Residential sector 1,159 leases were signed, including 515 for new completed construction; tenant movements decreased from 13% to 11%
- In the Retail sector 197 leases were signed with an annual rent of €17.5 million

Sustainability/ESG

- Altera Residential and Altera Retail received 5 stars recognition in the 2022 GRESB benchmark
- Moreover, Altera Residential was awarded from GRESB with Residential Global Sector Leader status for the third consecutive year and Altera Retail was named best performing fund in the Netherlands and a second place worldwide
- Altera obtained a five-star rating at the most recent UN PRI benchmark results for the modules Investment and Stewardship Policy and Real Estate
- We received an audit opinion on ESG key performance indicators

Changes in the portfolio

In € million	Residential	Retail	Total
Added to secured pipeline	75.8	-	75.8
Added to operational portfolio	221.2	47.1	268.3
Divestments	-5.7	-22.0	-27.7

Share transactions

New entries amounted to €298.1 million in 2022, with exits amounting to €163.5 million.

In € million	Residential	Retail	Total
Shareholder entries	268.2	29.9	298.1
Shareholder exits	-163.5	-	-163.5
Net entries	104.7	29.9	134.6
Number of shareholders	41	28	61

Altera proved to be able to facilitate all redemption requests in 2022 resulting from re-positioning investment portfolios of institutional investors.

Organisation

- The workforce increased from 39 FTE year-end 2021 to 50 FTE year-end 2022
- Staff increased especially on data related functions, control & risk and portfolio management
- As part of the Altera Data Insights project a data warehouse has become available in 2022, including a shareholder dashboard
- Altera was again awarded as World class Work place by Effectory, which means that Altera has a Top 10 position as best employer in the Netherlands

Governance

- Ms Maria Molenaar succeeded Guus Hoefsloot as chair of the Supervisory Board on 29 April 2022
- On 7 December 2022 it is decided to install Advisory Committees for both the Residential as the Retail fund with five members each from the investors base
- Altera is almost completely compliant on the INREV Guidelines with a Self Assessment score of 98%
- A type 2 ISAE 3402 report is issued on 28 February 2023
- In 2024 Altera will migrate from a fiscal investment institution to a structure with two separate funds for joint account and a separate management company as the current regime will probably be abolished as per 1 January 2025

Dutch real estate for institutional investors

Proposition

Altera offers investment products in Dutch Residential and Dutch Retail property which are tailored to the needs and requirements of institutional investors through a structure of integrated management with letter shares in these sectors. This means, among other things:

- a structure with the advantages of unlisted indirect property and the risk/return;
- characteristics of direct property;
- targeted participation in the Residential and Retail sectors (freedom of allocation);
- integrated ESG on management platform and portfolio;
- flexibility of entries and exits;
- no structural financing with loan capital;
- active asset management;
- no in-company project development activities;
- a multi-criteria investment objective;
- transparency in policy, processes and accountability;
- application of best practices and a high level of compliance;
- cost-efficiency resulting in low management and fund costs;
- investments based on a data and research-driven strategy;
- optimal implementation of measures to promote sustainability;
- no conflicts of interest and a strong emphasis on compliance;
- client-oriented servicing.

Management Board

(from left to right)

Supervisory Board

Heino Vink (Member)
Roelie van Wijk-Russchen (Member)
Maria Molenaar (Chairperson)

Management Board

Jaap van der Bijl (CEO)
Erwin Wessels (CIO)
Cyril van den Hoogen (CFO)

In deploying its investment strategy, Altera also aims to make a contribution to sustainability. This is based on the following basic principles:

- The aim of the ESG Strategy is to increase the 'future-proofness' of our portfolios and assets:
  - Balancing the interests of main stakeholders: Investors – Tenants – Society.
  - Anticipating upcoming legal requirements & alignment with governmental institutions and regulatory authorities.
  - Creating dual returns: good financial and ESG returns, due to improvement of risk/reward. This leads to predictable and lower expected capital and operational expenditures, whilst making (real-world) impact.
- It ensures that our ESG strategy creates value by:
  - Improved risk management, including incorporation of climate related risks (transition and physical risks).
  - Increased direct return (cashflow) and indirect return (capital value), due to better and more resilient assets.
  - Alignment with stakeholder interests and standards, which increases confidence in the real estate manager.
  - Future-proof portfolios and assets.

Investment objective

The objective of Altera Residential and Altera Retail is to offer institutional investors a fund return in line with core investments in Dutch property. We evaluate the degree to which this objective is achieved against the following criteria:

- the relative portfolio return per sector in relation to the five-year total return on all investments of the MSCI Netherlands Property Index;
- the relative fund return per sector, based on a peer group analysis and the relevant INREV fund return;
- the amount of management and fund costs for the sectoral funds combined and the INREV TGER (with the aim that these costs will be among the lowest in the sector);
- progress in terms of sustainability.

Altera strives for a high level of transparency to the investors and conducts its business with integrity.

Investment policy

We aim to achieve our investment objective by investing in selected segments of the Dutch residential and retail property market with a long-term investment horizon.

We implement the investment policy in a transparent manner and with data and research-based analyses. We limit the risk by not applying structural leverage and refraining from project development activities. With this policy we aim to retain the pure characteristics of direct property as far as possible. A secondary purpose is to remain fully invested.

For these sectors we have formulated a medium-term (three-year) investment framework which has been approved by the General Meeting of Shareholders of the relevant sector. The investment framework is part of the investment plan, which is updated annually.

Sustainable Finance Disclosure Regulation

The Sustainable Finance Disclosure Regulation (SFDR) establishes rules on transparency, in order to ensure the integration of sustainability risks into investment processes and the harmonisation of ESG disclosure standards for different types of products and services. Altera has set up a multidisciplinary working group, consisting of the CFO, Compliance, ESG and Investor Relations, to implement the requirements that derive from the SFDR.

As of January 1st, 2023, the level 2 requirements of the SFDR have gone into effect. The level 2 requirements have been published in the Regulatory Technical Standards (RTS). In preparation for the commencement of this part of the legislation, Altera Residential and Retail published information in the Information Memorandums (Annex XIV) and the company website in April 2022. In the 2nd quarter of 2023, we will publish an update of these documents and in the Annual Report 2022, we report on the extent to which environmental or social characteristics are met.

Both funds of Altera have considered themselves as Article 8. This is done after careful consideration and after consultation of external advisors and special interest groups (IVBN and DUFAS) and internal discussions.

Supervision

Altera Vastgoed N.V. holds a licence issued under the AIFMD (number 15001214) and is regulated by the Netherlands Authority for the Financial Markets (AFM).

Information Memorandum

The Information Memorandums for Altera Residential and for Altera Retail contain the Principal Terms (chapter 5) for which changes require approval of the shareholders. Each year in the April General Meeting of Shareholders an updated version is presented. Prospective shareholders are to be provided with a copy of the Information Memorandum.

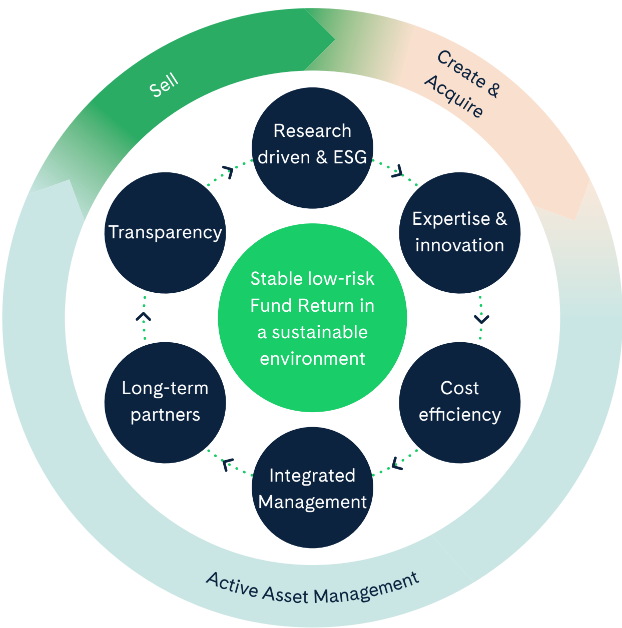
Value creation model

The value creation model is part of our ambition to present our created values in a fully integrated annual report. The model provides insight into Altera's operational context with specific attention to the different forms of capital Altera employs to create value for all our stakeholders. The model shows our business model, how we create long-term sustainable value and what our social impact is.

Our five capitals

	Residential	Retail
1. Our investors		
Number of investors	41	28
Equity in € mio	2,386	657
2. Our tenants		
Number of tenants	5,762	515
Annual rental income in € mio	81	45
3. Our buildings		
Number of properties	106	39
Portfolio in operation in € mio	2,120	642
4. Our people		
Headcount Altera (FTE)	50	
5. Our environment		
Environmental Management System	ISO 14001	

Our business model



Our created value

	Residential	Retail
1. Fund return		
Direct and indirect return	0.9%	9.0%
2. Tenant satisfaction		
Score based on tenant satisfaction survey	7.1	6.5
3. Quality score		
Portfolio Score based on Altera's Quality Assessment Model	80	77
4. Employment satisfaction		
Score based on employment satisfaction survey	8.0	
5. Sustainable environment		
GPR Score resp. BREEAM score	6.7	58%
GRESB Score	94	95
UN PRI Score for 'Investment & Stewardship Policy' and 'Real Estate'	5 stars and 5 stars	

Our impact (UN SDGs)

Residential   Retail

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Our five capitals

1. Our investors

Altera offers (open-ended) investment funds with allocation to Dutch property in the Residential and Retail sectors. These funds are tailored to the needs and requirements of institutional investors, who provide us with the financial input for our business.

2. Our tenants

We actively engage with our retail and residential tenants and monitor the quality of the property management services. The relationship we have with our tenants results in high levels of tenant satisfaction and occupancy rates. Altera frequently conducts tenant satisfaction surveys to analyse and improve tenant satisfaction scores.

3. Our buildings

The quality of our properties is essential to portfolio performance, tenant satisfaction and the impact on the environment. This is why we have created the Quality Assessment Model (QAM) to assess potential acquisitions and for continuous quality improvement of our existing portfolio holdings.

4. Our people

Our employees' contributions and capabilities are greatly valued, which is why the development of skills of our people is key, as well as their health & well-being. Meetings are held on a quarterly basis to keep all employees informed and engaged with the company's mission and values. Employee satisfaction is surveyed within the company on an annual basis.

5. Our environment

Altera's impact on the environment is monitored through our Environmental Management System which is set up in conformity with the internationally recognised ISO 14001 standard.

Our business model

The business model transforms the input from our five capitals to created value. The business model shows the conviction of Altera, how the processes are connected to this and which final result is achieved.

Why?

Altera's goal is to generate a fund return equal or better than the relevant market return and based on low risk characteristics on a sustainable manner for both the environment and the tenants.

How?

This ultimate goal can be achieved by an investment strategy based on the following six elements: Research driven & ESG, Expertise & innovation, Cost efficiency, Integrated Management, Long-term partners and Transparency.

What?

In Altera's investment process there are three phases in the life cycle of the property. After the acquisition of a property the active asset management phase of the property starts. A yearly hold/sell analysis is performed which can lead to either continuing the active asset management or the disposal of an asset.

Our created value

1. Fund Return

Total Fund Return per sector, based on the direct and indirect return, which is delivered to the investors.

2. Tenant satisfaction

A good relationship can only be maintained with tenants if they are satisfied. Altera therefore believes it is very important to measure tenant satisfaction. For this model the weighted average based on this tenant satisfaction survey per sector is used; for Residential the average is based on a select sample of units and for Retail on the floor area of our shopping centres. Targets are also set to optimise tenant satisfaction.

3. Quality score

We use an objective quality assessment model (QAM) to gain insight into the quality score of our buildings. The result of the QAM is expressed as a total score. For this model the weighted average (value) Portfolio Score per sector is used.

4. Employment satisfaction

We invest in our people and their satisfaction. An Employee Satisfaction Survey (ESS) to measure this satisfaction is periodically conducted, on which an average score can be calculated. This average score contains the following four elements: Enthusiasm, Involvement, Employment practices and Efficiency.

5. Sustainable environment

For a long-term sustainable environment we believe it is important to always optimise our scores in certificates from GPR (Residential) or BREEAM (Retail), GRESB for each sector and UN PRI for the organisation.

Our impact

We have aligned our corporate targets with the United Nations Sustainable Development Goals (SDGs). The created value has a direct relationship with these SDGs. A further explanation of Altera's SDGs, including the creation of the selection of SDGs and the underlying specific sub-targets, can be found in the integrated ESG report.

Supervisory Board Report

Message from the Supervisory Board

We hereby present you with the annual report and the 2022 financial statements prepared by the Management Board.

Deloitte Accountants B.V. has audited the financial statements and has issued an unqualified audit opinion. We propose that you adopt the financial statements accordingly.

The dividend for the fourth quarter of 2022, including the final dividend, was paid out on 16 January 2023. We endorse the proposal of the Management Board for a zero final dividend.

Dividend (amounts in €)	Distributed in 2022 in respect of 2022	2022 Q4 16 January 2023 including final dividend	Total for 2022
Residential	37,423,014	14,141,711	51,564,725
Retail	24,647,964	8,353,929	33,001,893
Total	62,070,978	22,495,640	84,566,618

Altera hereby complies with the regulation incumbent on a fiscal investment institution with a distribution requirement.

Mission statement

In accordance with the law and the articles of association, the Supervisory Board has the duty to supervise among others policymaking, financial and non-financial performances and risk management of the Management Board, as well as the general course of affairs within the company and its affiliates. The Supervisory Board supports the Management Board with advice. In performing their duties, the members of the Supervisory Board take into account the interests of the company, the shareholders, employees and all those involved in it.

The duties of the Supervisory Board include:

- Reviews, assessments:
  - Supervising the Management Board with regard to the realisation of the company's objectives, the strategy and the risks associated with the operations of the company including ESG, the design and operation of the internal risk management and control systems, the financial reporting process and compliance with laws and regulations.
  - Adhering to and enforcing the corporate governance structure of the company.
  - Reviewing the remuneration policy.
  - Evaluating and assessing the performance of the Supervisory Board and the Management Board, as well as their individual members.
  - Checking whether a prospective shareholder nominated by the Management Board, other than a regular pension fund or an insurer, meets the criteria attached to this group.
  - Handling and deciding on reported (potential) conflicts of interest and reports of incidents relating to members of the Management Board and furthermore, in conjunction with the Management Board, deciding on the nature of the sanction to be applied in the event of employees violating the Code of Conduct (in accordance with the Code of Conduct, Incidents Regulation and Whistle-blowers' Regulation).
- Approvals, proposals to the General Meeting of Shareholders:
  - Providing pre-advice with the financial statements.
  - Approval of the annual Investment Plans, the Business Plan and the annual budgets included in these plans.
  - Approving of investments and divestments in excess of €25 million.
  - Proposals for adoption of the remuneration policy and contractual terms of employment of the members of the Management Board.
- Appointments:
  - Selecting and nominating for appointment members of the Supervisory Board and the Management Board.
  - Selecting and nominating the external auditor of the company.

Composition of the Supervisory Board

The composition, organisation and working method of the Supervisory Board are in line with the applicable Corporate Governance Code. The members of the Supervisory Board are independent within the meaning of the best practice provisions 2.1.7 to 2.1.9 of this code. In view of the size of the Supervisory Board, no committees have been set up.

At the General Meeting of Shareholders of 8 December 2021, the chairperson of the Board, Mr Guus Hoefsloot, announced that he would not apply for a third term. The process of recruiting his successor started at the end of 2021 and resulted in the nomination of Ms Maria Molenaar after a diligent process with involvement of the Supervisory Board, the Board of Directors and in the final stage also a delegation of our shareholders. In the Extraordinary Meeting of Shareholders of 29 April 2022 she was appointed for a four years term as chair. In the General Meeting of Shareholders of 14 April 2022 Mr Heino Vink has been reappointed for a second four year term.

Given the size and structure of the company, the secretary of the Management Board also acts as the secretary of the Supervisory Board. Moreover, the double position creates added value thanks to the secretary's knowledge of the issues at play in both bodies, of the procedures to be followed and the planning of the decision-making. Unfortunately this position was vacant for most part of the year which had some impact on the workload of the Supervisory Board.

Working method of the Supervisory Board

Practically all subjects in the meetings of the Supervisory Board were prepared in the form of memoranda, reports and investment plans of the Management Board. Fortunately, in the post Corona times the meetings with the Management Board were not held digitally anymore.

The number of meetings (15) was also high in 2022 (2021: 16; 2020: 17). During 2022 also several meetings were held in different settings with shareholders and fiduciary managers to discuss the set-up of an advisory committee per sector fund. The Supervisory Board also attended an Informal Shareholders Meeting on this topic.

The new chair Ms Molenaar had several meetings with members of the Management Board for the onboarding, including a meeting with the Management Team and several fiduciary managers. A document was prepared to agree upon the tasks and way of working of the Supervisory Board (Vision on Supervision).

In 2022, as in previous years, the Supervisory Board concluded that the documents prepared by the Management Board in general provide a sound basis for the Supervisory Board to perform its duties.

The meetings with the Management Board are thorough and open. In the evaluation of its performance, the Supervisory Board found that it maintained sufficient professional independence from the Management Board to supervise and challenge the latter in a positive, yet critical manner. The financial and non-financial results are, of course, the subject of discussion in each meeting.

Attendance and topics for 2022

During the year under review, the Supervisory Board met a total of six times with the Management Board, in line with the pre-arranged schedule. In addition, a further 9 meetings were held. The attendance for these meetings was 100%. In 2022 detailed attention was paid to:

- Shareholders
  - Results of the Customer Satisfaction Survey.
  - Providing more information on the contents of the Supervisory Board meetings in the quarterly reports and the General Meetings of Shareholders.
  - Evaluation of the separate meetings with shareholders or their fiduciary managers.
  - Discussions on the set-up of an advisory committee per sector fund.
  - Progress in funding the sector funds and the impact of redemptions.
  - The topics covered by the Management Board in the Informal Shareholder Meetings.
- Strategy and Performance
  - Early-stage discussions on the main items to be analysed in the Market & Trend Monitors, Investment Policy Plans and the Business Plan.
  - Reviewing the plans and quarterly reports, including forecasts and variances relative to budget.
  - Relative performance of the sector funds.
  - Impact of increased interest rates on the hurdle rates as applied for investments and the changes in the calculations.
- Sustainability
  - Sustainability strategy and roadmap to Paris Proof.
  - Sustainability and the consequences of SFDR for risks and assets management.
  - Required capex for the Road to Paris.
  - GRESB results of the Altera funds.
- Portfolio and Asset management
  - Approval of the divestment of Stadshart Zoetermeer shopping centre and apartments.
  - Approval of the investment proposal of the pipeline project Utrecht Beneluxlaan (200 apartments), another investment proposal has been discussed but this project did not result in a transaction.
  - Progress in acquisitions of residential and retail properties.
  - Progress in development of shopping centre Het Rond in Houten.
  - Progress in existing pipeline projects.
  - Retrospective costing of residential complexes taken into operation in the preceding three years.
  - Tenant satisfaction surveys.
  - Agreement for the extension of the revolving credit facility.
  - Impact of new regulation of the mid-rent segment on the portfolio of Altera.
- Governance and Risk
  - Document of the Supervisory Board: Vision on Supervision.
  - Evaluating risk management, control and IT.
  - Evaluating the required staffing of the compliance function.
  - Impact of the abolishment of the fiscal investment institution and the proposed new structure.
  - Cyber security and the results of the penetration tests.
  - Market developments and related risk profiles.
  - Set-up of project- and service entities in relation to the fiscal investment institution (not finalised after announcement of abolishment of the fbi regime).
  - Recruiting process of corporate secretary.
  - Selection process and progress in recruiting a new chair of the Supervisory Board.
  - Remuneration of the Supervisory Board which was raised on 29 April 2022 taking into account the increased workload.
  - Remuneration policy of the Management Board as the current data provider is no longer delivering its services.
- Human resources and Organisation
  - Progress in the recruitment of new staff and the onboarding.
  - Staffing of Altera in relation to the requirements of ESG, reporting, additional information requests of shareholders.
  - Leadership of the Management Board and the process to empower senior management.
  - Results of Employee Satisfaction Survey.
  - Target setting for Board of Directors.
  - Update on the digital strategy and the data warehouse project.

With the head of control, the digital manager, the reporting manager, the risk manager and the ad interim compliance officer a meeting was held covering topics such as the property valuation process, risk management process, cyber risk, ISAE 3402 controls, results of risk assessments. The audit plan has been discussed with the external auditor.

The Supervisory Board also met without the presence of the Management Board. During these meetings, the Supervisory Board discussed the assessment of the Management Board and the evaluation of the Supervisory Board's performance. Discussions were held with the management team and individual board members. A separate meeting was held with the auditor.

The Supervisory Board evaluated its own performance, on the basis of a number of aspects, and that of its individual members. The Management Board's opinion on these points was also taken into account. It was concluded that the performance of the Supervisory Board is satisfactory.

The main topics of the ordinary meetings are briefly outlined hereafter.

Investment Plans and Business Plan

As in 2021, the discussions on the Investment Plans with the investors started in 2022 at an early stage on the basis of draft plans and sharing knowledge of impact of new rent regulation, ESG implications, etc. In July 2022 an open meeting (“awayday”) was held by the Management Board and the Supervisory Board discussing topics such as business development, affordability, staffing, ESG and of course the impact of the Ukraine war, rising energy prices and inflation. The final Investment Plans, the ESG Plan and the Business Plan were presented at the Annual General Meeting of Shareholders of 7 December 2022.

Quarterly reports and results

The Supervisory Board discussed with the Management Board the quarterly reports drawn up by the organisation, including the variance analyses between budget, realisation and forecast for the sector portfolios, as well as the organisational costs.

Based on the quarterly reports, the topics discussed included the following: the capital movements due to higher interest rates and the changed preferences of some investors, progress in realising new capital, the progress of the intended acquisitions and disposals, impact of the increase of real estate transfer tax on the performance, impact of a cyberattack in the information system of some of the external property managers.

The relative performance of the Altera Residential and Retail sectors compared to competitors was analysed on the basis of the scorecard prepared by the Management Board.
The Residential return in 2022 was below budget due to changing market conditions in the second half of 2022.
In the case of Retail, the performance in 2022 was above budget due to higher income return and a positive capital growth thanks to yield compression for convenience assets.

The favourable scores for sustainability in the GRESB measurements demonstrate Altera’s commitment to this subject over many years.

Management and fund costs increased in 2022 as the workforce increased in order to fulfil all requirements in fields such as ESG, digitalisation, asset management of growing portfolios. But the actual costs ended still below budget.

Relationship with shareholders

The open discussions with our shareholders in the general meetings and, if needed, in the individual meetings were of great help in gaining insight into their preferences and wishes. The demands appeared to be widespread with differences between the shareholders for example regarding size and nationality. To gain a more precise understanding of the needs and requirements regarding governance and transparancy the Supervisory Board conducted a survey among the shareholders in the first months of 2022. The outcome of the survey helped to assess improvements wanted by the majority of the shareholders and also what adjustments would be most effective, considering market practice and formal frameworks among other things. The final result of the discussions between shareholders, fiduciary managers, Supervisory Board and the Management Board was the implementation of an advisory committee per sector fund.

The Supervisory Board strived to take the position of all the stakeholders of Altera into account during the whole decision-making process.

Portfolio changes

The Supervisory Board is on a regular basis informed about the progress in acquisitions and the pipeline of residential units and the progress in the investments and divestments in the Retail fund. Due to changing market conditions the inflow of new pipeline was limited to one project in Utrecht consisting of 200 apartments; the investment decision of the Management Board was approved by the Supervisory Board in June 2022. The initial letting of 515 apartments in seven complexes which were transferred from pipeline to property in operation, was very successful and they are all fully let.

The divestment decision of the Management Board of the comparison shopping centre in Zoetermeer including 48 apartments (both assets of Altera’s 50% participation in BV Beleggingsmaatschappij Stadscentrum Zoetermeer) was approved by the Supervisory Board, including the distribution of the proceeds between the Residential and the Retail fund. Pricing was affected by changing market conditions.

Governance, risk management, compliance and integrity

The Supervisory Board also reviewed the manner in which the Management Board controlled the risks during the year. In addition to the auditor’s report, the ISAE 3402 type 2 was published in February 2023 on the operation of the control measures during the year under review. These reports provide additional comfort to the Supervisory Board that the processes are robust.

On 14 March 2023, the full Supervisory Board discussed the risk management and the findings of the external auditor with the financial director, the head of control, the reporting manager, the compliance officer, the risk manager, the digital manager and the external auditor. Attention was also paid to the valuation of property, the activities of the auditor regarding property valuations and the impact of increased real estate transfer tax. Cyber security and the results of penetration tests were discussed, including measures for further mitigating cyber risks.

The Supervisory Board has presented in September 2022 a document ‘Vision on Supervision’ their views on their roles (supervision, employer role for management board and sounding board).

As in previous years, attention was paid to integrity, the measures taken to limit the risk of fraud, and any actions taken if deviations were detected. The Management Board did not detect any deviations during the year under review.

Closing remarks

The Supervisory Board is grateful to the shareholders for their continued confidence in the company. The Board supports all efforts to come to a new governance in 2023, when the preparation takes place of the restructuring from fiscal investment institution to funds for joined account with a separate management company (which is in the current situation not separated but integrated in Altera Vastgoed NV). The year 2023 is the first year of the two advisory committees which started on 8 February 2023. We are confident that these committees will have a positive influence on the decision-making process within Altera.

Looking back on 2022, the Supervisory Board has been able to establish that the Management Board achieved the targets set for 2022 in the Investment and Business Plans and the performance criteria for the Management Board (as described in the Remuneration Report).

In 2022 there was fortunately less disturbance from Corona, and most meetings were held in Altera’s office or other premises in case of attendance of shareholders. All shareholder meetings were held in a hybrid way, which appeared to be preferred by the international investors.

The Supervisory Board would like to express its appreciation to the Management Board and the employees for their efforts in achieving the company’s objectives on may topics, especially ESG. The Board wish them well in the developments ahead. And with the increase of the workforce during 2022 we believe that Altera is well-positioned for all challenges in the coming years, such as ESG and the restructuring.

Amstelveen, 22 March 2023

Supervisory Board

M.B.Th. Molenaar (chairperson)

H. Vink

R. van Wijk-Russchen

Supervisory Board Members

Members and rotation schedule

Name	Date of appointment	Nominated by/on behalf of	Position	Date of retirement
Maria Molenaar	29 April 2022	Independent with no economic ties to shareholders	Chairperson of the Supervisory Board	Annual meeting in 2026
Heino Vink	18 April 2018; reappointed on 29 April 2022	Independent with no economic ties to shareholders	Supervisory Board member	Annual meeting in 2026
Roelie van Wijk-Russchen	24 June 2020	Independent with no economic ties to shareholders	Supervisory Board member	Annual meeting in 2024

CVs of the Supervisory Board members

Maria Molenaar
(b. 1958)
Chairperson of the Supervisory Board
Joined at 29 April 2022

Ms Molenaar has more than 30 years' management experience in different sectors: social housing, cure and care sector, agricultural sector, and consultancy. Her last position, from 2011 until October 2021, was CEO of Woonstad Rotterdam (approximately 60,000 social, student and commercial rental sector homes and business properties). Prior to that she was board member of Rijnland Zorggroep (hospitals and nursing houses), shareholder and consultant of New Ventures Holding and from 1996 until 2005 first board member and after 3 years CEO of the listed company Kühne & Heitz. Before joining Kühne & Heitz she worked as manager business development at Cosun (1995-1996) and consultant at A.T. Kearney (1990-1995) and Adstrat (1986-1990).

Ms Molenaar fulfills several additional functions. Since 2015 she is member of the Supervisory Board of Enza Zaden and chairperson of the audit committee. Before this position she has been Supervisory Board member of BDR Thermea and Menzis Zorgverzekering. From 2016 until 2020 she was member of the Advisory Board Audit Office of Rotterdam. In 2020 she became member of the Board of Economic Development Board Alphen aan den Rijn. Since 2012 she is chairperson of the board of the foundation Friends of Mikumi (in support of St. Kizito Hospital in Tanzania).

Roelie van Wijk-Russchen
(b. 1964)
Supervisory Board member
Joined at 24 June 2020

Ms Van Wijk has more than 30 years' management experience in the financial sector. From January 2018 until March 2020 she was Global Head of Responsible Business & Public Affairs at Aegon AM. Prior to that, she was CEO of TKP Investments BV for more than eleven years, during the first five of which she also served as a member of the board of TKP Pensioen BV. Before joining TKP (part of Aegon), she held numerous senior investment and management positions, including at SNS AM, Philips Pensioenfonds and PGGM and amongst other a non-executive board position at Spoorwegpensioenfonds. From 2014 to 2020 she has also served as a board member of Dufas, of which she was chair in the last two years.

Her portfolio currently consists of supervisory roles with an emphasis on social themes, such as in het cultural sector and in the field of public housing, legal protection and international pensions.

Heino Vink
(b. 1974)
Supervisory Board member
Joined at 18 April 2018

Heino Vink was employed by Multi Vastgoed, Multi Development and Multi Corporation from 2006 to 2017, from 2011 to 2013 as CEO and from 2013 to 2017 as COO. From 1999 to 2006 he held various positions at NBM Amstelland and AM. From 2017 to 2018 he was co-owner of Bohemen BV. In 2018 he founded Everglow Real Estate Management BV and Glow Real Estate BV, both specialists in real estate asset management and development. Since 2019, he has been a shareholder and managing partner of SB Real Estate BV (subsidiary of HAL Investments), a specialist in transforming shopping centres by means of residential development.

Supervisory Board Remuneration Report

Remuneration

Under article 18 of the company's articles of association, the remuneration of the Management Board is determined by the General Meeting of Shareholders. The remuneration of each member of the Management Board is determined by the Supervisory Board with due observance of the remuneration policy. Shares or share subscription rights shall not be granted. The remuneration is consistent with and promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile, rules or instruments of incorporation of the company.

Since 11 December 2019 the basic principle for the Management Board is a remuneration between 80-100% of the median-level of the remuneration of a group consisting of five peers. The remuneration will include a maximum of 20% variable payment if all criteria have been met at above-target level. For 2021 the maximum is set at 16.5% and for 2022 at 20.0%. For the CEO and CIO the targets are for 50% based on financial criteria and 50% on non-financial criteria. The financial criteria include targets related to outperformance relative to MSCI, new equity and management costs. The non-financial criteria include targets related to the segmentation in the retail sector, GRESB ratings, employee satisfaction and business cases including innovation. For the CFO the targets are for 30% based on financial criteria and 70% on non-financial criteria. The financial criteria include targets related to new equity and management costs. The non-financial criteria include targets related to audit and risk findings, GRESB ratings, employee satisfaction and business cases including innovation.

The employment contracts of the Management Board members have been entered into for an indefinite period and are therefore not limited to four years. According to the Dutch Corporate Governance Code, an appointment for four years is primarily intended for exchange-listed companies.

The pension scheme for the Altera staff, including the Management Board, is a defined contribution (DC) scheme for pensionable salary up to €114,866 (limit for 2022). For the base salary above this limit, an amount of 27% is paid as gross remuneration, as in previous years.

Supervisory Board

Under article 26 of the company's articles of association, the remuneration of each supervisory director is determined by the General Meeting of Shareholders. The remuneration of the Supervisory Board was most recently approved by the General Meeting of Shareholders on 29 April 2022. The annual remuneration of the Chairperson of the Supervisory Board increased then from €27,500 to €36,000 and for other members from €22,500 to €30,000.

Management Board Report

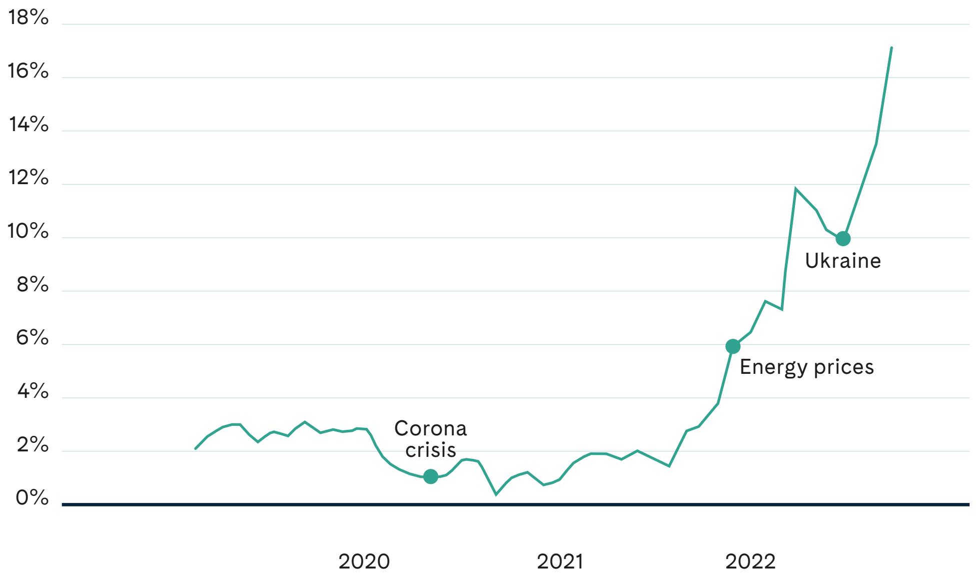
2022 was a remarkable two-faced year

The year 2022 started out on a positive note with the pandemic on the retreat, financial markets still within a low to negative interest rate environment and property markets with upgrades prevalent, especially in the residential market.

The outbreak of the war in Ukraine sparked new issues and refuelled pending underlying issues coming out of the COVID-19 pandemic period, such as the energy crisis, inflow of refugees and scarcity of staff and materials.

Into the second quarter inflation was spiking with central banks responding by raising interest rates which trickled down into the financial markets quickly. As a consequence of these matters the investment markets (including real estate) also changed.

Inflation according to European price index (HICP)



Economy in 2022

Looking back to 2022 it is positive to see that the Dutch economy, despite the challenging circumstances, was able to hold its ground. The latest indicators show the economy was able to avoid going into recession.

	Year-end 2022	Year-end 2021	**Effect on property**
Annual growth of Gross Domestic Product	4.5%	4.9%	+
Inflation (annual average)	10.0%	2.7%	+
10-year spot interest on Dutch government bonds	2.43%	-0.32%	-
Consumer confidence	-52	-25	-
Employment growth in number of jobs x 1,000	383	399	+

- In the previous year (2021) the GDP showed a strong recovery from the first Corona year 2020. In 2022 the GDP was influenced by the Ukraine war, the related energy crisis, inflation peaking and rising interest rates.
- The outbreak of the Ukraine war shocked societies and economies in Europe and worldwide. The conflict also aggravated disruptions in supply chains and creating delays in manufacturing of goods. It led to shifts in geopolitical paradigms.
- The strong rise of energy prices impacted both the purchasing power of consumers as the profitability of producers in energy intensive sectors. Higher energy costs - in combination with scarcity of work force and materials - have led to cost increases of 10% or more.
- The inflation rate in 2022 reached an average of 10% which has not been seen since four decades and with some monthly figures even above this average level, such as the peak of 14.5% in September 2022.
- During 2022 the ECB increased their interest rates in four steps (up to 2.5%) in order to combat and decrease inflation. In 2023 new steps of the ECB are foreseen, starting on 8 February 2023 with an increase of 0.5% and on 16 March 2023 again 0.5%.

- The increase of ECB rates trickled down into banking rates and the financial markets. As interest rates rose sharply the relative position of assets (equity, fixed income and alternatives) in investment portfolios of institutional investors changed fast in 2022. Due to the denominator effect investors needed to rebalance their positions to align their investment with their investment policy. The increase of interest rates also had a large impact on the valuation of real estate since mid-2022.
- Effectively, the steps of central banks marked the end of an era of negative interest rates. It does not seem likely today that in the upcoming years there will be a return to this negative interest environment.
- Due to the low unemployment figure and positive consumption levels, the chance for a recession in 2023 is still considered to be low.

Government measures and regulation

- **General:** On 10 January 2022 the new government (Rutte IV) and their plans were presented. The government is launching proposals and measures in several fields, ranging from agriculture, tax, environment and the housing market and more.
- **Tax:** A variety of measures was announced with two measures relevant for institutional investors.
  - As per 1 January 2023 the real estate transfer tax (RETT) has increased from 8.0% to 10.4%.
  - Another announced measure is to abolish the Dutch fiscal investment institution regime as per 1 January 2024 (which in December 2022 is postponed to 1 January 2025). This proposed measure, which came as a surprise to the real estate industry, will require Altera to change its legal structure into a fiscal transparent structure and to separate the management platform which is in the current structure included in Altera Vastgoed NV. The legislative proposal is expected to be published in September 2023. We are now preparing the restructuring in order to finalise this in the first half of 2024.
- **Residential:** The Minister for Housing and Spatial Planning announced regulation regarding rental housing in the mid segment which will probably come into force in 2024. See also the next paragraph.
- **ESG:** Due to the energy crisis and several climate related disasters (such as floods and fires) the importance of ESG has rooted deeper in society. The IPCC climate report strongly expresses there is ‘no time to waste’. The energy crisis has led to higher awareness: today everyone knows the price of gas and electricity. We expect that more regulatory pressure will be applied in the years to come.

Residential market

- In the period 2014 up to mid-2022 - driven by scarcity and decreasing interest rates - the prices of homes rose sharply with a record in 2021 of +15.6%.
- Following several rent increases by the ECB in the second half of 2022 this trend has come to an end.
- For the owner-occupier market the affordability - due to higher mortgage interest rates and payments - decreased likewise.
- It seems unavoidable that housing prices will leave its path of growth and move towards decline, despite the record high scarcity of homes. The rate of decline will depend on whether interest rates will further increase substantially combined with the persistent scarcity and the effectiveness of the governments’ measures to increase construction of new homes.
- In 2022 the average purchase price per sqm decreased to €3,780 which is -4.1% compared with €3,948 in 2021 (source: NVM) although in particular local markets, for instance Amsterdam and Utrecht, prices are still considerably above this average per sqm level.
- The average price for a house increased from €397,000 in December 2021 to €401,000 in December 2022 (source CBS), but the increase in the first half of 2022 was followed by a decrease.
- In 2022 overall about 74,000 new homes were completed. This is slightly more (+2,800) than in 2021 and yet still far behind the required levels of 100,000 per year in order to close the backlog and match the growing demand.
- The outlook for 2023 is lower: banks have estimated 70,000 (source: ING Research) and other parties expect 70,000 for the next two years (Economic Institute for Construction (EIB)). Looking at new building permits only 63,000 were granted in 2022 (CBS); it is not clear whether the construction of these homes will start in 2023.
- The government launched a national construction plan to build 900,000 homes in 2023-2030 for which the government is providing €7.5 billion. This would actually require 112,500 housing units each year in the upcoming 8 years.
- The intended tools of the Minister for Housing and Spatial Planning Hugo de Jonge are a) 15 large-scale construction locations, b) more flexible housing, c) faster conversion of offices. Nevertheless there are other challenges and hurdles to cope with, such as realising zoning and building permits, locational nitrogen restrictions, restricted supply of electricity and water among others.
- In the meanwhile, the share and number of homes for the mid-rental market could even decrease in the coming years. Private owners are facing a higher income tax burden and interest expenses, and less possibilities for raising rents due to the new rent regulation. Also the transfer tax on rented homes is increased from 8.0% to 10.4% (just two years after the increase from 2% to 8%). These owners could transfer their rental units into the owner-occupier market.

- During 2022 there was uncertainty on the details of the plan for a new rental regulation. The Minister for Housing and Spatial Planning has extended the ceiling of the regulated rental value system ("WWS") to homes with less than 187 points (was 142), the rental equivalent of €1,027 in 2022 and €1,123 as per 1 January 2024. Furthermore, the WWS system will be changed in favour of higher quality homes (e.g. more points for sustainability, and outside space). Also, the limitation on WOZ value-points will be skipped. Approval of these plans is expected to follow in 2023 and the new regime will then come into force in 2024. Downward adjustment of the rental price will only take place by mutation of the tenant. On the basis of the draft proposals we have analysed the impact on the Altera residential portfolio. The impact on our assets will be limited, due to the quality (incl. outer space) of our assets, incl. their current rental levels and the degree of sustainability (>99% green labels).
- The volume of the residential segment in the investment market stabilised on €3.7 billion in 2022. The announced increase of RETT caused again a year-end rally on residential property (source: StiVAD).
- As the scarcity remains in the rental market due to substantial shortages, the occupancy rate of rented housing is unprecedentedly high and limited to a low level of frictional vacancy pivoting around 1% in the Randstad conurbation.
- The mismatch between supply and demand increased further in 2022 as the growth in the number of households is outpacing the number of new homes delivered.

Figures of the NL residential property market	2022	2021	Effect
Population (31/12)	17,815,000	17,591,000	+1.3%
Number of households	8,213,000	8,139,000	+0.9%
Number of new completed homes (forecast)	74,217	71,221	+4.2%
Growth of the housing stock (CBS)	79,597	79,250	+0.4%
Annual rise of average sale price per home (CBS)	2.7%	15.2%	-12.5% pt
Mortgage interest rate (on new issue, DNB, November 2022)	3.5%	1.6%	+1.7% pt
Income growth (CLA wages, special remuneration elements (CBS, December 2022)	+3.7%	+1.9%	+1.8% pt
Average purchase price per m² (NVM)	€3,780	€3,948	-4.3%
Average transaction rent per m² (non-regulated, Pararius/NVM)	€14.7	€14.5	+1.4%

Altera Residential achievements

For Altera Residential the long period with high upgrades came to an end mid-2022, with downgrades in the second half of 2022. Nevertheless Altera was able to reach several major achievements in 2022.

Returns

- The fund return of Altera Residential remained with +0.9% on the positive side but in strong contrast with the return of 2021 of +15.2%.
- The sharp increase of interest from mid-year 2022 impacted the yields applied by external appraisers and created a negative impact on the vacant value. Nevertheless the vacant value throughout the full year still increased by 6.0%. However, this could not completely offset the impact on the yield of -6.8% pt.
- The rental indexation generally takes place on 1 July. The new rent regulation will limit the indexation to the development of wages in 2022 plus 1%, resulting in an indexation of 4.1% as per 1 July 2023.
- Tenant satisfaction remained on a level of 7.1, which is above the benchmark of 6.9.

Portfolio

- The number of units in the portfolio in operation increased from 5,295 to 5,762 homes.
- Seven new properties with 515 units have come in operation. The initial letting was successful (fully let).
- The occupancy level increased to 99%.
- We divested one asset (48 apartments, constructed in 1980-1989 decade).
- One project in Utrecht in the mid-rent segment consisting of 200 units was secured in 2022 and added to the secured pipeline. The first phase of construction has started in 2022.
- The current secured pipeline consists of 1,202 units. In the upcoming years these units will be added to the portfolio in operation, of which 464 are planned for 2023. The portfolio will reach the threshold of 7,000 units in the upcoming years.
- Altera Residential received requests from some investors as they were required to rebalance their investment portfolio. We were able to facilitate these requests in 2022 and to provide €163.5 million liquidity.
- Next to this we were also able to issue new capital for Altera Residential for an amount of €268.2 million. New commitments amounting to €288.2 million were received in 2022.
- With these commitments we are confident of realising growth and development of the portfolio in the coming years, especially when the property market will find its new equilibrium.

Key figures Residential in 2022 and 2021	2022	2021	Effect
Income return	2.5%	2.7%	↓
Capital growth	-1.2%	12.8%	↓
Total property return	1.3%	15.7%	↓
Fund return (IFRS)	0.9%	15.2%	↓
Fund return (INREV)	0.8%	16.1%	↓
Dividend return	2.1%	2.3%	↓
Gross initial yield (theoretical rent/book value)	3.8%	3.7%	↑
Occupancy rate (average)	99%	98%	↑
New leases (number of units or annual rent)	1,159	1,332	↓

Retail market

- After two years impacted by COVID-19, the dynamics of the retail property market were different in 2022.
- For retailers the biggest themes in 2022 were coping with high inflation, high energy prices, shortage of staff and low consumer confidence.
- Retailers in various consumer segments raised prices. This has had a positive effect on turnover, but in some segments the sales volume decreased. The turnover in the food segment (supermarkets, fresh food retailers and daily necessities) remained strong in 2022.
- The online supermarket sales in 2022 did show a decrease for the first time (share in 2022: 4.9% and 2021: 5.4%; source: Supermarkt & Ruimte, November 2022). The increased interest rates also hamper the business model of online players with some closing up their business, such as flash delivery players.
- Bankruptcies increased to 193 in 2022 (137 in 2021) which historically still is a low number.

Economic figures of the NL retail property market	2022	2021	Effect
Retail floor area	30,038,000	30,583,000	-1.8%
Sales outlets	212,000	216,000	-1.9%
Occupancy rate	94.0%	93.2%	+0.8% pt
Largest retail chains (top 5 in total number of outlets)	1. Kruidvat 2. Albert Heijn 3. Jumbo 4. Gall & Gall 5. HEMA	1. Kruidvat 2. Albert Heijn 3. Jumbo 4. Gall & Gall 5. HEMA	No changes in top 5
Number of liquidations	193	137	+56
Retail spending (in €x billion)	135.8	127.3	+6.7%
Food	58.8	56.4	+4.2%
Non-food	57.4	51.2	+12.2%
Online	18.2	19.7	-7.6%

Altera Retail achievements

The strategy of Altera Retail of enhancing the convenience share in the portfolio proved itself with reaching higher returns and increasing the level of sustainability.

Returns

- The fund return of Altera Retail improved from 5.1% in 2021 to 9.0% in 2022 due to yield compression in the first three quarters in the convenience segment. As in previous years, the convenience strategy proved to be resistant to market dynamics fed by crises and turmoil. The yield impact of higher interest rates was lower than in the Residential sector.
- Altera is able to apply the contractual indexation of the rent, mostly the CPI in retail businesses with a large increase of turnover and repricing their offering, such as supermarkets. The impact of higher energy costs is more severe for retail business with high energy usage. We take this in account and can grant reductions in indexation, preferably combined with extended lease length.

Portfolio

- In 2022 two convenience centres (Bergschenhoek and Enschede) and a supermarket (Goes) were added to the portfolio for a total amount of €47.1 million.
- In 2022 we divested a comparison shopping centre, including adjacent parking facilities, in Zoetermeer in our 50% participation and a comparison high street shop in Den Bosch for a total net amount of €22.0 million, which in total was 2.3% above book value (based on most recent appraisal value).
- We have also been able to add and enhance additional supermarkets to our convenience shopping centres in 2022 and 2023 in Dordrecht respectively Zwolle and Waddinxveen, and thus strengthening the attractiveness for consumers in the catchment area.
- As a result of these transactions the share of the convenience segment increased from 84% to 88% in 2022, resulting in an improvement of the risk return profile.
- Altera Retail did not receive requests from investors to facilitate liquidity.
- Next to this we were also able to issue new capital for Altera Retail for an amount of €29.9 million. New commitments amounting to €103.9 million were received in 2022.
- With these commitments, we are confident of realising growth and development of the portfolio in the coming years, especially when the property market will find its new equilibrium.

Key figures Retail in 2022 and 2021	2022	2021	Effect
Income return	5.7%	5.7%	→
Capital growth	3.5%	-0.2%	↑
Total property return	9.4%	5.5%	↑
Fund return (IFRS)	9.0%	5.1%	↑
Fund return (INREV)	9.2%	5.2%	↑
Dividend return	5.2%	5.5%	↓
Gross initial yield (theoretical rent/book value)	6.9%	7.2%	↓
Occupancy rate (average)	94%	94%	→
New leases (number of units or annual rent)	€17.5 mio	€12.8 mio	↑

Altera ESG achievements

For years we have been focusing and progressing on ESG as we believe ESG mitigates risks and creates value for investors and tenants. The importance of ESG has been further substantiated by regulatory pressure and increased stakeholder attention regarding this subject. This focus has resulted in a strong position of our portfolios for the future and also high ratings, such as GRESB (#1 in Netherlands) and UN PRI.

- **Paris Proof:** Substantial progress has been made in assessing necessary measures on the road map to Paris. Steps were taken - in cooperation with third parties - to deploy and implement Paris Proof investments in 2023. In 2022, we continued with the roll-out of our asset-level Paris Proof roadmaps for both portfolios to ensure that the portfolios are Net Zero Carbon before 2040. We have integrated the projected ESG capex into our budget forecasts and multi-annual maintenance plans and are currently in the process of implementing sustainability measures per asset.
- **Climate adaptation and mitigation:** We have followed through on climate risk assessments. Previous assessments based on location level showed gross level scores on heat stress and extreme weather events. In 2022 we performed an assessment on asset level to determine the net level score per asset and to assess possible measures. In 2023, we will further develop action plans to mitigate these risks.

Excellent results in ESG benchmarks

We are focused on better ESG results, especially in respect to performance (energy, water and waste). Altera has for many years pursued continuous improvements in the field of ESG and many activities were executed resulting in strong ESG benchmark results.

- **Strong GRESB results:**
  - Both Altera Residential and Altera Retail achieved a 5-star rating for the fourth consecutive year.
  - Altera Residential reached - for the third consecutive year - the status of GRESB Real Estate Global Sector Leader (94 points in 2022 and 94 in 2021).
  - Altera Retail reached the first rank in the Netherlands and also the runner-up position (2nd place) on the global level (95 points in 2022 and 92 in 2021).
- **Green finance:** In 2022 we have included five ESG KPIs when we amended the revolving credit facility of €60 million with ING Bank. This led for 2022 to a positive impact on the margin to be paid.
- **ISO 14001 EMS:** In 2018 we implemented an ISO 14001-certified Environmental Management System (EMS) and the certification has been renewed annually since then. In February 2022, a completely new audit was conducted, resulting in a new certification.

More details can be found in the specific sector fund chapters in this report.

Platform

Main items 2022

- Altera recruited 14 new staff members during 2022 in order to be well positioned for all goals and challenges in 2023 and coming years, including Asset Management, ESG, IT, Risk and Control. Four staff members left Altera in 2022.
- The rolling-out of our digital strategy was successful in 2022 with a Altera data warehouse and a shareholders dashboard based on this data warehouse.
- In April 2022 Ms Maria Molenaar was appointed as chair of the Supervisory Board.
- Decision making on implementation Advisory Committees per sector fund per 2023.

Investors

- Altera initiated an externally conducted investor satisfaction survey to receive feedback and better understand requirements of our clients. Altera's scores were well above the financial services benchmark average.
- One of the suggested improvements was to increase the involvement of the investors in the process of the annual Market & Trend Monitors and the Investment Plans. The 2022 plans were prepared in close cooperation with the investors.
- During 2022 the introduction of Advisory Committees (AC) was discussed among shareholders and the Supervisory Board and the Management Board of Altera. In February 2023 an Advisory Committee for each fund is implemented.
- The composition of the shareholder base is as follows:

Ranking	Residential	Retail	Total NV: Residential & Retail combined
Top 1	16.5%	18.9%	15.0%
Top 5	50.0%	54.8%	42.9%
Top 10	70.0%	74.3%	59.8%

- The shareholder base is well spread in terms of relative volume of the individual shareholders.

Internal organisation: digitising workflows and focus on innovation

Altera strives to implement innovations in order to become more data-driven, as well as to strengthen our research based approach.

- In 2022 progress was made on preparing a data warehouse, enabling us to bring together data from many internal and external sources. The investors will also benefit from this initiative, as detailed performance, portfolio and asset data are made available via the investor portal.
- ESG requires a lot of building-related data, for which a new software tools were implemented in 2021 and 2022. In 2023 the collection of this type of data will be pursued.
- In 2021 and 2022 we have implemented several RPA (robotic process automation) tools. One of these robots automatically checks bank receipts from tenants with the contract data as part of Altera's anti-money laundering procedures. New RPA projects will be delivered in 2023 and onward years which will result in more efficiency and quality of work.
- Altera's private cloud-based IT infrastructure performed without any breakdowns in 2022. Remote working was serviced well and staff could work efficiently from home or other locations.
- Mandatory periodic awareness training sessions are part of Altera's control framework.
- New IT tools were implemented in 2022 in order to further reduce the risk of unauthorised access by hackers. But constant efforts are required in this field and further steps will be taken in 2023.
- Videoconferencing tools were installed to service hybrid working situations, which are expected to become standard in post-Corona times.

Internal organisation: World-class Workplace

Altera strives for continuous improvement in employee satisfaction and commitment. This is measured on a yearly basis by an employee satisfaction survey.

- We are proud that the employee satisfaction survey at the end of 2022 resulted in an average score of 8.0 (2021: 7.9) and a net promotor score (NPS) of 38% (2021: 49%).
- Altera received the accolade of World-class Workplace 2022-2023 by Effectory. This means that Altera has a top-10 position among the best employers in the Netherlands.
- In 2022 14 new colleagues joined Altera, of whom twelve were additions to the workforce (Data science, Portfolio management, Finance, Control, Risk, Investor relations, HR) and two were replacements (Acquisition and Secretary).
- Four employees left Altera in 2022 to further their career. These positions have been filled in with new colleagues joining.
- At the end of 2022 the headcount was 53 (50 FTE). Three positions were still outstanding at the end of 2022.

Diversity, Equity and Inclusion (DE&I)

- In recent years, the Management Board has given its support to fostering Diversity, Equity and Inclusion (DE&I) in the broadest sense of the word.
- We will continue to do so in the future and in 2023 we will be moving from awareness towards creating a DE&I strategic plan by developing a vision, set goals, strategies and metrics, review plan, adopt plan and communicate vision and implement the DE&I policy.
- In 2021 and 2022 the approach was to collect data and create awareness by:
  - Collecting & analysing data with HR sounding board workgroup D&I.
  - Write job description without bias and develop diverse and inclusive career pages.
  - Two workshops were held in 2022 with MT understanding unconscious bias (including self-assessment).
  - Foster a climate of inclusion (onboarding, culture of inclusiveness, leadership etc.).

Risk and compliance

- In 2022 we added a dedicated risk manager to our resources, in response to the ongoing evolvement of the field of risk in recent years. The Risk Manager has taken over the risk management activities from the Head of Control. He is positioned in the second line of defence and reports to the Management Board. In 2023 the Risk Manager will further develop and expand the risk management activities.
- In 2022 the automated transaction monitoring (ATM) for the Residential fund has been implemented.
- Regarding the EU sanctions against Russian oligarchs Altera screened all relations. Special attention was given to the tenants TUI and Holland & Barret. Based on legal advice and specific actions from these tenants, no further actions were taken.
- In 2022 Altera completed the AFM questionnaire on Anti-Money Laundering (AML) and Anti-Terrorist Financing Act (Wwft and SW) and an information request on liquidity management. No additional information requests have been received in response to the questionnaire and information request from the AFM.
- In 2022 activities regarding compliance have been changed with the business teams taking the lead as first line in activities regarding anti-money laundering (AML) and the Compliance Officer positioned in the second line of defence. The AML procedure is updated in December 2022 in order to support this new practice and to include instructions to the business.
- The Compliance Officer and the Risk Manager collaborate on the Compliance and Internal Control manual and implementing internal policies.
- Also all colleagues (including new staff) carried out online awareness training on AML, GDPR and IT Security as part of our on-boarding process.
- During the second half of 2022 the Compliance Officer function has been performed on ad-interim basis. The vacancy will be fulfilled in April 2023.
- New rules relating to ESG, among others the second phase (Level II) of the Sustainable Finance Disclosure Regulation (SFDR). The SFDR Level II is the application of the Regulatory Technical Standards (RTS) which became effective on 31 December 2022 and were implemented. The compliance to these new regulations has been tested.

Research

- The increasing importance of a thorough analysis of the valuations, which takes place on a quarterly basis, has led to introducing a new position of a Performance & Valuation Analyst within the Research & Strategy department in the end of 2021.
- As a result, the quality of the performance analysis and the valuation process is further optimised in 2022. For the performance analysis more segmentations were applied in the performance analyses, providing better insight into partial variables that can influence performance. This is possible because the methodology has been further digitised this year. As for valuations, more parts of the process have shifted toward the Research & Strategy department. This allows for more intensive cooperation with appraisers. This is of increasing importance, as various aspects will have to become more important in the future, such as the added value of a high level of sustainability in the valuation.
- The Research & Strategy department prepares the annual Market & Trend Monitor and Investment Plan for both funds, including the ESG strategy. This year's Market & Trend Monitor features an additional executive summary with key points, to improve the readability of the comprehensive reports. Some new aspects have been added to the Investment Plan, such as a more comprehensive risk analysis and the inclusion of substantiated ESG capex.
- The Research & Strategy department is responsible for updating and managing the Quality Assessment Model (QAM). The first steps to further digitise this process have been taken in cooperation with the IT department. Digitisation should lead to more frequent updates and enables segmentation analysis of quality scores. An explanation of the methodology of the QAM model in an interactive manner was developed. This allows shareholders and colleagues to gain insight into how quality scores are compiled.
- The Research & Strategy department has also made efforts to share knowledge. In addition to publications and presentations at seminars, since 2021 a course in Market Analysis has been provided at the Amsterdam School of Real Estate (ASRE). This course teaches how to conduct thorough market research that links content to practice. Also the Head of Research & Strategy serves on the jury of "best new supermarket in the Netherlands" in the role of chairperson. The jury annually determines which new supermarket in the Netherlands can be voted the most beautiful new supermarket based on various criteria.

In conclusion

As mentioned in the beginning of this chapter: 2022 was a remarkable year for several reasons. We can look back at achieving major achievements amidst the changing scenery and the turmoil.

We express our thanks and gratefulness to all of the Altera colleagues for their unabated commitment and efforts during the past year. Our colleagues displayed professionalism, responsibility and flexibility to achieve our goals. Thanks to our colleagues the new staff joining Altera were able to start efficiently being part of professional teams in a year with upscaling of our human resources.

We were able to close 2022 as a year in which nearly all targets were realised and steps were taken to again reach results on financial performance, ESG and data science for 2023 and beyond.

We would also like to express our appreciation and gratitude to our shareholders and to the Supervisory Board for their support and continued involvement in the past year.

Digitalisation as a means to become an even better property investor

Digitalisation has become a licence to operate. For Altera, the digitalisation strategy is also about interacting with stakeholders in its ecosystem. "As you innovate, you unlock an ecosystem in which you perform activities yourself, procure services and collaborate with partners." A conversation on strategy with Sander Grunewald, partner Real Estate Advisory KPMG, Cyril van den Hoogen, CFO Altera, and Sven von Glinski, Digital Manager Altera.

The recurring question of the conversation was: how vital is having a digital strategy for a real estate investor? Cyril van den Hoogen: "When you realise that the amount of data is staggering and has increasingly more impact on your business model, it is evident that you need an encompassing digital strategy, both for the short and long term."

Sander Grunewald from KPMG, who has helped formulate Altera's digital strategy: "I would dare say, that the term 'digital strategy' is already outdated. Today, each company has a strategy of which a large component should consist of digital as foundation, so not a separate chapter but integrated in the corporate strategy."

A modern real estate investor is a data company. Altera set up a data warehouse a few years ago. What added value does this bring to the decision-making process?

Altera's CFO: "One of the main points of our short-term digital strategy was establishing a tight data infrastructure and using a data warehouse. The latter is fed by various sources, such as financial administration, property and asset management systems, digital twins and external sources such as MSCI, Watson + Holmes and other relevant real estate data."

Sven von Glinski: "What does a data warehouse bring to the decision-making process? You have a lot of data at your disposal and you link it together. A data warehouse also allows you to search for and find new correlations that you haven't thought of at all, purely by connecting data. And in doing so, you arrive at more efficient and better decision-making."

Cyril van den Hoogen: “Our data warehouse is now operational. One of the first tangible products that we created was a shareholder dashboard. Through the investors portal, our shareholders can retrieve detailed information on portfolio and individual asset level. The information we disclose includes on portfolio level the fund financials, investment framework and other key drivers of the fund. On asset level, the information consists of performance and ESG characteristics, rental information, the value of properties, etc. This aligns with our positioning as a transparent investor. In this respect, we’re probably further ahead than competitors. I would say: anyone who wants to become Paris Proof must have their digital information management in order.”

Sven von Glinski: “At the end of the day, it's about taking the foundation of your business operations to a digitalised level. That’s my mission as Altera’s Digital Manager.”

Importance of an innovative mindset

Sander Grunewald: “What is key here, especially for a rather conservative industry like real estate, is creating and fostering an innovation culture where people have the right digital innovative mindset. That's just a basis ingredient of digitalisation. And hopefully that will be the standard in many real estate companies in five years' time.”

Sven von Glinski: “As for me, Altera is allowed to go a bit further than competition. This may include experiments that other real estate investors don't carry out. Why not try and experiment?”

Sander Grunewald: “This is an important remark you just made: digital innovation is about experimenting. It is vital to create an organisational culture where you’re allowed to make mistakes and challenge people to experiment with digital offerings and learn from experimenting.”

You talked about 'Paris Proof', how does Altera's ESG strategy relate to its digital strategy?

Cyril van den Hoogen: “Our ESG strategy runs through the digital strategy. ESG leads to a huge amount of data needed to make good management decisions. To know where you stand in terms of energy usage, information about premises and tenants, etc. There’s an immediate overlap with the digital strategy. You need to organise, manage and control all of this and make it transparent to shareholders.”

Sander Grunewald: “Altera has set itself the goal of being and remaining a leader in GRESB performance and an innovative investment manager. As a real estate investor, that starts with being transparent and granular in your ESG performance and reporting. Similarly, you must also be able to answer the 'what if' questions in your scenario analyses. The better you structure your data and your applications, the better you can answer those questions and similar questions related to macroeconomics, sustainability, ESG regulation and interest rates.”

So digitalisation is more than just technology and has a big impact on the business model. Can you give an example?

Sven von Glinski: “A great aspect of digitalisation is that you can use it to examine customer satisfaction. Where are the areas for improvement? We are now able to correlate the results of the customer satisfaction survey to certain characteristics of a property, the amount of rent or to other interesting characteristics. Once we have assessed the results, we formulate action points accordingly.”

Cyril van den Hoogen: “One of the spearheads of our customer-centric organisation is to maintain high levels of customer satisfaction. This is key for achieving value creation. Ultimately, digitalisation is a means and not an end in itself. We deploy digitalisation to become an even better real estate investor, for our tenants, our shareholders and other stakeholders – by operating better, smarter and more efficiently.”

Sander Grunewald CV

Sander Grunewald is the Global Head of Real Estate Advisory Services for KPMG, and a Partner and Head of Real Estate Advisory with KPMG in the Netherlands. He leads a team of professionals in supporting clients with transformation programs that involves designing and execution of (digital) strategy, innovation and sustainability.

CVs of the Management Board

Jaap van der Bijl (b. 1959), CEO

Nationality	Dutch
Joined	1 November 2016
Appointed	1 November 2016
Previous positions	• Managing Director Investor Relations, Syntrus Achmea Real Estate & Finance (2013-2016) • Senior Head of Sales & Client Services North West Europe AXA Real Estate (2008-2013) • Investor Relations Director, Achmea Vastgoed (2002-2008) • Senior Manager Product Management, Achmea Pensioenen (2000-2002) • Pension Fund Manager, PVF Achmea (1998-2000) • Director of Shipping & Printing Industry Secretariat (1996-1998) • Various positions at GAK/UWV (1980-1995)
Education	Various courses
Additional positions	• Member of INREV Fund Manager Advisory Council (2019-) and member of the INREV Operational Real Estate Committee (2022-)

Erwin Wessels (b. 1963), CIO

Nationality	Dutch
Joined	1 January 2014
Appointed	1 May 2014 (resolution adopted by GMS 11 December 2013)

Previous positions	• NSI (2009-2013)
	  • Asset Management Director, Offices and Industrial (2013)
	  • Director of Construction and Development (2009-2012)
	• Dura Vermeer Vastgoed (1998-2009)
	  • Project Manager (1998-2003), Deputy Director (2004-2006) and Management Board member (2007-2009)
	  • Business Manager, Van der Velde Bouw (1989-1995) and Vermeer Bouw (1995-1997)

Education	Bachelor’s degree in Building Engineering, Postdoctoral degree in Real Estate Studies
Additional positions	Board member of Friends of Hospice Bardo Foundation (2017-)

Cyril van den Hoogen (b. 1963), CFO

Nationality	Dutch
Joined	1 February 2001
Appointed	4 July 2006

Previous positions	• KPMG Accountants NV (1987-2001)
	  • From 1995: Senior Manager Real Estate Sector Group
	  • From 1986: Auditor

Education	Master’s degree in Business Economics, Postdoctoral degree in Accountancy; Postdoctoral degree in Real Estate Studies
Additional position	• Board member of Stichting Redex (2016-)

Implementation of best practices

Various organisations issue guidelines and make recommendations that contribute to the professionalisation of the institutional property sector. This leads to a further improvement in transparency in the sector. The organisations of importance to Altera in this context are INREV, IVBN, StiVAD, MSCI, IVS and RICS. For sustainability & ESG they are UN PRI, DGBC and GRESB (see ESG report). These organisations usually also supply benchmarks and best practices that are relevant to Altera. We also play an active part in various working groups in these organisations. Best practices are also realised by the implementation of asset management and valuation management systems, ISAE 3402 reporting and ESG certifications.

INREV

INREV (European Association for Investors in Non-listed Real Estate Vehicles) was founded in 2002 and Altera has been a member since its foundation. Since then INREV has published a range of guidelines and recommendations which have subsequently been incorporated into the periodically updated 'INREV Guidelines'. INREV has also developed a set of corporate governance standards with the possibility of self-assessments (see the Corporate Governance section elsewhere in the annual report). Altera achieved a score of 98%.

Altera's self-assessment for 2022 is shown below:

Assesments	Level of compliance 2022	2021	Difference
Corporate Governance	96	95	1
Fee and Expense Metrics	100	100	-
Liquidity	97	97	-
INREV NAV	100	100	-
Reporting	99	97	2
Sustainability Reporting	100	100	-
Property Valuation	100	100	-
Code of Tax Conduct (New module / self assesment)	91	-	N/A
Total Average	98	98	

These guidelines and recommendations can be downloaded from the INREV website (www.inrev.org). Where applicable, having regard to the structure of the sectoral funds and the management organisation, we fulfil these guidelines to a large extent.

INREV has made recommendations for amended net asset value calculations, with allowance being made for various adjustments compared to regular IFRS reporting. These adjustments are only applicable to Altera to a limited extent. The most relevant adjustment for Altera is the one for transfer tax. Altera has adopted the INREV NAV as the trading net asset value. See the INREV tables with accompanying audit report on pages 175-183.

The definition of management and fund costs employed by Altera coincides with INREV's definition. We relate the management and fund costs to the average assets under management (property investments plus liquid assets available for reinvestment).

INREV distinguishes two criteria for these costs: the TGER, which is the total global expense ratio (management and fund costs of the fund divided by either the average net asset value or the gross asset value), and the REER, the real estate expense ratio, which also takes other types of cost into account.

Altera's total global expense ratio for 2022 (all sectors combined) is shown below:

TGER	versus gross asset value (INREV policies) 2022	2021	versus net asset value (INREV policies) 2022	2021	versus assets under management (Altera policies) 2022	2021
Management and fund costs (in € thousands)	10,960	8,940	10,960	8,940	10,960	8,940
Total global expense ratio (in basis points)	34.3	32.5	35.0	33.2	35.3	33.8

The total global expense ratio (TGER) and the real estate expense ratio (REER) in basis points versus the gross asset value (GAV) by sector is as follows:

(in % of gross asset value)	INREV TGER Average 2018-2022	INREV TGER 2022	2021	INREV REER 2022	2021
Residential	0.351%	0.345%	0.324%	0.92%	0.87%
Retail	0.350%	0.336%	0.329%	1.33%	1.37%
Total for all sectors	0.351%	0.343%	0.325%	1.01%	0.98%

The differences in the total global expense ratio by sector arise mainly from valuation costs and non-deductible value-added tax.

According to the most recent market survey by INREV (dating from 18 October 2022), the average management expenses of core property funds are 100 basis points (after the performance fee, which Altera does not use) of the gross asset value and 130 basis points of the net asset value. Altera is far below this level, at 34.3 basis points in the case of gross asset value in 2022 and 35.0 in the case of net asset value. We have made the completed INREV Due Diligence Questionnaires available to prospective shareholders. These questionnaires are updated annually.

INREV has drawn up a 'Standard Data Delivery Sheet' (SDDS) so that the affiliated investment managers can report to their shareholders every quarter in the prescribed way. Altera issues the INREV SDDS to shareholders every quarter.

MSCI Netherlands Property Index

Since 1995, MSCI has provided a property benchmark for the performance of investments in Dutch property, subdivided into sectors. For residential properties the MSCI Netherlands Property Index consists of 32 portfolios with a market value of €45.5 billion, for retail properties 24 portfolios with a value of €7.5 billion. The participants provide their valuation, transaction and operational information, and the returns are calculated on this basis (time-weighted and in accordance with the GIPS standards). The valuations take place in accordance with the applicable valuation standards of the International Valuation Standards Council (IVS) and the Regulations for Business Property (plus Addendum for Corporate Property) of the Dutch Register of Real Estate Valuers (*Nederlands Register Vastgoed Taxateurs* - NRVT). We monitor compliance with these standards in our external valuations. We reconcile the data supplied to MSCI with the figures in the financial statements.

IVBN

The Netherlands Association of Institutional Investors in Property (*Vereniging van Institutionele Beleggers in Vastgoed, Nederland* - IVBN) is an interest group whose members together represent some 90% of the institutional property assets in the Netherlands.

The members must comply with a Code of Ethics and a model internal code of conduct has also been drawn up. A specific code has been drawn up for the sale of residential rental properties which takes the interests of the tenants into account. We comply with these codes, and the code of conduct for our employees is partly based on them. We also maintain a transaction register for property transactions. On the Integrity platform, the members exchange experiences on the practical aspects of integrity risk.

DGBC's 'soft power' is accelerating the sustainability transition

Climate change is happening faster than thought and the challenging task that lies ahead to counter climate change creates further awareness and actions in the construction and real estate sector. Dutch Green Building Council (DGBC) is committed to swiftly making the built environment future-proof and wants to play a leading role in this. Together with partners such as Altera, DGBC does this from a broad perspective on sustainability. Rudy Verstappen, ESG Manager at Altera, talks to Annemarie van Doorn, Director DGBC, particularly about the social aspect within ESG. She says: "We want to give people actionable perspectives and create a positive impact."

This story begins in 2007 when Annemarie van Doorn, then working at ABN AMRO, established DGBC together with a couple of market parties. The aim was to make sustainability in the building industry measurable by developing a sustainability label for uniform rating of buildings throughout the Netherlands. DGBC choose to use the English BREEAM methodology as the basis for their sustainability label.

"Buildings are obviously important within sustainability. Almost 40 per cent of the Netherlands' energy consumption and CO_2 emissions come from our built environment," she says. The sector has already set firm ambitions in the 'Paris Proof' commitment. By 2050, the 350 partners within DGBC want to reduce the energy use of the built environment by two-thirds. The urgency is great, argues Annemarie van Doorn.

From E to S

From the E (Environmental) within ESG, the conversation turns to the S of Social. The social aspect within sustainability weighs heavily for her. "Just imagine that elderly people who cannot pay their energy bills put the heating on 14 degrees and then end up in an intensive care unit because of hypothermia! That is hardly imaginable in the Netherlands." She stresses the importance of social cohesion in the fight against loneliness and of good meeting places in the neighbourhood. "Think of a neighbourhood centre with a welfare assistant or a meeting place in a building; it doesn't have to be so complicated. This is where we want to collaborate with government and market players. This is where DGBC really has a pioneering role."

In her student years, there was still talk of 'the welfare state', "but the government has long since ceased to be the party that solves everything." When she was still working at ABN AMRO, she saw banks doing community management locally in North America and Brazil. "Beautiful initiatives where banks not only gave money to charities in the neighbourhood but also realised concrete projects. That did trigger me and I thought: 'we can do that in the Netherlands too!'"

Shift to CSR

Rudy Verstappen, ESG Manager Altera, sees more and more companies – including in real estate – walking the talk when it comes to sustainability, also with a focus on social and corporate citizenship. “For us, this starts with tenant engagement and then widening the circles to the building, the neighbourhood and society as a whole. Also in this respect, we draw inspiration from DGBC.”

DGBC cooperates with about 350 partners, together with market players and government. Annemarie van Doorn: “We are not a lobbying organisation. We are really about cooperation, showing what we can achieve together, by making recommendations, showing exemplary behaviour and stimulating organisations. Call it 'soft power'. Our foundation certifies, facilitates, trains and inspires others, with an integral view of sustainability. We also demonstrate this in our working groups and programmes on Circularity, Climate adaptation, Paris Proof and Health. On an instrumental level, we also get things moving with our Actual Energy Intensity Indicator (see box) and Energy Compass; two of the tools we have developed.”

Providing actionable perspectives

Both Annemarie van Doorn and Rudy Verstappen want to follow up on this sense of urgency. “Providing actionable perspectives, build more beautiful and inclusive buildings, creating community areas where people feel safe and happy. Not having to feel lonely; this applies to the elderly but, unfortunately, increasingly to young people. We want to take action here.”

Rudy Verstappen agrees: “Awareness starts at the top. At Altera, the management strives to be very involved continuously on this topic. And it's great to see that more and more people within organisations across society are following up on the concept of sustainability in their own way, fitting their own role or personality. At Altera, we are convinced that our investment strategy – with an integrated ESG/SDG approach – delivers a sustainable return; a return with a positive impact for our shareholders, our tenants and for society.”

WEii and Energy Compass

Actual energy use is a good means of assessing how sustainable a building is, which is why it is high time it came into law as an obligation alongside energy labels, for example with compliance exemptions if you are doing demonstrably well from the WEii indicator, DGBC argues. Both instruments are included in the Energy Compass, which allows you to see whether a building's sustainability efforts are on track to Paris Proof.

Website: www.weii.nl/english-5

About DGBC: Certify, facilitate, educate and inspire

The Dutch Green Building Council Foundation (DGBC) is the national civil society organisation dedicated to making the built environment future-proof at a rapid pace. This is necessary because climate change is happening faster than thought. “With our broad constituency from the construction and real estate sector, we can make a difference.”

Website: www.dgbc.nl/dgbc-in-english-134

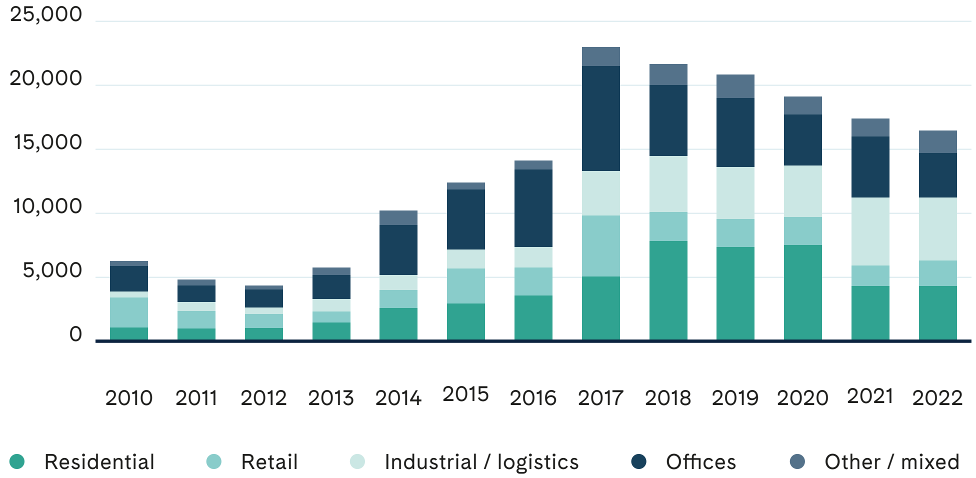
Trends and developments property market

Mainly due to the war in Ukraine, energy prices rose rapidly in 2022, followed by higher inflation and higher interest rates. This influenced both the investors- and occupiers markets.

In the first half of 2022 we saw high investment volumes, but those volumes dropped sharply in the second half. This resulted for the whole year in a drop in investments in real estate, notwithstanding a year-end rally caused by the announcement of a higher real estate transfer tax per 1 January 2023. The investments in residential remained stable in 2022, while those in retail even recorded an increase.

Development of investment volumes per sector in € million 2010-2022

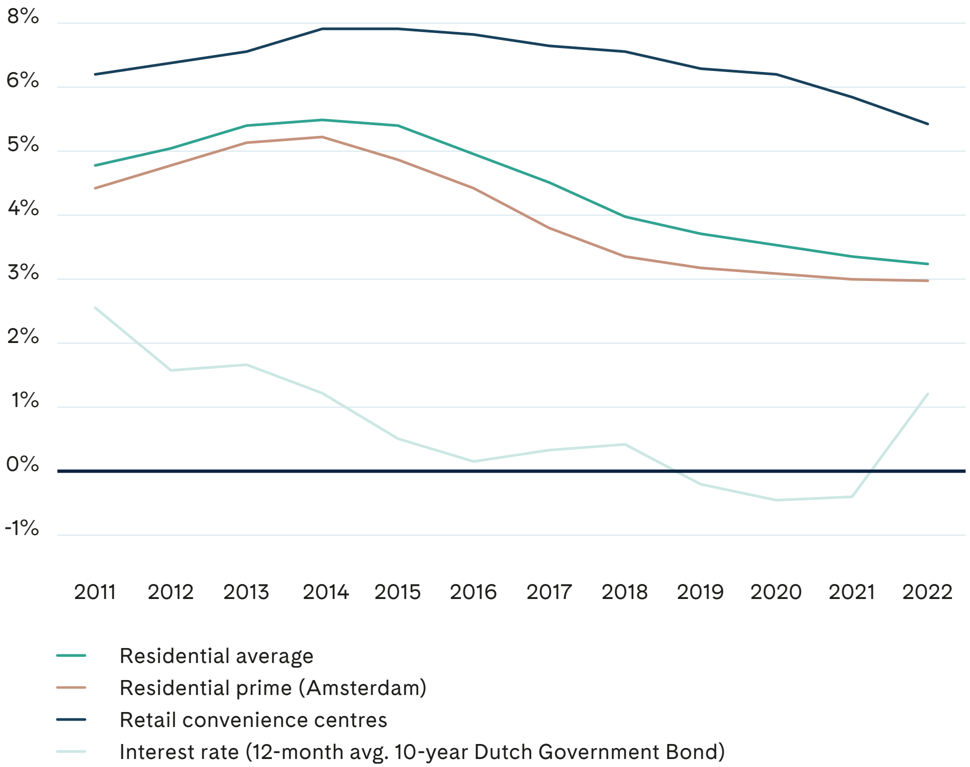
(source: PropertyNL, StiVAD, various real estate agents)



Rising inflation and interest rates had also a negative impact on the occupier markets, which is beside investor demand, one of the main drivers of initial yield development. Still, the Q3 2022 figures did not show yet a rise in yield in the relevant markets.

Development of Initial Yield compared to interest rate

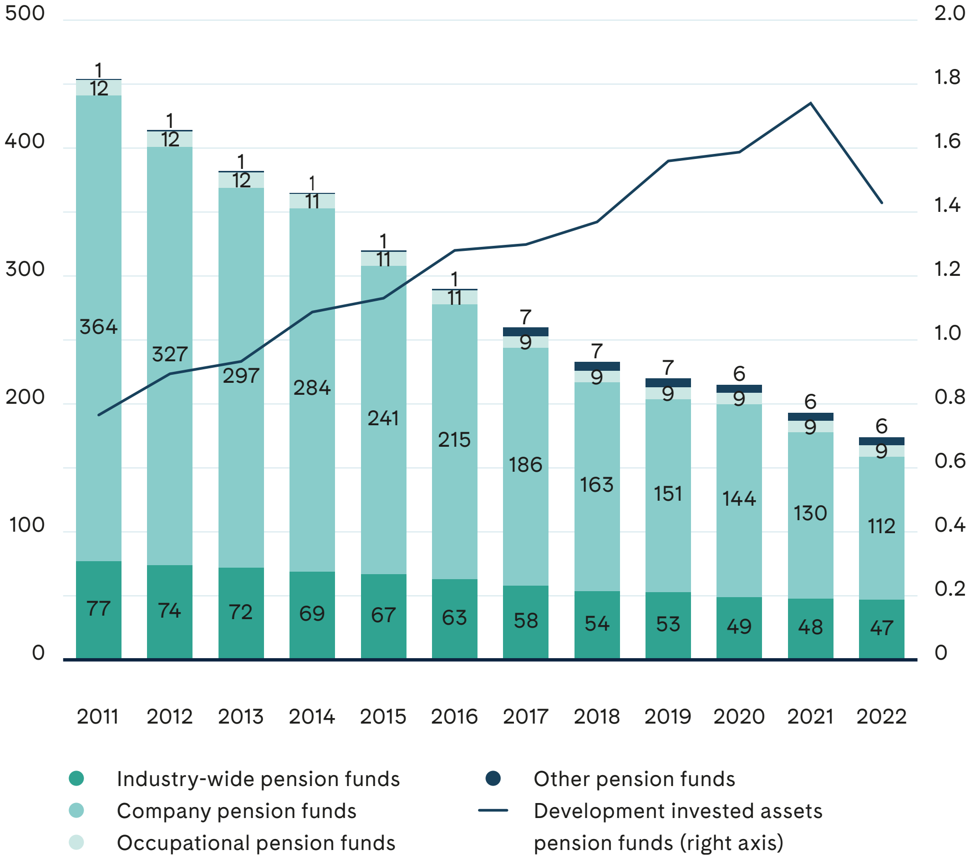
(sources: MSCI (Yield figures Q3); DNB (interest rate))



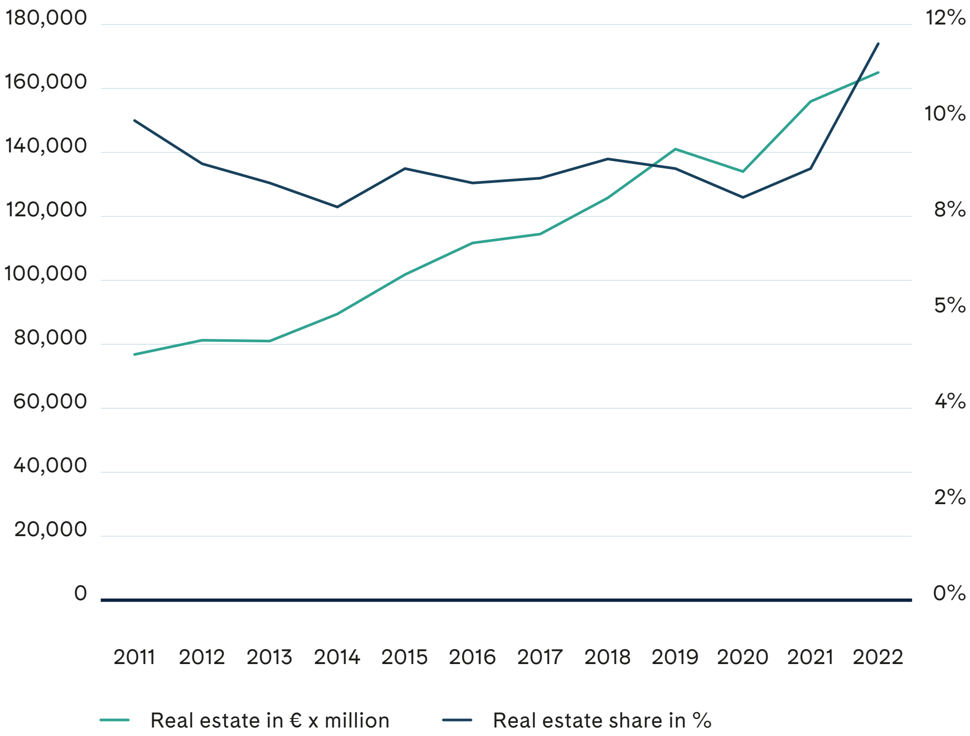
Again in 2022 there was a further drop in the number of pension funds. Since 2011, about two-third of the funds have disappeared from the scene. Nevertheless, the total amount of invested assets of these funds has grown in the last ten years. Furthermore, the total amount of money invested in real estate by these funds kept on growing. Together with the depreciation in other sectors, this resulted in real estate shares well above 10% of the total investments in the portfolios of the pension funds in 2022. This caused some rebalancing activities by some funds.

Development number of Pension funds in the Netherlands

(source: DNB statistics, Q3 2022 figures)



Development of real estate investments by Dutch pension funds
(source: DNB statistics, Q3 figures)



Outlook

Residential

Although the housing shortage will continue for a while, it can be expected that prices in the owner occupier markets will drop. This will influence also the market value of rental houses. The rental market will stay strong, but government measures will limit rental growth. It is possible though, that rent growth and yield increase can be balanced, so valuation of rental homes may be quite stable. But the increase of the real estate transfer tax makes a small depreciation more likely. This will result, along with rising rents, in a better income return than in recent years.

Retail

The retail market is dependent on the recovery of the economy, with the spending power and consumer confidence as its most important drivers. It can be expected that as economic growth lags and purchases becomes more expensive, consumer spending will start to decline. Especially for comparison shopping areas, with a large share of want-driven retailers in non-food, this may lead to higher retailer outflows and thus declining rental income. Convenience retail areas, with a large share of need-driven retailers in mostly food, have already proven to be more resilient to economic fluctuations. But also for convenience retail areas the number of mutations may increase.

A higher number of mutations may lead to market rents coming under pressure. This will especially be the case for comparison shopping areas. In convenience retail areas demand for retail space will remain stable, leading to stable market rents. Demand from the investment market will remain high, as the convenience segment has proven to be an attractive investment product as it is less sensitive to cyclical fluctuations. As a result, yields may rise slightly, but will remain more stable compared to other shopping areas that have a higher risk profile.

ESG report

In this ESG report, Altera accounts for the ESG Strategy and its implementation. These results aim to contribute to a more sustainable and liveable society, whilst maintaining 'future-proof' portfolios and assets. Altera invests in real estate in the Netherlands in a responsible, transparent, and ethical way. To this end, the ESG Strategy is an integral part of our business strategy for the acquisition, management and disposition of real estate.

This ESG report is structured as follows:

In the sector report of Residential and Retail, a specific section is added for sector-specific ESG items.

ESG Highlights Residential 2022

99%
A-C labels
2021 result: 99%

6.7
Average GPR-score
2021 result: 6.6

70%
A labels
2021 result: 67%

38%
Gas-free share
2021 result: 26%

2040
Paris-proof

SDG
Impact investing

GRESB Global Sector Leader

Altera Residential was awarded with the **Global Sector Leader** recognition for the third year in a row and obtained a **5-star rating**

★ ★ ★ ★ ★

16,723
Solar panels installed

Realised in 2022: 2,233

ESG Highlights Retail 2022

97%
A-C labels

2021 result: 95% ↑

58%
BREEAM score
good or higher

2021 result: 65% ↓

89% A labels

2021 result: 88% ↑

1,120
Solar panels installed

Realised in 2022: 1,120

2040
Paris-proof

SDG
Impact investing

5-star
GRESB rating

Altera Retail was awarded with the **number 1 position** in NL peer group, second position global and obtained a **5-star rating**

★ ★ ★ ★ ★

Rationale for ESG

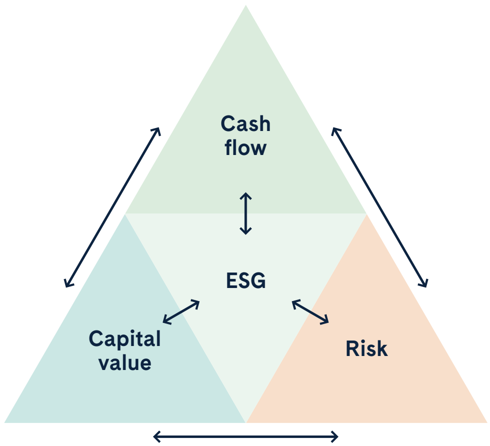
The aim of the ESG policy is to optimise and validate the future-proofness of our portfolios and assets, comprising:

- Balancing the interests of main stakeholders: Investors – Tenants – Society.
- Anticipation with regard to forthcoming legal requirements, and alignment with governmental institutions and regulatory authorities.
- Creating dual returns: beneficial financial and ESG returns, due to improvement of the risk/reward ratio. This leads to predictable and lower expected capital and operational expenditures, whilst making (real world) impact.

It ensures that our ESG strategy creates value by:

- Improved risk management, including the incorporation of climate-related risks (transition and physical risks).
- Increased direct return (cash flow) and indirect return (capital value), due to better and more sustainable and resilient assets.
- Alignment with the interests and standards of stakeholders, which results in increased confidence in the manager of the assets.

Impact of ESG



Altera ESG Strategy

The ESG Strategy Framework, which consists of three pillars that describe the way in which Altera does business, our position in society, and the way in which we engage with the stakeholders in our business supply chain.

Pillar 1.
Our Sustainable Real Estate

Portfolios and assets

What?

Pillar 2.
Alignment with the Interests of our Stakeholders

Investors, Tenants & Society

For Whom?

Pillar 3.
Our Responsible Management Platform

Organisation, Employees, Suppliers

How?

1. Our Sustainable Real Estate

- Climate change mitigation
  - Saving: reduce greenhouse gas emissions by energy efficient buildings
  - Generating: on-site renewable energy
  - Greening: purchase of green energy
- Climate change adaptation (resilience):
  - Increasing the adaptive capacity of our assets to adequately adjust to climate change
- Reduce water consumption and waste production
- 100% asset level certification:
  - GPR for Residential and BREEAM for Retail

See page 47-53

2. Alignment with the Interests of our Stakeholders

- Investors
  - Compliance with laws and regulations
  - Transparency about ESG policy and performance
  - Maintaining an excellent ESG track record
- Tenants
  - High tenant satisfaction
  - Health & wellbeing
- Society
  - Community engagement

See page 54-57

3. Our Responsible Management Platform

- Human resources considered as strategic assets
- ESG embedded in solid management systems and processes
- Suppliers: long-term partnership and strict screening
- Corporate Social Responsibility: display of good corporate behaviour

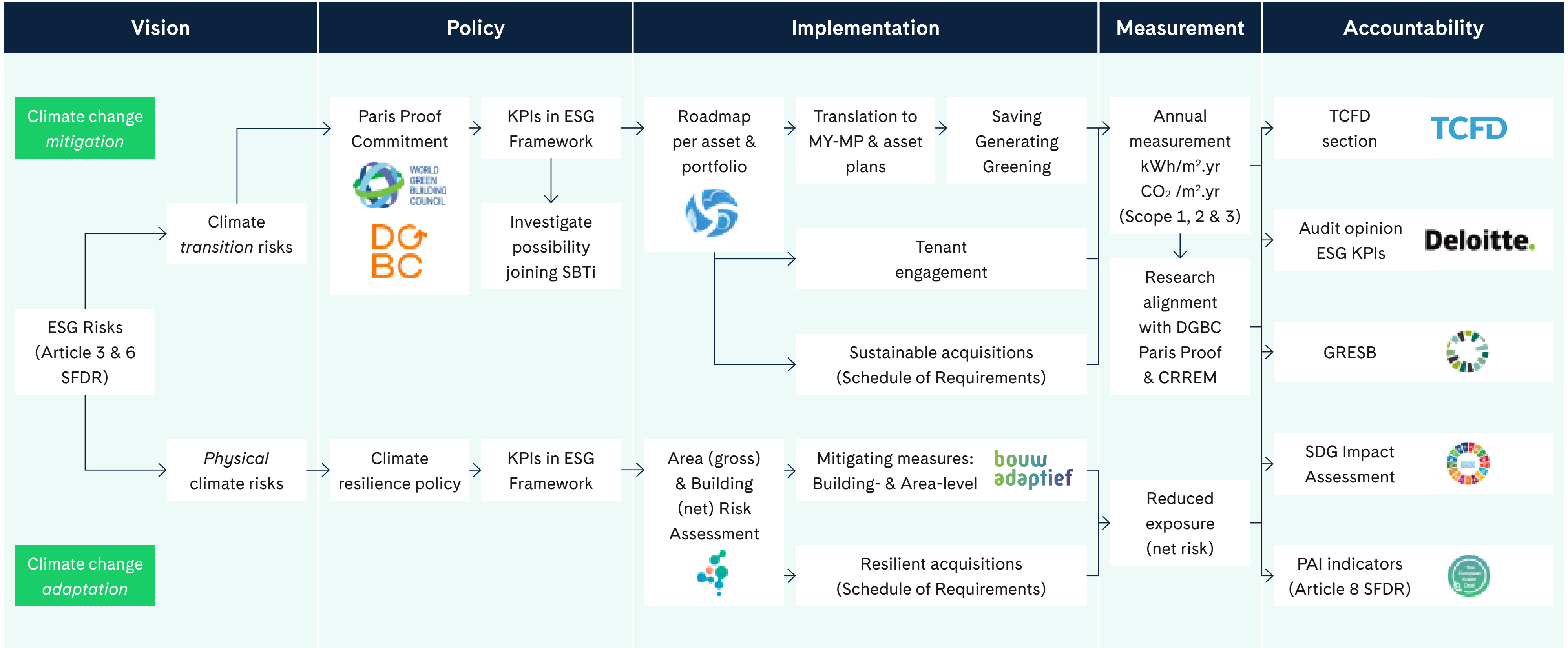
See page 58-59

The SDG Impact Assessment displays our contribution to the Sustainable Development Goals (SDGs) and can be found on page 59 and 60.

Pillar 1. Our Sustainable Real Estate

Climate framework

Altera's Climate Framework showcases our integrative approach towards climate change. Predominantly, it focuses on the following distinguished elements: vision, policy, implementation, measurement, and accountability for both climate change mitigation (transition risks) and climate change adaptation (physical climate risks).



MY-MP = Multi Year Maintenance Plans
PAI = Principal Adverse Impacts
TCFD = Taskforce on Climate-related Financial Disclosures
SBTi = Science Based Targets initiative

Paris Proof Commitment

To ensure that Altera is on the right decarbonisation-pathway and to meet (inter)national standards, guidelines, and requirements – such as the Paris Climate Agreement and the Dutch Climate Law – we have committed ourselves to the following Paris Proof Commitment:

Ambition The Residential and Retail Fund will be Paris Proof before the year 2040.

Realisation We will draw up a roadmap for each portfolio to Paris Proof and implement the measures to achieve the objective. In addition, we will show an annual reduction in intensity (kWh/m^2 and CO_2/m^2).

Monitor We will externally verify our goals and the progress achieved by an independent auditor. We include all assets that are in our portfolios in the calculation.

Transparency From 2020 onwards, we will publish the average consumption figures in kWh/m^2 and CO_2/m^2 at portfolio level every year. These consumptions are disclosed in the annual ESG Strategy and the Annual Report.

Promote We show leadership towards our stakeholders. We focus specifically on the shareholders, tenants and suppliers. In addition, we also work with local stakeholders and the real estate sector to make an impact on a larger scale.

WORLD GREEN BUILDING COUNCIL

DGBC

CRREM and DGBC - net zero carbon strategies

There are different methodologies to determine whether an asset or portfolio is aligned with the targets set out in the Paris agreement. Two leading methods are the CRREM methodology and the Paris Proof program of the DGBC.

CRREM The Carbon Risk Real Estate Monitor (CRREM) is developed by different European universities and is supported by GRESB. CRREM has developed a tool that allows investors and property owners to assess the progress with regards to the decarbonisation of their portfolios based on energy and emission data and the analysis of regulatory requirements, by setting science-based carbon reduction pathways.

DGBC With its Paris Proof program, the DGBC has developed targets in which they indicate that the (real) energy consumption of the built environment must be reduced by two-thirds compared to the current average and the remaining one-third must be derived from renewable energy. To guide different real estate sectors, they have developed sectoral roadmaps.

Both approaches focus on real consumption (instead of theoretical consumption displayed in the energy labels) and consider both building-specific and user consumption. Both methodologies aim for and require highly sustainable portfolios. The targets of DGBC are generally accepted in the Netherlands and provide ambitious and realistic target intensities.

Altera has chosen to use a combination of both methodologies to (further) develop and implement their Paris Proof Roadmaps, and to ensure the inclusion of the strengths of both methodologies. We use the targets set by the DGBC as normative and use the CRREM pathways as a tool to monitor progress by integrating the energy intensity reduction pathways for the funds. Our Paris Proof targets are:

Residential; single family homes	35 kWh/m^2.yr
Residential; multi family homes	45 kWh/m^2.yr
Retail; non-refrigerated	80 kWh/m^2.yr
Retail; refrigerated	150 kWh/m^2.yr

Paris Proof Implementation

The implementation of the Paris Proof Roadmaps is set up as follows:

1. Per portfolio and per asset **Paris Proof Roadmaps** (decarbonisation pathways) have been developed to ensure each portfolio makes sufficient progress against the set target. The roadmaps are based on the analysis conducted by the consultancy firm INNAX.
2. We are conducting external **inspections** to validate the level of building characteristics and to set up operational instructions. This includes biodiversity assessments to determine if certain animal species (such as birds and bats) are not breeding in the walls and under the roofs where we plan to implement sustainability measures.
3. Measures are being translated into sustainable **multi-year maintenance planning** (MY-MP), which is a central part of the Asset Plans.
4. A three-layered **implementation** approach (saving, greening, generating) has been adopted towards lowering our climate change mitigation exposure:
   - **Saving** focuses on the reducing energy demand of the buildings by implementing energy-efficient measures.
   - **Generating** focuses on the production of renewable energy, currently mainly by means of solar panels.
   - **Greening** is the purchase of (the remaining required) green electricity and gas (or available substitutes).
5. The measures are being **registered** in a new energy label and updated GPR (Residential) or BREEAM (Retail) certification.
6. Simultaneously with the bottom-up approach (from asset-level towards the portfolio), Altera is developing a more top-down approach. In this **Green Capex Model** the underlying assumptions, such as the impact of Green Capex on rental growth, valuations and exit yield, will be brought forward.

1. Paris Proof Roadmap

- Target setting
- Insight in measures per asset

2. Inspection per asset

- Inspection: roof/façade/floor/glass/technical installations
- Biodiversity assessment

3. Translation to multi-year maintenance plans

- Budgeting measures per asset
- Developed over time

4. Implementation measures

- Roof/wall/floor/glass insulation
- Technical installations (heat pump/heat storage)
- Solar panels
- Climate adaptive measures

5. Registration

- Drawing up new energy labels
- Renewing GPR/BREEAM certificates

6. Green Capex Model

Climate change mitigation and reduction of water and waste

Altera has a proven solid track record in the field of environmental sustainability. The implementation of different sustainability measures (including monitoring) has been a major contribution in increasing the sustainability of our assets. In order to maintain this leading position (in the peer group) Altera will continue to optimise with a focus on “saving - generating - greening”.

Saving

To reduce the energy consumption, we are taking the following interventions (not exhaustive):

Measures	Residential	Retail
LED lighting	✓	✓
(Re-) insulation: (hot/cold) insulation of façades, roofs, floors and doors	✓	✓
Installation of high-efficiency (HR++ or triple) glass	✓	✓
Central or decentral heat pumps, thermal energy storage (WKO) or heat networks	✓	
More efficient elevators and escalators	✓	✓
More efficient ventilation systems	✓	✓
Addition of high-sustainable real estate to the portfolios	✓	✓
Tenant engagement to obtain actual energy, water and waste consumption data and nudging to reduce their annual consumption	✓	✓
Other (energetic) and data driven sustainable improvements to achieve improved BREEAM In-Use and GPR scores	✓	✓
Full access to smart energy meters (common areas)	✓	✓

KPIs	2021	2022	MT target (EOY 2025)
Residential			
Green energy labels A-C	99%	99%	100%
Green energy label A	67%	70%	>80%
Accessed Smart Meters (common areas)	64%	100%	100%
Retail			
Green energy labels A-C	95%	97%	100%
Green energy label A	88%	89%	>92%
Accessed Smart Meters (common areas)	64%	98%	100%

See for a full overview of the KPIs page 61 and for the sector specific KPIs pages 102 (Residential) and 129 (Retail).

Reduction of water and waste

With respect to water saving, Altera is investing in conservation measures and providing incentives for measures to save water in the kitchen utilities, showers, taps and toilets. In the common areas, such as toilet facilities in retail centres, Altera reduces water consumption by installing water-saving taps and toilets. For reducing waste generation, Altera is investing in conservation measures, such as waste separation, and providing encouragement for tenants to separate and reduce waste.

Generating

In recent years, an increasing number of solar panels have been installed on rooftops within the residential portfolio. When it is technically feasible and insurable, and when we have approval from co-owners (in shared-owned buildings), we will continue to place solar panels. All single-family homes and most multi-family homes have already been fitted with solar panels.

To this extent, 2,233 solar panels have been realised in 2022. Cumulatively this led to a total number of solar panels realised of 16,723 at the end of 2022 in the residential portfolio. Furthermore, 1,120 solar panels have been installed on retail assets in 2022. In order to determine which properties can be fitted with solar panels, and to continue expenditures, surveys are being carried out in the Residential and Retail fund. In order to optimise PV-placement opportunities, we also investigate innovative solutions concerning lightweight solar panels.

Greening

As regards greening our portfolio, Altera has been investing in the purchase of green energy for several years (in cases where we enter contracts ourselves). Consequently, a large proportion of our portfolios is already being supplied with green electricity. For the Residential fund, 95% of the common areas were provided with green energy by the end of 2022. As for the Retail fund, 80% applies. However, we plan to switch to 100% green energy in the common areas by 2025. In the case of shared ownership, we will engage with the other owners during the annual general meetings.

Free of natural gas

Furthermore, we aim to phase out natural gas in our portfolios. As required by national legislation all new-built assets are free of natural gas. With regard to the existing assets, a phased approach is in place with priority for assets in which the municipality has concrete plans concerning heating networks. A gradually inclining tendency can be seen with regard to municipalities making use of heating networks and thermal energy storage (WKO). Altera will participate in these projects when technically and financially feasible. For assets that will not receive a heating network, other alternatives such as heat pumps are being investigated.

Climate change adaptation

The effects of climate change are increasingly becoming more apparent. Altera aims to increase the adaptive capacity of its assets to adequately adjust to climate change and to mitigate potential physical climate risks. To implement this, we have developed a program, consisting of several stages, which are aligned with the requirements set out in the EU Taxonomy.

Gross climate risk scan

- The first step is to screen the assets to identify which physical climate risks affect the performance during the expected lifetime.
- Climate Adaption Service (CAS) conducts a periodic, independent and extensive, asset-level (gross) risk assessment of our portfolios. CAS is one of the leading Dutch organisations in the climate adaptation domain, uses high-quality data sources and provides open-source outputs – which limits the possibility of a black box.
- CAS has determined the gross climate risk level of both residential and retail assets, concerning the most important physical climate risks in the Netherlands: flooding, extreme weather, heat stress and drought. It thereby focuses on current and expected future risks. In its latest assessment, CAS uses the gross risk methodology developed in the Framework for Climate Adaptive Buildings (see adjacent text box).

Net climate risk scan

- In the cases where the assessed activity is perceived to be at risk from one or more of the physical climate risks, the assets have to be assessed with a 'climate risk and vulnerability assessment'.
- In 2022, Sweco has executed this following stage, by conducting a net climate risk scan for both portfolios of Altera. The net risk includes the resilience of the building itself. For example, in a dense city area heat stress can be high due to the urban heat island effect (gross risk), but if measures have been implemented – such as a green roof or sunblinds – the net risk can be reduced.
- The net climate risk-analysis focuses on the assets where heat stress or extreme weather events (waterlogging) resulted in a high/very high score. The results for the Altera portfolios are as follows:

Assets with a high/very high score	Gross scan (CAS)	Net scan (Sweco)
Heat stress	9	6
Extreme weather	58	19

Climate Risk Scan

Gross risk

- Hazard: the threatening event (including its probability and geographical extent).
- Exposure: the assets present in affected areas.

Net risk

- Vulnerability: the resistance or lack of resistance of the assets to the hazard.

Framework for Climate Adaptive Buildings

- The Dutch Green Building Council (DGBC) is working in a broad alliance of financial institutions, knowledge institutes, consultants and governments to develop a "Framework for Climate Adaptive Buildings" that will provide an unambiguous methodology for determining physical climate risks at the building level.
- The approach is based on three steps, from estimating the climate effects on a building's surroundings (gross risk), to determining the building-specific vulnerability (net risk) and defining area- and building-specific measures.
- Altera is one of the affiliate partners of this project.

Climate adaptation action plans

- The results of the net climate risk scan are being verified internally by the portfolio management teams.
- For the assets where, as a result of net climate risk scan and the internal validation, the residual risks are still (very) high, we will develop actions plans to mitigate the risks (where possible).
- This includes an assessment of the area- and building-specific solutions that can reduce the identified physical climate risks. The proposed measures are being included in the multi-annual maintenance budgets.
- Some examples of interventions within the scope of Altera are the placement of green/blue roofs, sun blinds, rain barrels and an increase of green or water in gardens.

By working together with other real estate investors, municipalities and regional water authorities we can increase the resilience of the areas (neighbourhoods) where the assets are located.

Finally, we have included a climate risk in the hold/sell analysis and in the asset due diligence during the acquisition phase. When climate risks are high, extra measures will be included during the development of the asset.

See page 62-64 (Climate-Related Risks and Opportunities) for more information on how we deal with climate-related financial disclosure.

Acquisition: Sustainable assets

- The key principle in the acquisition of new properties is that they increase the sustainability of the property portfolio. The criteria are laid down in a Schedule of Requirements (SoR).
- The SoR for newbuild properties is reviewed annually by the departments Acquisition, Portfolio Management and Research & Strategy. Adjustments are made in order to comply with new and existing laws, regulations and additional requirements set by Altera to deploy new and existing sustainability initiatives at an early stage.
- The contribution made by an acquired property to the overall sustainability of the property portfolio is determined on the basis of the associated building certification score (GPR/BREEAM). The score of the property to be acquired should have a positive effect on the portfolio average.
- Examples of sustainability elements which are included in the Schedule of Requirements are:
  - The ambition to align our assets with the EU Taxonomy requirements. This means 10% lower Energy Demand (PED) than required by BENG 2. For single-family homes this results in a PED of 27 kWh/m^2 yr and for multi-family homes 45 kWh/m^2 yr.
  - Climate adaptive measures, such as the placement of green roofs.
- We are currently investigating the impact of including embodied carbon, by focusing on circularity and bio-based building. It is to be expected that these measures will first be piloted before including it in the Schedule of Requirements.

Divestment: Responsible exit

- An important part of being a sustainable real estate manager is that we will ensure a responsible exit.
- This means that the buyer will have a clear insight in the sustainability performance of the asset, since it will have a valid energy label and sustainability certificate (GPR for Residential and BREEAM for Retail). If desired, we can also provide real sustainability performance data.
- Furthermore, Altera will take its responsibility by intending not to sell assets that do not meet its ESG requirements and it is even willing to invest in renovations if required. For example, for Residential this means that we will make the necessary investments, in anticipation of a sale, to ensure that the energy label will not be below level C.

Improvement of the quality of the data and asset level certifcation

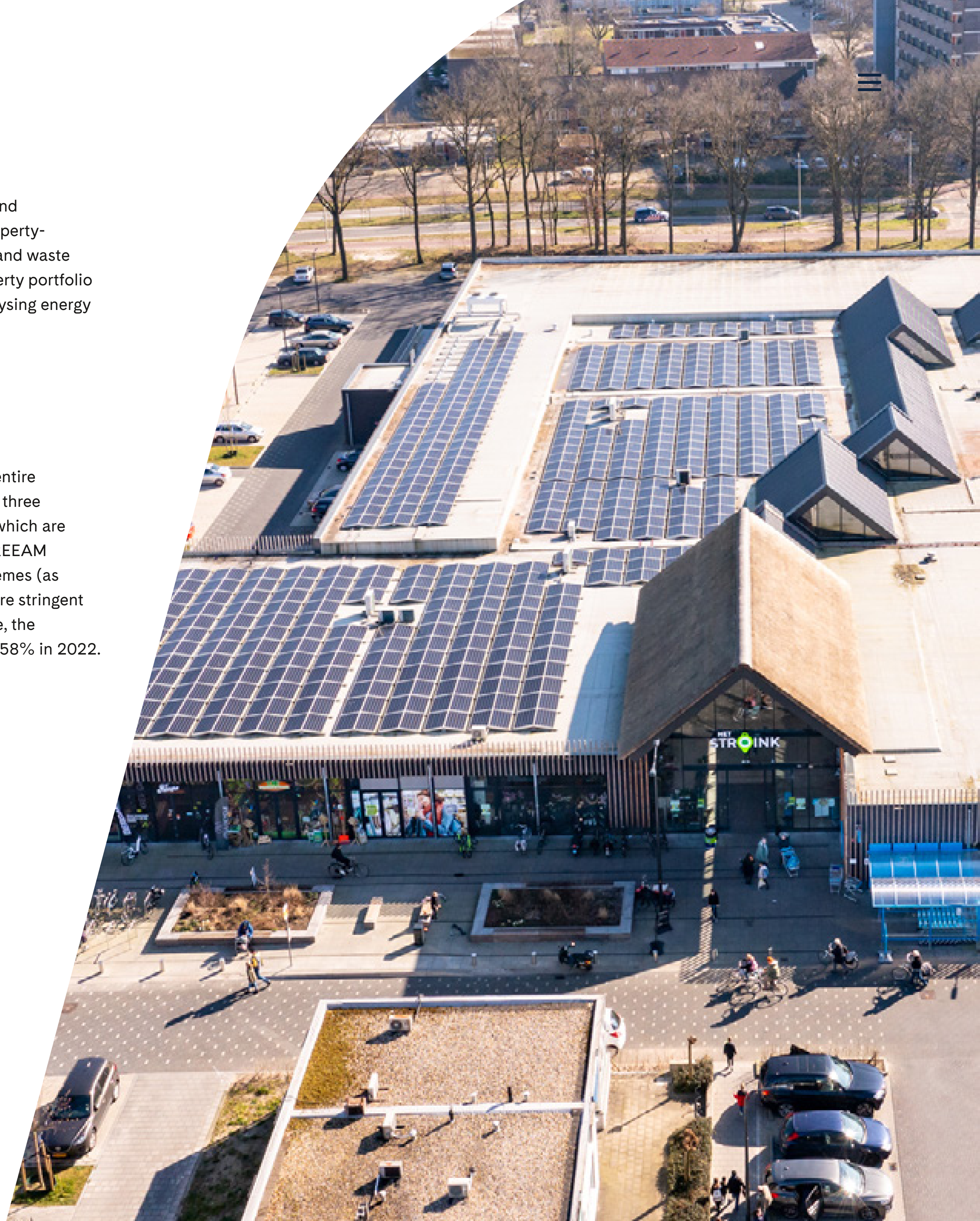
Measurable and tangible results have increasingly played an essential role in strategic and operational decision-making in real estate. Altera has been systematically gathering property-level data, such as energy performance, greenhouse gas emissions, water consumption and waste generation, which provides an objective understanding of the sustainability of the property portfolio (including optimisations and benchmarking). As of 2022, we started gathering and analysing energy label data using the software tool Vabi Assets Energy.

GPR

The weighted average GPR score in 2022 (based on usable area) was 6.7.

BREEAM

In 2018, the BREEAM-NL-In-Use certifcation method was used to objectively map the entire retail portfolio. In accordance with BREEAM requirements, we recertify the assets every three years. Furthermore, we certify the recently acquired assets. We conduct improvements which are based on a model that provides insight into the measures to be taken to increase the BREEAM level and the costs involved. This will have a positive effect on the different BREEAM themes (as shown in the fgure below). The newly acquired assets were assessed according to a more stringent methodology, which has been mandated by the Dutch Green Building Council. Therefore, the percentage of core assets with a BREEAM-level Good or higher decreased from 65% to 58% in 2022.



Pillar 2. Alignment with the Interests of our Stakeholders

Investors

Compliance with laws and regulations

Being compliant with current and anticipated future legislation and regulations provided us with a licence to operate from our stakeholders. Likewise, it provided our stakeholders confidence that we are not faced with unexpected capital or operational expenditures. As regard ESG, the most important laws and regulations are:

Paris Climate Accord, Dutch Climate Accord and Dutch Climate Law

- We have published our Paris Proof Commitment, where we disclose our ambition and the means to reach that ambition. The climate framework displays our approach to climate-related risks (see page 47). A three-layered approach (saving, greening, generating) has been adopted towards lowering our climate change mitigation exposure. We work with the Paris Proof Roadmaps to ensure that we meet the target.

Energy Efficiency Directive / Wet Milieubeheer

- Based on the BREEAM-in-Use certification of our Retail portfolio, Altera received an exemption for an Energy Efficiency Directive (EED) audit.
- With regard to the Wet Milieubeheer, we have conducted an analysis of measures with a payback period of fewer than five years. Most of the measures we have already taken in 2022, the remaining actions are included in our annual budget plans.

Sustainable Finance Disclosure Regulation (SFDR)

- The Sustainable Finance Disclosure Regulation (SFDR) established rules on transparency, in order to ensure the integration of sustainability risks into investment processes and the harmonisation of ESG disclosure standards for different types of products and services. Altera has set up a multidisciplinary working group, consisting of the CFO, Research & Strategy (ESG), Investor Relations, Risk and Compliance and discussed with external consultants, to implement the requirements that derive from the SFDR. The working group reports directly to the Management Board of Altera.
- As of January 1st, 2023, the level 2 requirements of the SFDR have gone into effect. The level 2 requirements have been published in the Regulatory Technical Standards (RTS).
- The RTS provides a more detailed description of the principle adverse impacts (Article 4 and 7), disclosures for products with environmental or social characteristics or sustainable investment objectives (Article 8 and 9) and website and periodic reporting disclosures (Article 10 and 11).
- Furthermore, SFDR scoped entities (Article 8 and 9) need to disclose information on Taxonomy-alignment of their products. This is known as Article 5 and 6 of the Taxonomy disclosure. The disclosure will cover how and to what extent the investments underlying the financial product are in economic activities that qualify as environmentally sustainable under the Taxonomy Regulation.
- In preparation for the commencement of this part of the legislation, Altera Residential and Retail published information in the Information Memorandums (Annex XIV) and the company website in April 2022. In the 2nd quarter of 2023, we will publish an update of these documents and in this Annual Report, we report on the extent to which environmental or social characteristics are met.

The choice for Article 8

Under SFDR, financial institutions need to state whether they consider themselves under Article 8 (promotion of environmental and/or social characteristics), Article 9 (sustainable investment) or neither (Article 6).

Both funds of Altera have considered themselves as Article 8. This is done after careful consideration and after consultation with external advisors and special interest groups (IVBN, INREV and DUFAS) and internal discussions.

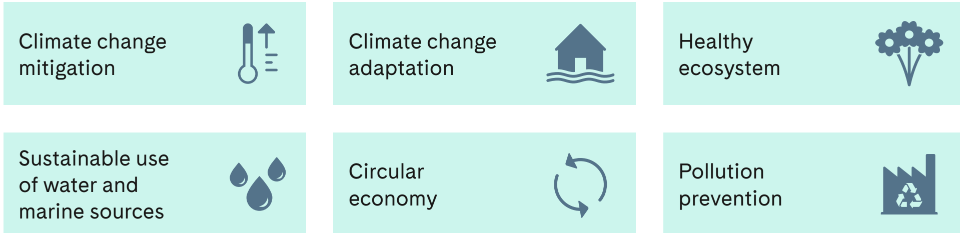
The regulator can provide extra clarity, but in our interpretation the legislator expects Article 9 funds to clearly prioritise ESG impact as a formal fund objective. This is not (yet) the case for the funds of Altera. However, in 2022, we have made progress in implementing this course of act.

Components

- **Integration of ESG risks in investment decisions (Article 3 and 6)**: Climate-related risks (both physical and transition risks) have been identified as ESG risks that could have an actual or potential significant negative effect on the value of the investment. In 2022, a risk assessment has been conducted, which defined risk responses. These have been implemented in investment decisions, such as in the hold/sell analysis and during the acquisition of (new) real estate.
- **Principle Adverse Impacts (Article 4 and 7)**: Over the last year, Altera did not take the adverse impact of investment decisions on sustainability factors into account, because – at this stage of the legislation establishment – it is not clear which information and requirements need to be met and/or whether the required information is sufficiently available to make a proper and reliable assessment. Altera intends to take the Principle Adverse Impact into account in 2023.
- **Inclusion of ESG risks in remuneration (Article 5)**: ESG risks have been integrated in the company's remuneration policy. ESG risks are included in the risk management section and in the qualitative and quantitative performance criteria.
- **Promotion of E&S characteristics (Article 8)**: Altera Residential and Retail promote, among other characteristics, environmental or social characteristics, or a combination of those characteristics. Considering this, the company has published a Paris Proof Commitment, balances the interests of different stakeholder groups, embeds ESG in different key business processes and has an established and solid track record in the field of sustainability. Different KPIs are in place to aim to meet the characteristics.
- **Alignment of marketing and periodic reporting (Article 10-13):** Altera ensures that the company's marketing is aligned with the qualifications as Article 8-funds and reports periodically on the extent to which environmental or social characteristics are met. In the SFDR Annex IV disclosure on pages 186-190 (Residential) and 191-195 (Retail) we published the mandatory template for periodic reporting.

EU Taxonomy for sustainable activities

- The EU Taxonomy for sustainable activities is a classification system established to clarify which investments are environmentally sustainable. The aim of the taxonomy is to prevent greenwashing and to help investors make greener choices.
- It consists of 3 performance thresholds:
  - Substantially contribute to at least one of the six environmental objectives (see adjacent picture);
  - Do no significant harm to any of the other five environmental objectives;
  - Comply with minimum safeguards, such as OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights.
- Altera closely follows recent developments and implements measures originating from the Taxonomy. The first deadline for EU Taxonomy publication was set on January 1st 2023.



Excellent ESG track record

Global Real Estate Sustainability Fund (GRESB)

- Altera participates in the Global Real Estate Sustainability Benchmark (GRESB). The Residential and Retail Fund have been awarded with five stars in this benchmark in 2022, which means that both funds are part of the top 20% best-performing funds worldwide.
- In 2022, the absolute score of Altera Residential remained at 94 points (out of 100). This resulted in a 1st place in the Dutch peer group and a Global Sector Leader recognition for being the best performing Residential fund worldwide (non-listed and listed combined). Altera has accomplished this achievement for the third year in row.
- For Retail, the absolute score increased from 92 points to 95 (out of 100), which resulted in a 1st place in the Dutch peer group and 2nd place worldwide (this also includes listed and non-listed).
- Altera will carry out optimisations in order to maintain the front-runner positions in the peer group.
- Our aim is to maintain the 5-star rating for both portfolios.

Principles for Responsible Investment (UN PRI)

- Altera reports annually on progress made in fulfilling the UN Principles for Responsible Investment principles.
- In 2022, Altera was awarded with the highest score of a 5-star rating from the UN PRI for the Modules Investment & Stewardship Policy, and Real Estate.
- Due to technical and methodological challenges at the UN PRI, the publication of the results was postponed with one year. The main intention of the methodology change by the UN PRI was to increase the difficulty to achieve the maximum score of 5 stars. Despite this, Altera managed to retain the 5-star rating.
- These reports can be found on the UN PRI website, under Altera Vastgoed N.V. and on our Investor Portal.

Tenants & society

High tenant satisfaction

Since tenants are among the most important stakeholders, Altera aims to have long-term satisfied tenants. To determine how satisfied they are, we conducted various satisfaction surveys in 2022. This way, we were able to establish and increase their level of satisfaction. Hence, we engaged with the desires of our tenants.

Residential

In order to measure tenant satisfaction, a tenant satisfaction survey (TSS) for the residential portfolio is conducted each year by CustomEyes. We collaborate on this project with other members of the IVBN. In 2022, there was a response rate of 46% - which is a high response rate. With an average of 7.1, Altera outperforms the benchmark for Dutch investors (an average of 6.9). Especially the quality standard of the houses is highly appreciated.

Retail

After three years, the assets Het Rond, Houten, Parijsch, and Culemborg were reassessed in 2022. Vlashoeck, Bergschenhoek; Brouwhorst, Helmond and Het Stroink, Enschede were assessed for the first time because they have been recently added to our portfolio. The tenant satisfaction, measured via the Net Promotor Score (NPS), decreased (out of 10) to 6.5 (2021: 6.7) due to plans to reduce the floor area in Houten Het Rond. Furthermore, from 2021 onwards, we are also able to survey our tenants outside the retail centres, which are the stand-alone supermarkets.

Health & wellbeing

Altera has set up a strategic collaboration with the Dutch Heart Foundation in order to decrease the mortality rate when a person suffers from a cardiac arrest. We plan to place an automated external defibrillator (AED) at all our assets (Residential and Retail). Currently 95% of our residential and 79% of our retail assets are covered by an AED.

Community engagement

We engage in different initiatives to increase the wellbeing of the community in and around our assets. Examples are the placement of AED's in publicly accessible places, bicycle repair stations and community libraries. We, furthermore, assess the behaviour and opinions of consumers around our shopping centres.

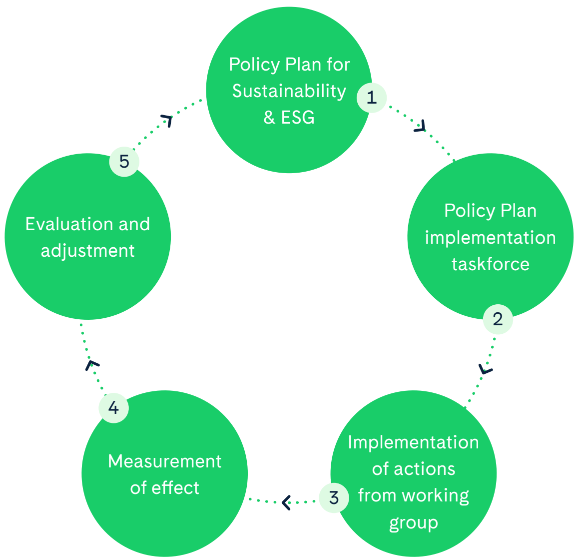
Pillar 3. Our Responsible Management Platform

Human resouces

At Altera we value our human capital highly and we therefore invest in developing and improving the knowledge and skills of our employees, as well as their well-being and satisfaction. Developing knowledge of sustainability is a company-wide process. Furthermore, all employees create their own personal development programme (PDP), setting out personal ambitions and objectives. This not only has a positive effect on corporate quality, but also motivates personnel to continue working on improvements. To shed light on well-being and satisfaction, a Preventive Medical Examination (PMO) and an Employee Satisfaction Survey (ESS) are conducted periodically. Employees could take part in these voluntarily, and privacy was guaranteed. Survey results were discussed in a working group, after which joint activities that can contribute to the health of employees were discussed and developed. In 2022, 87% of the employees participated in the Employee Satisfaction Survey, with an average score of 8.0, which is more than the benchmark of 7.1 and comparable to the score of last year. Due to our good results Altera was identified by Effectory as a World-class Workplace, of which we are very proud.

Integration of ESG in management systems and processes

To ensure proper implementation of the ESG Strategy, Altera focuses on securing commitment from its employees for internal implementation, and on integrating the sustainability strategy into the existing processes. An ESG Research Manager was appointed in 2018 to manage this process efficiently and an ESG Project Manager was appointed in 2021 to spearhead the implementation of ESG measures. An organisational cycle is used to implement the policy plan in the organisation.



ESG is embedded in the following key business processes of Altera

1. **Acquisitions:** For acquisitions strict sustainability-specific requirements are included in the Schedule of Requirements (SoR), which is being updated annually. Examples are stringent energy efficiency requirements (10% more efficient than the BENG 2 requires), implementing insulation, energy-efficient lighting, elevators and escalators. All investment proposals include an ESG section, which includes the relevant ESG information and describes an ESG risk analysis, comprising transition risks and physical climate risks.
2. **Leasing:** In all new leasing agreements, a green lease section is included, in which we agree with the tenant upon taking appropriate sustainability measures and the sharing of ESG performance information.
3. **Research:** The in-house research department has developed a quality assessment model (QAM) that incorporates ESG as one of the elements that determines the quality of the (potential) asset of the portfolio.
4. **IRR Forecasting:** In the asset plans - and in the asset book - that are drawn up for each asset, budgets are reserved for sustainable investments, such as solar panels.
5. **Hold/Sell Analysis:** ESG is an important part of the hold/sell analysis. This contains elements such as energy labels and physical climate risks.
6. **Asset Management including Maintenance:** In Altera's property management agreements, ESG elements are included to ensure that the property managers take sustainability criteria into account in the asset and property management including maintenance.
7. **Corporate Management:** In Altera's corporate management ESG elements are included in human resources (engagement, commitment, employership and efficiency as measured in employee satisfaction surveys), ISO 14001 certification and UN PRI and GRESB assessments.

ISO 14001-certified Environmental Management System (EMS)

The EMS is a manual of procedures and guidelines for the management organisation to control and improve environmental performance. Via an environmental management system, structural attention is paid to the environment in business operations.

- Two important principles are central to this:
  - Compliance with (environmental) legislation and regulations and the management of environmental risks.
  - Striving for permanent improvement of the organisation's environmental performance.
- During last year's audit, there were no findings. The audit will be repeated annually. The ISO 14001 certificate will be updated in 2023. Altera also uses the Environmental Management System for internal implementation and management of environmental risks.

Long-term relationships with partners

In 2022, Altera aimed to engage in long-term relationships with its suppliers and business partners, which we call our 'trusted circle'. We believe that by investing in these relationships, both parties can excel and involve in creating shared value. This extends to parties such as our tenants, property managers, valuators, advisors and other parties.

Supplier screening IVBN

Together with other members of the IVBN, Altera has sent out a questionnaire to companies that are active within our supply chain. Mainly, these actors consisted of contractors that were selected by our property managers, such as maintenance companies, cleaning services and elevator maintenance companies. In the survey, the suppliers were asked about the presence of ESG policy in their organisations and the assurance of this in practice. With a 42.1% response rate, Altera performed better than the 28.4% sector average. 75% of the respondents had an ESG policy in place and 83% has implemented ESG targets. With this survey, we take the responsibility to make our supply chain more sustainable.

Sustainable Development Goals Impact Assessment

We have aligned the KPIs of our ESG Strategy with the United Nations Sustainable Development Goals (SDGs). The United Nations 2030 Agenda for Sustainable Development is a plan of action for people, planet and prosperity. Central to this Agenda are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries, developed and developing, in a global partnership.

We have carried out an in-depth analysis of all the sub-goals of the 17 Sustainable Development Goals. To align the SDGs with Altera's objectives, strategy and impact areas, we have rated the 169 SDG targets based on the direct or indirect contribution which our activities can have on the SDG targets and the level of impact we potentially have for the achievement of the SDG targets. This analysis identified the top six SDGs to which Altera can make a contribution and on which we can have the largest impact through our activities and properties. In light of this, we provide a progress report annually. The SDG impact is also shown by the value creation model on page 10.

We have conducted a SDG Impact Assessment, where Altera's contribution to the SDG targets is reviewed by using the established UN SDG indicators. Subsequently, we have identified the underlying specific, time-related and measurable goals, and have formulated company-specific KPIs for these goals based on 8 sub-targets (in relation to the 6 main objectives). We have set these against the current status of the established KPIs and the mid-term target.

Sustainable Development Goal	3 GOOD HEALTH AND WELL-BEING		6 CLEAN WATER AND SANITATION		7 AFFORDABLE AND CLEAN ENERGY		11 SUSTAINABLE CITIES AND COMMUNITIES		12 RESPONSIBLE CONSUMPTION AND PRODUCTION		13 CLIMATE ACTION	
SDG target(s)	3.4: Reduce mortality from non-communicable diseases and promote mental health		6.4: Increase water-use efficiency and ensure freshwater supplies		7.2: By 2030, increase substantially the share of renewable energy in the global energy mix	7.3: By 2030, double the global rate of improvement in energy efficiency	11.6: Reduce the environmental impact of cities		12.5: Substantially reduce waste generation	12.6: Encourage companies to adopt sustainable practices and sustainability reporting	13.2: Integrate climate change measures into policy and planning	
Relevant SDG indicators	3.4.1: Mortality rate attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease		6.4.1: Change in water-use efficiency over time 6.4.2: Level of water stress		7.2.1: Renewable energy share in the total final energy consumption	7.3.1: Energy intensity measured in terms of primary energy and GDP	11.6.1: Proportion of municipal solid waste collected and managed in controlled facilities out of total municipal waste generated by cities		12.5.1: National recycling rate, tons of material recycle	12.6.1: Number of companies publishing sustainability reports	13.2.2: Total greenhouse gas emissions per year	
Potential contribution	Placement of AEDs at our assets		Low-flow toilets, taps showers, rain barrels, tenant engagement to reduce water		Install solar panels, improve energy index and energy labels		Recycling waste bins, tenant engagement to reduce waste		Recycling waste bins, tenant engagement to reduce waste Publish sustainable report		Reduce energy usage buildings (common areas and tenant spaces)/increase resilience buildings	
Establish KPIs for our contributions	% assets covered by AED		Volume of water used		Energy index, % A-label, Number of solar panels		Volume of waste produced, percentage waste recycled				GHG emissions (Scope 1, 2 & 3: kg/m²); Energy usage (kWh/m²)	
	Residential	*Retail*	*Residential*	*Retail*	*Residential*	*Retail*	*Residential*	*Retail*	*Residential*	*Retail*	*Residential*	*Retail*
Current status	95%	79%	790 litres (per m²)	173 litres (per m²)	A-label: 70% Number of solar panels: 16,723	A-label: 89% Number of solar panels: 1,120	8.7 kg (per m²)	9.2 kg (per m²)	8.7 kg (per m²) Sustainability report: published	9.2 kg (per m²) Sustainability report: published	GHG: 14 kg/m² kWh: 100 kWh/m²	GHG: 38 kg/m² kWh: *R* 280 kWh/m² *NR* 196 kWh/m²
MT Target	100%	100%	<750 litres (per m²)	<155 litres (per m²)	A-label: 80% Number of solar panels: >18,000	A-label: >90% Number of solar panels: 3,000	<8.5 kg (per m²)	<8.5 kg (per m²)	<8.5 kg (per m²)	<8.5 kg (per m²)	GHG: <12.5 kg/m² kWh: <95 kWh/m²	GHG: <35 kg/m² kWh: *R* <258 kWh/m² *NR* <177 kWh/m²

R = Refrigerated
NR = Non-refrigerated

Externally verified ESG KPIs

We have requested an audit opinion from our auditor on some of the most material ESG KPIs to increase the reliability of the disclosed ESG data. The table shows the KPIs that were externally verified by Deloitte.

Altera	2022		2021	
	Residential	Retail	Residential	Retail
1. Energy-Index	1.07	0.71	1.07	0.72
BENG 2	70 kWh/m^2	142 kWh/m^2	80 kWh/m^2	164 kWh/m^2
2. % A labels	70%	89%	67%	88%
% A-C labels	99%	97%	99%	95%
3. Average tenant satisfaction	7.1	6.5	7.1	6.7
4. GRESB Score	94	95	94	92
5. GPR	6.7	-	6.6	-
6. BREEAM: Percentage Convenience assets with BREEAM level Good or Higher	-	58%	-	65%
7. UN PRI Score for 'Investment & Stewardship Policy' and 'Real Estate' (2021: 'Strategy & Governance' and 'Property')	5 stars and 5 stars		A+ and A+	
8. Average employee satisfaction	8.0		7.9	
9. ISO 14001	15/05/2022		14/01/2021	

Residential Retail

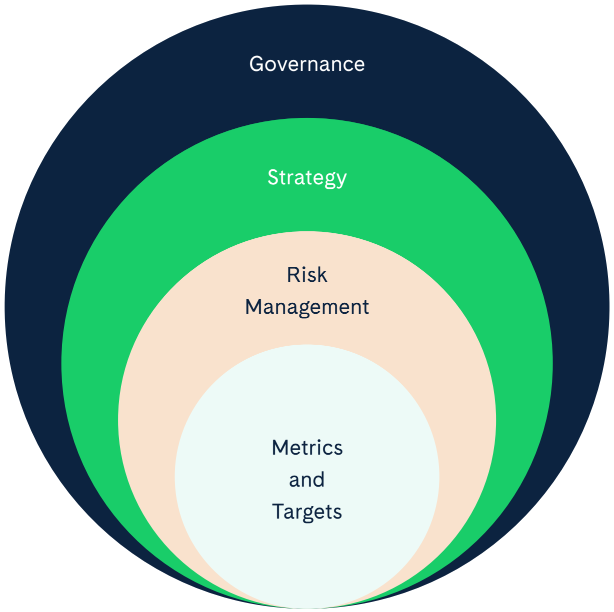
Reporting principles

1. **Residential:** Weighted average based on floor area for all standing investments with the exception of one property without an energy-index or a BENG Score (2022: 1 property, 2021: 1 property). The properties certified until 2020 (2022: 81% of the portfolio, 2021: 89% of the portfolio) have an energy-index and properties certified from 2021 onwards (2022: 19% of the portfolio, 2021: 11% of the portfolio) have a BENG certificate which is averaged per m^2 (kWh/m^2 per year).
   Retail: Weighted average based on floor area for all standing investments. The properties certified until 2020 (2022: 91% of the portfolio, 2021: 98% of the portfolio) have an energy-index and properties certified from 2021 onwards (2022: 9% of the portfolio, 2021: 2% of the portfolio) have a BENG certificate which is averaged per m^2 (kWh/m^2 per year).
2. **Residential:** Weighted average based on floor area for all standing investments.
   Retail: Weighted average based on floor area for all standing investments.
3. **Residential:** Average score based on a select sample of units for tenant satisfaction.
   Retail: Weighted average based on floor area for all comparison and convenience shopping centres with the exception of properties acquired recently (2021: 1 property, 2020: 0 properties) and properties with an approved divestment proposal (2021: 0 properties, 2020: 1 property). Average based on a three yearly measurement cyle (with the exception of one property were the tenant satisfaction has been measured four years ago).
4. Total score per fund reported in the yearly GRESB Benchmark Report.
5. Weighted average based on floor area for all standing investments with the exception of a part of the properties acquired/completed during the year (2022: 5 properties, 2021: 6 properties).
6. Weighted average based on floor area for all convenience assets (convenience shopping centres and supermarkets which are in scope of the strategic portfolio) with the exception of a part of the properties acquired during the year (2022: 0 properties, 2021: 3 properties) where the certification is not yet completed.
7. Total score reported in the most recent PRI Assessment Report.
8. Average score in the yearly Employee Satisfaction Survey.
9. Date of issue of the most recent ISO 14001 certificate.

Climate-Related Risks and Opportunities (TCFD-section)

The Financial Stability Board (FSB) has launched the Task Force on Climate-related Financial Disclosures (TCFD) to develop recommendations on climate-related financial disclosures. The Task Force has indicated the physical, liability and transition risks associated with climate change and what constitutes effective financial disclosures across industries. Altera supports the recommendations of the TCFD and, in line with its recommendations, Altera reports on the four thematic areas: Governance, Strategy, Risk Management and Metrics & Targets. There may be duplications with other aspects of the ESG report that have been described earlier, but in order to report clearly and according to TCFD recommendations, the structure of this section is maintained.

TCFD Framework



1. Governance

The Management Board of Altera oversees all material financial risks and manages these risks in our portfolios. This includes climate-related risks that could exert a significant influence on the portfolio. The implementation of the climate policy has been delegated to the Research Manager ESG. The Research Manager ESG works together with the ESG Project Manager, the Technical Managers and heads of asset management teams to assess and manage any ESG risks in the portfolio. The results are directly reported to the Management Board of Altera. ESG strategy and ESG risks are also main topics for the Supervisory Board.

Climate related risks are included in the company's risk policy and reporting frameworks and part of the due diligence on new acquisitions. ESG risks (i.e. climate related risks) have been included in the remuneration policy as part of the criteria for assessing the performance of the individual board members and identified staff members.

The quarterly reports to the shareholders include a fund-specific ESG-section, which describes the major sustainability trends and the progress on sustainability-related key performance indicators. Towards stakeholders we report annually on the progress of this strategy in the TCFD-section in the Annual Report.

2. Strategy

We have developed an in-house Climate Framework. This displays the integrated manner in which we take climate-related matters into account. It starts with a vision on both climate change mitigation and adaptation, which is being translated into policy. This subsequently is being implemented and measured. And finally, we show accountability for the results. This framework can be found on page 47. Altera has developed an ESG Strategy. A part of the Strategy is our commitment towards Paris Proof portfolios:

- **Ambition:** The Residential and Retail Fund will be Paris Proof before the year 2040.
- **Realisation:** We will draw up a roadmap for each portfolio to Paris Proof and implement the measures to achieve the objective. In addition, we will show an annual reduction in intensity (kWh/m^2 and CO_2/m^2).
- **Monitor:** We will externally verify our goals and the progress achieved by an independent auditor. We include all assets that are in our portfolios in the calculation.
- **Transparency:** From 2020 onwards, we will publish the average consumption figures in kWh/m^2 and CO_2-emissions at portfolio level every year. These consumptions are disclosed in the annual ESG Strategy and the Annual Report.
- **Promote:** We show leadership towards our stakeholders. We focus specifically on the shareholders, tenants and suppliers. In addition, we also work with local stakeholders and the real estate sector to make an impact on a larger scale.

With regard to climate change, the plan indicates that Altera takes mitigating actions to reduce its impact by:

- **Saving:** Reducing the energy demand of the buildings by implementing energy efficient measures.
- **Generating:** The production of renewable energy, currently mainly by means of solar panels.
- **Greening:** The purchase of (the remaining required) green electricity and gas (or available substitutes).

With regard to climate resilience, Altera aims to increase the adaptive capacity of its assets to adequately adjust to climate change in order to mitigate potential physical climate risks.

For both funds KPIs have been established to reduce the climate impact and to increase the adaptive capacity, such as lowering the average energy index, increasing the number of solar panels, increasing the percentage of green electricity and further integrate climate adaptive measures in business processes. These KPIs are described in the ESG Strategy and are also included in the Residential and Retail Investment Plans and different elements are reflected in the hold/sell analysis, the asset book and the Quality Assessment Model.

3. Risk Management

The first step is to identify and assess the climate-related risks. Subsequently, we disclose our risk by communicating the identified risks. Finally, we respond by minimising, mitigating or resolving the risks. Climate-related risks are included in the company's risk management processes and included during the acquisition and hold/sell phase, in line with the requirements set out by the SFDR.

Climate transition risks

- Altera aims to reduce its climate transition risks by ensuring that the assets in portfolio comply with all applicable, current and prospective, laws and regulations.
- Furthermore, our efforts to take mitigating actions to reduce the climate impact are made to ensure that we align our assets with the Paris Climate Agreement. This provides assurance to our shareholders that we are in control of our assets.

Physical climate risks

- In 2021, we have contracted Climate Adaptation Services (CAS) to conduct an extensive asset level risk assessment. CAS is one of the leading Dutch organisations in the field of climate adaptation and specialises in combining information about climate change with innovative communication and visualisation techniques. CAS is independent, uses high quality data sources and provides open source outputs, which limits the possibility of a black box.
- CAS has determined the gross climate risk level of both residential and retail assets for the most important physical climate risks in the Netherlands, which are flooding, waterlogging, heat stress and drought. It thereby focuses on current and anticipated future risks.
- In 2022, Sweco has executed this following stage, by conducting a net climate risk scan for both portfolios of Altera. The net risk includes the resilience of the building itself. For example, in a dense city area heat stress can be high due to the urban heat island effect (gross risk), but if measures have been implemented – such as a green roof or sunblinds – the net risk can be reduced.

4. Metrics and Targets

The greenhouse gas emissions of the portfolios are calculated on the basis of the energy data. Reduction targets are set up to ensure that Altera is on the correct pathway to meet international guidelines and standards, such as the Paris Climate Agreement.

	2022		2021		MT target (EOY 2025)	
	Residential	Retail	Residential	Retail	Residential	Retail
Greenhouse gas emissions*						
CO_2 emissions in tonnes (total portfolio)	7,648	8,500	11,971	17,087	-	-
CO_2 emissions in kilogram (per m^2)	14	38	24	61	<12.5	<35
Energy Labels + Energy Indices						
Green energy labels (A-C), % of all assets	99%	97%	99%	95%	100%	100%
Green energy label A, % of all assets	70%	89%	67%	88%	>80%	>92%

Residential Retail

*Based on GRESB 2022 data, refers to 2021, respectively GRESB 2021 data refers to 2020

Climate adaptation metrics and targets

- The results of the net climate risk scan are being verified internally by the portfolio management teams. For the assets where, as a result of net climate risk scan and the internal validation, the residual risks are still (very) high, we will develop actions plans to mitigate the risks (where possible).
- This includes an assessment of the area- and building-specific solutions that can reduce the identified physical climate risks. The proposed measures are being included in the multi-annual maintenance budgets.
- Some examples of interventions within the scope of Altera are the placement of green/blue roofs, sun blinds, rain barrels and an increase of green or water in gardens. By working together with other real estate investors, municipalities and regional water authorities we can increase the resilience of the areas (neighbourhoods) where the assets are located.
- Finally, we have included a climate risk in the hold/sell analysis and in the asset due diligence during the acquisition phase. When climate risks are high, extra measures will be included during the development of the asset.

	2021	2022	EOY 2025
Climate change adaption			
Gross climate risk scan	✓	✓	✓
Net climate risk scan	-	✓	100%
Assessment of adaptation solutions (assets with high/very high net risk)	-	-	100%

Limited assurance report of the independent auditor on Altera Vastgoed N.V.'s sustainability information

To: the shareholders and the Supervisory Board of Altera Vastgoed N.V.

Our conclusion

We have reviewed the sustainability information in the accompanying annual report for the year 2022 of Altera Vastgoed N.V. (hereafter: Altera) at Amstelveen. A review is aimed at obtaining a limited level of assurance.

Based on our review nothing has come to our attention that causes us to believe that the sustainability information does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to sustainability
- the thereto related events and achievements for the year 2022

in accordance with the reporting criteria as included in the section 'Reporting principles'.

The sustainability information consists of sustainability data as included in section 'Externally verified ESG KPIs' in the chapter 'ESG report' on page 61 of the annual report.

Basis for our conclusion

We have performed our review of the sustainability information in accordance with Dutch law, including Dutch Standard 3000A, 'Assurance engagements other than audits or reviews of historical financial information'. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information' of our report.

We are independent of Altera 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. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch code of Ethics).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

The sustainability information needs to be read and understood together with the reporting criteria. Altera is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the sustainability information are the reporting criteria as disclosed on page 61 of the annual report.

The absence of an established practice on which to draw, to evaluate and measure sustainability information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Limitations to the scope of our review

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations, estimates and risk assessments. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

The references to external sources or websites in the sustainability information are not part of the sustainability information as reviewed by us. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect of these matters.

Responsibilities of the management board and the supervisory board for the sustainability information

The management board is responsible for the preparation of reliable and adequate sustainability information in accordance with the reporting criteria as included in the 'Reporting criteria' section, including the identification of stakeholders and the definition of material matters. The management board is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, taking into account applicable law and regulations related to reporting. The choices made by the management board regarding the scope of the sustainability information and the reporting policy are summarised on page 61 of the annual report.

Furthermore the management board is responsible for such internal control as it determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the reporting process of Altera.

Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate evidence to provide a basis for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review is therefore substantially less than the assurance obtained in an audit.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, regulations for quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our review included among others:

- Identifying areas where a material misstatement of the subject matter information is likely to arise, designing and performing procedures to address the areas identified and to obtain limited assurance to support our conclusion.
- Considering internal control relevant to the examination in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating working papers underlaying to the non-financial information on sustainability reported in the Annual Report 2022 prepared by Altera in accordance with the Prepared by Client list supplied by Deloitte.
- Determining that the applied reporting guidelines are suitable.
- Performing an analysis on publicly available information related to the company.
- Inquiry with Corporate staff and relevant management.
- Evaluating the processes and systems for data gathering, including the aggregation of the data of the sustainability KPIs as included in the Reports.
- Evaluating internal and external documentation.
- Evaluating Risk Management, including Risk paragraph, in relation to non-financial information.
- Evaluating Corporate Governance in relation to non-financial information on sustainability.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amsterdam, 22 March 2023

Deloitte Accountants B.V.

M. Heerschop

Corporate governance

Company law, tax and supervision framework

Altera Vastgoed is a public limited liability company under Dutch law (naamloze vennootschap) with its registered office in Amstelveen, the Netherlands. The company is registered in the Commercial Register of the Chamber of Commerce under the number 27184452.

Altera Vastgoed fulfils the legal requirements (Section 28 of the Corporation Tax Act 1969) for fiscal investment institutions with an obligation to distribute profits and is therefore not liable to pay corporation tax.

Under section 2:67 of the Financial Supervision Act the Netherlands Authority for the Financial Markets (AFM) granted Altera Vastgoed NV a permit on 12 May 2014 to act as a manager of investment institutions within the meaning of section 1:1 of the Financial Supervision Act. With this permit (number 15001214) the company can act as a manager for investment institutions in real estate, offering units to professional investors.

Other code numbers

- LEI code of Altera Vastgoed NV
  724500 U1 GLBNBLC85D73
- RIAD code of Altera Vastgoed NV
  NL10032073
- ISIN code of Altera Residential
  NL0013267883
- ISIN code of Altera Retail
  NL0013267875

Outline of governance structure

The outline of the company's governance structure is shown below.

	Initiative/nomination	Approval
Appointment and dismissal		
Management Board	SB	GMS
Supervisory Board	SB	GMS
Supervisory Board		
Medium-term (3-year) sectoral investment frameworks	MB/SB	GMS per sector
Investment plans within the scope of investment frameworks	MB	SB
Business Plan	MB	SB
Information Memorandum chapter 5 Principal Terms	MB/SB	GMS
Share transactions		
Entry of new shareholders within the scope of GMS frameworks	MB	SB
Issue of shares within the scope of GMS frameworks	MB	SB
Repurchase of own shares	MB/SB	GMS
Portfolio transactions		
Investments/divestments between 10% and 20% of the net asset value of the relevant sector, or >€25 million	MB	SB
Investments/divestments >20% of the net asset value of the relevant sector	MB/SB	GMS per sector
Other		
Amendments to articles of association	MB/SB/GMS	GMS
Adoption and approval of financial statements	SB (preliminary advice)	GMS
Adoption of budget (operating expenses and management and fund costs)	MB	SB

MB = Management Board
SB = Supervisory Board
GMS = Genetal Meeting of Shareholders

For resolutions on matters that are not sector-specific, control is exercised at company level; for sector-specific resolutions it is exercised at sector level.

For sector-specific matters such as portfolio transactions and the establishment of medium-term sectoral policy frameworks, a voting right applies in proportion to a shareholder's interest in the relevant sector. For other matters, a voting right applies in proportion to a shareholder's interest in the company. In principle, a majority of over 50% is sufficient. For the decision to list the company on the stock market, a majority of 95% of the issued capital is required.

For a number of non-sector-specific and sector-specific resolutions (including approval of chapter 5 Principal Terms in the Information Memorandum, amendments to the articles of association, investment frameworks and investments equivalent to more than 20%), in which at least 75% of the issued capital of the company or of the sectoral shares must be represented, the following rules apply to the decision-making process:

- majority of ≥75%: resolution carried
- majority of >50% and <75%: resolution also carried if no more than two shareholders vote against
- minority of ≤50%: resolution not carried

Altera's standards frameworks

We apply various standards frameworks in establishing our corporate governance, some of which result from legislation. As a public limited company with registered shares, Altera is subject to various corporate governance requirements that are prescribed by law in the Dutch Civil Code. As a manager for investment institutions investing in real estate, Altera is subject to obligations under the Financial Supervision Act.

In addition, to the extent applicable, we assess ourselves against non-mandatory standards frameworks such as the principles and best practice provisions of the Dutch Corporate Governance Code and the INREV Governance Guidelines.

Dutch Corporate Governance Code

The Dutch Corporate Governance Code is intended for listed companies. It nevertheless has various principles and best practice provisions of relevance to Altera, and we have therefore chosen to assess our corporate governance against it.

We provide the following explanatory notes for the fulfilment of various best practice provisions:

- The members of the Management Board have not been appointed for fixed terms. Indefinite-term employment contracts have been entered into. For that reason no succession plan has been drawn up.
- The severance pay of one of the members of the Management Board is not limited to one year in his employment contract.
- No internal audit function has been appointed. The structure and operation of the risk control and management systems is assessed by the risk manager and the Chief Financial Officer. An independent service auditor issues a type 2 ISAE 3402 assurance report each year concerning the structure, existence and operation of a series of control measures.
- The Supervisory Board has not established any committees due to the size of the board, which consists of three members.
- The breakdown of the Management Board remuneration complies with section 2:383b of the Dutch Civil Code.
- Since the company is unlisted, a policy on bilateral contacts with shareholders and presentations to individual (prospective) investors is not relevant.
- Diversity aspects that are relevant for the members of the Supervisory Board and Management Board are taken into account when appointing new members. These Diversity aspects are not formalised in a policy. In 2022 multiple activities have been held to raise the diversity awareness. The output of these activities are used for the Diversity Equity & Inclusion policy that will be drawn up in 2023, see page 28 paragraph 'Internal organisation: World-class Workplace'.

INREV Governance Guidelines

The INREV guidelines consist of principles and best practices covering various aspects of property investment institutions, against which we periodically assess ourselves. We share the results of this assessment with the shareholders. Altera reached a score of 98%. INREV has defined seven principles in the governance guidelines:

- Act lawfully and ethically
- Act in the best interest of investors and consider other stakeholders
- Act with skill care and diligence
- Design and operate an adequate oversight and control framework
- Be transparent while respecting confidentiality considerations
- Be accountable
- Be sustainable, evaluate and manage sustainability impacts

Code of conduct

Employees, Management Board members and Supervisory Board members are bound by a code of conduct. This code of conduct meets the requirements of the sector and has been drawn up in accordance with the guidelines of the Netherlands Association of Institutional Investors in Property (Vereniging van Institutionele beleggers in Vastgoed, Nederland – IVBN). The Compliance Officer ensures that all employees have confirmed their compliance with the code of conduct in writing each year.

Incident and whistleblower regulations are also in place. These are published on our website www.alteravastgoed.nl/en/about-altera/management-organisation.

Conflict of interest

Altera aims to avoid any form of conflict of interest. We therefore conduct no asset management for third parties (non-shareholders) and there are no 'separate accounts' pursuing the same strategy as our sectoral funds. A principle of our policy is that we will not participate or otherwise acquire interests in parties with which we maintain a commercial relationship.

IT management

Altera has outsourced the execution of its IT management to an external party. Altera's IT configuration is located in a private cloud using the latest Microsoft software. The back-up of data takes place in external datacentres at two different locations. Altera uses multi-factor authentication. Penetration tests in order to check the vulnerability of the IT systems are performed daily by a specific software tool. In addition a separate penetration test is performed at least once a year.

Regulation under AIFMD

Since obtaining its permit on 12 May 2014, Altera Vastgoed NV, as the manager of the sector portfolios, has been regulated by the Netherlands Authority for the Financial Markets (AFM) under the Alternative Investment Fund Managers Directive (AIFMD). The main areas covered by the regulations (and, by implication, the supervision) are:

- Risk management
- Liquidity management
- Conflict of interest
- Outsourcing
- Valuation
- Capital requirements
- Remuneration policy
- Transparency requirements

The Management Board and the Supervisory Board members have been screened by the AFM.

Depositary

The depositary plays a crucial role in supervision under the AIFMD regulations. Since 2014 we have engaged Intertrust Depositary Services BV for this purpose. The depositary main duties include:

- managing assets, which for property means that the depositary’s must verify his/her own ownership rights;
- checking cash flows;
- checking changes in the share capital (including valuation) and portfolio transactions (including policy tests).

The agreement signed with the depositary specifies the duties in more detail, including the information to be supplied by Altera and the corresponding deadlines.

Advisory Committees

In the General Meeting of Shareholders of 7 December 2022 the regulation for the Advisory Committees is approved for both sector funds. The Advisory Committees will provide advice on request by the Management Board or required pursuant to the Principal Terms in the Information Memorandums. The members of the Advisory Committees are appointed for a two-year term. Each of the three shareholders that holds the largest number of shares are entitled to nominate a member; the mid-range shareholders (starting from rank 4 until the last 10 ranking) are entitled to nominate a member; the smaller investors (from ranking 11 onwards) nominate the fifth member. The nominated members are appointed by the Management Board.

Supervisory Board

In accordance with the law and the company's articles of association, the Supervisory Board is tasked with supervising the policy of the Management Board, as well as the day-to-day operations of the company and its business. The Supervisory Board approves the investment plans for each sector, along with the business plan. In fulfilling their duties, the Supervisory Board members are guided by the interests of the company and its business and all stakeholders. The Supervisory Board also advises the Management Board.

The Supervisory Board works as a team, within which each member can act independently, impartially and equally, enjoying the confidence of their fellow Supervisory Board members, the Management Board members and the shareholders.

When filling a vacancy, the Supervisory Board must ascertain – taking account of the relevant provisions of the articles of association – that the required skills and knowledge are sufficiently represented within the Board.

The Supervisory Board comprises the following members:

- Maria Molenaar (b. 1958), Chairperson of the Supervisory Board
- Heino Vink (b. 1974), Supervisory Board member
- Roelie van Wijk-Russchen (b. 1964), Supervisory Board member

The CVs and rotation schedules of the members of the Supervisory Board are included in the Supervisory Board Report on page 19 and 20.

Management Board

The Management Board is responsible for directing the company, under the supervision of the Supervisory Board. The Management Board's duties include developing, implementing and realising the strategy and the business and portfolio policies. The Management Board always acts within the parameters of the Information Memorandums, the investment frameworks and the articles of association. The duties and responsibilities of the Management Board are laid down in a set of regulations specially designed for this purpose.

The Management Board comprises the following members:

- Jaap van der Bijl (b. 1959), Chief Executive Officer
- Cyril van den Hoogen (b. 1963), Chief Financial Officer
- Erwin Wessels (b. 1963), Chief Investment Officer

Details of balanced male-female ratio

When nominating members for appointment to the Management Board or the Supervisory Board, an assessment is made of the extent to which the candidates fulfil the profile requirements. As of 31 December 2022 the male-female ratio of the Management Board is 100%, and for the Supervisory Board 33%. The male-female ratio of the Management Board will be taken into account once recruitment is foreseen.

The ratio in our total workforce at the end of 2022 was 66% male and 34% female (2021: 69% and 31% respectively).

Risk management

Risk Management

Altera strives for a low risk profile. We achieve this, among other ways, by:

- basing the selection of the property on explicit portfolio structures
- not applying leverage (or doing so at most temporarily, up to a maximum of 10%)
- not bearing any project development risk

An inventory is drawn up of relevant risks to business operations, and these are divided into strategic, operational, reporting and compliance categories. We have made an estimate of the influence of each defined risk on the key business objectives and the likelihood that the risk will arise. The risks were measured again for all processes in 2020 and since then the same has been done for individual subject areas such as fraud risks and ESG risks.

Altera has identified policy lines for the significant business risks that are appropriate to the choice of a low risk profile. The policy lines determine, among other things, the degree to which we accept these risks and how we should control them.

Whether and to what extent we consider these risks acceptable depends on a number of considerations, such as the risk premium, external demands and possible threats to continuity, as well as the costs associated with control. We draw a distinction between risks to business operations and risks to the portfolio.

The risks are controlled through a combination of company-wide measures (see the general control framework) and process-specific internal control measures.

A set of control measures is assessed by an external service auditor, who reports on his findings in an ISAE 3402 report.

The risk management provides for continuous monitoring of the way in which the control is set up and functions in practice, including the direction by the management. In this way the description of the processes and control measures is also kept up to date. Risk is also controlled through process-specific measures, which we explain in more detail below.

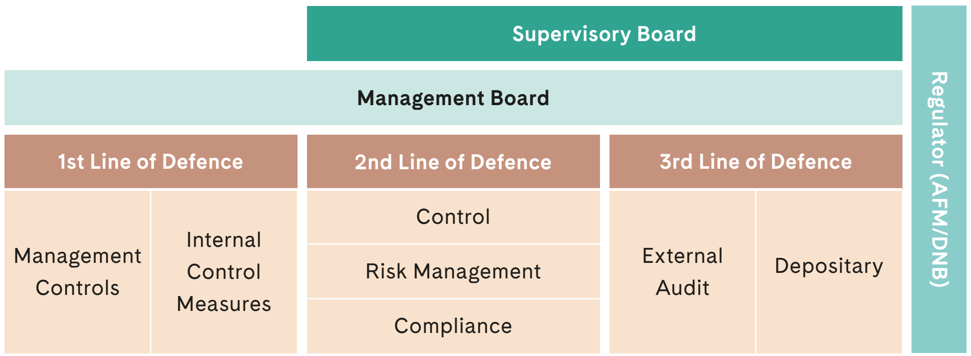
Main risks for Altera

Risk	Potential effect
Failure to achieve the investment objectives for several years	Reduced funding from shareholders and outflow of capital
Insufficient diversification of each portfolio	Increased property-specific risk
Submission of relatively large numbers of redemption requests by shareholders	Slowdown in portfolio growth and funding bottlenecks
Valuation risk	Incorrect net asset value and performance
Risk of fraud	Damage to reputation and loss of income
Loss of status as a fiscal investment institution	Levy of taxes on future profits
Compliance risk (including ESG)	Damage of reputation and fines from regulatory authorities
Cybersecurity risk	Loss of data and / or (temporarily) discontinuity of activities

There are controls in place to mitigate these risk to an acceptable level.

Three lines of Defence

Risk management and compliance can be translated to a model of three lines of defence. The three lines of defence model for Altera is showed below.



The third line of the model consists of the depositary and the external auditor (as Altera has no dedicated internal auditor) who both have a direct reporting line to the Management Board and the Supervisory Board.

The three lines of defence model for Altera is elaborated in more detail below. For each line of defence the documentation, the responsibility and the reporting line is shown.

Line of defence	Documentation	Responsibility	Reporting line
1. Business Operations	Information Memorandums, Investment plans and process description	Individual employees in their daily processes	When a finding occurs, quarterly reports, investment plan, evaluation of control processes with Board of Directors
2. Control, Risk Management & Compliance	Information Memorandums, Investment plans, legislation, process description	Head of Control, Risk Manager and Compliance officer	Periodic risk management reporting (including incidents) and findings by compliance officer to Board of Directors and Supervisory Board (if applicable)
3. Supervision	Information Memorandums, Investment plans, regulations and internal reportings	Depositary and external auditor (as specified in legislation)	Board of Directors, Supervisory Board and/or AFM (if applicable)

General control framework

The key items of the general control framework are:

- Professional organisation of sufficient size
- 'Tone at the top', focused on the interests of the shareholders and on acting with integrity
- Separation of duties and two-signature system for contracts and payments
- Information Memorandum
- Establishment of risk management with interim testing of its operation
- Definition of strategy, operationalised in Investment Plans
- Decision-making processes based on written proposals and carried out in a multiform management team
- Accessibility of information across departments
- Transparency in reporting
- Supervision by Supervisory Board and AFM and auditing by external auditor and depositary
- Transactions only conducted with reputable parties
- Customer due diligence
- Pre/during employment screening
- Code of Conduct (IVBN and Altera's internal code), incident and whistleblower policies

Below is an explanation of the risk management, subdivided into the following risk categories:

- Strategic risks
  - Product risk
  - Investment risk
- Operational risks
  - Investment risk
  - Risk of fraud
  - Valuation risk
  - Continuity risk
  - Emergency risk
  - Climate risk
  - Pandemic risk
  - Geopolitical risk
  - Cybersecurity risk
- Reporting risks
- Compliance risks
  - Environmental risk (SFDR)
  - AIFMD compliance risk
  - Client/Suppliers acceptance risk
  - Money Laundry risk
  - Integrity risk
  - Privacy risk (GDPR)

Strategic risks

Product risk

Product risk is defined as the risk that the product characteristics no longer meet the requirements of the shareholders, so that in the long term the funding could become insufficient.
The product characteristics are set out in the Information Memorandum. We submit changes in the Principals Terms (chapter 5 of the Information Memorandum) to shareholders for their approval. This ensures that the investment products (sectoral funds) are clearly described and the characteristics are approved by the shareholders. We also compare the characteristics to the INREV best practices on the basis of a self-assessment, the results of which are shared with the shareholders.

Investment risk

Investment risk on the strategic level is defined as the risk that we are unable to achieve our investment objectives in the long term as a result of strategic policy decisions.
Based on research, we have described in the investment plans how the investment objectives can be achieved. In the sectoral policy frameworks, strategic principles are formulated and subsequently translated into target values for relevant aspects of policy (e.g. diversification based on the age of portfolio, locations) for the medium and long term on the basis of the vision defined for the sector concerned. This serves as a guideline for operating within the required risk profile.

Operational risks

Investment risk

Investment risk on the operational level is defined as the risk that the investment objectives cannot be achieved as a result of the operational implementation of strategic policy decisions. This could potentially affect current and prospective shareholders' assessment of Altera.

The investment plans for each sector are the starting point on the operational level. We control the investment risk as follows:

- Optimisation of the portfolio through, among other things, diversification based on various relevant segments and characteristics (rental maturity schedule, property size, etc.).
- Rejuvenation of the portfolio in order to counteract economic and technical obsolescence.
- Improving the sustainability of the existing properties.
- Detailed evaluation of all properties based on financial and non-financial aspects through annual hold-sell analyses (including SWOT analyses) and Quality Assessment Model.
- Assessing potential investment opportunities against strategic principles and financial acquisition criteria determined in a consistent manner.
- Control of the risk of not being fully invested, on the one hand by adhering to the 10% limit for cash at banks and on the other through a roll-forward mechanism for acquisition (acquisitions running ahead of new entries and/or divestments).

The interest risk is limited because no structural leverage is pursued. The influence of interest rate fluctuations on property valuation is a market risk that Altera accepts. We do not use financial derivatives.

Risk of fraud

The risk of fraud is defined as the risk that Altera will suffer financial and/or reputational damage as a result of fraudulent conduct.

Property investments are capital-intensive, and individual properties are not listed on the market. Furthermore, there are few barriers to entry in the sector. Hence there is an additional risk of fraud due to collusion among employees, suppliers and purchasers. Key control measures that mitigate the risk of fraud, in addition to the above-mentioned general framework, for the processes of acquisition, divestment and operation are described below.

Acquisition

- On the basis of policy it is determined which investments are desirable for Altera and which are not (the assessment framework is predefined and recorded).
- Financial acquisition criteria in accordance with a fixed methodology. Internal valuation model underpinned by fixed formulas and principles matching the acquisition criteria.
- Assessment of the score of the acquisition according to Altera's Quality Assessment Model.
- Division of roles between a) deal sourcing/negotiation, b) testing market conformity of rents and returns, c) assessment of portfolio management concerning the desirability of the property and the forecast cash flows, d) contractual formalisation, e) financial documentation, f) investment decision, g) retrospective costing.
- Professional organisation with expertise in property and the related market conformity and standards. Assessment of market conformity partly on the basis of the independent judgement of the Research department.
- Phased decision-making process (initial registration, initial investment check, investment proposal).
- Recording of the entire transaction and the property details in an investment proposal that requires the approval of the management team (and if greater than €25 million also the approval of the Supervisory Board; if greater than 20%, also the approval of the General Meeting of each sector). Advice from the Advisory Committee is required for acquisitions exceeding €50 million for Residential and €25 million for Retail.
- If an investment proposal diverges from the parameters, the proposal is submitted to the Supervisory Board.
- Newbuild and existing properties are assessed against Schedules of Requirements, which are frequently updated to incorporate new insights.
- Contractual formalisation by the company lawyer.
- Structural completion is assessed by external building consultants.
- External valuation of the acquired property in the quarter in which the property is acquired.
- Annual retrospective costing in the first three years following completion.

Divestment

- Process of annual hold-sell analyses in which properties under consideration for divestment are indicated.
- If we expect a reasonable number of bidders, sale by tender is the appropriate way to find the 'more than willing buyer' and thereby maximise the return from the sale. If a limited number of bidders is expected, a private transaction may be the most appropriate way.
- A divestment proposal is drawn up by the Portfolio Management department, including underlying calculations and consideration of why the property is no longer satisfactory. The sale strategy is also addressed.
- We test the sale price against the most recent external valuation.
- Approval of the divestment proposal is in accordance with the investment proposal. In this phase, the process is the same as that for acquisitions.

Operation

- Long-term estimates for maintenance with reference to technical baseline measurements.
- Detailed operational budget for each property.
- Expenditure is only permitted on the basis of approved budgets or agreed deviations, and with the use of a tendering process.
- Retrospective costing is performed for each property.
- Leases are recorded both within the company and by external property managers.
- External property managers are visited to test the operation of procedures and check underlying documentation. We receive ISAE 3402 type 2 reports from the external property managers.

Valuation risk

Valuation risk is the risk that the external appraisers issue an incorrect valuation of the properties. This can lead to an inaccurate representation of the net asset value and the performance. Sale decisions may then be based on an incorrect value.

We have divided the valuation of the properties in each sector portfolio between at least three external valuation agencies. We change the valuation agencies for the individual properties every three years. For the segments convenience large and comparison large the valuation agency is changed yearly. The preceding valuator will co-sign the valuation of the new valuer. We carry out comprehensive checks of the property and rental data used by the appraiser. We also analyse the valuation outcomes in detail by carrying out comparisons of appraisers and different periods and conducting internal analyses.

For external valuations we use the standards frameworks of IFRS, IVS, RICS, MSCI and NRVT.

Continuity risk

Continuity risk is defined as the risk that Altera suffers financial damage as a result of discontinuity through employee exits, the loss of important suppliers and failure of computer systems.

The effects of employee exits remain limited through maximum mutual interchangeability of activities. This is based on a clear set of processes and systems, ensuring that employees can temporarily take over each other's work.

We work with a number of external property managers in each sector, thereby limiting any dependency.

In the field of IT, the risk of discontinuity is limited by extensive backup procedures for all data files. Altera's IT configuration is located in a private cloud using the latest Microsoft technology. The back-up of data takes place in external datacentres on two different locations. Altera uses multi-factor authentication. Penetration tests in order to check the vulnerability of the IT systems are performed daily by a specific tool and at least once a year a separate test.

Emergency risk

Emergency risk is defined as the risk that properties will be destroyed, or persons will suffer injury due to emergencies (such as fire) for which Altera may be held liable and would suffer financial loss equivalent to the reconstruction value of the property plus consequential damage.

All properties are insured against fire and other risks on the basis of the reconstruction value. The reconstruction values follow from valuations in accordance with the standards stated in section 7:960 of the Dutch Civil Code, so there is no risk of shortfall in coverage. For terrorism, the standard coverage as provided by the Dutch Terrorism Risk Reinsurance Company (Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden - NHT) applies. The company has also taken out business liability insurance.

Emergencies in the company's own office are covered under Continuity risk above. In the situation that the office building cannot be used or reached by employees, all employees have the possibility to work from home.

Fiscal risk

Altera fulfils the legal requirements (section 28 of the Corporation Tax Act 1969) for fiscal investment institutions with an obligation to distribute profits. This means that it fulfils various shareholder quality requirements and the obligation to distribute profits (full distribution of taxable results within eight months of the end of the financial year). In 2022 Altera has implemented a tax control framework to achieve that the tax processes are in control and operating effectively. Where project development risk is incurred in developments for the company's own portfolio, according to the rules of the tax authority, this must take place in a subsidiary that is liable to pay corporation tax. Our policy is to transfer project development risk to specialised project developers. We continually monitor compliance with the requirements imposed on fiscal investment institutions.

In the foreseeable future (January 1st, 2025) the fiscal investment institutions is expected to be no longer applicable for direct real estate investments. During 2023 preparations are made for the restructuring of Altera in the first half of 2024.

Environmental risk

Property must comply with stringent environmental legislation. For this reason, all properties are subjected to an environmental baseline measurement, and all necessary work is subsequently carried out. Properties to be acquired undergo an extensive due diligence procedure. This is in line with the requirements that are derived from the SFDR and the recommendations of the Task Force on Climate-related Financial Disclosures.

Climate risk

Climate changes may negatively impact the investments made by the Fund. Global warming may lead to; inter alia, an increase of heat, drought and rainfall, which may have a direct impact on the Properties that are not resilient to such consequences sufficiently. Additionally, a serious natural disaster, such as a hurricane or tsunami, could severely disrupt the global, national and/or regional economies.

Pandemic risk

A pandemic risk is a large-scale outbreak of infectious disease allowing a significant part of the economic activities to grind to a halt. Mainly tourism, food and beverage, transport and the cultural sectors are most likely to be impacted. But the risk that other sectors will be affected cannot be ruled out, including the real estate sector. For the real estate sector this will lead to lower market value, lower market rents and a loss of income due to bad debt provision and write offs. The past pandemic learned us that the risk in the convenience retail segment and residential is far lower than in the comparison retail segment.

Regarding the operational business activities these are not bound to a physical office building, see also the paragraph emergency risk.

Cybersecurity risk

Cybersecurity risk relates to the loss of confidentiality, integrity, or availability of information, data, or information (or control) systems and reflect the potential adverse impacts to organisational operations and assets. Altera has several controls in place, like a personal username, password and multi-factor authentication. Yearly there is a pen-test and a data recovery test.

Geopolitical risk

An unstable geopolitical climate and continued threats of terrorism could have a material effect on general economic conditions, market conditions and market liquidity. A negative impact on economic fundamentals may increase the risk of default of particular investments made by, negatively impact market value, increase market volatility, all of which could have an adverse effect on the investment performance of Altera's funds.

Reporting risks

Reporting risks are concerned with not reporting by the due dates, or the reporting of inaccurate information, as a result of which incorrect decisions could be taken by the company itself or by the shareholders.

We have an extensive system of procedures and internal control measures to limit these risks. We periodically check whether the reports meet the information needs of the shareholders. Every quarter we have the properties valued externally, so that the net asset value attributed to shareholders is based on recent market data.

Compliance risks

The regulations concerning property are extensive and complex and are increasing every year. Compliance is recognised as a specific risk area. We are familiar with the current regulations and take notice of new regulations. We have identified a number of compliance risk themes, although other risk themes can constantly arise from economic or political developments.

Environmental risk (SFDR)

Property must comply with stringent environmental legislation. For this reason, all properties are subjected to an environmental baseline measurement, and all necessary work is subsequently carried out. Properties to be acquired undergo an extensive due diligence procedure. This is in line with the requirements that are derived from the SFDR and the recommendations of the Task Force on Climate-related Financial Disclosures.

AIFMD compliance risk

One of the objective of the AIFMD is to protect the shareholders in Alternative Investment Funds. We fulfil the regulations associated with the AIFMD licence. As required in the AIFMD we appointed an external depositary that we consider as our third line of defence. Altera collaborates with the external depositary in order to reduce the risk for the shareholders.

Client/Suppliers acceptance risk

Altera has a significant number of business relations which includes customers (shareholders, tenants) and suppliers. The Client Due Diligence (CDD) risk is the risk that Altera accepts business relations that could be a threat for Altera's business objectives or involves Altera in unlawful activities. There is a process in place to ensure that new relations (that are part of the professional activities) are only accepted after a due diligence with an acceptable risk classification as outcome. Part of the CDD is the identification of the Ultimate Beneficial Owner (UBO), screening of the UBO and the entity against the sanction lists and the origin of money and capital.

Money Laundry risk

Although business relations are only accepted after an acceptable client risk classification, this does not mitigate the money laundry risk during the relation with the customer. The received rental amounts (applicable for the residential sector fund) are automatically screened to detect amounts paid from unknown bank accounts as indication of potential money laundry.

Integrity risk

Integrity risks are defined as the threat to the reputation or capital due to unlawful, unethical or socially improper conduct. To mitigate potential integrity risk, new relations (clients and suppliers) are subject to a Client Due Diligence (see paragraph Client/Suppliers acceptance risk) before they are accepted. Furthermore there is a whistleblower procedure and an external fiduciary where employees can report any integrity issue. For all new employees there is a pre-employment screening and a mandatory online training regarding unethical and unlawful behavior. Yearly all employees have to sign the code of conduct.

Privacy risk (GDPR)

Privacy risk is the risk that individuals will experience problems resulting from data processing by or on behalf of Altera. There are several controls implemented to mitigate privacy risk such as a privacy policy, the code of conduct, processing register and a Privacy Officer.

Sensitivity analysis

Best practice provision 1.4.2 iv of the Corporate Governance Code stipulates that the Management Board must report on sensitivity to material changes in external conditions. The effect of the changes below on the annual result and equity is shown for each sector:

		Residential		Retail	
	Change	Effect in € x mio	Effect in % of equity	Effect in € x mio	Effect in % of equity
Direct investment income					
Gross rental income	10%	6.3	0.3%	3.8	0.6%
Occupancy rate	10%	8.1	0.3%	4.5	0.6%
Operating expenses	10%	1.8	0.1%	0.8	0.1%
Indirect investment income					
Theoretical rent and market rent	1%	21.2	0.9%	6.5	1.1%
Gross initial yield	0.1% pt	54.4	2.3%	9.1	1.4%

The effect of lease expiries, based on the portfolios at year-end 2022, is shown in the sector reports included elsewhere in the annual report, which contain the charts for secured rent over the period 2023-2032.

The diversification of the gross initial yield across the various properties is shown in a chart in the sector reports.

In-Control Statement

Altera Vastgoed has based the wording of the 'In-Control Statement' below on the Dutch Corporate Governance Code, best practice provision 1.4.3.

The Management Board certifies that:

i. the report provides sufficient information on any deficiencies in the operation of the internal risk management and monitoring systems;
ii. the aforementioned systems provide reasonable assurance that the financial reports are free of material misstatement;
iii. preparation of the financial reporting on a going-concern basis is justified having regard to the current state of affairs; and
iv. the report sets out the material risks and uncertainties that are relevant with regard to the expected continuity of the company for a period of 12 months after the preparation of the report.

We have identified the risks of relevance to Altera by means of the COSO system. The resulting control measures were inspected internally during the reporting year in terms of their structure, existence and operation. No relevant deficiencies were observed during this inspection.

Amstelveen, 22 March 2023

Management Board of Altera Vastgoed NV

Residential

Timeline Altera Residential

22/02/2022
184 multi-family homes in Gare du Nord project in Amsterdam taken into operation

24/02/2022
REBO Real Estate Management named as Residential Property Manager of the Year 2021

€58 million

31/03/2022
Dutch pension fund commits Residential fund for €58.0 milion

05/04/2022
Altera partners with MyPup to make parcel logistics more sustainable

12/05/2022
Highest point reached on 36 apartments at De Vroon in The Hague

24/05/2022
30 multi-family homes in De Rede project in Uithoorn taken into operation

03/06/2022
Phase 2 of Robijnhof residential and care complex in Leiden taken into operation

€15 million

30/06/2022
Dutch pension fund commits Residential fund an additional €15.0 million

01/07/2022
Acquisition of 200 mid-rent apartments in Utrecht, Beneluxlaan

04/07/2022
Insect hotels placed at several complexes of the Residential portfolio

12/07/2022
First residents of 't Zand in Utrecht are handed their keys

18/07/2022
First apartments The Mayor in Amstelveen taken into operation

28/07/2022
Second building completed in Utrecht's 't Zand project

05/09/2022
Disposal of 48 apartments in Zoetermeer (50% participation)

17/10/2022
Acquisition of the library in De Rede project in Uithoorn

GRESB

18/10/2022
Altera Residential Global Sector leader for 3rd year running according to GRESB

17/11/2022
Second building block The Mayor in Amstelveen taken into operation

13/12/2022
Festive start to construction of Robijnhof intramural care complex in Leiden

15/12/2022
First single-family homes for 't Groene Wold in Almere taken into operation

20/12/2022
36 apartments at De Vroon in The Hague taken into operation

€170 million

31/12/2022
Dutch pension fund commits Residential fund for €170.0 million

€18.3 million

31/12/2022
Dutch pension fund commitments in Residential fund of an additional €18.3 million

Strategy

Market structure

- Dominance of regulated housing and the owner-occupied sector: deregulated rental segment becomes smaller
- Strong demographic basis: in most municipalities population and household numbers are growing till 2040
- Geographic differentiation in demographic developments: Randstad and adjacent areas grow faster, fringes of the country stay behind

Market trends

- Continuous high level of housing shortage
- Focus on affordability of most market players in the rental market (<€1,250)
- More regulation of rental level and rental growth, also for the deregulated part of it
- Distortion in price development in the owner-occupier market, due to higher inflation and interest rates
- Smaller but efficient floor areas, to maintain affordability and comfort
- Drift to major cities, but geographical range of big cities becomes greater
- Changing parking rules and requirements, flexibility in parking space supply needed
- Sustainability is becoming even more important due to high energy and commodity prices

Strategy

	2022	Policy objective (3 years)
Core Randstad and adjacent areas	81% and 18%	75 - 85% and 15 - 25%
Share apartments vs. single family houses	82% and 18%	75 - 85% and 15 - 25%
Quality score	80	>80
Rent levels (in # units, indexed each year)		
• <€770 (regulated)	2%	<2%
• €770 - 1,000 (semi-regulated mid rent)	35%	30-45%
• €1,000 - 1,250 (non-regulated mid rent)	40%	35-45%
• €1,250 - 1,650 (non-regulated)	19%	<25%
• >€1,650 (high end)	4%	<5%

Continuous focus on quality improvement of the portfolio...

based on three pillars: 1. Improvement of the existing portfolio mainly through ESG investments and attention to WWS points, 2. Replacement: new for insufficient contributing assets, 3. Controlled expansion with high quality properties

Specific target group policy aimed at...

specific housing needs (housing characteristics and living environments) appropriate for intended households (composition of households including age)

Sustainable, social and transparent with focus on...

reduction in energy index, sustainable generation, climate adaptation, increased tenant satisfaction, moderate rent policy

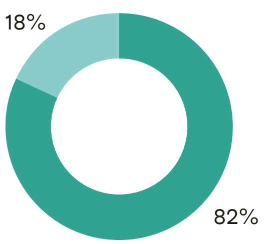
Portfolio characteristics

	Year-end 2022	Year-end 2021
Portfolio characteristics		
Operational portfolio (excl. IFRS 16)	€2,120 mio	€1,942 mio
Secured pipeline (excluding revaluation)	€421 mio	€524 mio
Average year of construction	2011	2009
Theoretical annual rent	€80.5 mio	€70.9 mio
Theoretical annual rent/value of portfolio	3.8%	3.7%
Average monthly rent	€1,113	€1,072
Number of complexes	106	100
Number of lettable units	5,762	5,295
Occupancy rate	99%	98%

	Year-end 2022	Year-end 2021
Segmentation of operational portfolio		
Apartments		
Value of portfolio	€1,745 mio	€1,565 mio
Theoretical annual rent/value of portfolio	3.8%	3.6%
Occupancy rate	99%	98%
Average year of construction	2014	2014
Single-family homes		
Value of portfolio	€374 mio	€377 mio
Theoretical annual rent/value of portfolio	4.0%	3.8%
Occupancy rate	99%	99%
Average year of construction	1994	1993

Portfolio structure

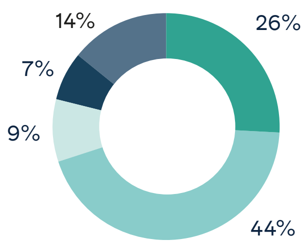
Property type



The apartment segment is dominant at 82%

- Apartments
- Single-family homes

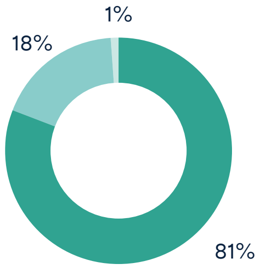
Year of construction



70% of the portfolio is from ≥2010

- ≥2020
- 2010 - 2019
- 2000 - 2009
- 1990 - 1999
- 1980 - 1989

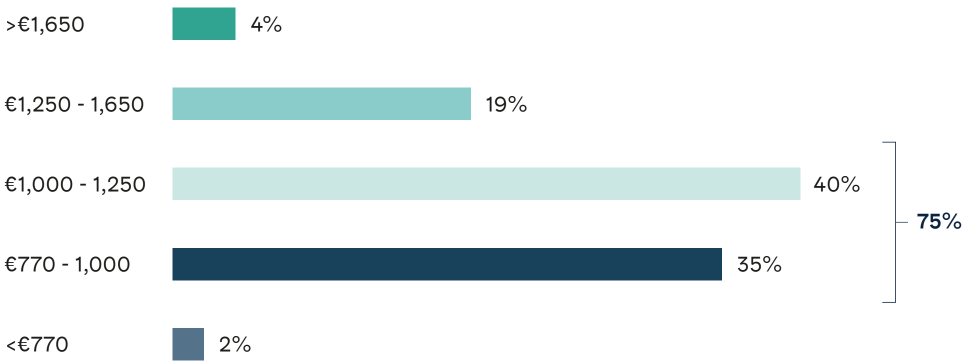
Geographic



The vast majority of it is in the Randstad region

- Randstad
- Adjacent areas
- Other

Rent levels



75% of homes in the mid-range segment (€770 - €1,250)

Quality score of portfolio

- Apartments
- Single-family homes
- Total portfolio

Key figures

	2022	2021	2020	2019	2018	3-year 2020-2022	5-year 2018-2022	10-year 2013-2022
Income return	2.5%	2.7%	2.7%	3.0%	3.3%	2.6%	2.8%	3.5%
Capital growth	-1.2%	12.8%	6.2%	9.8%	11.9%	5.8%	7.8%	6.5%
Total property return	1.3%	15.7%	9.1%	13.0%	15.6%	8.5%	10.8%	10.2%
Management and fund costs	-0.4%	-0.3%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%
Impact of cash and leverage	0.0%	-0.3%	-0.1%	-0.2%	-0.1%	0.0%	-0.1%	-0.2%
Other differences	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Fund return (IFRS)	0.9%	15.2%	8.6%	12.4%	15.1%	8.1%	10.3%	9.6%
Fund return (INREV)	0.8%	16.1%	8.5%	12.2%	N/A	8.3%	N/A	N/A
Dividend return	2.1%	2.3%	2.3%	2.6%	2.7%	2.2%	2.4%	2.9%

	2022	2021	2020	2019	2018
Other					
Average occupancy rate	99%	98%	99%	99%	99%
Occupancy rate at year-end	99%	98%	99%	99%	99%
Tenant movements	11%	13%	13%	14%	15%
Net/gross rental income	80%	81%	78%	78%	79%
Gross initial yield at year-end	3.8%	3.7%	4.0%	4.1%	4.4%
Vacant value ratio	82%	87%	91%	92%	92%
Average number of outstanding shares (x mio)	1,050.0	985.3	921.4	862.4	797.2
Number of outstanding shares at year-end (x mio)	1,069.5	1,025.2	955.7	903.6	851.5
Total investment income per share (€)	0.022	0.298	0.159	0.210	0.229
Net asset value per share IFRS (€)	2.231	2.255	2.001	1.886	1.722
Net asset value per share INREV (€)	2.255	2.282	2.009	1.895	1.732

“It's nice to be able to see the seasons change”

Mr and Mrs Van Amsterdam have been living in the Robijnhof in Leiden for six months. To their satisfaction, according to our conversation with the vital 70-somethings. “We are still decorating our house. We just got back from a long holiday with the camper van and are still working on making it a bit more cosy at home, but we're definitely going to succeed!”

Located in the Hoge Mors residential area in Leiden, Robijnhof is like a peninsula in the curve of the Oude Rijn river, close to the centre of Leiden. Amongst others, the Robijnhof project consists of 119 affordable lifetime homes, including 24 social housing units, and 79 underground parking spaces. There is also an intramural care complex with 40 psychogeriatric units. This complex was built in accordance with the requirements of care institution Libertas Leiden, which leases the complex on a long-term basis. The first homes have been completed in Summer 2021.

The Robijnhof residential complex offers the elderly the opportunity to live affordably and independently in a high-quality and pleasant environment. If necessary, they can receive home care. The lifetime homes are intended for seniors aged 65 or older, where there is a (light) extramural care requirement.

What attracted you to rent here?

Mrs Van Amsterdam: “We were keen to live at ground level. We first lived across the road from the Robijnhof and when we saw this complex being built we thought, 'that looks like something for us!' The Robijnhof is in the same neighbourhood, close to the fishmonger and other daily shops. And when we get really old we can walk there nicely. That was important to us. We don't have a garden here, so we don't have to work in the garden anymore either. That would be too heavy for us, so it’s great to live in a ground-level multi-room flat.”

How do you like living here in terms of living comfort and accessibility?

“We don't have much contact with the neighbours yet, but that may come. A few people I do know here. Many young people also live here, which does give the building a nice dynamic. The shops are about 300 metres away, so you can get there easily, even if you can't walk very well anymore. We like the surroundings. Because we've lived here for so long, we didn't want to live anywhere else either.”

In what way has attention been paid to the sustainability of the building?

“We have district heating and underfloor heating. And you have to learn to handle the digital thermostat because you shouldn't set it too low or it will take a long time to heat up in the morning. We haven't had any leaks here. The outside door has been broken once, but that has been fixed quickly. Now they are refurbishing the outside area. We have got a tree in front of our house amongst others and we are getting some more plants. That all looks neat.”

How was the process of finding this property?

“We had applied early on. We wanted to live downstairs and it wasn't actually that much of a hassle to get that done. Our daughter is handy with the computer and helped us a bit with that, so that all went well. The house has everything, including the kitchen. I have a slightly smaller kitchen counter here than in the previous house. That took some getting used to.”

How is the communication with the property manager?

“There's an app you can use. That is kind of handy. Yet I always prefer to speak to someone on the phone; that may be because of our age. You have less contact with people now anyway these days. We don't like that so much. That's why we prefer to call and that’s also possible!”

You feel at home here?

“It's a quiet place and it's nice to be able to see the seasons change outside. We live at the front and can see the ducks swimming in the water, which is the nice thing about living on the ground floor. There is plenty of movement in front of our house. That's very nice for elderly people. We love it here.”

Robijnhof in Leiden

The Robijnhof project involves demolishing a former care home and replacing it with new residential units and care services. The project is being carried out in partnership with care provider Libertas and is being constructed by De Nijs. In addition to the rental homes, an intramural care complex with 40 psychogeriatric units is being built. The construction of this complex responds to the needs of Libertas, which is going to rent the complex on a long-term basis.

Residential market trends

War in Ukraine

Like COVID-19, the direct consequences of the war in Ukraine for the Dutch housing market were limited. But unlike COVID-19, the indirect consequences of the war are huge. Along the lines of rising energy costs, high inflation and rising interest rates, the war has caused a turnaround in the residential market in 2022.

The fundamentals of positive demographics, a small volume of new construction, and rising rents are still solid, but falling purchase prices as well as government measures are causing a reversal in the market.

Demographic development

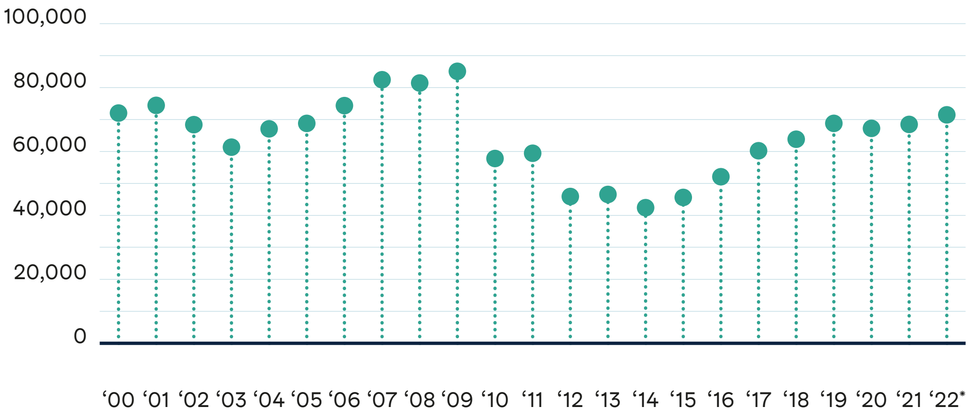
After the recovery of 2021, the population growth in 2022 was the largest in this century. This despite for the first time this century there was a mortality surplus: the number of deaths was greater than the number of births. The record growth was caused entirely by a positive migration balance. This development will result in more scarcity in the residential market.

Population growth per year in # x 1,000
(source: CBS)

Housing construction

Again the construction market did not succeed to realise a substantial higher production. Instead of the intended 100,000 new homes each year, in 2022 only 74,217 new houses were realised, a few more than in 2021. For the next two years EIB (Economic Institute for Construction) expects again a number of around 70,000, far behind the 100,000 which are needed to solve the problem of housing shortage. But it is uncertain whether this level of around 70,000 will be reached in the coming years as the number of new permits is already declining.

Delivery of new homes 2000-2022
(source: CBS)



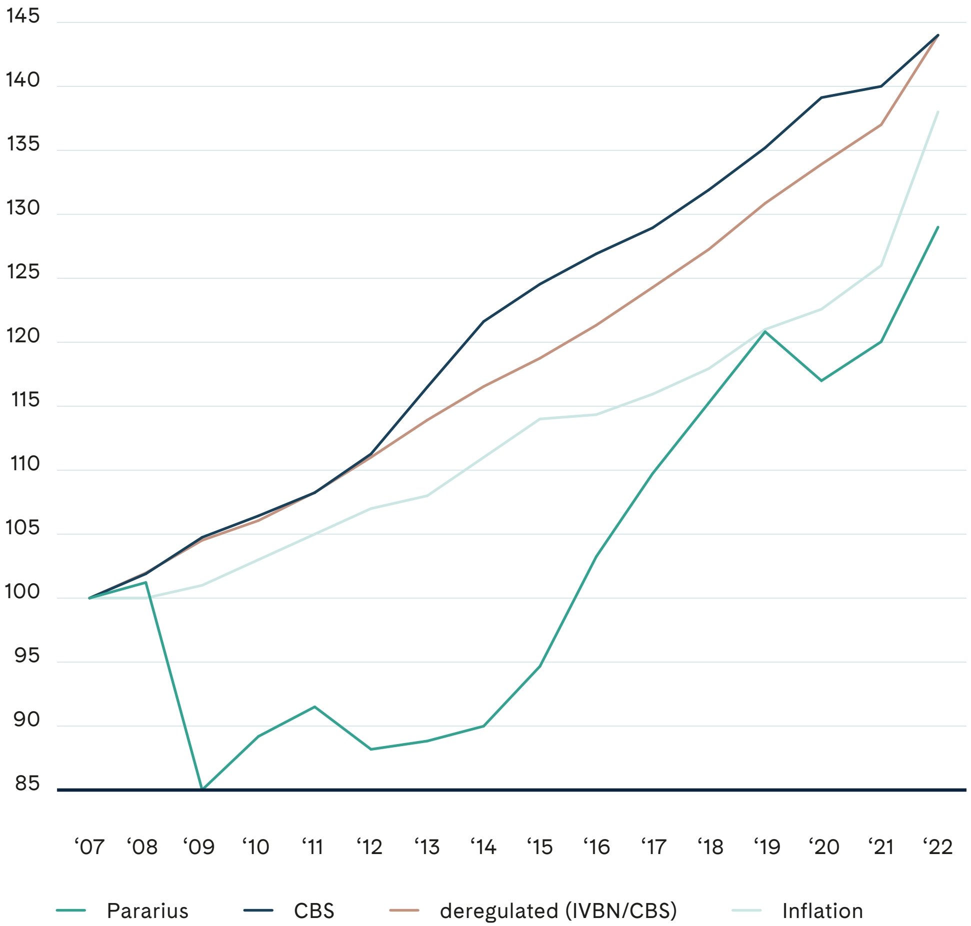
*2022 preliminary figure

Higher rent rise

Due to the pressure on the market, rent rises were higher than the inflation of a year before. All types of investors took advantage of the new regulation which rent growth allows for CPI (year before) +1%. Transaction rents, especially of new buildings, showed a larger rise of about 10%. In the case of new buildings this rise is a reflection of higher building costs, but also of a higher quality, especially in terms of sustainability.

The chart on the right side shows changes in rents in the various market segments from 2007 until 2022.

Development of rents in the Netherlands (index 2007=100)



Source	Segment	Measure
Pararius	Private investors	Offer prices
IVBN/CBS	Institutional investors	Regular Rent increase (pending contracts) residential, deregulated segment
CBS	Housing corporations and investors	Rent increase, all homes

Break in development purchase price

High demand and low supply lead to a spectacular housing price growth in the last eight years. But mainly due to rising mortgage interest rates, for the first time in this period NVM (Dutch association for real estate agents) reported a decrease in purchase price on a yearly basis of -6.4%.

Rise in purchase price 2014-2022

(source: NVM)

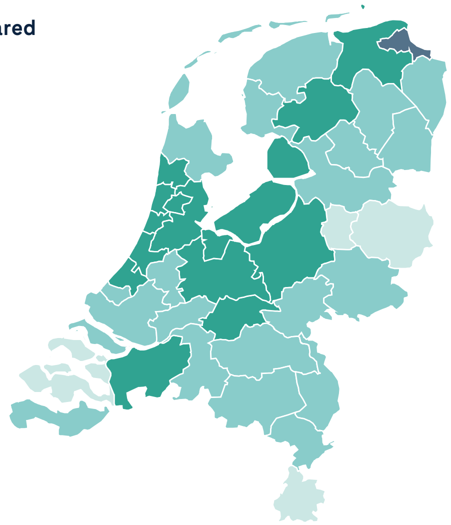
Regional differences are still present, especially the price level differed from region to region, with the Randstad Metropolitan Area, and the four big cities within, as frontrunners. However, as in 2021 the price development of 2022 showed a somewhat different picture.

Price difference compared to year before

(source: NVM, Q4 2022)

Development compared to the year before

- -10 – -5%
- -5 – 0%
- 0 – 5%
- 5 – 10%
- 10 – 15%

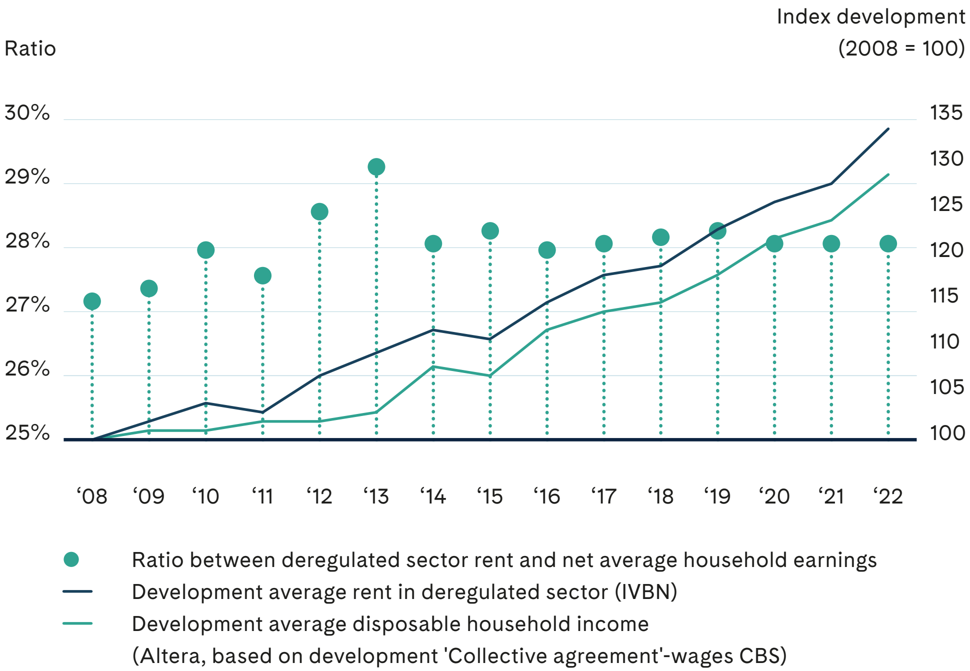


In most regions the average housing price decreased. Only in some fringe regions, were the prices are relatively low, the price development was still positive.

Affordability

The slow development of wages and therefore household income caused a lag between income and rent development between 2011-2014. After that, rent and income developed similar, so the affordability of deregulated rental homes was quite even in the last five years.

Trends in rent relative to household income



However, entering the market might be quite difficult, because transaction prices rose quickly in the last five years, despite the delay in 2022. This is not specific for this part of the market. In the much larger owner occupier market, prices have gone up far more despite the decrease in 2022, and the affordability of that part is also under pressure.

Regulation

In general we refer to the rental market with a rent above €763.47 a month (2023: €808.06) as the deregulated segment. More and more this part of the market is influenced by rules of the national or local government. From May 1st 2021 till May 1st 2024 the maximum yearly rent increase should be the nationwide inflation (of the year before) +1% in both the regulated and deregulated segment. In 2022 however, this rule was adapted for 2023, because of the high inflation of 10% in 2022, towards the average wage development in 2022 + 1% (total max. 4.1% in 2023).

The planned rise of a new semi-regulated mid rental segment is more or less formulated by extending the regulation rules of the WWS (quality level indictor) system from 142 points (€763 per month) to 187 points (€1,026 plus 4.1% as per 1 July 2023). Both rental level of new contracts, and the rise of current contracts are regulated in this way.

Local governments, especially of the big four cities, regulate price levels and future price development in their ground lease contracts, or development permits. Their aim is to realise and keep more houses in the mid rental segment (from €808 to around €1,200), but some kind of regulations enhance the risk for investors. Especially the rules of the city of The Hague, with a maximum income level for houses in the mid rental segments, are reducing the target group that much, that it causes distrust amongst institutional investors.

Also the rising real estate transfer tax makes a solid business case in residential real estate more difficult. Instead of stimulating the construction of more houses, these regulations might have the opposite result.

Investor demand

Policy uncertainty and rising financing interest rates, especially in the second half of 2022, initially made investors hesitant, but due to the announced RETT increase, the housing investment volume was stable at €4.3 billion by 2022.

Increased financing interest rates, lower purchase prices in the owner-occupier market and uncertainty surrounding the rent regulations did however result in a downward effect on the price level of residential investments.

For 2023 it can be expected that investors will wait and see what will be the effects of regulations and lower purchase prices for the development of the value of residential investments in the Netherlands.

Outlook

With downward price pressure in the residential investment market and reduced willingness to invest in residential investments among investors, we expect significantly less investment volume in the next six months. Housing associations will fill part of this vacuum by getting more involved in the mid-market segment. But they are also bound by limited investment capacity, much of which is needed for further sustainability of their existing properties. Clarity on rent regulation gives investors a foothold in new construction, but falling investment value makes it difficult to reach deals with developers.

While we are seeing the effects of falling prices in the rental investment market, the same is true in the new-build owner-occupied housing market. The owner-occupied housing market is turning from a seller's market to a buyer's market. Main causes are the rising mortgage interest rates and increasing economic uncertainty. An additional effect is that the demand for already scarce rental housing as an alternative continues to rise – just as it did during the price drops between 2008 and 2013.

The fundamental drivers of housing demand in the Netherlands will remain intact. The number of households continues to grow in the coming years, and strong migration is likely to push the population figure higher than expected, as it did in 2022.

Therefore the housing shortage will remain intact – especially with low new construction growth. Indeed, a further downturn and delay in new construction projects could further increase the housing shortage.

Residential Sector **balance sheet**

(amounts x €1,000)	Notes to the financial statements	31 Dec 2022	31 Dec 2021
Assets			
Investments			
Property in operation	1	2,134,037	1,936,733
Property pipeline	1	270,473	339,250
Participating interest	2	5,724	5,267
Other investments	3	-	-
		2,410,234	2,281,250
Other fixed assets			
Tangible fixed assets	4	1,764	1,690
Current assets			
Accounts receivable	6	488	454
Other receivables	7	3,450	1,942
Liquidities	8	17,908	59,992
		21,846	62,388
Total assets		2,433,844	2,345,328

(amounts x €1,000)	Notes to the financial statements	31 Dec 2022	31 Dec 2021
Equity + liabilities			
Equity			
Issued share capital	9	534,743	512,623
Paid-in surplus	10	954,983	872,390
Revaluation reserve	11	810,390	823,908
General reserve	12	85,711	103,468
	13	2,385,827	2,312,389
Non-current liabilities			
Lease liabilities	15	4,166	3,978
Current liabilities			
Lease liabilities	15	11,116	11,093
Liabilities to banks	16	10,000	-
Non-interest bearing loan to participation	17	5,351	-
Creditors and other liabilities	18	17,384	17,868
		43,851	28,961
Total equity + liabilities		2,433,844	2,345,328

Residential Sector **profit and loss account**

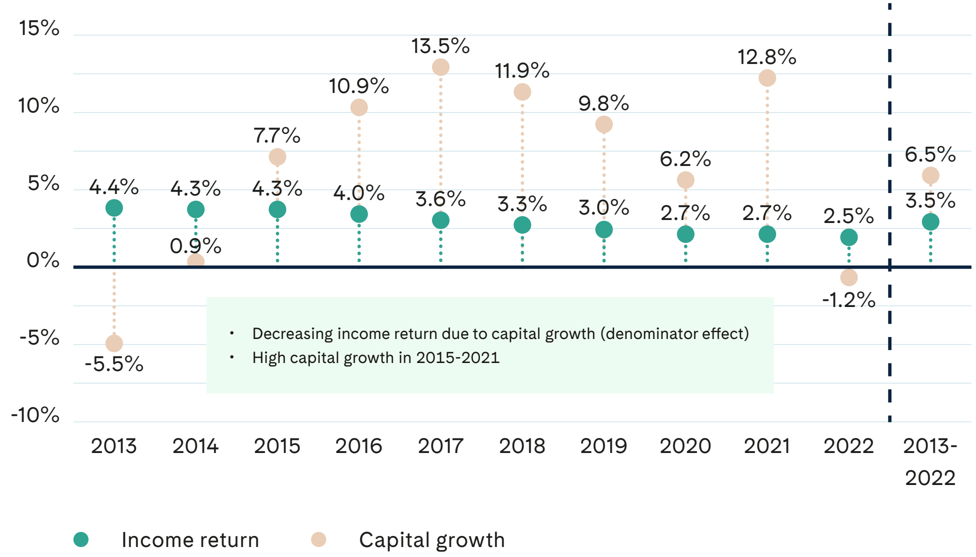
(amounts x €1,000)	Notes to the financial statements	2022	2021
Theoretical gross rental income	19	76,414	66,807
Vacancy	19	-915	-1,640
Other	19	325	896
Revenue from service charges	20	1,451	1,537
Service charges	20	-1,527	-1,662
Operating expenses	21	-15,328	-13,494
Net rental income		60,420	52,444
Investment revaluation result	22, 23	-34,052	245,872
Result on disposals	24	-	4,936
		-34,052	250,808
Result from participating interest	2	520	961
Management and fund costs	25	-8,660	-6,889
Other income	26	526	452
		-7,614	-5,476
Net operating result		18,754	297,776
Other expenses	27	-	-
Interest income/expenses	28	-396	-498
Net result		18,358	297,278
Direct investment income	29	51,565	45,760
Indirect investment income	30	-33,207	251,518
Total investment income		18,358	297,278

Notes to 2022 results

Highlights of 2022

- Total fund return of 0.9%, which is far below the returns in the prosperous period 2015-2021
- High occupancy rate of 99% (2021: 98%)
- Low impact for Altera of expected new rent regulation on mid-rent segment
- Need for sustainability widespread due to high energy prices
- 515 residential units added to operational portfolio and 48 units sold
- Secured pipeline of €421 million of which €262 million already paid
- Shares issued for a total amount of €268 million and an amount of €163 million redeemed

10-year annual property return



Returns

Mid 2022 the trend of increasing prices in the last 7 years, stopped rapidly due to a sharp increase of interest rates which negatively influenced the affordability. However, the scarcity in both the rental and buyer's market is still prevailing. The good news is that the need for sustainable homes with low energy consumption became apparent.

As a consequence, the fund return dropped from 15.2% in 2021 to 0.9% in 2022. Over the first two quarters of 2022 the interim score was still 5.8%.

The property return amounted to 1.3% (2021: 15.8%): 2.5% income return and -1.2% capital growth. The increase of the transfer tax from 8.0% to 10.4% as per 1 January 2023 was reflected in the exit value as at year-end 2022 (impact -1.3%). The income return of 2.5% is below the 2021 figure of 2.7% due to the revaluation in 2021 and in the first half of 2022 (denominator effect).

The capital growth of -1.2% (2021: 12.8%) can be attributed for 6.0%-pt to the increase of the vacant value, -6.8% pt to the increase of the yields and an impact of -0.4% pt of acquisitions.

In 2022 Altera Residential achieved a relative performance for all investments of -0.3% in the MSCI benchmark. On a 5-years average the performance is 0.5% lower than the benchmark due to a lower capital growth in 2018 which not completely outweighs the outperformance over the last three years.

Residential:		Altera			MSCI Netherlands Property Index	
all investments	Income return	Capital growth	Total	Income return	Capital growth	Total
2022	2.5%	-1.2%	1.3%	2.6%	-1.0%	1.6%
2021	2.7%	12.8%	15.7%	2.9%	12.2%	15.4%
2020	2.7%	6.2%	9.1%	2.9%	5.3%	8.3%
2019	3.0%	9.8%	13.0%	3.2%	10.1%	13.6%
2018	3.3%	11.9%	15.6%	3.4%	14.7%	16.9%
3-year	2.6%	5.8%	8.5%	2.8%	5.4%	8.3%
5-year	2.8%	7.8%	10.8%	3.0%	8.1%	11.3%
10-year	3.5%	6.5%	10.2%	3.6%	6.5%	10.4%

For standing investments, total returns for 2022 are 0.7%-pt higher (2021: -0.6%-pt), due to the negative impact of the revaluation of the pipeline portfolio.

The dividend return in 2022 of 2.1% was lower than in 2021 (2.3%) due to the lower income return (denominator effect).

Direct investment income

We ended 2022 with a total investment income of €18.4 million, which is far below 2021 (€297.3 million). The direct investment income increased by 12.7% to €51.6 million as a result of seven new properties (513 units) taken into operation during the year and the lagged effect of 705 units during 2021. The indirect investment income decreased from €251.5 million to €-33.2 million.

Direct investment income in 2022 can be compared as follows to the previous year.

Changes in direct investment income	In € mio	Effect
Direct investment income 2021	45.8	
Completions and acquisitions in 2022	3.2	6.9%
Completions and acquisitions in 2021	4.4	9.6%
Divestments in 2022 and 2021	-0.5	-1.0%
Rental increase	1.5	3.2%
Higher share of management costs	-1.7	-3.6%
Other net effects	-1.1	-1.3%
Direct investment income 2022	51.6	12.7%

The rise in direct investment income flows particularly from the completions of projects in 2022 as well as the effect of the properties that were completed in 2021 and operated for a full year in 2022.

A major shortage remains in the mid-range segment of the rental market. This enabled us to increase the average occupancy rate to a very high level of 99% (2021: 98%). The initial letting of the seven new properties in the portfolio was successful. And vacant units (11% tenant movements) were almost immediately rented out.

The gross-net ratio (net rental income divided by gross rental income) of 80% was slightly below the 2021 level of 81%.

Indirect investment income

In 2022 the portfolio value decreased by -1.2% (first half of 2022: +4.8% and second half: -6.0%). The vacant values of residential units increased by 6.0% (national figure supplied by Statistics Netherlands/Dutch Land Register: +2.7%). The appraisal value divided by the vacant property value (vacant value ratio) decreased from 87% at the end of 2021 to 82% end of 2022.

Gross initial yields (with costs payable by the purchaser) increased in 2022 due to increased interest rate and less demand of investors: from 3.7% at year-end 2021 to 3.8% at year-end 2022.

The table below shows the spread of the changes in value of the properties that were in operation at the beginning and end of the year.

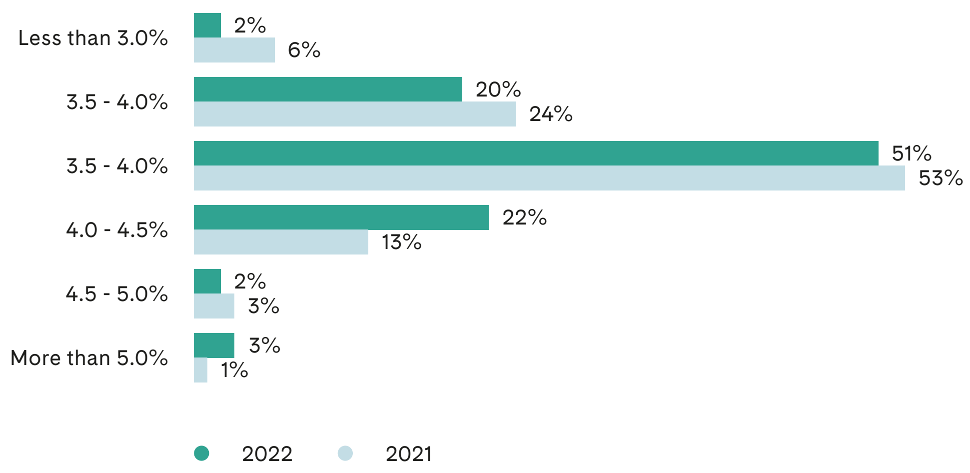
Changes in value of investments in operation for full year	Change in value in % vs year-end 2021	Number of properties	Change in value in 2022 in € mio	Change in value in 2021 in € mio
More than -5%	-7.2%	13	-18.9	-
Between -5% and 0%	-2.2%	42	-21.7	-0.3
Between 0% and 5%	2.5%	33	13.5	1.4
Between 5% and 10%	7.0%	12	12.0	39.6
Between 10% and 15%	-	0	-	64.2
Above 15%	-	0	-	68.8
Total	-0.8%	100	-15.1	173.7

Almost half of the properties (45 out of 100) that operated for the full year were upgraded in 2022 (2021: 92 out of 93). No properties were upgraded by more than 10% in 2022 (in 2021: 62 properties). The revaluation of the standing investments in 2022 amounted to -0.8% for the apartments and -0.8% for single-family homes (2021: 11.0% and 15.6% respectively).

We change the external appraisers for each property every three years: 35 properties in 2022. Overall, the change was associated with a -0.9% downgrade in the respective quarter (2021: 45 properties increased in value by 3.7%). This downgrade is in line with the trend in value.

The spread of the valuation of the properties in operation at year-end 2022 and year-end 2021 in terms of the gross initial yield (with costs payable by the purchaser) is as follows:

Spread of gross initial yield (average: 3.8%)



In 2022 the impact of the valuation of pipeline projects amounted to €-13.3 million (2021: €47.3 million) based on external valuations.

Trends in rents and operating expenses

First rentals of new properties are progressing well. In 2022 we signed 1,159 leases (2021: 1,332). Of these, a total of 515 were for the first rental of newly completed properties (2021: 703). The tenant movements decreased from 13% in 2021 to 11% in 2022, maybe as a result of less willingness to move in a period of economic uncertainty.

With effect from 1 July 2022 we increased rents by an average of 2.8% with inflation for 2021 at 2.7%. In the previous financial year rents were raised on 1 July 2021 by 2.0% with inflation at 1.4%. The deregulation rental limit was €763 as per 1 July 2022. At year-end 2022, Altera had a total of 118 homes remaining in this segment (year-end 2021: 113).

Total operating expenses (including service charges for vacant properties) relative to the theoretical rental income remained on 20%.

Operating expenses	**2022**	2021
Maintenance expenses	7%	7%
Fixed expenses	4%	4%
Management expenses	2%	2%
Other	7%	7%
Total	20%	20%

Rental arrears of more than 90 days at year-end 2022 amounted to 0.8% of annual rent, slightly higher than the level of year-end 2021 (0.7%).

Customer satisfaction

Subject	Altera	Benchmark	Altera's position (out of 12)
Satisfaction with the property	7.6	7.4	3
Satisfaction with the environment	7.6	7.6	4
Satisfaction with investor	7.1	6.9	2
Satisfaction with property manager	6.6	6.5	4

Each year we measure the customer satisfaction of our tenants with regard to various subjects. For that purpose we take part in a wide tenant satisfaction survey conducted by an external provider with the participation of twelve IVBN-affiliated residential investors. The combined results constitute the benchmark. On the subject of 'the property', Altera ranked third. We also outperformed in terms of 'Satisfaction with investor' (second position) and 'Satisfaction with property manager' (fourth position). Comparing with the preceding year, improvement was realised especially in terms of satisfaction with the property manager (complaints handling, repair requests, service charges) after a change in manager for part of the portfolio.

Portfolio transactions

Seven newly completed complexes were added to the portfolio, comprising of 515 homes:

Investments taken into operation in 2022	No. of homes	Housing type	Start of operation	Annual rent (in € mio)	Year of construction
Amsterdam					
Elzenhagensingel (CZAN)	184	Apartments	February	3.0	2022
Uithoorn					
Marktplein (De Rede)	30	Apartments	May	0.5	2022
Leiden					
Robijnhof	119	Apartments	June	1.4	2022
Utrecht Leidsche Rijn					
W.F. Hermansstraat	47	Apartments	July	0.7	2022
A. Blamanstraat	47	Apartments	July	0.6	2022
Amstelveen					
Burg. Rijnderslaan (The Mayor)	52	Apartments	July/November	1.1	2022
The Hague					
Bertrand Russelllaan (De Vroon)	36	Apartments	December	0.6	2022
Total	515			7.9	

The rental of the newly completed properties went successful, they were all fully let on completion or just afterwards. Furthermore, the municipal library located on the ground floor in our property in Uithoorn (Marktplein) was acquired.

In 2022 one property (200 units) was added to the secured pipeline:

Projects added to secured pipeline in 2022	Number of homes	Housing type	Annual rent (in € mio)	Completion
Utrecht				
Beneluxlaan	200	Apartments	2.7	2025

In September 2022 48 apartments in Zoetermeer (50% participation) which no longer fit in Altera's strategy, were divested:

Properties divested in 2022	Number of homes	Housing type	Annual rent (in € mio)	Month of sale
Zoetermeer				
Driekant a.o. (50% participation)	48	Apartments	0.2	September

Following transactions in the operational portfolio and the transfer of properties from the pipeline to the operational portfolio, the number of residential units in operation increased from 5,295 to 5,762. Taking into account the pipeline, the portfolio will increase in the coming years to almost 7,000 units.

With the inclusion of the projects (802 homes) added in previous years, we have a secured pipeline of €420.6 million (1,202 units), of which €261.8 million has already been paid.

The current portfolio in operation (€2.13 billion) plus the market value of the pipeline (€0.43 billion) results in a total portfolio of €2.6 billion.

Other notes

At the end of 2022 the number of shareholders was 41 (2021: 39), an increase of two as a result of six new entrants and four redeeming investors (of which three relate to the establishment of a pooled fund to which the shares were transferred). Of this new entrants one investor is the fund's first new non-domestic shareholder. This number excludes two new shareholders who have signed the entry agreement and will enter as soon as the committed sums are required for acquisitions.

In 2022 entries amounted to €268.2 million and redemptions of €163.5 million (2021: €177.6 million of entries and €30.2 million of redemptions).

Preferences and redemptions (in € x mio)	2022	2021
Balance as at 1 January	387.2	354.8
New preferences received	288.2	209.9
New redemptions received	-163.5	-30.2
New capital issued	-268.2	-177.6
Redemptions facilitated	163.5	30.2
Balance as at 31 December	407.2	387.1

“We live here very comfortably!”

The Keizer takes its name from the neighbourhood: the Keizer Karelwijk. A popular vicinity with many facets: the combination of greenery and recreation, good facilities and excellent accessibility. In short, the Keizer offers a comfortable home base for tenants. This is exactly the opinion of Mr Chris Hornung, who has been living at the Keizer’s Christiaan Huygenshof since 2018. “We are not leaving anymore.”

Located in Amstelveen, the apartment building the Keizer is situated at Christiaan Huygenshof in the Startbaanbuurt, a relatively quiet neighbourhood considering the population density. The property is easily accessible with many facilities nearby, situated at cycling distance from the centre of Amstelveen and on walking distance from the supermarket. The Amsterdamse Bos is nearby and the nearest highway is just a 3-minute drive away.

A pleasant conversation

The approximately 42-metre-high residential tower, with energy label A, houses different types of apartments for 20- and 30-somethings in particular, but also families and seniors. We had a pleasant conversation with Mr Hornung, who has lived in the apartment building since 2018. A satisfied and an active tenant, so it appears. Among other things, he has been a member of the tenants' committee of which he himself is one of the founders. Mr Chris Hornung is 75 years old and was born in Indonesia, moved to Amsterdam and also grew up there. “In 2000, my wife and I moved to Amstelveen, so we have lived here for almost 23 years now. We lived in Amsterdam Osdorp at the time and moved to Amstelveen because of our daughter's school, and because my sister-in-law lived here in Amstelveen. That worked out well!”

What attracted you to rent here?

Mr Hornung: “We previously lived in a nice, detached house but we thought that one day it might be good to live in a ground-level apartment. Now we live here – very comfortably and we really don’t want to leave. At the time, in 2018, there were actually few new-built multi-family homes like this one in Amstelveen. This was actually the only one that qualified for us because of its location, close to a small convenience shopping centre. We now live on the side where the shops are and we find it very convenient and cosy. The nice thing then was that it was new construction and met the latest requirements e.g. underfloor heating. The building is not yet completely gas-free, unfortunately. But more and more fellow residents have switched from gas to induction cooking.”

Have you had any experience of reporting technical faults and the actions taken?

“Sometimes a parcel gets lost in the hall and then it turns out it was delivered somewhere else in the building. And the lift was out of service once. Then I suggested to the lift mechanic to put a sticker at the top with an emergency phone number, so that people can call that phone number in case of a breakdown. It is sometimes inconvenient when a repair takes longer than people are used to. Of course, everyone would prefer something like this to be repaired yesterday, but that’s not always possible. The door handles have also been replaced and we did have to wait a while for that, because the delivery of the material was delayed. And there was once a leak in the aluminium window frames but that was solved smoothly. That service was very good.”

How is this building in terms of living comfort and sustainability?

“We live in a apartment on the 11th floor with lots of windows. It is always pleasantly warm here. We hardly have the heater on because of the underfloor heating, so that's nice. And if it gets a bit chilly, you turn on the heating and you still have a warm floor! And it doesn't cool down that quickly so until you go to bed in the evening we have a pleasantly warm floor!”

Tribute to Huygens in the entrance hall

The hall of the Keizer building is something special. The design of the hall made creative use of the street name as a theme, Christiaan Huygenshof. The portrait of Christiaan Huygens (1629-1695), the famous Dutch mathematician, physicist, astronome and inventor, prominently adorns an 8-metre-wide wall. Huygens kindly looks down on the modern seating objects and various planters that transform the hall into a nice and atmospheric entrance. The hall is very much to the liking of the tenants.

The Keizer in brief

On the corner of Startbaan and Van der Hooplaan in Amstelveen, Altera owned an office building in its portfolio. In close cooperation with the Municipality of Amstelveen, Altera took the initiative of transforming the building into a residential complex, with a good mix of multi-family homes, to meet the housing needs in Amstelveen. For the realisation of the residential complex, the former office building was demolished with a significant part of the concrete recycled and used for the foundation of the new residential complex.

ESG

With a view to its sustainability strategy, Altera works on the basis of the three pillars that have been set out on page 46 of this Annual Report. The KPIs per pillar (except for the third pillar Our Responsible Management Platform) achieved in 2022 are set out hereafter.

ESG Strategy

1. Our Sustainable Real Estate

Saving
Various improvements were implemented in 2022 and several sustainable assets have been added to the portfolio in operation. This increased the sustainability of the portfolio. Since 2015, the portfolio has been almost entirely certified with a green energy label (99% label A, B or C). Currently, 70% of our residential units have A-labels and the objective is to increase this percentage to more than 80% at the end of 2025.

Generating
In recent years solar panels have been introduced for the generation of renewable energy. Every year an increasing number of apartment buildings are fitted with collective systems, which means that tenants' living costs are substantially reduced. In 2021, all single-family homes were equipped with solar panels and multi-family homes as much as possible. Due to acquisitions, the number of solar panels is expected to expand over the coming years. To this extent, currently 16,723 solar panels in our residential portfolio have been installed. We aim to increase this to more than 18,000 at the end of 2025.

Greening
Altera works with its property managers to purchase green energy (electricity and gas) for the common areas. In 2022, 95% of the electricity consumed in common areas was accounted for by green electricity. Altera is trying to exert as much influence as possible to increase the share of green electricity to 100% by the end of 2025. In addition, Altera aims to ensure that the purchase of electricity by the owners' associations (VvEs) involved is from renewable sources.

Since 2018, the gas-free building has been a requirement for Altera in the Schedule of Requirements for new homes. At the end of 2022, 38% of residential properties were free from natural gas. From now on, this percentage is expected to increase rapidly, and the aim is to have more than 45% of the portfolio free of natural gas at the end of 2025.

	2022	2021	2020	**Strategy (EOY 2025)**
KPI				
% of Green energy labels (A-C)	99%	99%	99%	100%
% of A labels	70%	67%	55%	>80%
Average Energy Index	1.07	1.07	1.11	N/A
Average BENG 2	70 kWh/m²	80 kWh/m²	N/A	N/A
% free of natural gas	38%	26%	25%	>45%
Number of solar panels	16,723	14,490	14,000	>18,000

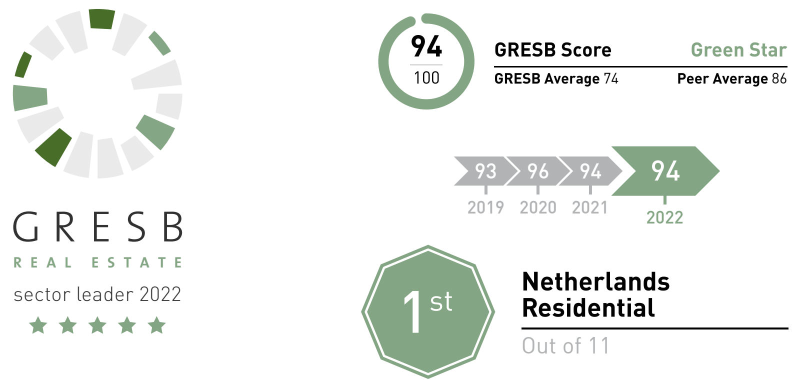
Acquisition of sustainable properties
In 2022, eight properties with a high sustainability quality were added to the residential portfolio in operation, resulting in an improvement in sustainability performance. The average target GPR score of the new properties is 7.5. The addition of the new properties contributed positively to the average GPR score of the residential portfolio.

GPR
The entire residential portfolio is GPR-certified, with exception of the newly acquired assets that are in the process of obtaining a GPR-certificate. The average GPR score (weighted based on floor space) is 6.7. The GPR score provides Altera with a clear picture of the sustainability performances of each property, making it possible to focus on measures aimed at improvement.

Data coverage

From 2018 onwards, Altera took measures to increase the structural collection of consumption data at property level. This provides insight into the sustainability of the property portfolio including optimisations and enables benchmarking.

Data coverage	2022	2021	2020	Strategy (EOY 2025)
Energy	100%	99%	99%	100%
Greenhouse gas	100%	100%	99%	100%
Water	100%	100%	97%	100%
Waste	100%	100%	96%	100%



2. Alignment with the Interests of our Stakeholders

GRESB

Altera participates in the annual GRESB survey. In 2022 (results for 2021), the residential portfolio achieved a total score of 94 points, which resulted in a score of 5 stars. With this score the Altera residential portfolio obtained the lead position in the category of non-listed residential real estate in the Netherlands and obtained for the third year in a row the Global Sector Leader status. For the coming years, Altera strives for continuous improvement of the total score and preservation of the leading position. From the analysis, we can conclude our assets are already very sustainable, Altera is well organised in terms of management (policies and reporting), but that the quality of the data obtained can be improved further. We have commenced different initiatives to improve on these topics to continue to achieve outstanding GRESB results.

GRESB	2022	2021	2020	Strategy (EOY 2025)
Total score	94	94	96	-
Number of stars	5	5	5	5

Tenant satisfaction and engagement

Each year, we measure tenant satisfaction levels about various subjects. That is why we take part in a wide tenant satisfaction survey conducted by an external provider with the contribution of several IVBN-affiliated residential investors. The combined results constitute the benchmark. With an average of 7.1, Altera outperforms the benchmark for Dutch investors (average of 6.9). Especially the quality standard of the houses is highly appreciated. Altera will work on improvements in the year ahead in terms of satisfaction with the property manager (complaints handling, repair requests, service charges). Furthermore, we strive to reduce energy and water consumption and waste production in our portfolios. We actively engage with our tenants to stimulate them to reduce their environmental impact.

't Groene Wold, Almere: building sustainable and affordable living

Oosterwold is the new residential area between Almere and Zeewolde, with a village character, lots of green, and with sustainability as the leading theme. As an example, the freshly built homes have an EPC score of 0.0. We're having coffee with Ronnie Hondeveld, director of Vastbouw (www.vastbouw.nl), and Jaap van der Bijl, CEO Altera Vastgoed, in the construction site unit at 't Groene Wold, part of the Oosterwolde residential project.

Welcome to Oosterwold, the green area between Almere and Zeewolde, and the ultimate form of do-it-yourself area development. Here, the area design is left entirely to individual initiatives. This means that anyone can pick a plot at any location. Apart from a clear set of rules, there are no restrictions in terms of functions and plot sizes. "Oosterwolders" not only determine their own homes, but also decide on roads and paths, greenery, water and public space. They realise this themselves, alone or with others. Characteristics of the project are: prevention of heat stress, flooding and subsidence, reuse of materials and participation of residents. Vastgoed Bouw is in charge of building the new homes, on behalf of Altera.

A single-family home with extra (work) room, a spacious garden and a quiet, green living environment: how do these homes match the wishes of modern tenants?

Ronnie Hondeveld: "This project responds well to the demand of today's home seekers. There are many people looking for a house that suits their particular phase in life. They have children or a desire for children and are looking for a single-family home, with space around them, and are looking for a compact, sustainable place with an affordable rent. So as a developer and builder, you need to make a good sum – it should not only be a good investment but also a good, pleasant and sustainable home for tenants."

Jaap van der Bijl: "'t Groene Wold is a project that meets today's wishes in terms of biodiversity, nature and inclusiveness, highlighting the position of both Vastbouw and Altera as forerunners in this space. 't Groene Wold fills a need for – often – starter families looking for affordable single-family homes in the Randstad. Besides affordability, the residential project has a climate-adaptive and sustainable character; thus, the project fits well into our sustainable and young housing portfolio, which was recently again for the third time named the world's most sustainable residential fund worldwide by GRESB, the global standard for portfolio-level ESG reporting in the real estate sector."

What is special about this beautiful project, 't Groene Wold, in Almere?

Ronnie Hondeveld: "For parties pursuing sustainability, this is a very nice development and building project. It is wide-ranging, with huge gardens of 15 metres deep, with play areas for children in all age categories. For example, we have also added a park where archaeological finds have been made."

At 't Groene Wold, there is a football pitch, a basketball court, a ping-pong table and play equipment for small and bigger children. The maintenance of the road, street lighting, water collection and public greenery falls under a foundation. Residents pay a monthly contribution for this. There are mounds on which residents can jointly do urban agriculture. How they do that, a vegetable garden, a picking garden or whatever, the residents decide for themselves.

Residential area with a climate-adaptive character

All homes are built gas-free and connected to an energy system, consisting of an individual air-water heat pump and 12 solar panels. This allows residents to generate their own electricity to sustainably heat and cool their homes, ensuring an Energy Performance Coefficient of 0.0.

Sustainable choices were also made during the construction phase. Builder Vastbouw opted for a prefabricated construction method of, among other things, the shell and window frames. This reduced the number of traffic movements of building materials.

Rainwater is absorbed via surface water in 't Groene Wold through wadis and a large pond.

Ronnie Hondeveld: "A smart water system ensures that water is retained in the neighbourhood, so from the roof to the garden to a wadi. And when those wadis are full, only then does it go to the province's water system. 't Groene Wold also has a great diversity of greenery and planting. In addition, about half of 't Groene Wold will be zoned '(urban) agriculture'. There is an above-average amount of unpaved surface compared to other residential areas. Due to this unpaved surface in combination with large amounts of surface water and greenery, this is a climate-adaptive residential area."

How does the partnership between Vastbouw and Altera work?

Ronnie Hondeveld: "Partnership means putting trust in each other and sharing the same ideas in terms of development, construction, and sustainability." Jaap van der Bijl agrees: "And if you work together from that same foundation, you can be flexible towards each other. You spar with each other in different areas and if there are problems you solve them. You'd rather look at the similarities rather than the differences. Together you'll always find a suitable solution."

Team Oosterwold - Seeking connection

In Oosterwold, the municipalities of Almere and Zeewolde, Rijksvastgoedbedrijf, the province of Flevoland and the Zuiderzeeland Water Board are working together on a special way of area development. "In Oosterwold, everyone builds their own house. But we also build a neighbourhood together and we design the public space together, such as with plot roads, utility strips and the strips around your plot. As a resident, you sign up to take care of that."

Source: maakoosterwold.nl/deverbinding

Residential portfolio **year-end 2022**

* *Including some commercial space*
** *Leasehold (not perpetual)*

City	Address	Year of construction	Rentable units	Theoretical rental level in € mio	Occupancy rate
Apartments					
Alkmaar **	Paternosterstraat	1985	72	0.6	100%
Almere	Kapitein de Langestraat	1995	87	1.0	99%
Amersfoort	De Bosuil	2020	114	1.6	100%
Amstelveen	Nicolaas Tulplaan	2014	113	1.9	100%
Amstelveen	Maimonideslaan	2017	84	1.2	100%
Amstelveen *	Laan van de Helende Meesters	2014	48	1.0	100%
Amstelveen	Chr. Huygenshof	2018	103	1.6	98%
Amstelveen	Burg. Rijnderslaan (phase 1)	2022	52	1.1	100%
Amsterdam	Blankenstraat	2011	68	1.4	96%
Amsterdam */**	Faas Wilkesstraat	2019	86	1.5	100%
Amsterdam **	Oostelijke Handelskade # 2	2013	108	2.3	97%
Amsterdam **	Oostelijke Handelskade # 1	2013	61	1.0	98%
Amsterdam **	Oostelijke Handelskade # 3	2016	66	1.2	100%
Amsterdam */**	Tollensstraat, Dichtershofje	2015	69	1.5	99%
Amsterdam **	Tollensstraat	2017	52	1.0	97%
Amsterdam */**	Elzenhagensingel	2022	184	2.9	98%
Apeldoorn	Molenstraat	2005	44	0.5	100%
Baarn	Stationsweg, et al.	1985	22	0.2	100%
Brielle	M.H. Trompstraat	2020	72	0.9	99%
Den Bosch	Kanseliersplein	2019	91	1.4	99%
The Hague	Eisenhowerlaan	2021	39	0.8	99%
The Hague	Dr Lelykade	2016	47	0.7	98%
The Hague	Loevesteinlaan	2009	61	0.8	100%
The Hague	Laan van Wateringse Veld	2009	64	0.8	100%
The Hague	Leeghwaterplein, Leemansplein	2021	155	1.9	99%
The Hague	Waldorpstraat, Calandstraat	2021	77	0.9	100%
The Hague	Ockenburghstraat	2021	23	0.4	100%
The Hague	Bertrand Russelllaan	2022	36	0.6	100%
Dordrecht	Van Eesterenplein	1994	96	1.0	99%
Dordrecht	Overkampweg	2012	33	0.5	100%
Gouda	Plateelstraat	2015	40	0.5	100%
Gouda	Winterdijk	2012	36	0.4	99%
Gouda	Vest, Verloren Kost	2018	30	0.4	100%

City	Address	Year of construction	Rentable units	Theoretical rental level in € mio	Occupancy rate
Haarlem	Disselkade	2015	25	0.5	100%
Harderwijk	Bachdreef	1994	41	0.5	100%
Heemskerk	N. Hennemanpad, Raadhuisstraat	2019	60	0.7	100%
Heemskerk	Ganzenveer	2006	27	0.4	100%
Heerhugowaard	Jade	2005	56	0.7	97%
Hendrik Ido Ambacht *	Ring, Avelingen	1997	32	0.4	97%
Hilversum	Van Linschotenlaan	2018	55	0.7	100%
Hoofddorp	Markenburg	1992	54	0.6	100%
Hoofddorp	Ter Veenlaan	2008	69	0.8	100%
Hoofddorp	Burg. Van Stamplein	2017	63	0.8	100%
Leiden	Robijnhof, Robijnstraat	2022	119	1.4	100%
Maarssen	Waterstede	2005	60	0.8	100%
Maarssen	Bisonspoor	2017	60	0.7	100%
Nijmegen	Irene Vorrinkstraat	2011	53	0.7	100%
Nijmegen	Irene Vorrinkstraat	2015	28	0.4	100%
Nijmegen	Irene Vorrinkstraat	2017	27	0.3	100%
Oegstgeest	Rozenlaan	2006	44	0.6	100%
Ridderkerk	Drierivierenlaan	2018	66	0.8	100%
Rotterdam	Brede Hilledijk, et al.	2021	356	6.1	96%
Rotterdam	Hesseplaats	2011	58	0.8	100%
Rotterdam	Kruisplein	2013	75	1.2	98%
Rotterdam	Siciliëboulevard	2021	49	0.7	100%
Schiedam **	Olof Palmeborg, et al.	2005	66	0.7	98%
Son en Breugel	Molenstraat	2018	48	0.6	100%
Uithoorn *	Pr. Clausstraat, Marktplein	2022	30	0.6	100%
Utrecht	Diamantweg	2012	28	0.4	100%
Utrecht	Huis te Zuylenlaan	2006	39	0.5	100%
Utrecht	Operettelaan	2008	22	0.3	100%
Utrecht	Burchtplein, Zuiderburcht	2011	38	0.5	100%
Utrecht *	Vlechtdraadhof	2017	66	0.8	100%
Utrecht	W.F. Hermansstraat	2022	47	0.7	99%
Utrecht	A. Blamanstraat	2022	47	0.6	99%
Waalwijk	Engelsestraat	2018	60	0.7	100%
Wormerveer	Houtkade, Krommenieerweg	1997	36	0.4	100%
Zeist	Antonlaan / Geiserlaan	2019	40	0.6	100%
Zoetermeer	Haussmannruimte	2004	44	0.6	100%
Zwolle	Van der Capellenstraat	1986/2009	104	1.1	100%
			4,525	65.6	99%

City	Address	Year of construction	Rentable units	Theoretical rental level in € mio	Occupancy rate
Single-family homes					
Almere	Eeuwenweg	1997	35	0.4	100%
Amersfoort	Glorie van Hollandgaarde, et al.	1995	29	0.4	100%
Assen	Papayapad, Perzikstraat	2005	33	0.4	100%
Bemmel	Gersthof	1987	21	0.2	100%
Best	Plataan, Salderes	1985	36	0.4	100%
Blaricum	Gooischedreef, et al.	2016	31	0.4	100%
Breda	Kerkuil, Blauwvoet, Havik	1988	39	0.4	100%
Breda	Deinzestraat, Bornemstraat	1989	36	0.4	100%
Deventer	Esdoornlaan, Espad	1986	40	0.4	100%
Doorn *	Simon Vestdijkhof et al.	1986	36	0.5	100%
Haarlem	Chris Soumokilstraat, et al.	1988	93	1.2	93%
Haarlem	Vrijheidsweg, Sutan Sjahrirstraat	1988	30	0.4	100%
Harderwijk	Bachdreef	1994	15	0.2	100%
Hoevelaken	Beekhof, Schalenhoek	2017	28	0.4	100%
Hoofddorp	Achtermeerstraat	2018	35	0.5	100%
Maassluis	Stellingmolen, Walmolen, Bergmolen	1988	23	0.3	100%
Nieuw-Vennep	Koperslager, Grutter, Tolgaarder, Baker	1987	46	0.5	100%
Oosterhout	Admiraalsdam, Herendam, Drostendam	1988	51	0.6	100%
Oosterhout	Max Havelaardreef, et al.	1996	38	0.4	97%
Rosmalen	Alverborch, Zalmborch, et al.	1985	40	0.5	97%
Sassenheim	Evert van Dijkpad, Parmentierpad	1986	31	0.4	100%
Soesterberg	Gemini, Mercury	1986	60	0.7	100%
Tilburg	Abdij van Bernestraat, et al.	1988	32	0.3	97%
Tilburg	Harmelenstraat, et al.	1991	24	0.3	100%
Tilburg	Kerkdrielstraat	1990	24	0.3	96%
Uden	Abdijlaan, Klemvogel	1988	42	0.5	98%
Udenhout	Helmkruid, Anemoon	1986	22	0.2	100%
Udenhout	Anemoon, Kamille, Sint Janskruid	1988	14	0.2	100%
Uithoorn	Patrijs, Knobbelzwaan	2019	30	0.4	100%
Utrecht	Sáo Vicentedreef, Londrinadreef, et al.	2018	30	0.4	100%
Valkenswaard	De Meule, De Maalsteen, De Meelkuip	1985	35	0.4	97%
Valkenswaard	De Meule	1987	14	0.2	100%
Voorhout	Kruidenschans, Lavendelweg, et al.	1987	47	0.6	100%
Waalwijk	C. Koemanstraat, G. Frisiusstraat	2019	26	0.4	100%
Waalwijk	Rembrandtpark	1986	31	0.4	97%
Zevenaar	Monnetstraat, Spaakstraat	1985	40	0.4	97%
			1,237	14.9	99%

	Rentable units	Theoretical rental level in € mio	Occupancy rate
Total apartments	4,525	65.6	99%
Total single family homes	1,237	14.9	99%
Total of all segments	**5,762**	**80.5**	**99%**

Secured pipeline

Secured pipeline (€421 mio of which €262 mio already paid); all projects in construction phase

City	Location	Year of completion	Rentable units	Theoretical rental level in € mio
Utrecht	P. Picassostraat	2023	54	0.7
Den Bosch	Branderijstraat	2023	54	0.8
Almere	A.M. Schurmanlaan et al.	2023	174	2.1
Tilburg	Magazijnstraat	2023	70	0.8
Leiden	Robijnhof	2023	40	0.3
Zaandam	Houtveldweg et al.	2023-2025	357	5.0
Amstelveen	Burg. Rijnderslaan (phase 2)	2023	72	1.5
Amsterdam	Kraanspoor, Werfkade	2024	181	2.7
Utrecht	Beneluxlaan	2025	200	2.7
			1,202	16.6

Retail


de Vlashoeck
bakker aan de antoniaan
PLUS Koelhuis
Kruidvat
WERK

Timeline Altera Retail

21/01/2022
New tenant Medipoint at Maximaplein in Leusden

€20 million

31/03/2022
Dutch pension fund commits Retail fund an additional €20.0 milion

01/04/2022
New tenant Okay Fashion & Jeans at Zwolle Zuid

21/04/2022
New tenant Dunkin' at Sint Jorisplein in Amersfoort

26/04/2022
Acquisition of convenience centre De Vlashoeck in Bergschenhoek

13/05/2022
Acquisition of convenience centre Het Stroink in Enschede

16/06/2022
Altera adds 50th supermarket to the Retail fund

€32 million

30/06/2022
German investment manager commits Retail fund for €32.0 million

05/09/2022
Disposal of comparison property Stadshart Zoetermeer

27/09/2022
Altera extends contract with Q-Park in Sint Jorisplein in Amersfoort

€47 million

30/09/2022
German investment managers commit Retail fund for €47.0 million

GRESB

18/10/2022
Altera Retail number 1 in the Netherlands and runner up in the international rankings according to GRESB

02/11/2022
New HEMA XL store opens in Het Rond in Houten

07/12/2022
Aldi opens its doors at convenience centre Bieshof in Dordrecht

07/12/2022
Property tour with shareholders to convenience centres in Hoofddorp, Uithoorn and Amstelveen

23/12/2022
Disposal of comparison asset in Den Bosch

Strategy

Market structure

- Attractive investment products due to favourable risk/return ratio
- Convenience retail is need driven, providing the basic needs of customers
- Convenience retail is less cyclically sensitive because of its need-driven character
- Smaller convenience centres show more stable rental income due to higher occupancy rates
- Positive trend in fundamentals for convenience retail even during economic downturns

Market trends

- Inflation (CPI) has jumped to record highs resulting in lower spending power and historical low consumer confidence
- Consumer spending increased in 2022, mainly due to higher prices and thus increased turnover; volume showed decline in many sectors
- Due to higher (energy) costs, bankruptcies in retail increase but still remain at historically low levels
- Despite this, occupancy rises to highest level (94%) in 10 years, which is mainly due to many retail properties having changed function
- Investment volume in 2022 was slightly higher than the previous year, despite the decline in transactions that started in the third quarter
- Yields are increasing slightly due to economic conditions, with convenience retail showing the lowest increase
- Convenience retail remains the most attractive retail investment product because they have proven to be less sensitive to economic fluctuations

Convenience driven strategy...

for continued stable return with minimum risk

Lower average size convenience centre...

with stable tenants characterised by longer lease contracts and a higher retention rate

Always strong spending potential...

as this is aligned with revenue potential

Stable sector mix...

with increase of supermarkets and need-driven shops

As convenient as possible...

because the success of a convenience retail centre or stand-alone supermarket strongly depends on the ease with which the consumer can visit it

Strategy

Strategy	2022	Policy objective (3 years)
Focus on convenience retail (Supermarkets, Convenience Small & Medium)	53%	>55%
Phasing out comparison	12%	0%
Increase of rental income from supermarkets	40%	>45%
Maintain high quality score	77	≥78

Sustainable, social and transparent...

focus on reduction in energy index, climate adaptation, increased tenant satisfaction and enhancement of the social function of convenience centres

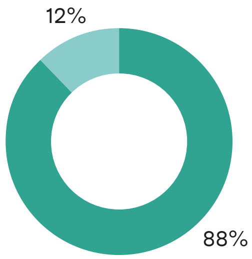
Portfolio characteristics

	Year-end 2022	Year-end 2021
Portfolio characteristics		
Operational portfolio	€642 mio	€592 mio
Theoretical annual rent	€44.6 mio	€42.7 mio
Theoretical annual rent / value of portfolio	6.9%	7.2%
Number of complexes	39	39
Number of leases	515	549
Contract rent versus market rent	+8%	+7%
Residual term of current leases	4.5 year	3.8 year
Average rent per m^2	€221	€201
Occupancy rate	94%	93%

	Year-end 2022	Year-end 2021
Segmentation of operational portfolio		
Convenience		
Value of portfolio	€568 mio	€495 mio
Theoretical annual rent / value of portfolio	6.7%	6.8%
Occupancy rate	95%	95%
Comparison		
Value of portfolio	€74 mio	€97 mio
Theoretical annual rent / value of portfolio	9.1%	9.2%
Occupancy rate	89%	88%

Portfolio structure

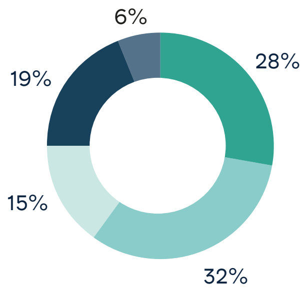
Property type



Portfolio consists mainly of convenience properties (88%)

- Convenience retail
- Comparison retail

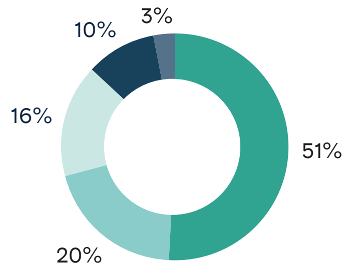
Size per property



Spread over larger and smaller properties

- >€50 mio (3)
- €25 mio - €50 mio (6)
- €15 mio - €25 mio (5)
- €5 mio - €15 mio (16)
- <€5 mio (9)

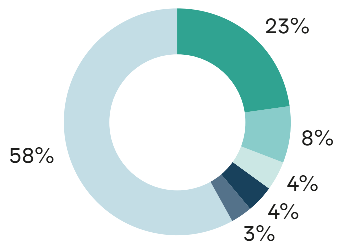
Tenant sectors



Food is the largest sector

- Food
- Other non-food
- Fashion
- Services and catering
- Non-retail (parking, residential)

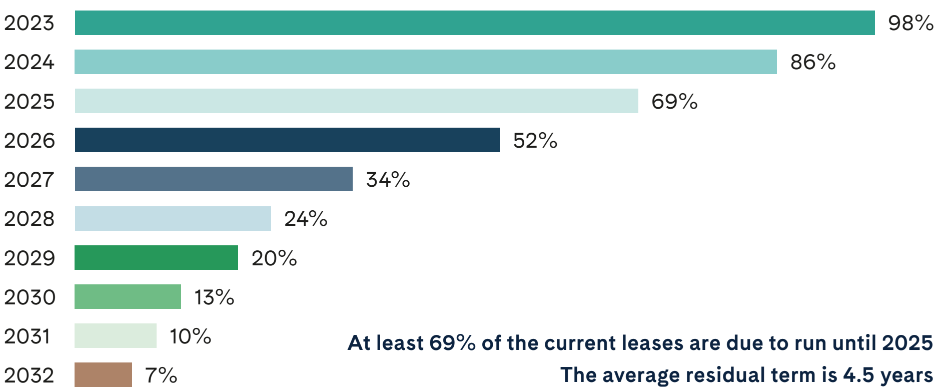
Top 5 tenants



Top 5 tenants together: 42%

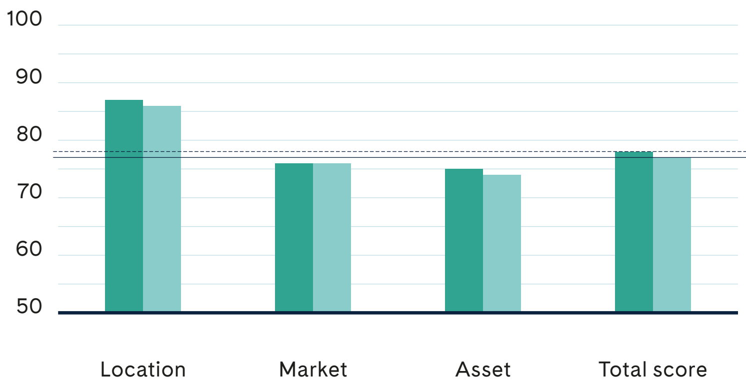
- Ahold-Delhaize
- Jumbo
- Plus / Sperwer
- A.S. Watson
- Lidl
- Others

Remaining rental income



At least 69% of the current leases are due to run until 2025
The average residual term is 4.5 years

Quality score of portfolio



Average quality score of:
Convenience 78
Total portfolio 77

- Convenience
- Total portfolio

Key figures

	2022	2021	2020	2019	2018	3-year 2020-2022	5-year 2018-2022	10-year 2013-2022
Income return	5.7%	5.7%	5.6%	5.8%	6.0%	5.7%	5.8%	6.1%
Capital growth	3.5%	-0.2%	-9.6%	-0.4%	0.7%	-3.4%	-1.3%	-2.0%
Total property return	9.4%	5.5%	-4.5%	5.4%	6.7%	3.3%	4.4%	4.0%
Management and fund costs	-0.4%	-0.3%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%	-0.4%
Impact of cash and leverage	-0.2%	0.0%	0.0%	-0.1%	-0.2%	-0.1%	-0.1%	0.0%
Other differences	0.2%	-0.1%	-0.5%	0.1%	0.3%	-0.1%	0.0%	0.0%
Fund return IFRS	9.0%	5.1%	-5.4%	5.0%	6.4%	2.7%	3.9%	3.6%
Fund return INREV	9.2%	5.2%	-5.5%	5.8%	N/A	2.8%	N/A	N/A
Dividend return	5.2%	5.5%	5.5%	5.4%	5.9%	5.4%	5.5%	5.6%

	2022	2021	2020	2019	2018
Other					
Average occupancy rate	94%	94%	93%	93%	93%
Occupancy rate at year-end	94%	93%	94%	93%	93%
Net/gross rental income	86%	82%	80%	84%	85%
Gross initial yield at year-end	6.9%	7.2%	7.3%	7.1%	7.2%
Average number of outstanding shares (x mio)	651.4	637.6	638.9	602.2	641.5
Number of outstanding shares at year-end (x mio)	668.8	638.8	629.8	638.9	593.2
Total investment income per share (€)	0.084	0.046	-0.055	0.051	0.067
Net asset value per share IFRS (€)	0.983	0.948	0.952	1.063	1.068
Net asset value per share INREV (€)	0.994	0.958	0.961	1.073	1.069

HEMA XL: quality boost for Houten-based shopping centre

Great things are happening in today's retail market. A shining example is the realisation of the HEMA XL in Houten. Here, seasoned HEMA franchisee Rick van der Weijden, Altera Vastgoed and other parties involved succeeded in revitalising the heart of the existing 'Het Rond' shopping area. Erwin Wessels, CIO of Altera, and Rick van der Weijden discuss the quality boost of the area and the growing group of HEMA customers visiting Houten's new walk-through store.

Franchisee Rick van der Weijden is a good host. Before we have the chance to sit down, he offers us a delicious smoked sausage sandwich and coffee. He then starts to tell us about his long-cherished wish to have a larger HEMA (around 1,900 m^2). The realisation of the wish did take some time. Two stores had to be relocated in this operation and in total, seven units were absorbed into the new HEMA XL. The orientation will change, too. The walk-through, the shopping area in between the shops, has now merged into the new HEMA XL, turning it into a 'walk-through shop', with entrances and exits on two sides. Shops that were relocated have moved to retail space within the shopping centre.

How did you manage to retain the HEMA look?

Rick van der Weijden: "I wanted to maintain the original woodwork with rafters and have these stand out and we managed to do so in the end. The biggest challenge was the shop's lighting plan, quite different from the conventional lighting plan across HEMA-stores. Typically, the lighting hangs sixty centimetres lower so here the lighting structure had to be raised, but it still has that HEMA-store look. A new HEMA-store should always be built in such a way that customers immediately recognise the HEMA-DNA."

Here's a nice anecdote: for one year, the heat in the building was measured. “Without any heating, it turned out that the temperature remained constant around 19 degrees Celsius”, Rick van der Weijden says. Therefore, the HEMA store has no heating whatsoever. There are openings with slats for fresh air on both sides of the store, above the entrances, in addition to ventilation throughout the building.

Altera’s Erwin Wessels explains that the relocation plans could not be realised overnight. “Within HEMA, the store format department needs to authorise each refurbishment and this particular refurbishment and fit-out clearly fell outside all existing formats.” Rick van der Weijden: “The shop has become 400 m^2 larger than the previous HEMA store. The Houten municipality will add between 10,000 and 15,000 citizens in the next 15 years. This store is prepared for that.”

HEMA entrepreneur in heart and soul

Retail entrepreneur Rick van der Weijden – franchisee at heart with ten HEMA franchise stores in the southwest of the country – takes us back in time and tells us that in the early days, all HEMA stores were virtually the same. “The only deviation was the number of square metres. Now if you take a look at this city of Houten, this shop is considered a 'city centre'. This means that the HEMA store needs to have a prescribed size of at least 1,100 m^2. And then, unlike in the past, the age structure and composition of the municipality are taken strongly into consideration. This city has a regional function, with many double-income earners which requires for an opening hours policy that fits in. That is why our store is open from 8am to 8pm, five days a week, besides opening in the weekend till 6pm.”

Importance of cooperation

For this relocation too, good cooperation is of 'XL' importance for the success of the project. Erwin Wessels: “Of course, it is important to stick to the agreements, even when things are becoming slightly challenging.” Rick van der Weijden: “All of the participating parties adopted a flexible and cooperative attitude, including the architect, construction company, municipal administration, fire brigade, you name it. In the end, we always came up with fitting solutions. As a HEMA franchisee, it is great to be able to run this store on such a location. We are extremely grateful to Altera for its cooperative co-creation in realising this HEMA store at this special location.”

Erwin Wessels, CIO Altera: “The relocation of this HEMA store is definitely a step towards a stronger, more compact and attractive shopping centre. And the expansion and investment of this franchisee showcases the confidence of our tenants in the future sustainability of this shopping centre.”

SUM Architects is responsible for the design of the renovated HEMA XL in Houten. Construction company Pennings handled the execution of the relocation.

About HEMA

HEMA has more than 740 stores and three distribution centres. The HEMA head office is located in Amsterdam. Its total workforce numbers more than 17,000. HEMA is active in the Netherlands (since 1926), Belgium (since 1984), Germany (since 2002), Luxembourg (since 2006), France (since 2009) and Austria (since 2018). In the Netherlands, approximately 250 HEMA stores are operated as franchises. The Middle East and Mexico also host a couple of HEMA stores in. These are also shops run by companies with whom HEMA has a franchise agreement.

Source: corporate.hema.com/en/about-us/

Retail market trends

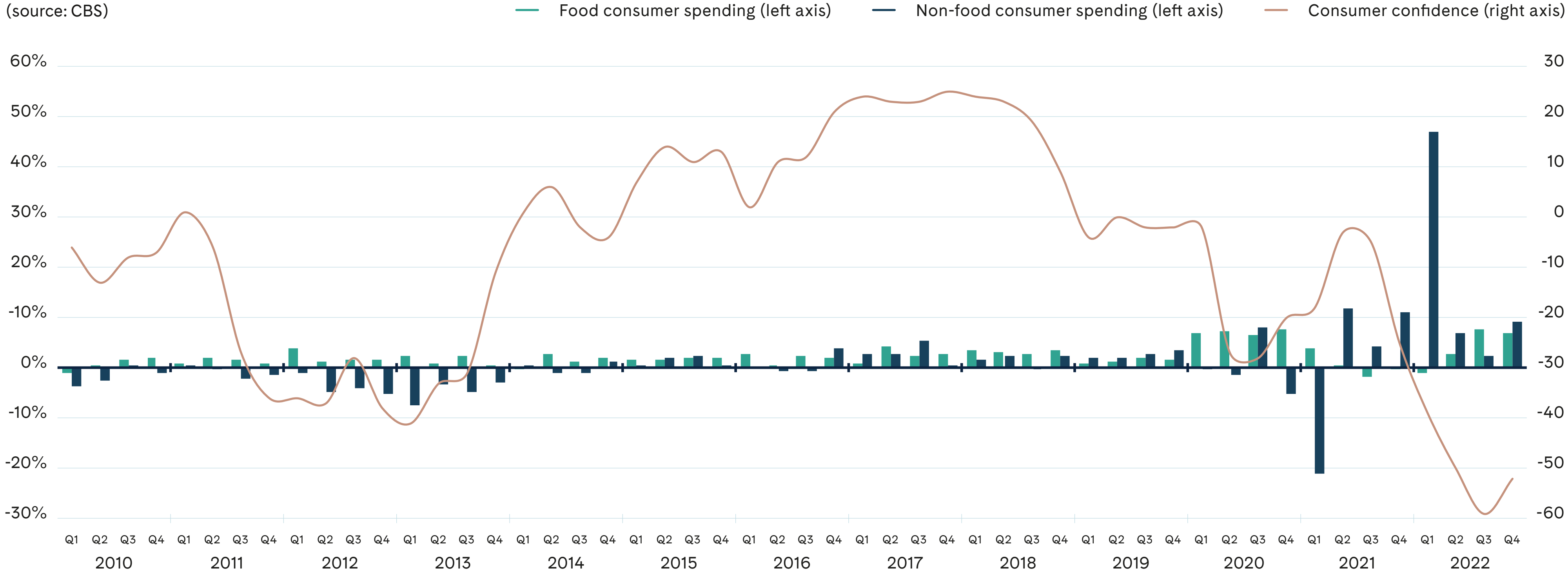
Lower growth of economy due to high inflation and increasing interest rate

The economic growth in 2022 reached 4.5%. This is a slight decrease compared to 2021 (4.9%). Whereas 2022 began with an emphasis on recovery from the COVID-19 crisis, the trend quickly changed with high inflation and rising interest rates. The first signs of rising prices could be seen as early as mid-2021: demand for goods increased, but supply faltered. The war in Ukraine further increased inflation; the West stepped up geopolitical pressure on Russia, leading to a drop in supply - and thus higher costs. Inflation peaked in September 2022 at 17.1%. By far the largest part of the high inflation is due to energy prices. Nevertheless, high energy prices have caused sustainability to gain momentum. To dampen rising (core) inflation, central banks have raised interest rates in the past year. The increase seems to be working, as inflation has already been showing declines for several months.

In 2022, labor market tightness continued to increase with unemployment leading to a low of 3.3% in the 2nd quarter of 2022. Since the 3rd quarter, the number of unemployed rose slightly more to an unemployment rate of 3.6% by the end of 2022.

Consumer spending vs consumer confidence

(source: CBS)



Consumer confidence drops to historical low level but still growing retail sales due price increase

Many people are spending a relatively large part of their income on energy costs due to inflation, which is leading to falling consumer confidence. The average consumer confidence over the past 20 years is -9. September and October 2022 saw the lowest score ever recorded at -59. Since then, consumer confidence has been slowly rising to a level of -52 in December 2022.

Despite the low level of consumer confidence, retail turnover has increased. On average, retail turnover increased in 2022 by 6.7% compared to 2021. Turnover in non-food increased by 12.2%, with the largest increase being realised by shops in fashion and shoes. The large growth in 2022 is partly related to the COVID-19 measures in 2021. From January to the end of April 2021 and from mid-December to mid-January 2022, there was a harsh lockdown in the Netherlands that particularly affected non-food stores. Due to the strong increase in turnover for DIY (Do-It-Yourself) and consumer electronics as a result of COVID-19, these sectors showed the least increase compared to the previous year. Within food, sales increased by 4.2%, despite the already strong growth in 2020 and 2021. Both supermarkets and fresh food retailers increased their turnover. Online turnover was 7.6% less than in 2021. Online benefited greatly during the COVID-19 period so it now faces a decline in turnover (source: CBS).

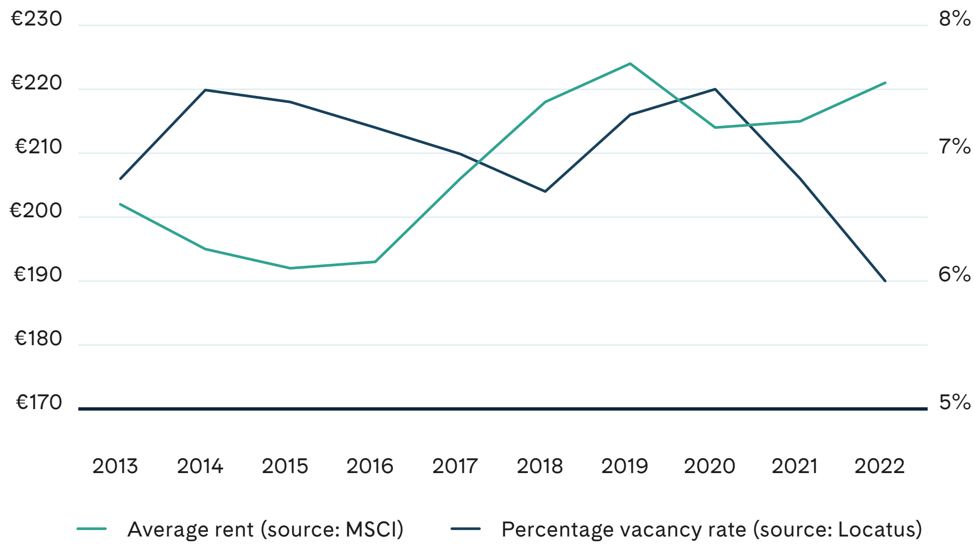
The penetration rate (proportion of consumers who indicated to shop online) is an important indicator of the development of online supermarket spending. This share showed an increase in recent years, especially during COVID-19. After COVID-19, however, the penetration rate showed a decline and has now been more or less stable for some time. Paired with the penetration rate, online grocery sales also showed an increase for years. Particularly between 2018 and spring 2022, the share of online in relation to total sales grew enormously. In early 2022, the highest level of 5.6% was reached. In the latter part of 2022, however, the share dropped to 4.9%. Possibly the lower purchasing power due to high energy prices is the cause of this (source: Supermarkt & Ruimte, 2022).

Average rental income increased

Average rental income per square meter, after declining in 2020 and 2021 due to COVID-19, rebounded in 2022. Rental development has already proven in the past to have a negative correlation with vacancy trends. When vacancy shows a decrease, rental income often increases. Added to this is the fact that due to high inflation in 2022, there was also generally a higher indexation of rent.

Changes in rent and vacancy Dutch retail

(source: MSCI and Locatus)



Occupancy rate is increasing for all types of retail locations

The year 2022 started with a COVID-19 lockdown followed by the start of the Ukraine war, resulting in high inflation, rising energy prices, lower spending power and low consumer confidence. Despite these negative signs for retail, occupancy rates rose again in 2022. In number of properties the occupancy rate increased from 93.3% at the beginning of 2022 to 94.0% at the end of the year. With a vacancy rate of 6%, the vacancy rate is back to the level of early 2011.

In all types of shopping areas, occupancy rates have increased. The rising occupancy rate is mainly caused by the fact that many retail properties changed their function last year, such as residential. This applies only to comparison shopping areas. The rising occupancy rate in convenience retail areas is due to actual filling of vacancies through new tenants. The explanation for this is the good performance of food retail and need-driven shops and their high share in convenience retail areas.

The occupancy rate is significantly higher in convenience retail centres (+3.0%) compared to the comparison shopping centres.

Investment market

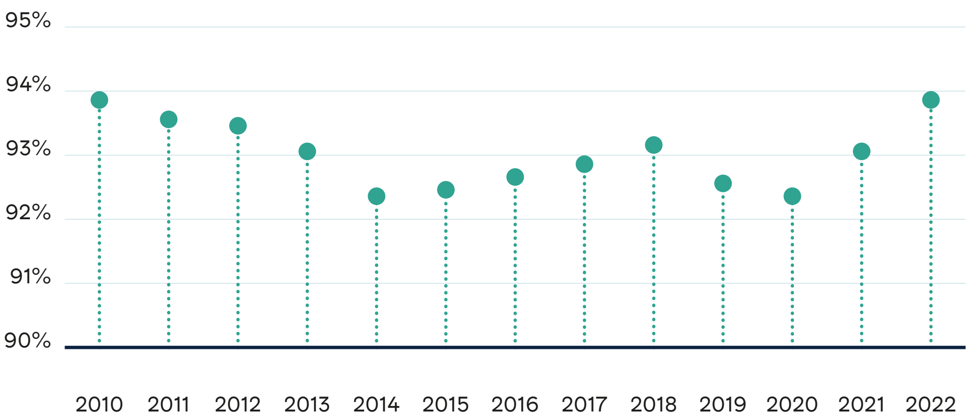
The retail investment volume in 2022 is higher than a year earlier, despite the decline in transactions that began in the third quarter. This decline was caused by the economic downturn which led in particular to high inflation and rising interest rates. As a result, financing opportunities and conditions became somewhat unpredictable, causing transactions to be delayed or postponed.

Convenience retail was the most popular investment product among investors, leading to sharply declining yields in early 2022. Due to the economic downturn, yields rose slightly in the second half of 2022 for the first time in 5 years. Comparison and specialty shopping yields also showed increases. For comparison shopping areas in particular, in addition to higher yields, the value is also negatively affected by declining market rents. Tenant solvency is becoming increasingly important in these shopping areas.

Due to the stronger increase in yields at Comparison retail, there was a negative capital growth in 2022. Because there was a fairly stable income return, however, the total return is positive at 1.6%. Convenience, especially due to the strong decline in yields in the first two quarters of 2022, has a strong positive capital growth. Combined with an even more stable income return compared to Comparison, the total return in 2022 for Convenience is high at 11.2%. The difference in total return between Convenience and Comparison retail, whereby Convenience retail realised a more positive total return, has been increasing since 2016. As a result of COVID-19, this difference increased further.

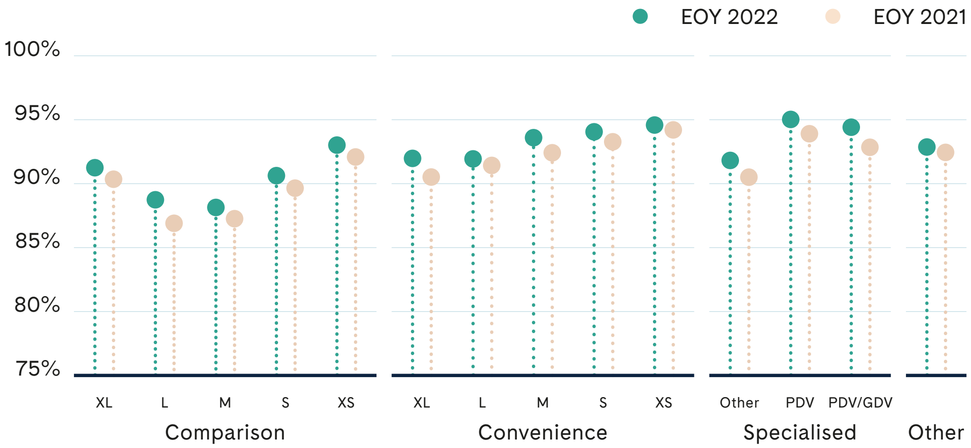
Occupancy rate as a percentage of retail units

(source: Locatus)

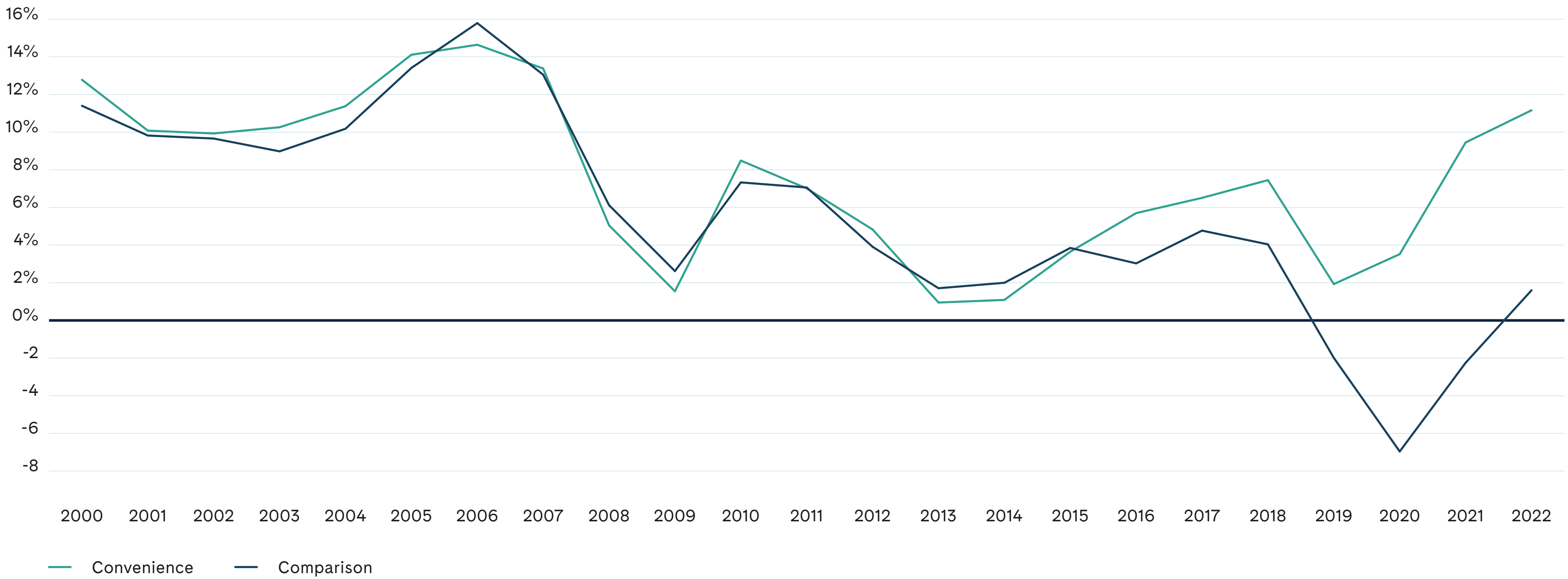


Occupancy rate as a percentage of retail units per type of shopping centre

(source: Locatus)



Evolution of total property return Retail
(source: MSCI, 2022)



Outlook

Predictions depend on how the economy will develop, with falling inflation being the first sign of recovery. The economy is expected to continue to recover in 2023, so purchasing power and thus consumer confidence can be expected to continue to develop positively. The war in Ukraine remains an unpredictable factor in the recovery.

Uncertainty always has a negative impact on the real estate market, as transactions are more likely to slow down for this reason. A new equilibrium will have to be sought with interest rates significantly higher than we have experienced for many years. Changing market conditions do create more opportunities again, partly because there was a negative capital growth in recent quarters.

For retail, we are heavily dependent on the development of consumer spending. Last year this was still positive, partly because consumers still had savings accumulated during COVID-19, and partly because prices were sharply higher. In contrast, the underlying driver, consumer confidence, developed less positively. It can be expected that as economic growth lags and purchases become more expensive, consumer spending will start to decline.

For retailers with a want-driven nature, which are particularly located in comparison shopping areas, an uncertain time is coming for that reason. Retailers with a need-driven character have demonstrated better resilience to economic fluctuations. Nevertheless, costs are increasing for retailers, due to higher energy prices, higher labor costs and higher housing costs due to indexing, which could potentially lead to higher outflows than in 2022.

Retail Sector **balance sheet**

(amounts x €1,000)	Notes to the financial statements	31 Dec 2022	31 Dec 2021
Assets			
Investments			
Property in operation	1	643,382	572,026
Participating interest	2	20,887	20,429
		664,269	592,455
Other fixed assets			
Tangible fixed assets	4	489	450
Capitalised lease incentives	1/5	295	407
		784	857
Current assets			
Accounts receivable	6	817	709
Other receivables	7	1,912	2,425
Liquidities	8	30,120	36,552
		32,849	39,686
Total assets		697,902	632,998

(amounts x €1,000)	Notes to the financial statements	31 Dec 2022	31 Dec 2021
Equity + liabilities			
Equity			
Issued share capital	9	334,400	319,410
Paid-in surplus	10	407,358	392,473
Revaluation reserve	11	117,587	78,541
General reserve	12	-201,911	-184,594
	13	657,434	605,830
Non-current liabilities			
Other provisions	14	10,759	9,659
Lease liabilities	15	1,782	1,536
		12,541	11,195
Current liabilities			
Lease liabilities	15	108	97
Non-interest bearing loan to participation	17	19,399	-
Creditors and other liabilities	18	8,420	15,876
		27,927	15,973
Total equity + liabilities		697,902	632,998

Retail Sector profit and loss account

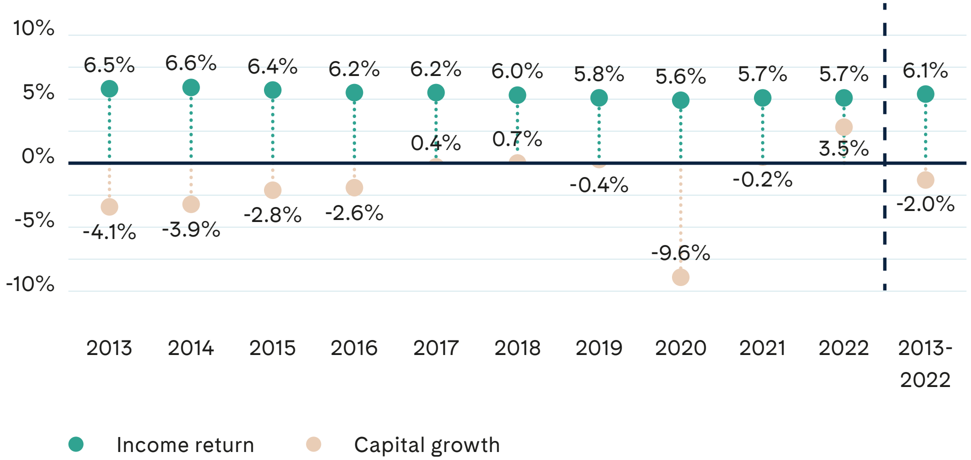
(amounts x €1,000)	Notes to the financial statements	2022	2021
Theoretical gross rental income	19	43,065	41,944
Vacancy	19	-2,583	-2,337
Other	19	-712	-1,014
Revenue from service charges	20	3,156	3,635
Service charges	20	-3,448	-4,035
Operating expenses	21	-4,699	-6,265
Net rental income		34,779	31,928
Investment revaluation result	22, 23	21,089	13,613
Result on disposals	24	-131	1,947
		20,958	15,560
Result from participating interest	2	1,099	-15,408
Management and fund costs	25	-2,299	-2,051
Other income	26	42	113
		-1,158	-17,346
Net operating result		54,579	30,142
Other expenses	27	-	-190
Interest income/expenses	28	-351	-234
Net result		54,228	29,718
Direct investment income	29	33,002	31,023
Indirect investment income	30	21,226	-1,305
Total investment income		54,228	29,718

Notes to 2022 results

Highlights results 2022

- Fund return increased to 9.0% (2021: 5.1%) due to improved capital growth of 3.5% (2021: -0.2%)
- Income return remained stable on 5.7% (2021: 5.7%)
- MSCI benchmark outperformed over 1, 3 and 5 years
- Portfolio predominantly positioned in convenience segment (88%; end of year 2021: 84%)
- Two properties were divested for a total net amount of €22 million
- Three properties (one supermarket and two small size convenience centres) were added to the portfolio for an amount of €47 million
- Average occupancy rate on 94% (year-end: 94%)
- Leases signed worth annual rent of €17.5 million
- Total of €29 million worth of entries in share capital, no redemptions

10-year annual property return



We outperformed the MSCI 'all investments' benchmark over one, three and five years in 2022 due to higher direct property return and capital growth.

Returns

Our convenience strategy also paid out in 2022 with good returns due to a yield shift, stable market rent and a strong occupancy level. The fund return increased to 9.0% (2021: 5.1%) by a an upgrade of 3.5% (2021: -0.2%) due to yield compression. The income return remained stable on 5.7%.

Retail:			Altera			MSCI Netherlands Property Index
all investments	Income return	Capital growth	Total	Income return	Capital growth	Total
2022	5.7%	3.5%	9.4%	5.0%	-0.7%	4.3%
2021	5.7%	-0.2%	5.5%	4.5%	-3.4%	1.0%
2020	5.6%	-9.6%	-4.5%	4.7%	-8.7%	-4.3%
2019	5.8%	-0.4%	5.4%	5.0%	-5.9%	-1.2%
2018	6.0%	0.7%	6.7%	4.9%	0.0%	4.9%
3-year	5.7%	-2.3%	3.3%	4.8%	-4.3%	0.3%
5-year	5.8%	-1.3%	4.4%	4.8%	-3.8%	0.9%
10-year	6.1%	-2.0%	4.0%	5.2%	-3.0%	2.0%

The property return on standing investments of 10.3% (2021: 5.6%) is higher than the portfolio as a whole of 9.4% (2021: 5.5%), mainly due to the impact of real estate transfer tax (8%) paid on new investments and a lower gain on divestments than the upgrade for the standing portfolio.

The dividend return of 5.2% was lower than 2021 (5.5%) due to the upgrade (denominator effect).

Direct investment income

The average occupancy rate remained stable on 94%. The net/gross ratio increased from 82% to 86% due to less COVID-19 impact (2022: positive impact of €0.4 million; 2021: negative impact of €1.4 million) and less maintenance costs.

Compared to 2021 the theoretical gross rental income increased from €42.7 million to €44.6 million in 2022, mainly due to the impact of investments in 2022 and indexation of lease contracts.

The changes in direct investment income were as follows:

Changes in direct investment income	In € mio	Effect
Direct investment income 2021	31.0	
Acquisitions in 2022	1.3	4.3%
Acquisitions in 2021	1.1	3.5%
Divestments in 2022	-0.5	-1.6%
Divestments in 2021	-1.9	-6.1%
Rent increase	0.8	2.4%
Release provisions COVID-19	1.6	5.1%
Other net effects	-0.4	-1.3%
Direct investment income 2022	33.0	6.4%

The average contract rent is slightly above the market rent as applied by the external appraisers in the valuation reports. The difference between market rent and contract rent increased to 8% in 2022 (2021: 7%).

Indirect investment income

The portfolio increased in value in 2022 by 3.5% due to a higher rental value (effect of 2.6% pt), a lower initial yield (effect of 1.7% pt) and the effect of properties which were not a full year in operation of -0.8% pt. The gross initial yield (theoretical rent divided by the appraisal value) of 6.9% at the end of 2022 was 0.3% lower than at year-end 2021 (7.2%).

The attribution of the revaluation in 2022 and 2021 is as follows per segment:

		2022		2021
Attribution revaluation	In € mio	In % of segment	In € mio	In % of segment
Convenience	22.6	4.6%	18.6	3.9%
Comparison	-1.5	-1.5%	-21.2	-16.3%
Specialty	-	-	1.3	4.9%
Total	21.1	3.5%	-1.3	-0.2%

Based on the attribution of the returns, the strategy of Altera to invest predominantly in the convenience segment proves to be solid.

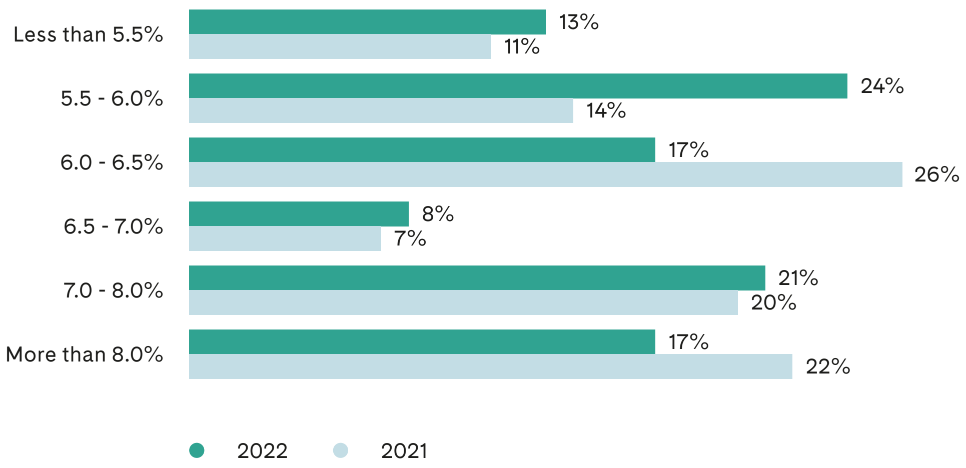
The spread of changes in value over the properties that were in operation throughout the year is detailed in the table on the next page. In 31 of the 36 properties the value increased in 2022; in 2021 that was the case in 30 of the 36 properties. The effect of upgrades of more than 15% increased: in 2022 there were twelve properties with an effect of €26.9 million; in 2021 there were seven properties with an effect of €10.4 million.

Changes in value of investments in operation for full year	Change in value in % vs year-end 2021	Number of properties	Change in value 2022 in € mio	Change in value 2021 in € mio
<-10%	-16.9%	2	-9.5	-17.3
Between -10% and -5%	-8.0%	1	-5.5	-3.1
Between -5% and 0%	-0.6%	2	-0.4	-4.7
Between 0% and 5%	3.7%	8	6.1	3.1
Between 5% and 10%	8.4%	7	5.5	10.6
Between 10% and 15%	11.2%	4	2.3	1.6
>15%	22.4%	12	26.9	10.4
Total	4.5%	36	25.4	0.6

In 2022 as a whole 24 investments changed appraiser, with an upgrade of 2.2%. In 2021 there were 12 with an average downgrade of -7.3%.

The spread of the valuation at year-end 2022 and the valuation at year-end 2021 in terms of the gross initial yield (with costs payable by the purchaser) is shown below:

Spread of gross initial yield (average: 6.9%)



Trends in rents and operating expenses

Movements in theoretical rental income in 2022 are described below:

Developments in theoretical rent	2022	2021
Indexation	5.7%	1.7%
Rent adjustment (excluding indexation)	-2.3%	-1.3%
Portfolio transactions	1.0%	-3.5%
Change over the year	4.4%	-3.1%

Leases were signed with a total of 197 tenants in 2022, with annual rent amounting to €17.5 million. In 2021 we recorded €12.8 million with 190 tenants.

Rental transactions are summarised as follows:

Rental transactions	2022	2021
Number of leases and renewals signed	197	190
Number of m²	73,894 m²	59,875 m²
New annual rent	€17.5 mio	€12.8 mio
Of which from previously vacant properties	€1.3 mio	€1.6 mio
Future cash flow of leases signed	€52.4 mio	€31.0 mio
New rent versus market rent used by appraisers	10.4%	7.8%

The average residual lease term at the end of 2022 was 4.5 years which is improved compared to 2021 (3.8 years) due to many new contracts and renewals.

Rent arrears exceeding 90 days of 1.4% were significantly lower than year-end 2021 (4.6%) in post Corona times, but still above the level of approximately 1% in pre Corona times. Of the gross level of these arrears of €1.3 million an amount of €0.4 million has been provided for.

Total operating expenses (including service charges for vacant properties) decreased relative to the theoretical rental income from 16% to 12% due to less maintenance expenses and COVID-19 impact.

Operating expenses	2022	2021
Maintenance expenses	3%	3%
Fixed expenses	4%	4%
Management expenses	2%	2%
Other	3%	7%
Total	12%	16%

Portfolio transactions and upgrades

In 2022 we acquired one supermarket in Goes and two small size convenience centres in Enschede and Bergschenhoek for a total amount of €47.1 million.

Investments in 2022	Number of tenants	Net lettable space (in m²)	Property type	Annual rent (in € mio)	Month of transfer
Bergschenhoek					
Vlashoeck	10	4,140	Convenience	0.9	April
Enschede					
Veldhoflanden (Stroink)	22	5,613	Convenience	1.2	May
Goes					
Kolveniershof	2	2,053	Convenience	0.4	September
Total	34	11,806		2.5	

The retail property in Stadshart Zoetermeer (comparison shopping centre and parkings) in our 50% participation is sold in September 2022 for €20.5 million as it no longer fitted in our convenience strategy. In December 2022 a single shop in Den Bosch is sold for €1.5 million.

Divestments in 2022	Number of tenants	Net lettable space (in m²)	Property type	Annual rent (in € mio)	Month of transfer
Zoetermeer					
Stadshart Passage	55	23,515	Comparison	2.2	September
Den Bosch					
Markt	2	415	Comparison	0.2	December
Total	57	23,930		2.4	

The share of the convenience segment increased from 84% at the end of 2021 to 88% at the end of 2022 resulting in a further improvement of the return risk profile. According to Altera's strategy, the remaining properties (Den Bosch and Amersfoort) in the non-convenience segments will be divested in the coming two years.

Other notes

In 2022 entries in the capital of Altera Retail amounted to €29.9 million and there were no redemptions (2021: €39.2 million of entries and redemptions of €31.0 million). The number of shareholders remained 28 in 2022. Of this 28 investors 19 are non-domestic representing 48.6% of the capital.

Preferences and redemptions (in € x mio)	2022	2021
Balance as at 1 January	30.3	-22.5
New preferences received	103.9	69.4
New redemptions received	-	-8.4
New capital issued	-29.9	-39.2
Redemptions facilitated	-	31.0
Balance as at 31 December	104.3	30.3

ESG

With a view to its sustainability strategy, Altera works on the basis of three pillars that have been set out on page 46 of this annual report. The KPIs per pillar (except for the third pillar Our Responsible Management Platform) achieved in 2022 are set out hereafter.

ESG Strategy

1. Our Sustainable Real Estate

Saving
Various improvements were implemented in 2022, several sustainable assets have been added to the portfolio, and we have sold assets that do not fit within Altera's convenience retail strategy. This increased the sustainability of the portfolio. A total of 97% of the portfolio is completely green (label A, B or C) with the aim to increase this share to 100% by the end of 2025. Currently, the share of retail properties with an A-label is 89% and the objective is to increase this percentage to more than 92% by the end of 2025.

Generating
Altera aims to install 3,000 solar panels before end of year 2025. The power of these solar panels are being fed into the retail assets, predominantly for the common areas and partly for the tenants. Currently, 1,120 solar panels have been installed. We investigate innovative concepts in which lightweight solar panels can be installed.

Greening
Altera works with its property managers to purchase green energy (electricity and gas) for the common areas. In 2022, 80% of the electricity consumed in common areas was accounted for by green electricity. Altera is trying to exert as much influence as possible to increase the share of green electricity to 100% by the end of 2025. In addition, Altera aims to ensure that the purchase of electricity by the owners' associations (VvEs) involved is from renewable sources.

	2022	2021	2020	**Strategy (EOY 2025)**
KPI				
% of Green energy labels (A-C)	97%	95%	94%	100%
% of A labels	89%	88%	87%	>92%
Average Energy Index	0.71	0.72	0.74	<0.65
Average BENG 2	142 kWh/m^2	164 kWh/m^2	N/A	N/A

BREEAM
In 2022, Altera Retail has completed the recertification of the portfolio with the BREEAM-In-Use certification. The BREEAM-NL-In-Use certification method is used to objectively measure sustainability for the entire retail portfolio. Altera is developing roadmaps per asset (green multi-annual maintenance budgets) to optimise the sustainability potential of the assets. This will be beneficial for different ESG performances.

The newly-acquired assets have been assessed according to a recently implanted and more stringent BREEAM-methodology. This methodology change has been mandated by the Dutch Green Building Council and has negatively affected the BREEAM performance of the newly acquired assets. Therefore, the percentage of convenience assets with a BREEAM level Good or higher decreased from 65% before the recertification to 58%.

Data coverage

Altera took measures in 2022 to maintain the structural collection of data at a property level. This provides insight into the sustainability of the property portfolio including measures for further optimisation and enables benchmarking.

Data coverage	2022	2021	2020	Strategy (EOY 2025)
Energy	100%	100%	100%	100%
Greenhouse gas	100%	100%	100%	100%
Water	100%	98%	13%	100%
Waste	100%	100%	14%	100%

2. Alignment with the Interests of our Stakeholders

GRESB

Altera participates in the annual GRESB survey. In 2022 (results for 2021) the retail portfolio achieved a total score of 95 points, which equates to a score of 5 stars. With this score the Altera retail portfolio claimed the first position in the category of unlisted Dutch real estate funds.

However, the benchmark is tightened annually, and Altera strives for continuous improvement in the maintenance of our frontrunner position. From the analysis, we can conclude our assets are already sustainable, Altera is well organised in terms of management (policies and reporting), but that the quality of the data obtained can be improved further. We have commenced different initiatives to improve on these topics to continue to achieve outstanding GRESB results.

GRESB	2022	2021	2020	Strategy (EOY 2025)
Total score	95	92	88	-
Number of stars	5	5	5	5

Tenant satisfaction

The research firm Strabo carried out a survey for Altera to investigate satisfaction levels among tenants. The research was conducted in 14 shopping centres, which resulted in a total response rate of 74%. Altera achieved an average NPS score of 6.7 in terms of tenant satisfaction. The NPS score is calculated as the average score for the recommendation of the property by the tenant. The aim is to further improve this score through active asset management and to achieve even higher levels of satisfaction among tenants.

Retail portfolio **year-end 2022**

* *Leasehold (not perpetual)*

City	Address	Year of construction	Tenant(s) or formulas	Number of tenants	Net lettable space in m²	Theoretical rental level in € mio	Occupancy rate
Convenience retail							
Convenience centres Large							
Houten	Het Rond	1998/2008	HEMA, Albert Heijn, Jumbo, Lidl, et al.	85	27,716	6.1	82%
Uithoorn	Zijdelwaardplein	1994/2016	Albert Heijn, Jumbo, Blokker, et al.	48	13,565	3.0	96%
Waddinxveen	Gouweplein	2014	Albert Heijn, Jumbo, Lidl, HEMA, Kruidvat et al.	55	18,521	4.3	93%
Zwolle	Van der Capellenstraat	1986/2009	Albert Heijn, Lidl, Action, HEMA, et al.	57	17,511	4.1	95%
				245	77,312	17.5	90%
Convenience centres Medium							
Amstelveen	Westwijkplein	1985/2015	Albert Heijn, Vomar, Blokker, Kruidvat, et al.	34	8,510	2.1	100%
Dordrecht	Van Eesterenplein 12-133	1994	Plus, Albert Heijn, HEMA, Kruidvat, Aldi, et al.	29	9,145	2.0	98%
Helmond	Brouwhorst	1987	Albert Heijn, Jumbo, Biedroneczka et al.	26	6,929	1.3	97%
Hoofddorp	Markenburg 1-147A	1992	Blokker, Albert Heijn, Dirk vd Broek, Kruidvat, et al.	28	8,049	1.9	99%
				117	32,633	7.2	99%
Convenience centres Small							
Bergschenhoek	De Vlashoeck 2-40	2004	Plus, Kruidvat, et al.	10	4,140	0.9	95%
Culemborg	Koopmansgildeplein 1-16	2004	Lidl, Plus, Kruidvat, et al.	7	4,184	0.9	100%
Enschede	Veldhoflanden 3	1975	Albert Heijn, Aldi, Kruidvat et al.	22	5,613	1.2	100%
Leusden	Maximaplein	2011	Dirk vd Broek, Trekpleister, et al.	5	2,315	0.4	96%
Utrecht	Doornburglaan	2001	Albert Heijn, Kruidvat, Blokker, Etos, et al.	17	3,746	0.8	100%
Utrecht De Meern	Mereveldplein	1969	Jumbo, Albert Heijn, Kruidvat, et al.	17	5,084	1.0	100%
Wormerveer	Marktplein, Krommenieerweg	1997	Albert Heijn, Coop, Kruidvat, Blokker, et al.	14	5,701	1.2	96%
				92	30,783	6.5	98%
Supermarkets							
Alkmaar *	Paardenmarkt 2	1985	Jumbo	1	2,027	0.4	100%
Badhoevedorp	Zeemanlaan 2-2a	1972	Albert Heijn, Gall & Gall	2	2,150	0.4	100%
Brummen	Ambachtstraat 32-38	1995	Jumbo, et al.	3	1,681	0.3	100%
The Hague	Weimarstraat 118	<1970	Albert Heijn	1	1,228	0.3	100%
Epe	Markt 15	1995	Albert Heijn, Gall & Gall	2	2,079	0.4	100%
Goes	Kolveniershof 44	1982	Albert Heijn, Gall & Gall	2	2,053	0.4	100%
Heemstede	Blekersvaartweg 57	1995	Albert Heijn	1	1,913	0.5	100%
Hilversum	Stephensonlaan 45-49	1956	Jumbo	1	1,795	0.3	100%

City	Address	Year of construction	Tenant(s) or formulas	Number of tenants	Net lettable space in m²	Theoretical rental level in € mio	Occupancy rate
Kapelle	Biezelingsestraat 1	1999	Albert Heijn, et al.	2	1,635	0.3	100%
Lisse	Madelief 8, 10	2008	Aldi	1	1,339	0.3	100%
Naarden	Evert de Bruijnstraat 78-82	1996	Plus	1	1,366	0.2	100%
Nijmegen	Meijhorst 7001	2021	Albert Heijn	1	1,436	0.3	100%
Oosterhout	Arkendonk 53-55	1979	Albert Heijn	1	1,860	0.4	100%
Putten	Postweg 4-6	1995	Jumbo	1	1,707	0.3	100%
Rockanje	Dorpsplein 14, 18, 20, 25	1998	Plus, et al.	4	1,601	0.3	100%
Utrecht	Burg. Reigerstraat 55-57	<1970	Albert Heijn, et al.	2	999	0.2	100%
Voorthuizen	Hoofdstraat 155	1994	Jumbo, Kruidvat	2	1,928	0.4	89%
Wateringen	Struyck van Bergenstraat 2	1992	Albert Heijn	1	1,530	0.3	100%
Zeist	Antonlaan	2019	Hoogvliet	1	2,114	0.4	100%
Zoetermeer *	Broekwegzijde 148-150	1980	Albert Heijn	1	1,486	0.3	100%
Zwijndrecht	Hof van Holland 140-144	2020	Aldi	1	1,319	0.3	100%
				32	35,247	6.6	99%
Total convenience retail				486	175,975	37.9	95%

Comparison retail

City	Address	Year of construction	Tenant(s) or formulas	Number of tenants	Net lettable space in m²	Theoretical rental level in € mio	Occupancy rate
Centres							
Amersfoort	St Jorisplein	2000	The Sting, H&M, Kruidvat, C&A, et al.	25	16,754	4.9	85%
Car parks							
Amersfoort	St Jorisplein	2000	Q-Park	1	N/A	1.1	100%
Single shops							
Den Bosch	Marktstraat 6/8, Burg. Loeffplein 1c	<1970	Bever, Esprit, et al.	3	2,666	0.7	100%
Total comparison retail				29	19,420	6.7	89%
Total of all segments				**515**	**195,395**	**44.6**	**94%**

Net lettable space = number of m² of lettable space according to NEN 2580 (excluding residential units)
Supermarket: if >75% total rental income is generated from the supermarket
Number of leases: excluding homes above stores, antennae and in-store payment terminals

Industrial

Winding down of Industrial portfolio completed

The (former) shareholders of Altera Industrial decided on 10 April 2019 to wind down the Industrial portfolio and the properties were sold in 2019 (10 properties) and in 2020 (1). The shares were redeemed in 2019 and 2020 and on 17 December 2020 all shares of Altera Industrial were withdrawn. On 17 December 2021 an advance of €9.3 million was paid to the former shareholders. The last payment of €0.5 million was effected on 30 May 2022 and the de-listing as per 31 May 2022 from the AFM register followed on 16 August 2022.

Notes to the results and the balance sheet

As there were no activities in 2022 and 2021, no profit and loss account is presented for 2021 and 2022. The final balance sheet just after the final payment of €0.5 million is dated 31 May 2022.

Industrial Sector **balance sheet**

(amounts x €1,000)	Notes to the financial statements	31 May 2022	31 Dec 2021
Assets			
Current assets			
Accounts receivable		-	195
Other receivables		-	12
Liquidities		-	335
		-	542
Total assets		-	542

(amounts x €1,000)	Notes to the financial statements	31 May 2022	31 Dec 2021
Equity + liabilities			
Equity			
Issued share capital		-	-
Paid-in surplus		-	-
Revaluation reserve		-	-
General reserve		-	-
		-	-
Current liabilities			
Creditors and other liabilities		-	542
Total equity + liabilities		-	542

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Balance sheet

(amounts x €1,000)	Notes	31 Dec 2022	31 Dec 2021
Assets			
Investments			
Property	1	3,047,892	2,848,009
Participating interest	2	26,611	25,696
Other investments	3	-	-
		3,074,503	2,873,705
Other fixed assets			
Tangible fixed assets	4	2,253	2,140
Capitalised lease incentives	1/5	295	407
		2,548	2,547
Total fixed assets		3,077,051	2,876,252
Current assets			
Accounts receivable	6	1,305	1,358
Other receivables	7	5,362	4,379
Liquidities	8	48,028	96,879
		54,695	102,616
Total assets		3,131,746	2,978,868

(amounts x €1,000)	Notes	31 Dec 2022	31 Dec 2021
Equity + liabilities			
Equity			
Issued share capital	9	869,143	832,033
Paid-in surplus	10	1,362,341	1,264,863
Revaluation reserve	11	927,977	902,449
Other reserves	12	-116,200	-81,126
	13	3,043,261	2,918,219
Non-current liabilities			
Other provisions	14	10,759	9,659
Lease liabilities	15	5,948	5,514
		16,707	15,173
Current liabilities			
Lease liabilities	15	11,224	11,190
Liabilities to banks	16	10,000	-
Non-interesting bearing loan to participation	17	24,750	-
Creditors and other liabilities	18	25,804	34,286
		71,778	45,476
Total equity + liabilities		3,131,746	2,978,868

Profit and loss account

(amounts x €1,000)	Notes	2022	2021
Gross rental income	19	115,594	104,656
Revenue from service charges	20	4,607	5,172
Service charges	20	-4,975	-5,697
Operating expenses	21	-20,027	-19,759
Net rental income		95,199	84,372
Positive investment revaluation result	22	77,709	276,172
Negative investment revaluation result	23	-90,672	-16,687
Result on disposals	24	-131	6,883
		-13,094	266,368
Result from participating interest	2	1,619	-14,447
Management and fund costs	25	-10,959	-8,940
Other income	26	568	565
Net operating result		73,333	327,918
Other expenses	27	-	-190
Interest expenses	28	-747	-732
Net result		72,586	326,996
Direct investment income	29	84,567	76,783
Indirect investment income	30	-11,981	250,213
Total investment income		72,586	326,996

Statement of other comprehensive income

(amounts x €1,000)	2022	2021
Net result	72,586	326,996
Other comprehensive income	-	-
	72,586	326,996

Statement of changes in equity

(amounts x €1,000)	Issued share capital	Paid-in surplus	Revaluation reserve	Other reserves	Total
2022					
Balance as at 1 January 2022	832,033	1,264,863	902,449	-81,126	2,918,219
Direct investment income	-	-	-	84,567	84,567
Indirect investment income	-	-	-12,549	568	-11,981
Total comprehensive income	-	-	-12,549	85,135	72,586
Issued shares	72,575	225,540	-	-	298,115
Repurchased shares	-35,465	-128,062	-	-	-163,527
Distributed interim dividend	-	-	-	-62,072	-62,072
Dividend distributed in respect of previous financial year	-	-	-	-20,060	-20,060
Total capital transactions with shareholders	37,110	97,478	-	-82,132	52,456
Negative revaluations from other reserves	-	-	37,991	-37,991	-
Realised revaluations to other reserves	-	-	86	-86	-
Total other changes in equity	-	-	38,077	-38,077	-
Balance as at 31 December 2022	869,143	1,362,341	927,977	-116,200	3,043,261

(amounts x €1,000)	Issued share capital	Paid-in surplus	Revaluation reserve	Other reserves	Total
2021					
Balance as at 1 January 2021	792,774	1,148,528	651,001	-79,619	2,512,684
Direct investment income	-	-	-	76,783	76,783
Indirect investment income	-	-	250,289	-76	250,213
Total comprehensive income	-	-	250,289	76,707	326,996
Issued shares	62,235	154,505	-	-	216,740
Repurchased shares	-22,976	-38,170	-	-	-61,146
Distributed interim dividend	-	-	-	-56,723	-56,723
Dividend distributed in respect of previous financial year	-	-	-	-20,332	-20,332
Total capital transactions with shareholders	39,259	116,335	-	-77,055	78,539
Negative revaluations from other reserves	-	-	20,945	-20,945	-
Realised revaluations to other reserves	-	-	-19,786	19,786	-
Total other changes in equity	-	-	1,159	-1,159	-
Balance as at 31 December 2021	832,033	1,264,863	902,449	-81,126	2,918,219

Cash flow statement

(amounts x €1,000)	2022	2021
Cash flow from operating activities		
Net result	72,586	326,996
Less: indirect investment income	-11,981	250,213
Direct investment income	84,567	76,783
Less: interest expenses bank loans	-594	-600
Less: expenses lease liabilities in management costs	-541	-528
	85,702	77,911
Change in retained earnings of participating interest	-217	7
Capitalisation and amortisation of lease incentives	112	112
Depreciation of tangible fixed assets (owned assets)	320	238
Increase resp. decrease in receivables	-930	38,430
Decrease in creditors and other liabilities and provisions	-7,382	-43,937
	77,605	72,761
Cash flow from investing activities		
Investments in properties and other investments	-213,930	-256,193
Divestment of properties and other investments	1,529	107,188
Investments in tangible fixed assets	-694	-424
	-213,095	-149,429

(amounts x €1,000)	2022	2021
Cash flow from financing activities		
Bank loans granted	10,000	-
Loan to participation	24,750	-
Interest expenses bank loans	-594	-600
Interest expense lease liabilities	-35	-40
Natural payment lease liabilities	-506	-485
Dividend	-82,132	-77,055
Share issues	288,563	216,740
Placement costs	-	-190
Repurchase of own shares	-153,975	-61,146
Compensation received from new shareholders	568	113
	86,639	77,337
Net cash flow	-48,851	669
Balance of liquidities as at 1 January	96,879	96,210
Balance of liquidities as at 31 December	48,028	96,879
Decrease resp. increase in liquidities	-48,851	669

Notes to the Financial Statements

General

Altera Vastgoed N.V. was established on 31 December 1999. The articles of association were last amended on 16 December 2020. The company's registered office is in Amstelveen, the Netherlands (Chamber of Commerce number 27184452). Altera Vastgoed N.V. complies with the conditions incumbent on fiscal investment institutions with an obligation to distribute profits under section 28 of the Corporation Tax Act 1969. For this reason, no current or future corporation tax is payable. Altera is a sectoral property investment fund that enables shareholders to acquire an interest in the sectors of their choice by purchasing letter shares. For this reason, the balance sheet and profit and loss account have been divided into the following two sectors: Residential and Retail.

Basis of presentation

With regard to its accounting policies Altera Vastgoed applies the International Financial Reporting Standards as endorsed by the European Union and effective at the reporting date of 31 December 2022. The financial statements have also been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code and the Financial Supervision Act. The breakdown of the balance sheet and profit and loss account complies with recommendations made by industry associations as far as possible.

Adoption of new and revised IFRS Standards as effective

In the current year, no new IFRS Standards have become effective. The following amendments have become effective for the financial statements 2022:

IFRS Standard	Content	Effect on financial statements
Amendment IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	Not material
Amendment IAS 37	Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract	Not material
Amendment IFRS 3	Business Combinations: Reference to the Conceptual Framework	Not material
Amendment IFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021	Not material

New and revised IFRS Standards in issue but not yet effective

A number of new standards, amendments to standards and interpretations had not yet come into force in 2022 and are therefore not yet being applied by the company.

IFRS standard	Content	Date of introduction	Effect on financial statements
IFRS 17	Insurance Contracts	2023 financial statements	Not material
Amendments to IFRS 17	Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information	2023 financial statements	Not material
Amendments to IAS 1	Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current and Non-Current Liabilities	2023 financial statements	Not material
Amendments to IAS 1	Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies	2023 financial statements	Not material
Amendments to IAS 8	Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	2023 financial statements	Not material
Amendments to IAS 12	Income Taxes: Deferred Tax related to Assets and Liabilities arsising from a Single Transaction	2023 financial statements	Not material
Amendments to IFRS 16	Leases: Lease Liability in a Sale and Leaseback	2024 financial statements	Not material

IFRS 17 Insurance contracts

The IFRS 17 standard will replace IFRS 4 on accounting for insurance contracts and has an effective date of 1 January 2023. This new standard introduces new ways of calculating insurance contracts and primarily impacts financial statements of insurance companies. We expect the application of this standard to have no material effect on the financial statements.

Amendments

We expect that the application of the amendments has no material effect on the financial statements.

Accounting policies for the valuation of assets and liabilities

General

Assets and liabilities are carried at face value, unless stated otherwise in the Notes.

Property

Investments in property are measured at fair value, i.e. the market value less purchasing expenses. On initial measurement purchasing expenses capitalised at the time of purchase are charged against indirect investment income during the quarter in which the acquisition takes place. Property is not depreciated. Every quarter all properties are valued by external appraisers. The market value is defined as the value in an arm's-length transaction in a rented state; for residential properties this concerns the sale of a complex to a third party, if this value is higher than the value in the event of continued operation. Valuations are performed in accordance with the applicable appraisal standards of the International Valuation Standards Council (IVS) and the Regulations for Business Property (plus Addendum for Corporate Property) of the Netherlands Register of Real Estate Valuers (*Nederlands Register Vastgoed Taxateurs* - NRVT). The appraisers employ the discounted cash flow (DCF) methods and the gross or net initial yield. Redevelopments are also recognised at fair value.

Pipeline projects for which the legal ownership is obtained on account of the transfer of the land (or economic ownership on the granting of the ground lease) are also valued by an external appraiser.

Projects for which no land has yet been transferred are valued internally; if the internal valuation of such a project is lower than the expected development costs, a provision is recognised for this expected loss. An expected gain is not recognised.

All non-perpetual leaseholds are considered to be a lease and therefore a right-of-use asset is recognised under the properties. The right-of-use asset for the leasehold is measured at fair value.

Capitalised lease incentives are deducted from the market value and presented as a separate item.

The positive and negative revaluations resulting from the external valuations are recognised as indirect investment income; the same applies to negative revaluations of pipeline projects for which no land has yet been transferred.

In determining the fair value of the investments, the company uses property market observables as much as possible. IFRS 13 recognises three levels for the application of fair value:

- Level 1: valuation based on market prices listed in active markets;
- Level 2: valuation based on (external) observable information;
- Level 3: valuation based fully or partly on information that is non-observable (externally).

The valuation of direct property generally does not qualify for the first two levels, on account of limitations in the homogeneity of the properties coupled with a limited number of investment transactions. The company has qualified the valuation of property investments as level 3.

Participating interest

The participating interest in B.V. Beleggingsmaatschappij Stadscentrum Zoetermeer is accounted for by the equity method. This participating interest consisted mainly of property measured at market value until the sale of the property in September 2022.

Other investments

The other investments concern the granting of loans secured on property. If these loans are held until maturity, they are valued at amortised cost. If the loans are not held until maturity, they are valued at market value, calculated using the discounted cash flow method.

Tangible fixed assets

Tangible fixed assets are valued at cost, less depreciation based on useful life. Costs of furnishings and fittings are depreciated over a seven-year period; hardware is depreciated over three years and software over three or five years.

For all leases (excluding leasehold) a right-of-use asset is recognised under the tangible fixed assets. The right-of-use assets are valued at cost, less depreciation based on the lease period of the contract. Lease incentives are recognised as part of the measurement of the right-of-use asset.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers, laptops, small items of furniture and telephones), Altera has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

Loans

Loans are held until maturity and are therefore valued at amortised cost.

Capitalised lease incentives

Incentives provided for tenants are capitalised during the period in which the tenant receives the incentive. The capitalised lease incentive is subsequently amortised over the term of the relevant lease and deducted from the fair value determined by the external appraisers.

Accounts receivable and other receivables

These assets are valued at amortised cost, less a bad-debt provision.

Revaluation reserve

If the market value of a property is higher than the historical cost, including investments, a revaluation reserve is recognised.

Other provisions

If the contractually agreed purchase price of turnkey pipeline projects is higher than the fair value at the balance sheet date, a provision is recognised for this difference. If this purchase price is lower than the fair value, the difference is accounted for under the 'Investments' item. This item also includes estimates of possible subsequent payments on purchased property and expected losses on pipeline projects for which no land has yet been transferred.

Lease liabilities

Altera assesses whether a contract is or contains a lease, at inception of the contract. Altera recognises a lease liability in respect of all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as telephones). For these leases, Altera recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, Altera uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- Amount expected to be payable by the lessee under residual value guarantees;
- Exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate.

The lease liability is presented as a separate line in the balance sheet. It is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

Altera remeasures the lease liability whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting.

Accounting policies for determining the result

General

Income is accounted for when the service has been provided. Expenditure is allocated to the year to which it relates.

Gross rental income

Gross rental income concerns the rents charged to the tenants during the reporting year, excluding value-added tax and service charges.

Service charges

Service charges are divided into the service charges levied on tenants and costs charged to the service cost accounts in respect of these tenants. The balance concerns the service charges for vacant properties charged to the owner.

Operating expenses

Operating expenses are expenses which can be attributed directly to the properties. These expenses are subdivided into maintenance, fixed expenses (including property tax, other charges, ground lease and insurance), management expenses and other expenses (including rental charges, additions to and withdrawals from the bad-debt provision).

Investment revaluation result

The investment revaluation result concerns unrealised changes in the value of property and other investments. These revaluation results arise in part from external appraisals (see the accounting policy for property) and are broken down into positive and negative revaluations. Revaluation results are recognised in the profit and loss account.

Result on disposals

The result on disposals concerns the realised changes in value, i.e. the difference between the sales proceeds less selling expenses and the most recent carrying amount (the most recent market value determined by an external appraiser).

Management and fund costs

In the profit and loss account management costs and fund costs are generally allocated to the sector funds based on the average assets under management. Management costs include costs for personnel, office, IT and research. Fund costs include costs for external valuations of the properties, supervisory costs (Supervisory Board, external regulators, audits) and advisory costs.

Other income

Other income is income which does not belong to any other category. This includes, besides the income on other investments, a charge for shareholders contributing cash on entry as compensation for transfer tax payable on the purchase of existing properties.

Tax on profit

Altera complies with the conditions incumbent on fiscal investment institutions with an obligation to distribute profits under section 28 of the Corporation Tax Act 1969. For this reason, no current or future corporation tax is payable.

Accounting policies for the cash flow statement

The indirect method is used for the cash flow statement. The cash flow from operating activities is based on the direct investment income, which is subsequently adjusted for costs that do not qualify as expenditure and revenues that do not qualify as income, as well as changes in current assets and liabilities.

Other notes

Accounting estimates and opinions

Investments are valued by external appraisers; see the accounting policies for property. The value of the investments totalled €3.1 billion at year-end 2022. It is inherent in the valuation process that the values determined in this way may differ from the values to be realised in transactions with willing buyers. This applies in particular to periods of low liquidity in the market. Positive and negative variations may balance each other out at the portfolio level.

The valuation is particularly sensitive to changes in the yields and market rent used.

In the valuation of other balance sheet items the relative importance of estimates is limited. The bad-debt provision for accounts receivable is determined on an item-for-item basis in accordance with the static method.

Financial instruments

The volume of financial instruments in the financial statements is limited and comprises only non-derivative financial assets (other investments, accounts receivable, other receivables and liquidities) and non-derivative financial liabilities (debts to shareholders and creditors and other liabilities) in accordance with IFRS 9. With the exception of the other investments, all financial instruments are measured at amortised cost. The other investments are measured from initial recognition at fair value through the profit and loss account.

Financial instruments are summarised by category in the table below, with the carrying amounts being stated together with the fair value of the instruments concerned.

(amounts x €1,000)	**Notes**	**Fair value level**	**Carrying amount year-end 2022**	**Fair value year-end 2022**	Carrying amount year-end 2021	Fair-value year-end 2021
Accounts receivable and other receivables						
Accounts receivable	6	2	1,305	1,305	1,358	1,358
Other receivables	7	2	5,362	5,362	4,379	4,379
Liquidities	8	1	48,028	48,028	96,879	96,879
Financial liabilities measured at amortised cost						
Lease liabilities	15	2	17,172	17,172	16,704	16,704
Liabilities to banks	16	2	10,000	10,000	-	-
Non-interest bearing loan to participation	17	2	24,750	24,750	-	-
Creditors and other liabilities	18	2	25,804	25,804	34,286	34,286

Financial risks

Since Altera is only funded with loan capital to a limited extent, and at most temporarily, it is not exposed to interest rate risk or refinancing risk. Credit risk as a result of bad debt is managed by applying strict rules for the monitoring of debtors and the assessment of creditworthiness on the signing of leases and the acquisition of properties. The risk of investor exits is limited to 20% per year per sector portfolio. The pipeline, along with the operational portfolio, is subject to market risks.

External conditions, including market movements and changes in rent, affect the company's results. The effect of the changes below on the annual result and equity is as follows:

	Change	Effect in € x mio	Effect in % of equity
Residential			
Direct investment income			
Gross rental income	10%	6.3	0.3%
Occupancy rate	10%	8.1	0.3%
Operating expenses	10%	1.8	0.1%
Indirect investment income			
Theoretical rent and market rent	1%	21.2	0.9%
Gross initial yield	0.1% pt	54.4	2.3%
Retail			
Direct investment income			
Gross rental income	10%	3.8	0.6%
Occupancy rate	10%	4.5	0.6%
Operating expenses	10%	0.8	0.1%
Indirect investment income			
Theoretical rent and market rent	1%	6.5	1.1%
Theoretical rent and market rent	5%	32.3	4.9%
Gross initial yield	0.1% pt	9.1	1.4%
Gross initial yield	0.5% pt	43.1	6.6%

The effect of lease expiries in Altera Retail, based on the sector portfolio and tenant base at year-end 2022, notwithstanding the risk of bankruptcy, is as follow:

Movements in lease expiries Retail	**<1 year 2023**	**2-5 years 2024-2027**	**>5 years ≥2028**
In € mio	0.8	27.3	13.9
Same in % of contract rent year-end 2022	2%	65%	33%

Based on available references and other sources, the external appraisers use property-specific assumptions for key value-determining factors such as the reletting time, market rent and yields. These assumptions have been assessed by the company for consistency and reasonableness.

The main determining factor for the appraisal value is the yield applied. In determining the yield, the external appraiser uses investment references as a basis. The substantiation of the valuations depends on the availability and quality of these references. Due to the limited number of investment transactions, the number of references is accordingly lower than during periods with a large number of transactions. In this case, it also becomes more difficult to compare the property to be valued with these references in terms of the quality of the location, the property and rental situation. This affects the reliability of the appraisal values. Deviations in the appraisal value versus the price at which a transaction could be conducted are at most 5% in a relatively liquid market.

Below is a representation of the distribution of the gross initial yield (theoretical rental income divided by the appraisal value plus costs) by sector for Altera.

	Residential		**Retail**	
Distribution of gross initial yield by portfolio value at year-end 2022	**Lowest**	**Highest**	**Lowest**	**Highest**
Gross initial yield for 10% portfolio value with lowest yield	3.0%	3.3%	4.1%	5.3%
Same for next 15% portfolio value	3.4%	3.5%	5.3%	5.6%
Same for next 25%	3.5%	3.7%	5.6%	6.4%
Same for next 25%	3.8%	4.0%	6.4%	7.0%
Same for next 15%	4.0%	4.3%	7.7%	7.7%
Same for last 10%	4.3%	5.2%	9.4%	12.4%
Average gross initial yield		3.8%		6.9%

Proposed abolishment of the Dutch regime for fiscal investment institutions

In September 2022 the abolishment of the Dutch regime for fiscal investment institutions (fiscale beleggingsinstelling, FBI) for property investments was announced. As a result, after the deferral of one year announced in December 2022, as from 1 January 2025 Altera Vastgoed NV is no longer able to apply the FBI regime with the 0% corporate income tax rate. Instead, Altera becomes taxable against the statutory tax rate of 25.8% (2023), unless Altera is able to restructure in time. The Minister of Finance expects to finalise the necessary legislation in September 2023.

The (key) objective of the restructuring is to amend the fund structure in a tax efficient, cost-effective and administratively optimal manner by means of realising two single entry investment vehicles in which the investors will participate, maintaining the internally managed set-up. One investment vehicle will hold the residential property portfolio and the other vehicle will hold the retail property portfolio which portfolios are currently held by Altera Vastgoed N.V. The proposed restructuring should strengthen the fund structure for the long term and should be considered a market practice property investment structure.

It is proposed to realise a full tax transparent fund structure that will be designed as a transparent fund for joint account/mutual fund (fonds voor gemene rekening) for Dutch corporate income tax (vennootschapsbelasting), Dutch dividend withholding tax (dividendbelasting) and Dutch real estate transfer tax (overdrachtsbelasting) purposes.

Altera is planning to finalise this restructuring in the first half of 2024 (if the required legislation has become definitive).

Changing economic conditions

The outbreak of the Ukraine war shocked societies and economies in Europe and worldwide. The conflict also aggravated disruptions in supply chains and creating delays in manufacturing of goods. The strong rise of energy prices impacted both the purchasing power of consumers as the profitability of producers in energy intensive sectors. Higher energy costs - in combination with scarcity of work force and materials - have led to cost increases and inflation of 10% or more. This also influences the construction costs for residential properties which increased by 9.1% in 2022.

During 2022 the ECB increased their interest rates in four steps (up to 2.5%) in order to combat and decrease inflation. In 2023 new steps of the ECB are foreseen, and in February and March 2023 two steps of in total 1.0% has been taken.

The increased interest levels may result in higher yields of real estate investments. On the other hand, inflation will have a positive impact on the net rental income due to indexation of the rental contracts. For the impact of potential yield fluctuations and rental income on the equity, reference is made to the table on page 147. Increasing yields may also have an effect on the capital allocation of institutional investors. Inflation will also impact the construction costs of new built real estate, requiring a new equilibrium in the market in 2023.

Notes to the balance sheet

(amounts x €1,000, unless stated otherwise)

1. Property

	Residential in operation		Residential Pipeline		Retail		Total	
Changes	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Balance as at 1 January	1,936,733	1,502,115	339,250	333,623	572,026	566,300	2,848,009	2,402,038
Acquisitions	1,260	-	157,013	224,580	47,105	28,074	205,378	252,654
Additional investments	3,987	2,670	-	-	4,565	869	8,552	3,539
Reclassifications	212,532	266,050	-212,532	-266,050	-	-	-	-
Sales	-	-38,126	-	-	-1,529	-38,827	-1,529	-76,953
Revaluations	-20,900	203,618	-13,258	47,097	20,799	15,409	-13,359	266,124
Right-of-use assets leasehold	425	406	-	-	304	89	729	495
Lease incentives	-	-	-	-	112	112	112	112
Balance as at 31 December	2,134,037	1,936,733	270,473	339,250	643,382	572,026	3,047,892	2,848,009

The properties were valued by CBRE, Colliers, Cushman & Wakefield, Kroese Paternotte and MVGM.

	Residential		Retail		Total	
Appraised value	**31 Dec 2022**	31 Dec 2021	**31 Dec 2022**	31 Dec 2021	**31 Dec 2022**	31 Dec 2021
Appraised value (excluding pipeline)	2,119,684	1,922,805	642,045	571,105	2,761,729	2,493,910
Capitalised lease incentives	-	-	-295	-407	-295	-407
Capitalised right-of-use assets leasehold	14,353	13,928	1,632	1,328	15,985	15,256
	2,134,037	1,936,733	643,382	572,026	2,777,419	2,508,759

Under IFRS 13, the company classifies the valuations of the property investments as level 3: valuation fully or partly based on information that is not (externally) observable.

In addition to input of a factual nature (contract rent, remaining rental period, square footage), external appraisers use estimates which they base on references in the property market. The main market variables, differentiated by rental market and investment market, include:

- Rental market: market rent, estimated vacancy period, and, specific to residential properties, tenant movements.
- Investment market: initial yields for gross initial yield/net initial yield valuations and discount rate and exit yield for DCF valuations.

The average gross initial yield (theoretical rent as a percentage of the appraisal value, plus costs) by sector is shown below:

Gross initial yield	**31 Dec 2022**	31 Dec 2021
Residential	3.8%	3.7%
Retail	6.9%	7.2%

The spread of gross initial yields at year-end is detailed on page 148 of the Financial Statements. On page 147 the effect of changes in the gross initial yield and the rent is presented.

The contract rent versus the market rent by sector is shown below:

Contract rent versus market rent	**31 Dec 2022**	31 Dec 2021
Retail	8.0%	6.6%

The rental and property data of a factual nature are detailed in the sector reports contained elsewhere in the annual report.

		Residential		**Retail**		**Total**
Right-of-use assets leasehold	**2022**	2021	**2022**	2021	**2022**	2021
Balance as at 1 January	13,928	13,521	1,328	1,239	15,256	14,760
New contracts	-	-	-	-	-	-
Renewal or extension options	319	314	257	50	576	364
Revaluation	106	93	47	39	153	132
Disposals	-	-	-	-	-	-
Balance as at 31 December	14,353	13,928	1,632	1,328	15,985	15,256

The right-of-use assets consist of all non-perpetual leaseholds which are part of the investment property. The right-of-use assets leasehold are measured at fair value.

The leasehold can be bought out for seven residential properties in Amsterdam. Altera submitted the buyout request to the municipality of Amsterdam before the end of 2019. The calculated lump-sum payment for the buyout of the leasehold is expected to be €10.7 million. The fair value of the right-of-use assets of this leasehold is deemed to be equal to the buyout amount. Altera intends to buy out the leasehold at this calculated value and expects to pay the amount as soon as the municipality of Amsterdam will have finalised this process.

2. Participating interest

Altera Vastgoed N.V. has a 50% interest in B.V. Beleggingsmaatschappij Stadscentrum Zoetermeer. In September 2022 the participation sold the three properties in the portfolio and therefore no longer has any investment property. The participation is expected to be liquidated in the second half of 2023.

Changes	**2022**	2021
Balance as at 1 January	25,696	41,646
Result from participating interests	1,619	-14,447
Dividend distributed	-704	-1,503
Balance as at 31 December	26,611	25,696

The figures for this joint venture on a 100% basis are shown below (in € mio).

Joint Ventures (100%)	**2022**	2021
Investments	0.0	50.9
Other assets	53.3	0.8
	53.3	51.7
Current liabilities	0.1	0.3
Net rental income	1.8	3.0
Indirect investment income	1.4	-31.9
Total income	3.2	-28.9

3. Other investments

The other investments relate to a contracted leasehold for a residential project in Zaandam and an investment in a residential location in Almere. These investments were conditional with a sale back guarantee until the necessary permits became final. The necessary permits became final in 2021 and therefore the other investments were transferred to investment property in 2021.

Changes	**2022**	2021
Balance as at 1 January	-	30,234
Investments	-	-
Divestment	-	-30,234
Revaluation	-	-
Balance as at 31 December	-	-

4. Tangible fixed assets

The tangible fixed assets are divided into the categories owned assets and right-of-use assets.

The owned assets relate to IT (hardware and software) and furnishings and fittings. These assets are valued at cost, less depreciation based on useful life. Hardware is depreciated over three years and software is depreciated over three or five years. Furnishings and fittings are depreciated over seven years.

The right-of-use assets relate to leased property for own use and leased vehicles. These assets are valued at cost, less depreciation based on the lease period of each individual contract.

	Owned assets				Right-of-use assets					
	IT		Furnishing and fittings		Property in own use		Leased vehicles		Total	
Breakdown of asset categories	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Balance as at 1 January	467	183	269	367	1,055	1,312	349	413	2,140	2,275
Investments	694	424	-	-	82	50	162	130	938	604
Early termination leasing	-	-	-	-	-	-	-	-9	-	-9
Depreciation	-238	-140	-82	-98	-321	-307	-184	-185	-825	-730
Balance as at 31 December	923	467	187	269	816	1,055	327	349	2,253	2,140

	Owned assets				Right-of-use assets					
	IT		Furnishing and fittings		Property in own use		Leased vehicles		Total	
Breakdown at year-end	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Accumulated investments	2,911	2,217	1,118	1,118	2,028	1,946	1,066	904	7,123	6,185
Accumulated depreciation	-1,988	-1,750	-931	-849	-1,212	-891	-739	-555	-4,870	-4,045
Total	923	467	187	269	816	1,055	327	349	2,253	2,140

5. Capitalised lease incentives

The average residual term of the capitalised lease incentives is 2.6 years (year-end 2021: 3.6 years). Of these incentives, €0.2 million has a term of more than one year (year-end 2021: €0.3 million).

6. Accounts receivable

A provision of €1.0 million has been deducted from the rents receivable at year-end 2022 (2021: €2.3 million). The accounts receivable (after deduction of the provision for impairment losses) are as follows:

	31 Dec 2022	31 Dec 2021
Outstanding less than 90 days	1,106	1,153
Outstanding more than 90 days	199	205
	1,305	1,358

7. Other receivables

The other receivables include a receivable of €2.3 million, resulting from two year-end share transactions in Altera Residential; payments were both settled on 3 January 2023. The other receivables have a term of less than one year.

8. Liquidities

Liquid assets are freely available to the company, with the exception of an amount of €820,000 that is designated as a capital requirement under the AIFMD regulations (year-end 2021: €0.8 million).

9. Authorised and issued share capital

The authorised share capital consists of 4.0 billion shares of a par value of €0.50 each. The distribution of the authorised capital among the letter shares (sectors) is shown below:

Authorised capital	**Residential**	**Retail**	**Industrial**	**Total**
Balance as at 1 January 2021	1,250,000	550,000	200,000	2,000,000
Changes in 2021	-	-	-	-
Balance as at 31 December 2021	1,250,000	550,000	200,000	2,000,000
Changes in 2022	-	-	-	-
Balance as at 31 December 2022	1,250,000	550,000	200,000	2,000,000

Issued capital	Residential 2022	Residential 2021	Retail 2022	Retail 2021	Total 2022	Total 2021
Balance as at 1 January	512,623	477,852	319,410	314,922	832,033	792,774
New entries	57,585	41,382	14,990	20,853	72,575	62,235
Repurchased	-35,465	-6,611	-	-16,365	-35,465	-22,976
Balance as at 31 December	534,743	512,623	334,400	319,410	869,143	832,033

Since 30 September 2019 share transactions take place at the INREV net asset value, which in Altera's case means the IFRS net asset value plus an adjustment reflecting the capitalised acquisition costs minus the amortisation (5 years). This adjustment is presented directly in the equity as paid-in surplus.

Share issues	Residential 2022	Residential 2021	Retail 2022	Retail 2021
Nominal share capital	57,585	41,382	14,990	20,853
Lowest price (in €)	2.255	2.001	0.994	0.922
Highest price (in €)	2.393	2.282	0.997	0.958
Average price (in €)	2.329	2.146	0.997	0.939

Transactions in own shares (nominal value)	Residential 2022	Residential 2021	Retail 2022	Retail 2021	Total 2022	Total 2021
Balance as at 1 January	4,544	4,544	62,885	58,481	67,429	63,025
Acquired by company	35,465	6,611	-	16,365	35,465	22,976
Reissued	- 15,836	-6,611	-	-11,961	-15,836	-18,572
Balance as at 31 December	24,173	4,544	62,885	62,885	87,058	67,429

10. Paid-in surplus

Changes	Residential 2022	2021	Retail 2022	2021	Total 2022	2021
Balance as at 1 January	872,390	759,762	392,473	388,766	1,264,863	1,148,528
New entries	210,655	136,190	14,885	18,315	225,540	154,505
Repurchase of own shares	-128,062	-23,562	-	-14,608	-128,062	-38,170
Balance as at 31 December	954,983	872,390	407,358	392,473	1,362,341	1,264,863

11. Revaluation reserve

Changes	Residential 2022	2021	Retail 2022	2021	Total 2022	2021
Balance as at 1 January	823,908	584,959	78,541	66,042	902,449	651,001
Negative revaluations from other reserves	-3,660	-1,012	-108,795	-90,498	-112,455	-91,510
Balance as at 1 January including negative revaluations	820,248	583,947	-30,254	-24,456	789,994	559,491
Revaluations in financial year	-33,733	251,518	21,184	-1,229	-12,549	250,289
Result on disposals versus acquisition price	9	-15,217	77	-4,569	86	-19,786
Balance as at 31 December including negative revaluations	786,524	820,248	-8,993	-30,254	777,531	789,994
Negative revaluations from other reserves	23,866	3,660	126,580	108,795	150,446	112,455
Balance as at 31 December	810,390	823,908	117,587	78,541	927,977	902,449

12. Other reserves

Changes	Residential 2022	Residential 2021	Retail 2022	Retail 2021	Total 2022	Total 2021
Balance as at 1 January	103,468	90,187	-184,594	-169,806	-81,126	-79,619
Direct investment income	51,565	45,760	33,002	31,023	84,567	76,783
Transfer from revaluation reserve	-20,206	-2,648	-17,785	-18,297	-37,991	-20,945
Proceeds of sales	-9	15,217	-77	4,569	-86	19,786
Distributed interim dividend	-37,424	-33,552	-24,648	-23,171	-62,072	-56,723
Dividend distributed in respect of previous financial year	-12,209	-11,496	-7,851	-8,835	-20,060	-20,331
Shareholder acquisition costs	-	-	-	-190	-	-190
Release of compensation for redemptions	526	-	42	113	568	113
Balance as at 31 December	85,711	103,468	-201,911	-184,594	-116,200	-81,126

Pursuant to Part 9, Book 2 of the Dutch Civil Code, the company is required to create a revaluation reserve for value increases for the separate assets where the netting of increases and decreases in value is not permitted. Decreases in value as a result of a lower market value compared to historical cost must be charged to the other reserves. It is partly for this reason that the other reserves for the Retail sector is negative. For the distribution of dividend, however, only the sum total of the other reserves and the paid-in surplus for the sectors combined is relevant.

Dividend per share (in € x 1)	Residential 2022	Residential 2021	Retail 2022	Retail 2021
Interim dividend distributed	0.035	0.034	0.038	0.036
Dividend in respect of previous financial year	0.012	0.012	0.012	0.014
Dividend distributed in financial year	0.047	0.046	0.050	0.050
Still to be distributed at year-end	0.013	0.012	0.012	0.012

Composition at year-end	2022	Residential 2021	2022	Retail 2021	2022	Total 2021
Realised revaluation	108,979	108,988	-93,684	-93,607	15,295	15,381
Distributed from realised revaluation	-20,000	-20,000	-	-	-20,000	-20,000
Negative revaluation	-23,866	-3,660	-126,580	-108,795	-150,446	-112,455
Release of compensation for transfer tax and for redemptions	6,628	6,102	10,986	10,944	17,614	17,046
Dividend to be distributed	14,141	12,209	8,355	7,852	22,496	20,061
Other	-111	-111	320	320	209	209
Shareholder acquisition costs and revenues	-60	-60	-1,308	-1,308	-1,368	-1,368
Total	85,711	103,468	-201,911	-184,594	-116,200	-81,126

13. Equity

Composition at year-end	2022	Residential 2021	2022	Retail 2021	2022	Total 2021
Share capital	534,743	512,623	334,400	319,410	869,143	832,033
Paid-in surplus	954,983	872,390	407,358	392,473	1,362,341	1,264,863
Revaluation reserve	810,390	823,908	117,587	78,541	927,977	902,449
Other reserves	85,711	103,468	-201,911	-184,594	-116,200	-81,126
Total	2,385,827	2,312,389	657,434	605,830	3,043,261	2,918,219

14. Other provisions

In previous years a provision of €9.7 million was recognised for possible subsequent payments on acquired investments. In 2022, the provision was increased by an amount of €1.1 million as a new lease transaction was arranged by the developer, resulting in a provision of €10.8 million at year-end 2022.

15. Lease liabilities

	Residential		Retail		Total	
Changes	**2022**	2021	**2022**	2021	**2022**	2021
Balance as at 1 January	15,071	14,857	1,633	1,666	16,704	16,523
New contracts and renewals	509	455	311	88	820	543
Payment of lease debt	-404	-334	-102	-160	-506	-494
Accrued interest	106	93	48	39	154	132
Balance as at 31 December	15,282	15,071	1,890	1,633	17,172	16,704

	Residential		Retail		Total	
Categories	**2022**	2021	**2022**	2021	**2022**	2021
Leasehold	14,352	13,928	1,632	1,328	15,984	15,256
Property in own use	666	861	185	229	851	1,090
Leased vehicles	264	282	73	76	337	358
Total	15,282	15,071	1,890	1,633	17,172	16,704

	Residential		Retail		Total	
Maturity	**2022**	2021	**2022**	2021	**2022**	2021
Less than 1 year	11,116	11,093	108	97	11,224	11,190
Between 1 and 5 years	541	778	150	208	691	986
Over 5 years	3,625	3,200	1,632	1,328	5,257	4,528
Total	15,282	15,071	1,890	1,633	17,172	16,704

The value of the lease liabilities for leasehold assumes the estimated redemption amount of €10.7 million for the transition to perpetual leasehold in the city of Amsterdam. It is expected to be finalised in 2023.

16. Liabilities to banks

A credit facility of €60.0 million was extended in June 2022 with ING Bank ending June 2024 at a base interest rate of 1.35% per year plus 1-month or 3-month Euribor (up to June 2022: 1.4%). The base interest rate is linked to sustainability goals of the organisation. Depending on the degree of achievement of sustainability goals, the base interest rate varies by +0.10% to -0.10%. The commitment fee in respect of the undrawn part of the facility is 0.50% (up to June 2022: 0.35%). As collateral the company must hold at least €1.5 billion of equity and net interest-bearing loans and receivables must amount to no more than 25% of total assets.

17. Non-interest bearing loan to participation

The non-interest bearing loan to participation refers to a prepayment of the liquidation of the participation. Since the equity of the participation is not yet payable, the distribution was made by the participation as a non-interest bearing loan. EUR 5.4 million of the loan relates to Altera Residential and EUR 19.4 million to Altera Retail.

18. Creditors and other liabilities

	31 Dec 2022	31 Dec 2021
Rent received in advance	5,449	4,894
Payable to shareholders of Altera	463	10,071
Service charge accounts	684	468
Maintenance expenses	1,043	853
Property tax and other charges payable	607	354
Managers' current accounts	219	466
Creditors	5,095	7,165
Security deposits	7,479	6,485
Other liabilities, accruals and deferred income	4,765	3,530
Total	25,804	34,286

The liabilities as at 31 December 2022 of €0.5 million to shareholders of Altera Residential are related to redemptions; payment was settled on 16 January 2023; the payable to shareholders as at 31 December 2021 of €10.1 million was settled on 10 January 2022.

Notes to the profit and loss account

(amounts x €1,000, unless stated otherwise)

19. Gross rental income

	Residential		Retail		Total	
	2022	2021	**2022**	2021	**2022**	2021
Theoretical rent	**76,414**	66,807	**43,065**	41,944	**119,479**	108,751
Vacancy	**-915**	-1,640	**-2,583**	-2,337	**-3,498**	-3,977
Lease incentives	**-58**	-112	**-1,202**	-1,337	**-1,260**	-1,449
Capitalised lease incentives	**-**	-	**-**	-	**-**	-
Amortised lease incentives	**-**	-	**-112**	-112	**-112**	-112
Other	**383**	1,008	**602**	435	**985**	1,443
Total	**75,824**	66,063	**39,770**	38,593	**115,594**	104,656

The future rent for Altera Retail based on leases at year-end 2022 is as follows (in € million):

	Retail
2023	41.7
2024	36.9
2025	29.9
2026	22.6
2027	14.7
>2028	39.0
	184.8

For residential properties, tenants commit for a period of one or two years, after which the lease can be cancelled by the tenant on a monthly basis.

20. Service charges

	Residential		Retail		Total	
	2022	2021	**2022**	2021	**2022**	2021
Service charges	**1,527**	1,662	**3,448**	4,035	**4,975**	5,697
Payable by tenants	**-1,451**	-1,537	**-3,156**	-3,635	**-4,607**	-5,172
Net service charges	**76**	125	**292**	400	**368**	525

21. Operating expenses

	Residential		Retail		Total	
	2022	2021	**2022**	2021	**2022**	2021
Maintenance expenses	**5,272**	5,007	**1,136**	1,002	**6,408**	6,009
Fixed expenses	**3,250**	2,590	**1,843**	1,833	**5,093**	4,423
Management expenses	**1,613**	1,364	**976**	951	**2,589**	2,315
Other	**5,193**	4,533	**744**	2,479	**5,937**	7,012
Total	**15,328**	13,494	**4,699**	6,265	**20,027**	19,759

22. Positive investment revaluation result

	Residential		Retail		Total	
	2022	2021	**2022**	2021	**2022**	2021
Change in value due to appraisals	**25,064**	199,146	**40,799**	25,709	**65,863**	224,855
Changes in value due to revaluation of pipeline	**11,693**	51,185	**-**	-	**11,693**	51,185
Changes in value due to right-of-use assets leasehold	**106**	93	**47**	39	**153**	132
Total	**36,863**	250,424	**40,846**	25,748	**77,709**	276,172

23. Negative investment revaluation result

	Residential		Retail		Total	
	2022	2021	**2022**	2021	**2022**	2021
Change in value due to appraisals	**-45,964**	-622	**-19,869**	-12,247	**-65,833**	-12,869
Change in value due to revaluation of pipeline	**-24,951**	-3,930	**-**	-	**-24,951**	-3,930
Revaluation due to lease incentives	**-**	-	**112**	112	**112**	112
Total	**-70,915**	-4,552	**-19,757**	-12,135	**-90,672**	-16,687

24. Result on disposals

	Residential		Retail		Total	
	2022	2021	**2022**	2021	**2022**	2021
Net sale proceeds	**-**	38,126	**1,529**	38,827	**1,529**	76,953
Most recent appraisal value	**-**	-33,190	**-1,660**	-36,880	**-1,660**	-70,070
Total	**-**	4,936	**-131**	1,947	**-131**	6,883

25. Management and fund costs

Management costs	**2022**	2021
Personnel expenses	7,545	6,372
Less: personnel expenses charged to operational expenses and pipeline	-703	-757
Office including accommodation	1,569	1,322
Research, contributions and promotion	531	417
Other expenses	530	379
Total management costs	9,472	7,733

Fund costs	2022	2021
Supervisory expenses	579	572
Valuation costs	546	488
Advisory fees	362	147
Total fund costs	1,487	1,207
Total management and fund costs	10,959	8,940

Costs in % of average assets under management	2022	2021
Management costs	0.305%	0.292%
Fund costs	0.048%	0.046%
Total	0.353%	0.338%

Total salaries amounted to €5,622,000 (2021: €4,907,000), with social security charges including health insurance premiums amounting to €485,000 (2021: €396,000) and pension charges amounting to €959,000 (2021: €843,000).

In 2022 Altera employed an average of 46 people (43 full-time equivalents) (2021: 40 and 37 respectively); at year-end 2022 the company had a total of 53 employees (50 full-time equivalents) (2021: 42 and 39 respectively). The audit fee for the 2022 audit including verified ESG KPIs, the audit opinions for each sector, the audit opinion on the INREV NAV Adjustments and the capital requirement regulation audit totalled €112,000 (2021: €99,500). No fee was paid to the external auditor in respect of other work in 2022 and 2021.

Under the AIFMD directive 2011/61/EU (article 22, paragraphs 2e and 2f), the annual report must contain a summary showing the total amount of the remuneration, subdivided into fixed and variable remuneration paid during the reporting year, as well as a breakdown into management, employees whose actions have a significant impact on the risk profile and other members of staff.

	Fixed salary		Fixed remuneration		Variable remuneration		Total		Number of FTEs	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Management Board	630	618	233	233	85	47	948	898	3.0	3.0
Employees with impact on risk profile	1,384	1,290	162	123	-	-	1,546	1,413	12.2	11.8
Other	2,274	1,751	147	126	-	-	2,421	1,877	27.9	22.1
Total	4,288	3,659	542	482	85	47	4,915	4,188	43.1	36.9

The Management Board consisted of three members in 2022. The remuneration of the Management Board is as follows (based on amounts paid during the reporting year):

	2022	2021
Salary	630	618
Fixed remuneration	233	233
Variable remuneration paid	85	47
Pension including additional contribution (after deduction of own contribution)	160	156
Social security charges and other amounts	36	36
Total	1,144	1,090

Each year (since 2020) a variable remuneration may be granted to the members of the Management Board. Of this yearly amount 60% will be paid in the following April, and 40% in the next three years (15%, 15% and 10%). For the year 2022 on average 80% of the criteria had been met; the variable remuneration amounted on average 16.0% (out of maximum 20%) of the base salary. For 2021 these percentages were 86% and 14.3% (out of maximum 16.5%) of the base salary.

Granted for the year	**Paid in 2022**	Paid in 2021	**To be paid**	**Total**
2020	12	47	20	79
2021	73	-	49	122
2022	-	-	138	138
Total	85	47	207	339

The remuneration paid to the Supervisory Board totalled €87,000 (2021: €74,000).

26. Other income

	Residential		**Retail**		**Total**	
	2022	2021	**2022**	2021	**2022**	2021
Redemption charge	526	-	42	113	568	113
Other investments	-	452	-	-	-	452
Total	526	452	42	113	568	565

27. Other expenses

	Residential		Retail		Total	
	2022	2021	**2022**	2021	**2022**	2021
Placement costs	**-**	-	**-**	-190	**-**	-190
Total	**-**	-	**-**	-190	**-**	-190

28. Interest expenses

	Residential		Retail		Total	
	2022	2021	**2022**	2021	**2022**	2021
Interest expense on lease liabilities	**-106**	-93	**-47**	-39	**-153**	-132
Other interest expenses	**-290**	-405	**-304**	-195	**-594**	-600
Total	**-396**	-498	**-351**	-234	**-747**	-732

29. Direct investment income

	Residential		Retail		Total	
	2022	2021	**2022**	2021	**2022**	2021
Net rental income	**60,420**	52,444	**34,779**	31,928	**95,199**	84,372
Result from participating interest	**95**	158	**826**	1,341	**921**	1,499
Other investments	**-**	452	**-**	-	**-**	452
Management and fund costs	**-8,660**	-6,889	**-2,299**	-2,051	**-10,959**	-8,940
Interest income/expenses	**-290**	-405	**-304**	-195	**-594**	-600
Total	**51,565**	45,760	**33,002**	31,023	**84,567**	76,783

30. Indirect investment income

	Residential		Retail		Total	
	2022	2021	**2022**	2021	**2022**	2021
Positive revaluation result	**36,863**	250,424	**40,846**	25,748	**77,709**	276,172
Negative revaluation result	**-70,915**	-4,552	**-19,757**	-12,135	**-90,672**	-16,687
Interest expenses on lease liabilities leasehold	**-106**	-93	**-47**	-39	**-153**	-132
Result on disposals	**-**	4,936	**-131**	1,947	**-131**	6,883
Result from participating interest	**425**	803	**273**	-16,749	**698**	-15,946
Shareholder acquisition costs	**-**	-	**-**	-190	**-**	-190
Redemption charge	**526**	-	**42**	113	**568**	113
Total	**-33,207**	251,518	**21,226**	-1,305	**-11,981**	250,213

Related parties

Management compensation and shareholder preferences and redemptions have been identified as related party transactions. The management compensation is explained on page 165. The current preferences and redemptions of shareholders amount to €511 million (2021: €417 million). These preferences and redemptions are divided among the sectors as follows:

Preferences and redemptions (in € million)	Residential	Retail	Total
Balance as at 1 January 2022	387	30	417
New preferences received in 2022	228	104	392
New redemptions received in 2022	-164	-	-164
New capital issued in 2022	-268	-30	-298
Redemptions facilitated in 2022	164	-	164
Balance as at 31 December 2022	407	104	511

Off-balance sheet assets and liabilities

Liabilities (in € million)	Residential
Pipeline to be completed in 2023	148
Same for 2024	172
Same for 2025 and subsequent years	101
Total	421
Less: previously financed	-262
Total off-balance sheet items	159

There is a contingent liability in respect of a shopping centre completed in 2014. Depending on the leases to be signed, this amounts to a maximum of approximately €5 million, in addition to the amount already provided.

Altera's shares in the maintenance provision in homeowners' associations in the Residential sector totalled €3.3 million at year-end 2022 (year-end 2021: €2.8 million).

Amstelveen, 22 March 2023

Supervisory Board

Maria Molenaar, Chairperson of the Supervisory Board
Heino Vink, Supervisory Board member
Roelie van Wijk-Russchen, Supervisory Board member

Management Board

Jaap van der Bijl, Chief Executive Officer
Cyril van den Hoogen, Chief Financial Officer
Erwin Wessels, Chief Investment Officer

Other information

Profit appropriation

Profit appropriation is provided for in article 32 of the articles of association. Paragraph 1 provides that the profit is at the disposal of the General Meeting of Shareholders.

The Supervisory Board endorses the dividend for the fourth quarter of 2022 was paid out on 16 January 2023 including the final dividend:

Dividend (amounts in €)	Q4 2022 plus final dividend
Residential	14,141,711
Retail	8,353,929
Total	22,495,640

Independent auditor’s report

To the shareholders and the Supervisory Board of Altera Vastgoed N.V.

Report on the audit of the Financial Statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 of Altera Vastgoed N.V., based in Amstelveen.

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

The financial statements comprise:
1. The balance sheet as at 31 December 2022.
2. The following statements for 2022: the profit and loss account, the statements of comprehensive income, changes in equity and cash flow statement.
3. The Notes to the Financial Statements comprising a summary of the significant material accounting 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 Altera Vastgoed N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at €30,400,000. The materiality is based on 1% of total equity. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of €1,520,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes. We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct and whistle blower procedures. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We identified the following fraud risk:

- Management override of controls: we presume a risk of material misstatement due to fraud related to management override of controls. The Management Board is in a unique position to perpetrate fraud, because of the Management Board's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We did not identify fraud risk factors with respect to revenue recognition. We have assessed the accuracy of gross rental income based on a test of detail and analytical procedures on the tenancy schedule and linked the completeness to the property portfolio. We have performed an integral assessment of the recorded gross rental income based on the substantive analytical procedures performed using the tenancy schedules and property portfolio.

We have performed the following procedures to address the risk:

- We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.
- We considered available information and made enquiries of relevant executives, directors (including the Management Board) and the Supervisory Board.
- We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
- We evaluated whether the selection and application of accounting policies by the Company, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting.
- We evaluated whether the judgments and decisions made by the Management Board in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. The Management Board's insights, estimates and assumptions that might have a major impact on the financial statements are disclosed the Other notes of the financial statements. We performed a retrospective review of management judgments and assumptions related to significant accounting estimates reflected in prior year financial statements.
- For significant transactions, such as acquisitions, dispositions and turn-key realisation agreements, we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets. As part of our audit procedures, we verified whether the significant transactions should be considered related-party transactions.

This did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the Company through discussion with the Management Board, Supervisory Board, (interim) compliance officer, risk manager, and other personnel within the Company.

As a result of our risk assessment procedures, and while realising that the effects from non-compliance could considerably vary, we considered the following laws and regulations: adherence to the Dutch Financial Supervision Act, the Money Laundering and Terrorist Financing (Prevention) Act, the requirements for fiscal investment institutions in the Corporation Tax Act 1969, and the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the related financial statements.

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognised to have a direct effect on the financial statements.

Apart from these, the Altera Vastgoed N.V. is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation.

Given the nature of Altera Vastgoed N.V.'s business and the complexity of the regulatory environment, there is a risk of non-compliance with the requirements of such laws and regulations.

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to Altera Vastgoed N.V.'s ability to continue its business, or to avoid material penalties and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of the Management Board, the Supervisory Board and others within Altera Vastgoed N.V. as to whether the Altera Vastgoed N.V. is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit.

Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern

The Financial Statements of Altera Vastgoed N.V. have been prepared on the basis of the going concern assumption. As indicated in the responsibilities of the Management Board below, the Management Board is responsible for assessing the company's ability to continue as a going concern.

We have evaluated the Management Board's assessment of the Company's ability to continue as a going concern and inquired the Management Board regarding any knowledge of events or conditions beyond the period of the Management Board's assessment. On the basis of our audit procedures, we have not identified any indication that would give rise to uncertainty on the Company's ability to continue as a going concern. The Company has total off-balance sheet items for a total of €159 million due in the upcoming years. These off-balance sheet items will be fully financed via the operational result, the shareholders' commitments of €407 million in the residential segment and €104 million in the retail segment, as well as the credit facility to the extent needed, noting sufficient headroom in the current market circumstances, considering the collateral requirements related to the credit facility and the fact that the Company is almost fully-equity financed.

The Management Board has the discretionary competence to determine whether any shareholders' redemptions requests should be accepted. In the case one or more redemption requests exceed 20% of the INREV NAV of the Company's segments, the Company will draw up a redemption action plan subject to the approval of the Supervisory Board. As per 22 March 2023, no material redemptions requests have been submitted to the Management Board of the Company.

This did not lead to indications of the company not being able to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the Financial Statements as a while an in forming our opinion there on, and we do not provide a separate opinion on these matters.

Key audit matter	How the key audit matter was addressed in the audit

Valuation of investment property (under construction)

Refer to note 1 of the Financial Statements. As at December 31, 2022, the Company held a portfolio of investment property (including the participating interest) with a fair value of €2,777 million (December 31, 2021: €2,535 million) and investment property under construction of €270 million (December 31, 2021: €339 million).

The portfolio consist of €2,404 million residential investment property (under construction) and €643 million retail investment property.

At the end of each reporting period, the Management Board determines the fair value of its investment property portfolio in accordance with the requirements of IAS 40 and IFRS 13.

The Company uses external valuation reports issued by external independent professionally qualified valuers to determine the fair value of its investment property.

As the valuation of investment property is inherently judgmental in nature, due to the use of assumptions that are highly sensitive, any change in assumptions may have a significant effect on the outcome given the relative size of the investment property balance.

The most significant assumptions and parameters involved, given the sensitivity and impact on the outcome, are the capitalisation rate and market rent levels.

IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. The hierarchy categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. (Unobservable) inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date. Fair value measurements categorised within Level 3 have the lowest priority as the valuation is predominately based on unobservable inputs and those measurements have a greater degree of uncertainty and subjectivity. This means that a valuation at Level 3 has a fairly large measure of estimation uncertainty and as a result a fairly large bandwidth of valuation uncertainty in which a valuation can been seen reasonable in the light of IFRS 13.

In addition, and as the external appraiser has recommended in its assessment of the fair value of the property portfolio, caution is needed in analysing the values due to the unknown future impacts on economy and real estate markets.

Our audit procedures included, among others, the following:

We have gained understanding of the valuation process and tested the design and implementation of the Company's relevant controls with respect to the data used in the valuation of the investment property (under construction).

We evaluated the competence of the Company's external appraiser, which included consideration of their qualifications and expertise.

We have further evaluated and challenged the assumptions made in respect to the credit-worthiness of significant tenants, lease incentives and vacancy periods in the valuation calculations.

In relation to the significant assumptions in the valuation of investment property (under construction), we have:

- Determined that the valuation methods as applied by the Management Board, as included in the valuation reports, are appropriate and consistently applied.
- We have challenged the significant assumptions used (such as capitalisation rate, market rental income, market-derived discount rate) against relevant market data. We have involved our internal real estate valuation experts in these assessments.
- We assessed the sensitivity analysis on the key input data and assumptions to understand the impact of reasonable changes in assumptions on the valuation and other key performance indicators.
- We have assessed the appropriateness of the disclosures relating to the assumptions used in the valuations and sensitivity analysis in the notes to the consolidated Financial Statements.

Observation

We found that, with the (significantt) assumptions (such as capitalisation rate, market rental income, market-derived discount rate) used in the valuation reports, the valuation of the investment property (under construction) is valued within a reasonable range in the light of the valuation uncertainty for level 3 valuations.

Report on the other information included in the annual report

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

The other information consists of:
- Management Board's Report.
- The sector reports.
- Other Information as required by 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 all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

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

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

The Management Board 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 the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of the Management Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control as the Management Board 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 Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit 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 detect all material errors and fraud during our audit.

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 judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:
- Identifying and assessing the risks of material misstatement of the financial statements, whether due to 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 company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Concluding on the appropriateness of the Management Board'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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company 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 Supervisory Board 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 identified during our audit.

Amsterdam, 22 March 2023

Deloitte Accountants B.V.

M. Heerschop

INREV valuation principles and INREV adjustments

INREV valuation principles

In order to give investors information on the transition from the Net Asset Value (NAV) according to IFRS to the adjusted NAV based on INREV valuation principles, Altera reports the adjustments according to the INREV valuation principles. The fundamental assumption underlying the adjusted INREV NAV of Altera is that it should give a more accurate reflection of the economic value of the portfolios and of participations in the portfolios that would be realised by a participant in a theoretical sale, as of the balance sheet date, assuming an arm's-length transaction, a willing buyer/seller and an adequate time to market.

INREV adjustments

All amounts in € thousands, unless otherwise stated

Share issues	Notes	Residential 31 Dec 2022	Residential 31 Dec 2021	Retail 31 Dec 2022	Retail 31 Dec 2021
NAV in the IFRS financial statements		2,385,827	2,312,389	657,434	605,830
Reclassification of certain IFRS liabilities as components of equity					
Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds that represent shareholder long-term interest in a vehicle)	1	-	-	-	-
Revaluation to fair value of investment properties	2	-	-	-	-
NAV after reclassification of equity-like interest and dividends not yet distributed		2,385,827	2,312,389	657,434	605,830
Fair value of assets and liabilities					
Revaluation to fair value of investment properties	3	-	-	-	-
Revaluation to fair value of self-constructed or developed investment property	4	-	-	-	-
Revaluation to fair value of investment property held for sale	5	-	-	-	-
Revaluation to fair value of property that is leased to tenants under a finance lease	6	-	-	-	-
Revaluation to fair value of real estate held as inventory	7	-	-	-	-
Revaluation to fair value of other investments in real assets	8	-	-	-	-
Revaluation to fair value of indirect investments not consolidated	9	-	-	-	-
Revaluation to fair value of financial assets and financial liabilities	10	-	-	-	-
Revaluation to fair value of construction contracts for third parties	11	-	-	-	-
Set-up costs	12	-	-	-	-
Acquisition expenses	13	25,492	27,363	7,328	5,975
Contractual fees	14	-	-	-	-
Effects of the expected manner of settlement of sales/vehicle unwinding					
Revaluation to fair value of savings of purchaser's costs such as transfer taxes	15	-	-	-	-
Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments	16	-	-	-	-
Effect of subsidiaries having a negative equity (non-recourse)	17	-	-	-	-
Other adjustments					
Goodwill	18	-	-	-	-
Non-controlling interest effects of INREV adjustments	19	-	-	-	-
INREV NAV		2,411,319	2,339,752	664,762	611,805

INREV NAV per share

	Residential		Retail	
	31 Dec 2022	31 Dec 2021	**31 Dec 2022**	31 Dec 2021
Number of shares issued at year-end (in 1,000)	1,069,485	1,025,246	668,800	638,821
INREV NAV (in €1,000)	2,411,319	2,339,752	664,762	611,805
INREV NAV per share (in €)	2.255	2.282	0.994	0.958

Notes to the INREV adjustments

1. Effect of reclassifying shareholder loans and hybrid capital instruments (including convertible bonds) that represent shareholders' long-term interest in a vehicle

Investors' capital can take various forms aside from equity – examples include shareholder loans and hybrid capital instruments such as convertible bonds. Some vehicles are structured via a combination of equity participations and shareholder loans.

Shareholder loans and hybrid capital instruments are generally seen as part of the investors' overall interest in the vehicle. They should be included as a component of equity in the INREV NAV and reclassified as such if they have been classified as liabilities in the financial statements of the vehicle under IFRS. The amount to be reclassified should reflect the corresponding carrying value of the liabilities in the IFRS accounts.

The existence of such instruments as part of the capital structure of a vehicle at its origination, or investor loans that are pari-passu to their equity stake and at off-market loan terms, are indicators, among others, that these items should be reclassified as part of the INREV NAV.

The reclassification should also take account of accrued interest, which is treated in a similar fashion to dividends.

Since investors in Altera only invest via shares, no adjustment is included.

2. Effect of dividends recorded as a liability that have not yet been distributed

Under certain circumstances dividends are recorded as a liability but have not yet been legally distributed. For the determination of INREV NAV, these accrued dividends should be reversed to the NAV.

As at 31 December 2022, no dividends are recorded as a liability and therefore no adjustment is included.

3. Revaluation to fair value of investment properties

If a real estate vehicle uses the option to account for investment properties under the cost model, this adjustment represents the impact on NAV of the revaluation of the investment property to fair value under the fair value option of IAS 40.

The effect of straight-lining of lease incentives, rent guarantees, insurance claims (for damages, lost rent, etc.) should be taken into account when valuing the property at fair value in accordance with IAS 40 and SIC 15 to ensure that any asset is not double-counted in the NAV.

As at 31 December 2022, there are no adjustments since investment property is valued at fair value under the fair value option of IAS 40 after initial recognition.

4. Revaluation to fair value of self-constructed or developed investment property

If a real estate vehicle uses the option to account for self-constructed or developed investment property under the cost model, the adjustment represents the impact on NAV of the revaluation of the self-constructed or developed investment property to fair value under the fair value option of IAS 40.

As at 31 December 2022, there are no adjustments since development property is investment property under construction and is valued at fair value under the fair value option of IAS 40.

5. Revaluation to fair value of investment property held for sale

Some investment properties may be classified as assets held for sale or as a group of assets held for sale. The carrying value of such investment properties depends on the chosen accounting treatment under IAS 40 (either fair value or cost). The adjustment represents the impact on NAV of the revaluation of the investment property intended for sale, measured at fair value or cost, to the net realisable value (fair value less disposal costs).

As at 31 December 2022, there are no properties presented as held for sale that are not included in the fair value of investment property.

6. Revaluation to fair value of property that is leased to tenants under a finance lease

Property that is leased to tenants under a finance lease is initially measured on a net investment basis and subsequently remeasured based on an amortisation pattern reflecting a constant rate of return. The adjustment represents the impact on NAV of the revaluation of the finance lease receivable to fair value.

As at 31 December 2022, there are no adjustments since no property is held that is leased to tenants under a finance lease.

7. Revaluation to fair value of real estate held as inventory

Properties intended for sale and accounted for under IAS 2 (Inventory) are measured at the lower of cost or net realisable value in the financial statements. This adjustment represents the impact on the NAV of the revaluation of such properties to net realisable value (fair value less disposal costs). This adjustment should be included under the heading 'revaluation to fair value of real estate held as inventory'.

Where the likely disposal date is more than one year from the date of the NAV computation, disposal costs should not be deducted from fair value in calculating this adjustment.

As at 31 December 2022, there are no adjustments since no property is accounted for under IAS 2 (inventory).

8. Revaluation to fair value of other investments in real estate

Under IAS16 other investments in real assets are normally accounted for at cost. The adjustment represents the impact on NAV of the revaluation of other investments in real assets to fair value in accordance with the fair value assumptions under IFRS 13.

As at 31 December 2022, there are no adjustments since Altera has no investments in real assets.

9. Revaluation to fair value of indirect investments not consolidated

Indirect investments in real estate, such as investments in associations and joint ventures, have different accounting treatments and carrying values under IFRS. Such investments can be valued at cost, fair value or NAV. The adjustment represents the impact on NAV of the revaluation of indirect investments to fair value if not yet accounted for at fair value.

As at 31 December 2022, there are no adjustments since all indirect investments in real estate are accounted for at fair value.

10. Revaluation to fair value of financial assets and liabilities (including revaluations to fair value of debt obligations)

Financial assets and liabilities such as hedging instruments or debt obligations are generally measured at amortised cost, taking into account any impairment when applicable. The adjustment represents the impact on NAV of the revaluation of financial assets and financial liabilities to fair value as determined in accordance with IFRS, if not yet accounted for at fair value.

In addition, vehicles may incur costs for redemption of bank debts as a result of sales of properties. As with disposal costs, these costs are generally not accrued in IFRS. Where the disposal of a property is expected within one year, and therefore the redemption of the related bank debt is also expected within one year, any bank debt early redemption costs should be accrued in the NAV.

As at 31 December 2022, there are no adjustments since the financial assets and liabilities accounted for in the balance sheet are not materially different from the fair value of the financial assets and liabilities in accordance with the fair value principles of IFRS 13.

11. Revaluation to fair value of construction contracts for third parties

Under IAS11, construction contracts for third parties are normally accounted for based on the stage of completion. The adjustment represents the impact on NAV of the revaluation of construction contracts for third parties to fair value in accordance with the fair value principles of IFRS 13.

As at 31 December 2022, there are no adjustments since Altera has no construction contracts of third parties.

12. Set-up costs

Under IFRS, vehicle set-up costs are charged immediately to income after the inception of a vehicle.

Such costs should be capitalised and amortised over the first five years of the term of the vehicle. The rationale for capitalising and amortising set-up costs is to better reflect the duration of the economic benefits to the vehicle.

When capitalising and amortising set-up costs, a possible impairment test should be taken into account every time the adjusted NAV is calculated when market circumstances change and it is not expected that the capitalised set-up costs can be recovered through the sale of units of a vehicle. For instance, when a decision is made to liquidate the vehicle or stakeholders no longer expect to recover the economic benefit of such capitalised expenses, they should be written down.

As at 31 December 2022, all the set-up costs of Altera have been amortised, and therefore there are no adjustments.

13. Acquisition expenses

Under the fair value model, acquisition expenses of an investment property are effectively charged to income when fair value is calculated at the first subsequent measurement date after acquisition. This results in the fair value of a property on subsequent fair value measurement being lower than the total purchase price of the property, all other things being equal.

Property acquisition expenses should be capitalised and amortised over the first five years after acquisition of the property. The rationale for capitalising and amortising acquisition expenses is to better reflect the duration of the economic benefits to the vehicle of these costs.

When capitalising and amortising acquisition costs, a possible impairment test should be taken into account every time the adjusted NAV is calculated when market circumstances change and it is not expected that the capitalised acquisition costs can be recovered through the sale of units of a vehicle. When a property is sold during the amortisation period or is classified as held for sale, the balance of capitalised acquisition expenses of that property should be expensed.

For the Residential portfolio most of the acquisitions are realised as purchase contracts during the development phase. These transactions are therefore exempt from transfer tax. Nonetheless, at the time of the first valuation of these contracts, the impact of transfer tax becomes apparent. This impact is also taken into account as acquisition expense in the calculation of the INREV NAV adjustment.

	Residential	Retail
Capitalised acquisition expenses as 31 December 2021	27,363	5,975
Acquisition expenses 2022	5,938	3,609
Amortisation of acquisition expenses in 2022	-7,809	-2,256
Adjustment NAV (excluding tax) as at 31 December 2022	25,492	7,328

As at 31 December 2022, Altera made an adjustment of €25.5 million for the residential portfolio and €7.3 million for the retail portfolio.

14. Contractual fees

A liability represents a present obligation as a result of past events. A fee payable at the end of the life of a vehicle or at any other time during the life of a vehicle may not meet the criteria for recognition as a provision or liability in accordance with IFRS at the reporting date.

Examples of such fees include performance fees, disposal fees or liquidation fees, representing a present obligation from contractual arrangements.

Most of these fees are normally accrued under IFRS accounting rules. The adjustment represents the impact on the NAV of the amount of the estimated contractual fees payable based on the current NAV of the vehicle in the rare circumstances in which these fees are not already recognised in financial statements produced under IFRS and it is probable that they will be incurred. In order to determine the amount of the adjustment, reference should be made to IFRS standards for the measurement (but not necessarily the recognition) of provisions or deferred liabilities.

A description of the calculation methodology and the terms of the underlying agreement should be disclosed (or reference could be made to the related party disclosures in which such agreements and terms are explained).

As at 31 December 2022, all contractual fees and contingent liabilities are recognised in accordance with IFRS. Altera did not enter into any other contractual fees or contingent liabilities that are not presented in the accounts as at the balance sheet date.

15. Revaluation to fair value of savings of purchaser’s costs such as transfer taxes

Transfer taxes and purchaser’s costs which would be incurred by the purchaser when acquiring a property are generally deducted when determining the fair value of investment properties under IAS 40.

The effect of an intended sale of shares in a property-owning vehicle, rather than the property itself, should be taken into account when determining the amount of the deduction of transfer taxes and purchaser’s costs, to the extent this saving is expected to accrue to the seller when the property is sold. The adjustment therefore represents the positive impact on the NAV of the possible reduction of the transfer taxes and purchaser’s costs for the benefit of the seller based on the expected sale of shares in the property-owning vehicle.

Disclosure should be made on how the estimate of the amount the manager expects to benefit from intended disposal strategies has been made. Reference should be made to both the current structure and prevailing market conditions.

As at 31 December 2022, there are no adjustments since Altera has no investment property structured in special purpose vehicles.

16. Revaluation to fair value of deferred taxes and tax effect of INREV NAV adjustments

Under IFRS, deferred tax assets and liabilities are measured at the nominal statutory tax rate. The manner in which the vehicle expects to realise deferred tax (for example, for investment properties through share sales rather than direct property sales) is generally not taken into consideration.

The adjustment represents the impact on the NAV of the difference between the amount determined in accordance with IFRS and the estimate of deferred tax which takes into account the expected manner of settlement (i.e. when tax structures and the intended method of disposals or settlement of assets and liabilities have been applied to reduce the actual tax liability).

Disclosures should include an overview of the tax structure including, for instance, details of the property ownership structure, key assumptions and broad parameters used for estimating deferred taxes for each country, the maximum deferred tax amount estimated assuming only asset sales (i.e. without taking into account the intended method of disposal) and the approximate tax rates used.

It is possible that the estimate of the amount of the adjustment required to bring the deferred tax liability related to property disposals to fair value could have a large impact on the INREV NAV. Since tax structures may differ from vehicle to vehicle, significant judgement is required and the mechanics of the calculation methodology for this adjustment may vary from vehicle to vehicle. Other components of the overall deferred tax adjustment require less judgement and are more mechanical in nature.

This adjustment should include a full assessment of the tax impact on NAV of INREV NAV adjustments. As with IFRS, deferred tax balances are not discounted to take into account time value of money.

As at 31 December 2022, there are no adjustments since Altera has not valued deferred tax assets and liabilities on the balance sheet. Furthermore no adjustments are required because Altera is transparent for tax purposes.

17. Effect of subsidiaries having a negative equity (non-recourse)

The NAV of a consolidated group under IFRS may include the net liability position of subsidiary undertakings. In practice, however, the group may have neither a legal nor a constructive obligation to fund the accumulated losses in situations where the financing of the subsidiaries is non-recourse to the vehicle.

In this scenario it is appropriate to make an adjustment when calculating the INREV NAV in order to recognise the group's interest in such subsidiaries at nil or an adjusted negative amount rather than at a full net liability position, to the extent there is no intention or obligation on the vehicle to make good those losses.

The adjustment represents the positive impact on the NAV of the partial or full reversal of the negative equity of the specific subsidiary. If the vehicle has granted shareholder loans to the subsidiary, these should be taken into account.

As at 31 December 2022, there are no adjustments since Altera has no subsidiaries with a negative equity that are valued at zero and are included in the consolidation.

18. Goodwill

On the acquisition of an entity which is determined to be a business combination, goodwill may arise as a result of a purchase price allocation exercise. Often a major component of such goodwill in property vehicles reflects the difference between the full recognition of deferred tax, purchaser's costs or similar items in the IFRS accounts (which does not generally take account of the likely or intended method of subsequent exit) and the economic value attributed to such items in the actual purchase price. Except where such components of goodwill have already been written off in the NAV as determined under IFRS, they should be written off in the INREV NAV.

As at 31 December 2022, there are no adjustments since Altera has no goodwill valued on the balance sheet.

19. Non-controlling interest effects on the above adjustments

This adjustment represents the impact on the NAV of the recognition of non-controlling interests on all of the above adjustments.

As at 31 December 2022, there are no adjustments since Altera has no minority interests.

Independent auditor’s report

To the shareholders and the Supervisory Board of Altera Vastgoed N.V.

Report on the audit of the INREV adjustments

Our opinion

We have audited the accompanying INREV adjustments 2022 of Altera Vastgoed N.V., based in Amstelveen.

In our opinion the INREV adjustments are prepared, in all material respects in accordance with the accounting policies selected and disclosed by the entity, i.e. INREV valuation principles, as set out in note 1 up until 19 of the INREV adjustments in the 2022 Financial Statements of Altera Vastgoed N.V.

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 management 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.

Description of responsibilities regarding the INREV adjustments

Responsibilities of management for the INREV adjustments

Management is responsible for the preparation of the INREV adjustments in accordance with the accounting policies selected and disclosed by the entity (i.e. INREV valuation principles), as set out in note 1 up until 19 of the INREV adjustments in the 2022 Financial Statements of Altera Vastgoed N.V.

Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the INREV adjustments that are free from material misstatement, whether due to fraud or error.

Our responsibilities for the audit of the INREV adjustments

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 detect all material errors and fraud during our audit.

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 INREV adjustments. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

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

- Identifying and assessing the risks of material misstatement of the INREV adjustments, 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 company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Evaluating the overall presentation, structure and content of the INREV adjustments, including the disclosures.
- Evaluating whether the INREV adjustments represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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 identified during our audit.

Amsterdam, 22 March 2023

Deloitte Accountants B.V.

M. Heerschop

Annexes

Financial Agenda 2023

Item	Date
Reports	
Annual Report 2022	April 2023
Q1 report to shareholders	24 April 2023
Q2 report to shareholders	24 July 2023
Semi-annual report	August 2023
Q3 report to shareholders	24 October 2023
Q4 report to shareholders	24 January 2024
Investment plans per sector	November 2023
Net asset value	Four working days following the end of the month
Meetings	
General Meeting of Shareholders	12 April 2023 6 December 2023
Informal Shareholders Meeting	5 July 2023 18 October 2023
Investor Calls	
Q1 report	3 May 2023
Q2 report	2 August 2023
Q3 report	1 November 2023
Q4 report	7 February 2024

Item	Date
Dividend payments	
Q1	17 April 2023
Q2	17 July 2023
Q3	16 October 2023
Q4	15 January 2024

SFDR Annex IV Residential

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

Product name: Altera Residential

Legal entity identifier: 724500 U1 GLBNBLC85D73

Environmental and/or social characteristics

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

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

Does this financial product have a sustainable investment objective

☐ Yes	☒ No
☐ It made **sustainable investments with an environmental objective:** %	☒ It **promotes Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 99,3% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** %	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

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

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

The product promotes the environmental characteristic climate change mitigation. The environmental characteristics promoted are met. The amount of A-labels increased with respect to last year and there was also a significantly increase in solar panel. Furthermore we are making process in reaching our KPI on actual energy performance.

How did the sustainability indicators perform?

- 99.3% of Green energy labels (A-C)[1]
- 82.9% of A labels[1]
- 16,723 solar panels, based on figures Q3 2022
- Average kWh per m^2: 100, based on figures 2021[2]

...and compared to previous periods?

Not applicable because this is the first reporting period.

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

The objective of the sustainable investments is climate mitigation objective, by investing in energy efficient real estate and/or by taking measures to make existing investments more energy efficient.

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

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

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

The real estate is not involved in the extraction, storage, transport or manufacture of fossil fuels and therefore complies with Table 1 of Annex I (sub 17). Next to this Altera has set thresholds for indicator 18 of Table 1 of Annex I and the relevant adverse sustainability indicators from Table 2 of Annex I of the SFDR Delegated Regulation (EU) 2022/1288. Altera has identified which indicators are considered relevant to assess significant harm, and for which sufficient robust data or proxies are available. Altera needs to stay below these thresholds in order to cause no significant harm.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

These guidelines and principles are not applicable because Altera invests only directly in real estate properties.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

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[1] *Including A+ to A++++, This indication has been calculated based on the value of the investment. Individual units will be aggregated to average energy label at property level.*

[2] *Real energy consumption (instead of theoretical consumption which are displayed in the energy labels) and taking into account both building-specific and user consumption.*

How did this financial product consider principal adverse impacts on sustainability factors?

The fund considers principle adverse impacts by assessing every year the following principle adverse impact indicators.

Below you find the results of 2022:
- 0% exposure to fossil fuels through real estate assets
- 7.45% exposure to energy-inefficient real estate assets
- 7,648 tonnes of GHG emissions (Scope 1,2,3) based on figures 2021
- 100 Average kWh per m^2 based on figures 2021

What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 2022

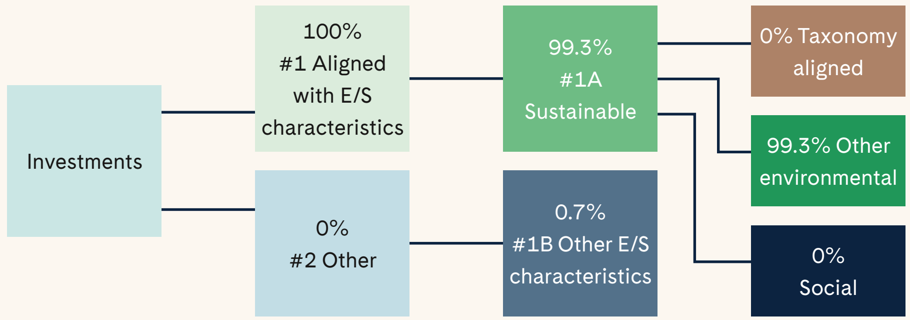
Largest investments Residential sector	Assets	Country
Rotterdam - Groene Kaap	6.6%	NL
Amsterdam - Czan	3.4%	NL
Amsterdam - Argentinie II	2.8%	NL
Amstelveen - Edelstenen	2.3%	NL
Amsterdam - Bilderdijkkade	2.0%	NL
The Hague - Vijverhof	1.9%	NL
Amstelveen - The Keizer	1.7%	NL
Amersfoort - Cadenza	1.7%	NL
Amsterdam - Heroes	1.7%	NL
Amstelveen - The Orangerie	1.6%	NL
Amsterdam - Blankenstraat	1.6%	NL
Leiden - Robijnhof	1.5%	NL
Rotterdam - Calypso	1.5%	NL
Haarlem - S. Sjahrirstraat	1.4%	NL
Amsterdam - Argentinie I	1.4%	NL

What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

100% of the investments are aligned with the environmental characteristics. In total 99.3% are sustainable investments under the SFDR. 11.5% from the investment is currently being built. We consider these investments as sustainable since they are being built according to the stringent Altera Schedule of Requirement demands and the latest Building decree.

What was the asset allocation?



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

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

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

In which sectors were the investments made?
Residential real estate

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

0%

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

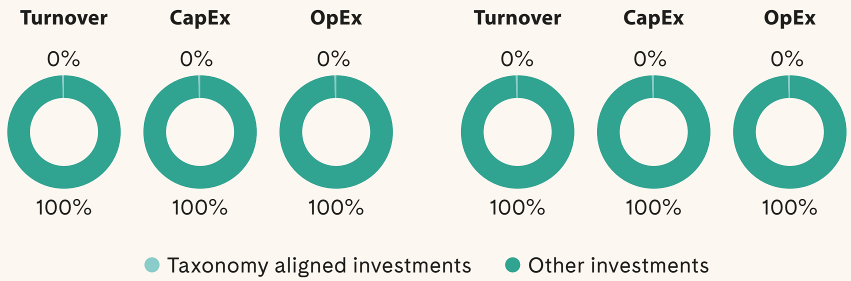
Enabling activities directly enable other activities to make a substantial contribution to an environmental objective.

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

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

1. Taxonomy-alignment of investments **including sovereign bonds***

2. Taxonomy-alignment of investments **excluding sovereign bonds**



** For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures*

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

Not applicable because no taxonomy aligned investments were made.

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

Not applicable because it is the first reporting period.

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

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

100% of the sustainable investments are not aligned with the EU Taxonomy. Currently, we are developing a procedure to determine the taxonomy-alignment percentage.

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

None.

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

- Substantial progress has been made in assessing necessary measures on the roadmap to Paris. Steps were taken – in cooperation with third parties – to deploy and implement Paris Proof investments in 2023. In 2022, we continued with the roll-out of our asset-level Paris Proof roadmaps for both portfolios to ensure that the portfolios are Net Zero Carbon before 2040. We have integrated the projected ESG capex into our budget forecasts and are currently in the process of implementing sustainability measures per asset.
- Purchase of sustainable real estate. In 2022, we purchased several high sustainable assets, such as Robijnhof in Leiden, which has a A++-energy label and solar panels and the first part of the Mayor in Amstelveen with an energy label A++. This resulted in the increase of the number of solar panels with 2,233 to a total of 16,723.

SFDR Annex IV Retail

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

Product name: Altera Retail

Legal entity identifier: 724500 U1 GLBNBLC85D73

Environmental and/or social characteristics

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

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

Does this financial product have a sustainable investment objective

☐ Yes	☒ No
☐ It made **sustainable investments with an environmental objective:** %	☒ It promotes **Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of 100% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective:** %	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

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

The product promotes the environmental characteristic climate change mitigation. The environmental characteristics promoted are met. The amount of A-labels increased with respect to last year and there was also a significantly increase in solar panels. Furthermore, the average kWh per m² for non-refrigrated real estate has decreased. The kWh per m² for refrigerated real estate has increased a bit compared to the previous year. We are taking measures to decrease this figure.

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

How did the sustainability indicators perform?

- 100% of Green energy labels (A-C)[1]
- 100% of A labels[1]
- 1,120 solar panels, based on figures Q3 2022
- Average kWh per m² (refrigerated): 280 based on figures 2021[2]
- Average kWh per m² (non-refrigerated): 196 based on figures 2021[2]

...and compared to previous periods?

Not applicable because this is the first reporting period.

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

The objective of the sustainable investments is climate mitigation objective, by investing in energy efficient real estate and/or by taking measures to make existing investments more energy efficient.

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

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

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

The real estate is not involved in the extraction, storage, transport or manufacture of fossil fuels and therefore complies with Table 1 of Annex I (sub 17). Next to this Altera has set thresholds for indicator 18 of Table 1 of Annex I and the relevant adverse sustainability indicators from Table 2 of Annex I of the SFDR Delegated Regulation (EU) 2022/1288. Altera has identified which indicators are considered relevant to assess significant harm, and for which sufficient robust data or proxies are available. Altera needs to stay below these thresholds in order to cause no significant harm.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

These guidelines and principles are not applicable because Altera invests only directly in real estate properties.

The EU Taxonomy sets out a "do not significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Any other sustainable investments must also not significantly harm any environmental or social objectives.

[1] Including A+ to A++++, This indication has been calculated based on the value of the investment. Individual units will be aggregated to average energy label at property level.

[2] Real energy consumption (instead of theoretical consumption which are displayed in the energy labels) and taking into account both building-specific and user consumption.

How did this financial product consider principal adverse impacts on sustainability factors?

The fund considers principle adverse impacts by assessing every year the following principle adverse impact indicators.

Below you find the results of 2022:
- 0% exposure to fossil fuels through real estate assets
- 0% exposure to energy-inefficient real estate assets
- 8,500 tonnes of GHG emissions (Scope 1,2,3) based on figures 2021
- 280 Average kWh per m² (refrigerated) based on figures 2021
- 196 Average kWh per m² (non-refrigerated based on figures 2021

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 2022

What were the top investments of this financial product?

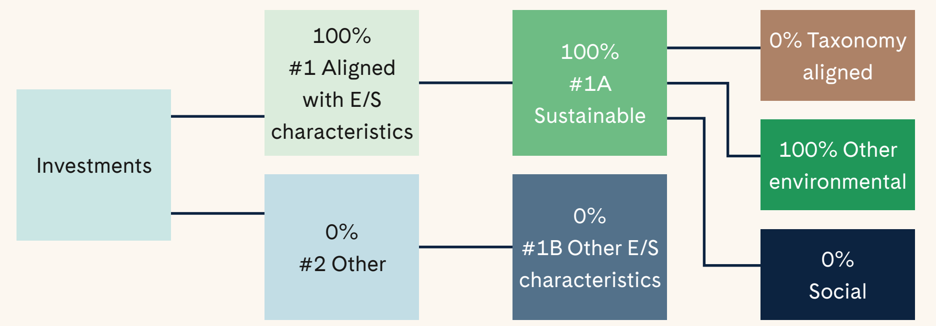
Largest investments Retail sector	Assets	Country
Houten - Het Rond	10.2%	NL
Zwolle - Van der Capellenstraat	9.2%	NL
Waddinxveen - Gouweplein	8.7%	NL
Uithoorn - Zijdelwaard	7.1%	NL
Amersfoort - Sint Jorisplein	6.1%	NL
Amstelveen - Westwijk	5.2%	NL
Dordrecht - Bieshof	5.0%	NL

What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

100% of the investments are aligned with the environmental characteristics. In total 100% are sustainable investments under the SFDR. This includes garages that do not have an energy label, which we combined with the assets of which they are a component of.

What was the asset allocation?



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In which sectors were the investments made?

Retail real estate

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

0%

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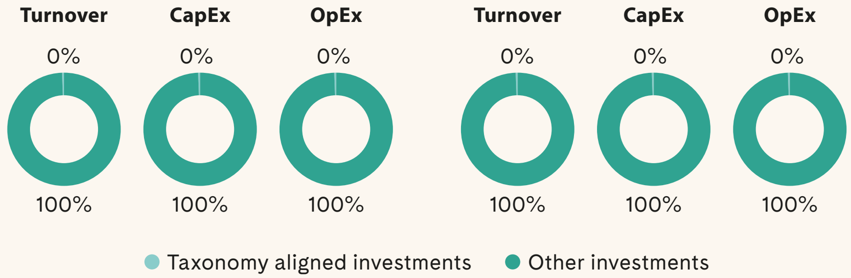

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None.

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- Purchase of sustainable real estate. In 2022, we purchased several high sustainable assets, such as Het Stroink in Enschede, which has a A+++-energy label and solar panels, Goes and Vlashoeck with an energy label A. This resulted in the increase of the number of solar panels with 1,120.

Glossary

Results

Direct investment income

Gross rental income minus operating expenses plus revenues from other investments less management costs plus/minus interest income/expenses.

Indirect investment income

Comprehensive changes in value in the portfolio, plus the release of compensation for transfer tax and shareholder acquisition costs.

Total investment income

Direct investment income plus indirect investment income.

Net/gross rental income

Net rental income divided by gross rental income.

Theoretical gross rent

Contract rent plus vacancy at market rent (annualised).

Gross rental income

Theoretical gross rental income less vacancy less lease incentives (adjusted for effect of straightlining) plus any other income.

Net rental income

Gross rental income less operating expenses.

Operating expenses

Expenses directly attributable to the properties, including maintenance, fixed expenses and property management expenses (day-to-day management).

Lease incentives

Any expense borne by the owner of the property in order to secure a lease. These costs are capitalised and amortised over the length of the lease period (straightlining).

Management and fund costs

In the profit and loss account management costs and fund costs are generally allocated to the sector portfolios based on the average assets under management. Management costs include costs for personnel, office, IT and research. Fund costs include costs for external valuations of the properties, supervisory costs (Supervisory Board, external regulators, audits) and advisory costs.

Returns

Income return (= Direct property return)

Net rental income over a specific period assessed against the average invested capital of the underlying property holdings during the measurement period; the calculation is based on the time-weighted method used by MSCI.

Capital growth (= Indirect property return)

Changes in the value of the underlying property holdings over a specific period assessed against the average invested capital of the underlying property holdings during the measurement period; the calculation is based on the time-weighted method used by MSCI.

Total property return

Sum of net rental income and value changes over a specific period assessed against the average invested capital of the underlying property holdings during the measurement period; the calculation is based on the time-weighted method used by MSCI.

Fund return

The fund return is calculated in accordance with the 'modified Dietz' method, as used by INREV. Fund return can be calculated according to the IFRS net asset value and the INREV net asset value.

Environmental, Social, Governance (ESG)

BREEAM (Building Research Establishment Environmental Assessment Method)

BREEAM (Building Research Establishment Environmental Assessment Method) is an established method of assessing, rating, and certifying the sustainability of buildings. It measures sustainability based on ten themes: energy, health, innovation, land use, materials, management, pollution, transport, waste and water.

CAS (Climate Adaptation Services)

Climate Adaptation Services (CAS) is one of the leading Dutch organisations in the climate adaptation domain. It uses high-quality data sources and provides open-source outputs, with the aim of reducing the possibility of a black box.

Climate change adaptation

Climate change adaptation is taking action to prepare for and adjust to both the current effects of climate change and the anticipated future impacts. For Dutch real estate, the most important physical climate risks are heat stress, extreme weather events, drought and flooding.

Climate change mitigation

Climate change mitigation are the efforts to reduce or prevent emission of greenhouse gasses, such as carbon dioxide and methane.

DGBC (Dutch Green Building Council)

The Dutch Green Building Council (DGBC) foundation is a national civil society organisation committed to making the built environment future-proof. Two of their projects are:

- Paris Proof program
  With its Paris Proof program, the DGBC has developed targets in which they indicate that the (real) energy consumption of the built environment must be reduced by two-thirds compared to the current average and the remaining one-third must be derived from renewable energy. To guide different real estate sectors, they have developed sectoral roadmaps.

- Framework for Climate Adaptive Buildings
  The DGBC is working together with a broad alliance of financial institutions, knowledge institutes, consultants and governments to develop a “Framework for Climate Adaptive Buildings" that aims to provide an unambiguous methodology for determining physical climate risks at the building level.

CRREM (Carbon Risk Real Estate Monitor)

The Carbon Risk Real Estate Monitor (CRREM) is developed by different European universities and is supported by GRESB. CRREM has developed a tool that allows investors and property owners to assess the progress with regards to the decarbonisation of their portfolios based on energy and emission data and the analysis of regulatory requirements, by setting science-based carbon reduction pathways.

EU Taxonomy

The EU Taxonomy for sustainable activities is a classification system established to clarify which investments are environmentally sustainable. The aim of the taxonomy is to prevent greenwashing and to help investors make greener choices. It consists of three performance thresholds:

1. Substantially contribute to at least one of the six environmental objectives.
2. Do no significant harm to any of the other five environmental objectives.
3. Comply with minimum safeguards.

GHG (Greenhouse gas)

The man-made driver of global warming is the rising emissions of greenhouse gasses (GHGs). Carbon dioxide (CO_2) is the most significant contributor to the warming effect. The Greenhouse Gas Protocol is an international standard to quantify GHG emissions and has divided the footprint in three scopes:

- Scope 1: direct emissions from core operations
- Scope 2: indirect emission from purchased energy
- Scope 3: all other emissions associated with a company's activities, including produced by suppliers and customers

GPR Building certificate

In GPR software the sustainability of buildings is measured (and certified) using five themes: energy, environment, health, quality of the building and future value.

GRESB (Global Real Estate Sustainability Benchmark)

The GRESB (Global Real Estate Sustainability Benchmark) is an international benchmark that assesses sustainability policies and their implementation by property funds and portfolios worldwide. GRESB assesses and benchmarks the Environmental, Social and Governance (ESG) performance of real assets, providing standardised and validated data to the capital markets.

ISO 14001 EMS (Environmental Management System)

An Environmental Management System (EMS) is a manual of procedures and guidelines for the management organisation to control and improve environmental performance. ISO 14001 is the internationally accepted standard with requirements for an environmental management system developed by the International Organisation for Standardisation. Via an environmental management system, structural attention is paid to the environment in business operations. Two important principles are central to this:

- Compliance with (environmental) legislation and regulations and the management of environmental risks
- Striving for permanent improvement of the organisation's environmental performance

PAI-statement (Principal Adverse Impact)

A Principal Adverse Impact (PAI) is any impact of investment decisions or advice that results in a negative effect on sustainability factors, such as environmental, social and employee concerns, respect for human rights, anti-corruption, and anti-bribery matters. A PAI statement is an annual statement provided by a financial undertaking on how it considers relevant PAIs of its investment decisions on sustainability factors. It is part of the SFDR regulation.

Physical climate risks

Physical climate risk drivers are changes in both weather and climate that impact economies. They can be categorised as acute risks, which are related to extreme weather events, or chronic risks associated with gradual shifts in climate. These drivers may appear with a significant time lag, and the frequency and severity of each type of risk may also vary considerably and become increasingly difficult to predict.

SBTi (Science Based Targets initiative)

The Science Based Targets initiative (SBTi) is a collaboration between the CDP (was Carbon Disclosure Project), the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). It helps companies to set emission reduction targets in line with climate science and Paris Agreement goals.

SFDR (Sustainable Finance Disclosure Regulation)

The Sustainable Finance Disclosure Regulation (SFDR) established rules for the EU on transparency, in order to ensure the integration of sustainability risks into investment processes and the harmonisation of ESG disclosure standards for different types of products and services.

TCFD (Task Force on Climate-related Financial Disclosures)

The Financial Stability Board (FSB) has launched the Task Force on Climate-related Financial Disclosures (TCFD) to develop recommendations on climate-related financial disclosures. The Task Force has indicated the physical, liability and transition risks associated with climate change and what constitutes effective financial disclosures across industries.

Transition risks

Transition risk drivers occur due to the societal changes arising from the energy transition. They can arise through changes in public sector policies, innovation and changes in the affordability of existing technologies, or investor and consumer sentiment towards a greener environment.

UN PRI (United Nations-supported Principles for Responsible Investment)

The United Nations-supported Principles for Responsible Investment is an international network of investors working together to put six principles into practice. Its goal is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision-making and ownership practices. The Principles are based on the notion that environmental, social and governance (ESG) issues, such as climate change and human rights, can affect the performance of investment portfolios and should therefore be considered alongside more traditional financial factors.

UN SDGs (Sustainable Development Goals)

The Sustainable Development Goals (SDGs) were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. The 17 SDGs recognise that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability.

Miscellaneous

AuM (Assets under management)

Value of the property portfolio plus the funds available for investment.

GAV (Gross asset value)

Total property portfolio plus the value of any further assets at market value (= balance sheet total).

NAV (Net asset value)

Value of assets less debt and provisions (= equity). Net asset value can be calculated on an IFRS basis and on an INREV basis. In the case of Altera the main difference is the treatment of acquisition costs: in the IFRS calculation these costs are written off at the time of the first valuation, whereas in the INREV calculation these costs are capitalised and amortised over five years.

Standing portfolio

The properties in operation during the review period of the MSCI Netherlands Property Index and in which no investments were made exceeding 10% of the property value.

All investments (all properties)

The standing portfolio plus the properties acquired and sold during a specific period and properties in which investments were made exceeding 10% of the property value, as well as pipeline projects for which the land has been transferred.

Secured pipeline

Projects for which contracts for development and construction have been signed and all necessary permits have been provided.

Gross initial yield

Theoretical gross rent divided by the market value of the property (less purchasing expenses).

Occupancy rate

Rent passing (including rental guarantees) divided by the theoretical gross rent. This financial occupancy rate may differ from the physical occupancy rate.

REER (Real estate expense ratio)

Property-specific costs over a 12-month period as a proportion of the average gross or net asset value. The definitions for this ratio are set by INREV.

TGER (Total global expense ratio)

Total management and fund costs as a proportion of the average gross or net asset value. The definitions for this ratio are set by INREV.

ISAE 3402

Standard 3402 of the International Standards on Assurance Engagements of the International Federation of Accountants. It is an attestation procedure for assessing compliance with process controls and IT.

MSCI Netherlands Property Index

This index, provided by MSCI, serves as a benchmark for investment property returns per sector.

INREV

INREV is the European Association for Investors in Non-Listed Real Estate Vehicles. It is a platform for sharing knowledge on the non-listed real estate industry. The goal is to improve transparency, professionalism and best practices across the sector, making the asset class more accessible and attractive to investors.

IVBN

Association of Institutional Property Investors in the Netherlands. The mission is to promote the investment climate for real estate in the Netherlands.

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